Certain Color Television Receivers From China

Investigation No. 731-TA-1034 (Final)

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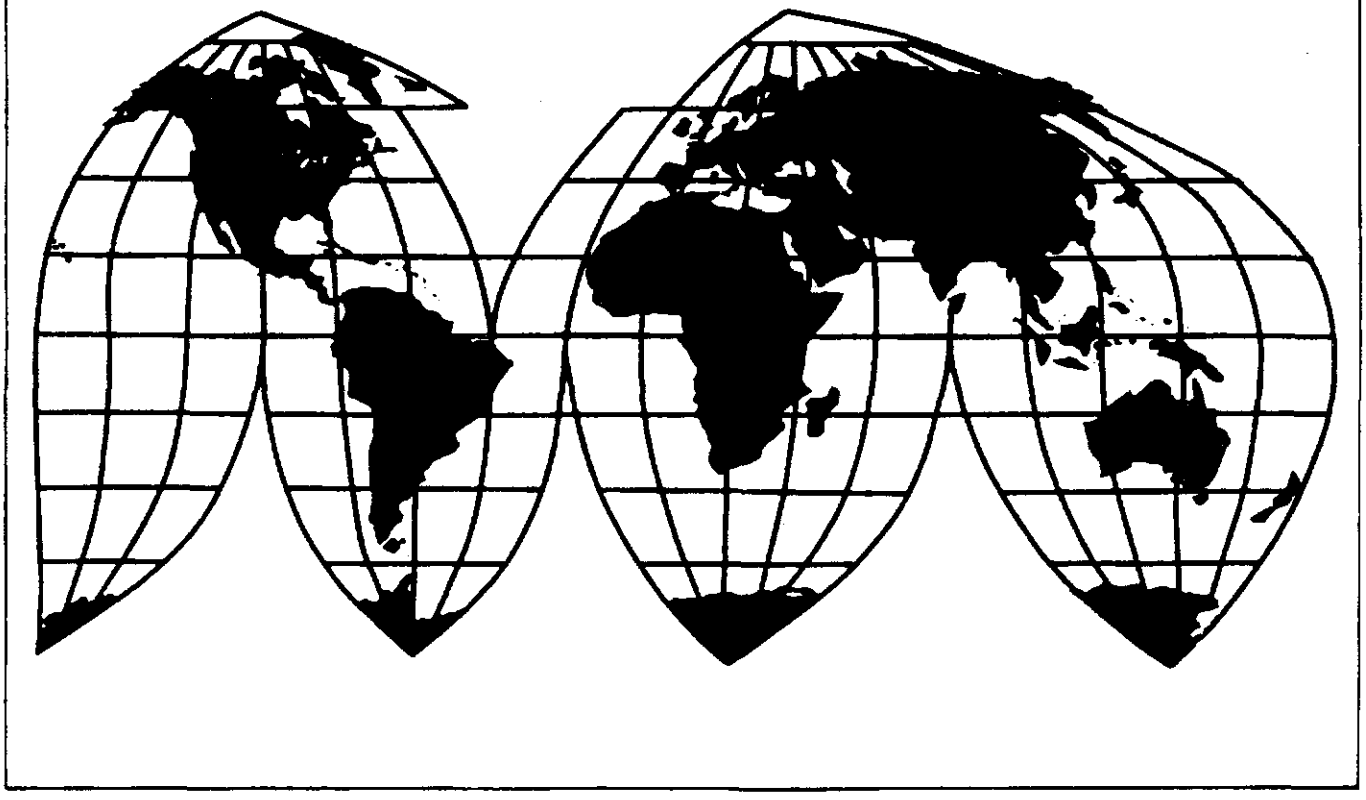
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1034 (Final)

CERTAIN COLOR TELEVISION RECEIVERS FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of certain color television receivers,[2] provided for in subheadings and statistical reporting numbers 8528.12.28, 8528.12.3250, 8528.12.3290, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective May 2, 2003, following receipt of a petition filed with the Commission and Commerce by Five Rivers Electronic Innovations, LLC, Greeneville, TN; the International Brotherhood of Electrical Workers (IBEW), Washington, DC; and the IUE-CWA, Industrial Division of the Communications Workers of America, Washington, DC. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of certain color television receivers from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 26, 2004 (69 FR 3601). The hearing was held in Washington, DC, on April 15, 2004, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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] For purposes of this investigation, the term "certain color television receivers" consists of complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. "Incomplete" CTVs are defined as unassembled CTVs with a color picture tube (i.e., cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled. Specifically excluded from this investigation are computer monitors or other video display devices that are not capable of receiving a broadcast television signal.

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that an industry in the United States is materially injured by reason of imports of certain color television receivers from China that are sold in the United States at less than fair value ("LTFV").[1]

I. BACKGROUND

The products within the scope of investigation are certain cathode-ray tube (CRT) color television receivers (or CTVs) with a video display diagonal exceeding 52 centimeters (in effect, 21 inches and larger). CTVs consist both of direct-view sets, which display an image using a single color picture tube, and projection CTVs, which generally incorporate three monochrome CRTs. CTVs are capable of receiving a broadcast television signal and producing a video image, and are used to display broadcasts directly off the air or from a cable or satellite source. CTVs may also be used as display units for video games, VCRs, DVD players, or computers. The subject products vary in terms of a number of features, including: (1) direct-view versus projection, (2) screen size, (3) aspect ratio (rectangular or full screen), (4) analog versus digital, (5) screen curvature, and (6) feature level and other characteristics.[2] Most domestic producers are assemblers that sell CTVs to retail outlets such as electronics stores and mass merchandisers that then sell to the consumer. Most subject imports are shipped through distributors, although recently some CTVs imported from China have been imported directly by retailers.[3]

Petitioners are Five Rivers Electronic Innovations, LLC (Five Rivers), a producer/assembler of CTVs, and two labor unions that represent workers who are engaged in the assembly and production of CTVs – the International Brotherhood of Electrical Workers (IBEW) and the IUE-CWA, Industrial Division of the Communications Workers of America.[4] There were six U.S. producers of CTVs in addition to Five Rivers during the period examined.[5] Twenty-two U.S. importers provided information on their subject imports to the Commission.[6]

Domestic production accounted for between 20 and 30 percent of the U.S. market for CTVs during 2001-03. The subject imports from China accounted for a smaller share that rose to over 11 percent by 2003. U.S. imports from nonsubject countries, particularly Mexico, accounted for the remainder of the market.[7]

II. DOMESTIC LIKE PRODUCT

To determine whether 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

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[1] Chairman Deanna Tanner Okun did not participate in this investigation.

[2] Confidential Report (CR) at I-5, I-7, Public Report (PR) at I-3-5.

[3] CR at II-1, PR at II-1.

[4] CR at I-1, PR at I-1. During the period examined, these unions represented workers at four U.S. producer/assemblers: Five Rivers, Sanyo, Sharp, and Toshiba. CR/PR, Table III-1.

[5] CR/PR, Table III-1.

[6] CR/PR, Table IV-1.

[7] CR/PR, Table IV-5.

"domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[9] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[10]

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.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[13] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise sold at less than fair value, the Commission determines what domestic product is like the imported articles that Commerce has identified.[14]

In its final determination with respect to subject imports from China, Commerce defined the imported merchandise within the scope of investigation as:

> complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. "Incomplete" CTVs are defined as unassembled CTVs with a color picture tube (i.e., cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled. Specifically excluded from this investigation are

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[8] 19 U.S.C. § 1677(4)(A).

[9] Id.

[10] 19 U.S.C. § 1677(10).

[11] See, e.g., 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: (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).

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

[13] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the domestic 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 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.").

[14] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

computer monitors or other video display devices that are not capable of receiving a broadcast television signal.[15]

Two restrictions in the scope definition are particularly pertinent. First, the size limitation restricts subject merchandise to screens with at least a 21-inch diagonal measurement. Second, CTVs within the scope must use a CRT.[16] Thus, the scope excludes CRT color televisions with screen sizes under 21 inches, as well as color televisions, regardless of size, that do not use CRTs. As such, color televisions that use plasma screens, liquid crystal displays, liquid crystal on silicon displays, and digital light processing technology are not within the scope. We will typically refer to such televisions as "non-CRT" televisions and will use the term "CTV" to refer to those televisions within the scope.

In the preliminary phase investigations, petitioners argued that the Commission should define a single domestic like product coextensive with the scope definition. Respondents did not challenge petitioners' proposed definition. The Commission adopted the definition proposed by petitioners "[g]iven the lack of any alternative like product arguments, the existence of a domestically-produced equivalent to the imported product, and the apparent lack of any similar domestically-produced substitute product."[17]

No party in the final phase investigation has asked the Commission to revisit the definition of the domestic like product. Nor does anything in the record of the final phase investigation call into question the considerations the Commission referenced in the preliminary determination for defining a single domestic like product coextensive with the scope definition. Accordingly, we again define a single domestic like product encompassing domestically-produced articles of the type described in Commerce's scope definition.

III. DOMESTIC INDUSTRY AND RELATED PARTIES

The domestic industry is defined as "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[18] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[19]

The principal domestic industry issue in the final phase investigation concerns whether appropriate circumstances exist to exclude two producers from the domestic industry pursuant to the statutory related parties provision codified in section 771(4)(B) of the Act.[20] That provision of the statute

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[15] 69 Fed. Reg. 20594 (Apr. 16, 2004).

[16] See CR at I-5, PR at I-3.

[17] Certain Color Television Receivers from China and Malaysia, Inv. Nos. 731-TA-1034-1035 (Preliminary), USITC Pub. 3607 at 5 (June 2003) ("Preliminary Determination").

[18] 19 U.S.C. § 1677(4)(A).

[19] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F. 3d 1352 (Fed. Cir. 1996).

[20] In the preliminary determination, the Commission discussed an argument raised by Chinese Respondents concerning whether Five Rivers, which assembles CTVs from components, performs sufficient production-related activities to be a producer of the domestic like product. The Commission answered this question in the affirmative, citing Five Rivers' capital expenses, the amount of value its assembly operations add to the CTVs it assembles, the sources from which it obtains the components it assembles, and its employment levels. Preliminary Determination, USITC Pub. 3607 at 6-7.

(continued...)

allows the Commission, if appropriate circumstances exist, to exclude producers from the domestic industry that are related to an exporter or importer of subject merchandise or which are themselves importers.[21] Exclusion of any such producer is within the Commission's discretion based upon the facts presented in each case.[22] The purpose of the provision is to exclude domestic producers that substantially benefit from their relationships with foreign exporters.[23]

*** is an importer of subject merchandise. During the period examined, ***, produced CTVs in the United States.[24] *** is potentially subject to exclusion under the related parties provision because it is a producer controlled by an entity (***)) that imports subject merchandise.[25] During the period of investigation *** produced CTVs in the United States and imported subject merchandise from China.[26] *** is potentially subject to exclusion pursuant to the related parties provision because it is a producer that imports subject merchandise. We consequently examine whether appropriate circumstances exist to exclude either of these firms from the domestic industry.

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[20] (...continued)

In their prehearing brief, Chinese Respondents acknowledge that "[u]nder the criteria applied by the ITC, Five Rivers is part of the domestic industry." Chinese Respondents Prehearing Brief at 11. Neither they nor any other party has asked the Commission to address issues pertaining to the composition of the domestic industry, including issues pertaining to related parties.

The record concerning the nature of Five Rivers' assembly operations has not changed since the preliminary phase investigation. The record also contains information concerning aspects of the operations of the three other domestic producers (***) that characterize themselves as assemblers. Although not all of the three producers furnished complete information about every aspect of their operations, the data available indicate that the producers have made substantial capital expenditures on their U.S. assembly facilities, that they source a majority of their reported color picture tubes from the United States and also obtain other major components from domestic sources, that the processing conducted by these producers accounts for a substantial portion of the value of the finished CTV, and that each firm that characterizes itself as an assembler employs several hundred employees in its U.S. assembly operations. CR at F-4, PR at F-3; CR/PR, Tables III-3, III-4, III-9, VI-4.

Consequently, the considerations that led the Commission in the preliminary determination to find that Five Rivers' assembly operations were sufficient to constitute domestic production activities similarly warrant a finding that U.S. assembly operations generally constitute domestic production. Accordingly, we consider all U.S. assemblers of CTVs to be domestic producers.

[21] 19 U.S.C. § 1677(4)(B).

[22] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

[23] USEC, Inc. v. United States, 132 F. Supp.2d 1, 12 (Ct. Int'l Trade 2001).

[24] See CR at IV-1, PR at IV-1; CR/PR, Table III-1.

[25] See 19 U.S.C. § 1677(4)(B)(ii)(II).

[26] CR/PR, Tables III-1, III-2.

***. *** produced ***.[27] ***.[28] *** subject imports were ***.[29] The quantity of *** subject imports consequently was high in relation to *** domestic production, but low in absolute terms. ***'s financial performance does not suggest that it benefitted financially from its importation of subject merchandise.[30] In the preliminary determination, the Commission found that appropriate circumstances did not exist to exclude *** from the domestic industry pursuant to the related parties provision.[31] The record in this final phase investigation does not compel a different result.

***. ***'s only imports of subject merchandise occurred in 2003, when it imported *** units.[32] These imports were *** percent of *** 2003 domestic production of *** units.[33] *** importation of subject merchandise was consequently small both in absolute terms and relative to its domestic production. Its financial performance was worse in the fiscal periods corresponding to 2003, when it imported subject merchandise, than it was during the preceding fiscal periods, when it did not import subject merchandise.[34] In light of these considerations, we conclude that appropriate circumstances do not exist to exclude *** from the domestic industry pursuant to the statutory related parties provision.

Accordingly, we define a single domestic industry consisting of all U.S. producers of CTVs.

IV. MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS[35]

A. Conditions of Competition

Several conditions of competition are pertinent to our analysis.

1. Demand

Apparent U.S. consumption of CTVs fluctuated during the period examined, but was greater in 2003 than 2001. Apparent U.S. consumption increased from *** units in 2001 to *** units in 2002, and then declined to *** units in 2003.[36]

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[27] CR/PR, Table III-6.

[28] CR/PR, Table III-1.

[29] CR/PR, Table III-2.

[30] CR/PR, Table VI-2.

[31] Confidential Preliminary Determination at 7-9. See also Preliminary Determination, USITC Pub. 3607 at 7-8.

[32] CR/PR, Table III-2

[33] CR/PR, Table III-2.

[34] See CR/PR, Table VI-2; INV-B-055 (May 6, 2004).

[35] We find that subject imports from China are not negligible under 19 U.S.C. § 1677(24). See CR/PR, Table IV-2.

[36] CR/PR, Table IV-4. Consistent with our customary practice, we have relied on quantity-based measures of volume in this investigation. We typically rely on quantity-based measures of volume because value-based measures can be skewed by changes of product mix and the fact that, for subject imports, the unit values are of merchandise sold at LTFV. Respondents suggested that in this investigation we rely either additionally or principally on value-based measurements of quantity. While the Commission has relied principally on value-based measurements in a few investigations, those involved variations in value among articles within the scope and/or domestic like product that were much larger than those present here. In those instances, measuring volume by units was particularly problematic, because value variations for different articles could differ by factors of as much as 100. See Ball Bearings from China, Inv. No. 731-TA-989 (Final), USITC Pub. 3593 at 11 (April 2003); Pneumatic Directional Control Valves from Japan, Inv. No. 731-TA-988 (Preliminary), USITC Pub. 3491 at 12 n. 87 and I-4 (March 2002).

CTVs encompass several different types of products. CTVs within the scope may either be "direct view" (displaying the image directly on a CRT) or "projection" (CRTs projecting the image on a separate screen). Due to manufacturing limitations, the maximum screen size of direct-view CTVs is 40 inches. Direct-view CTVs can also be differentiated by whether they incorporate a flat-screen or curved-screen CRT.[37] The screen size of rear-projection CTVs generally ranges from 40 to 73 inches; front-projection CTVs, which are a very small share of the market, may have even larger screens. CTVs within the scope may contain either analog or digital receivers and may have traditional (4 x 3 aspect ratio) or wide (16 x 9 aspect ratio) screens.[38]

The bulk of CTVs sold in the United States during the period examined were direct-view analog TVs with a 4 x 3 aspect ratio.[39] Within this category, the group of CTVs with the largest sales are those with screen sizes of 27 to 30 inches. There are also significant sales of such CTVs with 24- to 25-inch screen sizes and 31- to 32-inch screen sizes.[40] The domestic industry, subject imports, and nonsubject imports compete for sales in each of these size categories.[41]

Various producers and importers reported that, within the group of CTVs, demand has moved towards flat screen CTVs and CTVs of larger screen sizes.[42] Data collected by the Commission indicate that the quantity of U.S. shipments of the group of the smallest-screen CTVs with significant sales, which are 24- and 25-inch direct-view CTVs with a 4 x 3 aspect ratio, declined by *** percent from 2001 to 2003. By contrast, U.S. shipments of the next-largest size of CTVs, which are 27- to 30-inch direct view CTVs with a 4 x 3 aspect ratio, increased by *** percent from 2001 to 2003.[43] U.S. shipments of 31- and 32-inch direct-view CTVs with a 4 x 3 aspect ratio also increased from 2001 to 2003.[44]

As previously stated, not all color television receivers sold in the United States are CTVs. Some receivers have screens too small to be included in the CTV definition. Others are non-CRT televisions. While the quantity of U.S. shipments of non-CRT televisions increased sharply from 2001 to 2003 in percentage terms, even the 2003 quantity was small in comparison to apparent U.S. consumption of CTVs.[45]

CTV purchasers are predominantly retailers, which then resell CTVs to consumers. Retail outlets include electronics stores and mass merchandisers; representatives of two large retailers, Wal-Mart and Best Buy, testified at the Commission hearing.[46] The parties agree that there is significant purchasing concentration in the CTV market, with the top five retailers accounting for about 65 to 70 percent of all CTV purchases.[47]

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[37] CR at I-8, PR at I-6.

[38] CR at I-7-8, PR at I-5-6.

[39] CR/PR, Tables E-1-2.

[40] CR at E-6, PR at E-5.

[41] CR at E-6, PR at E-5.

[42] CR at II-17, PR at II-10.

[43] CR at E-7, PR at E-5. The Commission did not collect shipment data comparing flat- and curved-screen models.

[44] CR/PR, Table E-3.

[45] CR/PR, Tables E-13-14. The available data indicate that non-CRT televisions represented approximately *** percent of the 2003 quantity of apparent U.S. consumption for such products and CTVs combined. CR/PR, Table E-13. These figures are somewhat understated due to incomplete data on plasma screen television receivers.

[46] See Tr. at 179 (Cody) (Best Buy), 185 (O'Connor) (Wal-Mart).

[47] CR at II-1, PR at II-1.

2. Supply

During portions of the period for which the Commission collected data, there were seven U.S. producers of CTVs.[48] Six of these producers are foreign-owned, and typically market CTVs they produce under their own proprietary brand names. Five of these six operate CTV production facilities in foreign countries either directly or through affiliates.[49] The remaining producer, Five Rivers, is not owned by a foreign entity and is the sole producer that is a petitioner.[50] Five Rivers does not market the CTVs it produces; rather, it assembles CTVs under contract for other firms that design the CTVs and then market them to retailers and other purchasers under their own brand names.[51]

Several sources supplied CTVs to the U.S. market during the period examined. Nonsubject imports supplied the majority of U.S. apparent consumption. U.S. shipments of nonsubject imports increased from 11.2 million units in 2001 to 12.6 million units in 2002 and then declined to 11.6 million units in 2003. The principal source of nonsubject imports is Mexico. The quantity of U.S. shipments of nonsubject imports from Mexico, in contrast to nonsubject imports overall, declined from 2001 to 2003.[52] After nonsubject imports, the next largest source of supply to the U.S. CTV market was the domestic industry. U.S. producers' domestic shipments increased from 4.71 million units in 2001 to 4.74 million units in 2002, and then declined to 3.57 million units in 2003.[53] The quantity of U.S. shipments of subject imports from China was lower than that of either nonsubject imports or domestic producers' U.S. shipments throughout the period examined.[54] In contrast to these other sources, however, the U.S. market share of subject imports increased during the period examined. We discuss market shares in more detail in section IV.B. below.

3. Substitutability

As previously stated, CTVs are sold under proprietary brand names, which may or may not be the name of the assembler of the CTV. Because many CTV producers are multinational, a CTV's brand name does not necessarily correspond to its country of origin. To the contrary, several U.S. producers also purchase or import CTVs from production facilities in other countries and market these imported CTVs under the same brand name as their U.S.-produced CTVs.[55]

The record indicates that a number of factors are important in purchasing decisions, including brand name, price, and quality, although the parties disagree as to their relative importance.[56] In

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[48] One of these producers, Sharp Manufacturing, discontinued domestic production of direct-view CTVs in January 2001 and of projection CTVs in December 2002. CR/PR, Table III-1.

[49] CR at III-3-6, PR at III-1-2; CR/PR, Tables II-2, III-1.

[50] CR at III-3, PR at III-1. The remaining producers ***. CR/PR, Table III-1.

[51] Tr. at 88-89, 116-17 (Hopson). This practice, in which Five Rivers produces under contract CTVs for other companies to sell under their brand names, is known as "badging." CR at III-6, PR at III-2.

[52] CR/PR, Table IV-4.

[53] CR/PR, Table IV-4.

[54] CR/PR, Tables IV-3, IV-4.

[55] CR at III-1-6, III-21-22, PR at III-1-2, III-8; Tr. at 190 (O'Connor).

[56] Petitioners argue that the questionnaire data collected by the Commission show that domestically produced CTVs and the subject imports are fully interchangeable and substitutable. They contend that purchasing decisions for CTVs are made principally on price, that only a small number of brands – most notably, Sony – can obtain any price premium, and that even Sony's premium is small. They further dispute the notion that the CTV brands can be

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analyzing these arguments, we observe initially that brand name is not the sole or even primary purchasing consideration of those entities that purchase CTVs from domestic producers and importers. While 18 of 30 purchasers found brand name to be a "very important" factor in their purchasing decision, an equal or greater number of purchasers found nine other product characteristics to be "very important" factors in their purchasing decisions.[57] Additionally, purchasers ranked brand name below quality as the most important factor they consider in choosing a supplier, and ranked brand name below quality and price as the second most important factor they consider.[58] Taking both the questionnaire data and the witness testimony presented at the hearing into account,[59] we find that branding is a moderately important purchasing factor, but is neither a principal nor determinative factor.

Price is also an important factor in purchasing decisions. Twenty-six of 30 purchasers identified price as a "very important" factor in their purchasing decisions.[60] Purchasers listed price third most frequently as the most important factor in their purchasing decisions and second most frequently as the second most important factor in their purchasing decisions.[61]

We have examined whether price competition between different types of CTVs is affected by the existence of so-called quality "tiers." Respondents assert that, to the extent that there is competition in the marketplace based on price, changes in prices of CTVs in lower quality "tiers" will not affect prices in higher quality "tiers."[62] We do not find that the market is stratified in the rigid manner respondents

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[56] (...continued)
classified into quality "tiers." Petitioners Prehearing Brief at 6-13.

Respondents, by contrast, depict a market segmented by quality "tiers" and argue that brand identity is the decisive factor in determining in which "tier" a particular CTV belongs. Chinese Respondents Prehearing Brief at 31-33. They contend that there is very little competition between CTVs in different quality "tiers," and that consumers are generally unwilling to accept a lower-quality CTV brand simply to achieve price savings, if the price difference between CTVs in different "tiers" is small. Wal-Mart Prehearing Brief at 3; Philips Prehearing Brief at 12-14; Chinese Respondents Prehearing Brief at 55-56; Tr. at 283 (Bell). Consequently, respondents argue that, because of branding and market segmentation, there is only attenuated competition between the domestic like product and the subject imports.

[57] CR/PR, Table II-15.

[58] CR/PR, Table II-14.

[59] Respondent witnesses emphasized the importance of branding to consumers. Tr. at 180-81 (Cody), 198 (Ninesling). A respondent marketing witness, however, acknowledged that branding is a less important purchasing consideration for consumers who purchase low-priced CTVs. Tr. at 216 (Bell). Moreover, for purposes of this investigation, the pertinent "customers" whose purchasing decisions we analyze are those that purchase CTVs directly from manufacturers or importers. These are typically retailers. The pertinent purchasers are not consumers, who do not purchase directly from producers or importers (except when a retailer is also the importer). We have given principal weight to our own purchaser questionnaire data, as opposed to information generated in a much smaller survey of selected purchasers that respondents commissioned. See Chinese Respondents Prehearing Brief, ex. 7 at 13-14 (acknowledging that their consultant could not make authoritative findings based on purchaser interviews).

[60] CR/PR, Table II-15.

[61] CR/PR, Table II-14. Quality was the factor purchasers most frequently listed as the most important factor in their purchasing decisions. Id. A plurality of purchasers found the subject imports and the domestic like product comparable in quality. CR/PR, Table II-15.

[62] To a considerable extent, respondents base this argument on a consumer survey they commissioned indicating that price is much less of a consideration to consumers interested in purchasing more expensive CTVs than consumers interested in purchasing basic CTVs. See Chinese Respondents Prehearing Brief, ex. 7. We do not believe that these data are particularly probative to our inquiry, which, as previously stated, does not focus on the
(continued...)

suggest. A significant proportion of producers, importers, and purchasers responding to the Commission's questionnaires indicated that low-priced CTVs pull prices lower in the CTV market generally and are a factor in declining prices, along with other factors such as high-end CTVs pushing prices down, price erosion due to new technologies, and purchaser concentration.[63]

In addition, while purchasers in their questionnaire responses predominantly indicated that the CTV market could be divided into tiers, they gave divergent responses as to both the number of tiers and the criteria dividing the tiers.[64] Purchasers were asked, under the assumption the market could be divided into three quality tiers, in which tier they would place 36 individual brands. There were certain instances in which substantial majorities placed individual brands in either the lower tier or the upper tier. In many instances, however, purchasers indicated no consensus as to the particular tier in which a brand should be placed.[65] Moreover, purchasers' responses did not indicate, as respondents suggest, that there are clear distinctions in perceptions between all brands produced in China, on the one hand, and all brands produced in the United States, on the other. For example, purchasers perceived Orion, whose products are made in the United States, ***, to be a brand in the lowest quality tier, together with several brands produced in China.[66] Similarly, a substantial proportion of purchasers placed in the central tier both Magnavox, a brand produced in China (among other places) during the period examined, and Sanyo, Samsung, Panasonic, and Toshiba, brands produced in the United States, ***.[67]

In light of the data on the record, we acknowledge that there is some degree of brand and perceived quality differentiation in the CTV market. We do not, however, find that the market is characterized by discrete, rigidly-defined quality tiers. Instead, prices at the low end of the market can affect prices in other portions of the market.[68]

Nor does the record support respondents' contention that the domestic like product is exclusively clustered at the high end of the market, while the subject imports are exclusively clustered at the low end. As discussed above, the record indicates some overlap in brand perceptions between brands that have been produced in the United States and brands that have been produced in China. Two U.S. producers

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[62] (...continued)
ultimate consumer. There is no basis in the record for us to conclude that the retailers are only as price-sensitive as their customers.

[63] CR/PR, Table II-3.

[64] CR at II-5, PR at II-3. Even respondents cannot agree among themselves how many quality tiers purportedly exist in the market. At the hearing, a respondent witness for retailer Best Buy stated that his firm divided the CTVs it carries into four quality tiers. Tr. at 180 (Cody). A Wal-Mart witness stated that his firm divided the CTVs it carries into three quality tiers. Tr. at 187 (O'Connor).

[65] CR/PR, Table II-1.

[66] Respondents conceded that Orion competes at the bottom of the market with Apex, a brand produced in China. Philips Posthearing Brief at 10-11.

[67] CR/PR, Table II-1. See also CR at III-19, PR at III-7; Tr. at 196 (Ninesling). See also CR/PR, Table II-2 (Magnavox, whose TVs were sourced in China, among other places, during the period examined, rated higher than two brands that were produced in United States, ***).

[68] In making this conclusion, we do not dispute the staff's analysis that the elasticity of substitution would be higher when comparing one low-end CTV to another than comparing a low-end CTV to a high-end CTV. See CR at II-32, PR at II-19-20. Staff did not endorse respondents' contention that there are entirely distinct low-end and high-end markets.

produce basic models designed to be sold by retailers at their opening price points.[69] Some Chinese producers offer CTVs for sale in the United States with large screens and numerous product features.[70]

In light of product overlap and the lack of independent quality "tiers," the record indicates that there is a significant degree of competition between the subject imports and the domestic like product. In light of our findings concerning the importance of price in CTV purchasing decisions, this competition would encompass competition based on price.

B. Volume of the Subject Imports

Section 771(7)(C)(i) of the 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."[71]

According to adjusted official Commerce statistics, the quantity of subject imports increased from 56,000 units in 2001 to 1.3 million units in 2002 and then to 1.8 million units in 2003.[72] We have also examined the quantity of U.S. shipments of subject imports, which provides particular insight into the presence of the subject imports in U.S. market. These increased from *** units in 2001 to *** units in 2002 and then to *** units in 2003.[73] Consequently, shipments of subject imports increased by nearly a factor of three between 2002 and 2003.[74]

Data on market penetration confirm that, while the presence of subject imports in the U.S. marketplace increased throughout the period examined, the increase was sharpest between 2002 and 2003. The share of the quantity of apparent U.S. consumption represented by U.S. shipments of the subject imports increased from *** percent in 2001 to *** percent in 2002 and then to *** percent in 2003.[75]

The subject imports gained market share at the expense of both the domestic industry and nonsubject imports. The domestic industry's share of the quantity of U.S. apparent consumption declined from *** percent in 2001 to *** percent in 2002 and then to *** percent in 2003.[76] The share of the quantity of U.S. apparent consumption of imports from nonsubject sources declined from ***

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[69] CR at II-6, PR at II-3.

[70] See Petitioners Prehearing Brief, ex. 1.

[71] 19 U.S.C. § 1677(7)(C)(i).

[72] CR/PR, Table IV-2. The official data were adjusted to exclude nonsubject merchandise. CR at IV-3-4, PR at IV-2. Questionnaire data indicate that imports increased from *** units in 2001 to *** units in 2002 and then to *** units in 2003. CR at IV-6, PR at IV-2.

[73] CR/PR, Table IV-3.

[74] The data rebut respondents' contention that the increase in subject import volume from 2002 to 2003 is predominantly a function of two series of transactions – Philips' increased importation of CTVs from China and Wal-Mart's purchase of CTVs from China for its Thanksgiving "Blitz" promotion – that they characterize as temporary or anomalous. See Tr. at 194-95 (O'Connor), 205-06 (Ninesling). U.S. shipments of subject imports increased by *** units between 2002 and 2003. CR/PR, Table IV-4. Of this increase, *** units are attributable to Philips and *** units are attributable to Wal-Mart's Thanksgiving "Blitz" shipments. CR at IV-7-8, PR at IV-4-5. Consequently, over *** the increase from 2002 to 2003 is attributable to other transactions. We further address Wal-Mart's contentions concerning its Thanksgiving "Blitz" in section IV.D. below.

[75] CR/PR, Table IV-5.

[76] CR/PR, Table IV-5.

percent in 2001 to *** percent in 2002 and then to *** percent in 2003.[77] Thus, from 2001 to 2003, the domestic industry lost *** percentage points of market share, as compared to a *** percentage point loss for the nonsubject imports.

We observe that the subject imports increased volume and took market share away from the domestic industry in some of the most significant CTV size ranges.[78] For 27- to 30-inch analog direct-view CTVs with a 4 x 3 aspect ratio, which accounted for about *** percent of 2003 U.S. shipments of all analog direct-view CTVs with such a ratio, shipments of subject imports increased from *** units in 2001 to *** units in 2003. These shipments increased by nearly *** between 2001 and 2003 and more than *** between 2002 and 2003. The share of total U.S. shipments for this product range represented by subject imports increased from *** percent in 2001 to *** percent in 2001 and then to *** percent in 2003. By contrast, shipments of the domestically produced product in this range declined by *** percent from 2001 to 2003 – from *** units to *** units. The share of total shipments for this product range represented by the domestically produced product declined from *** percent in 2001 to *** percent in 2003. Imports from Mexico in this product range also declined on an absolute basis from 2001 to 2003, and their share of total shipments for this product range dropped from *** percent to *** percent.[79]

There were similar patterns for 24- and 25-inch analog direct view CTVs with a 4 x 3 aspect ratio, which accounted for about *** percent of 2003 U.S. shipments of all analog direct-view CTVs with such a ratio. Shipments of subject imports in this product range increased from *** units in 2001 to *** units in 2002 and then to *** units in 2003. The share of total U.S. shipments for this product range represented by subject imports increased from *** in 2001 to *** percent in 2002 and then to *** percent in 2003. By contrast, U.S. shipments of domestically produced CTVs in this range declined from *** units in 2001 to *** units in 2002 and then to *** units in 2003. The share of this product range represented by domestically produced CTVs declined from *** percent in 2001 to *** percent in 2002 and then to *** percent in 2003. Imports from Mexico in this product range also declined on an absolute basis from 2001 to 2003, and their share of total shipments for this product range dropped from *** percent to *** percent.[80]

As a combined category, the U.S. market for 24- to 30-inch analog direct view CTVs with a 4 x 3 aspect ratio grew somewhat from 2001 to 2003, notwithstanding a decline from 2002 to 2003. U.S. producers' share of the market for this size range, however, dropped from *** percent to *** percent, and the share held by imports from Mexico declined from *** percent to *** percent, while the subject imports' share grew sharply from *** percent to *** percent.[81]

For 31- and 32-inch analog CTVs with a 4 x 3 aspect ratio, which accounted for about *** percent of 2003 U.S. shipments of all analog direct-view CTVs with such a ratio, the share of the U.S.

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[77] CR/PR, Table IV-5. U.S. market penetration of imports from Mexico fell more sharply than U.S. market penetration of all nonsubject imports. Id. Respondents have made various arguments that the North American Free Trade Agreement (NAFTA) has caused CTV production in Mexico to expand at the expense of CTV production in the United States. It is not necessary for us to address these arguments. Whatever the effect of NAFTA, CTV imports from Mexico have not increased their presence, either in an absolute or relative sense, in the U.S. market during the period examined, much less gained market share at the expense of the domestic industry.

[78] We believe an analysis of shipments data broken down by size ranges is appropriate in light of the manner in which CTVs are marketed. One retailer indicates that size is typically the starting point of its customers' purchasing decisions, Best Buy Response to Commission Questions at 3, and retailers commonly display and market CTVs of similar sizes side by side. See id. at Attachment; Chinese Respondents Posthearing Brief, ex. 2; Tr. at 188 (O'Connor).

[79] CR at E-6-7, PR at E-5.

[80] CR at E-6-7, PR at E-5.

[81] CR/PR, Table E-12.

market held by subject imports increased from *** in 2001 to *** percent in 2003. Notwithstanding an increase in the quantity of shipments, the domestic industry's share for products in this range declined from *** percent in 2001 to *** percent in 2003.[82]

Consequently, we find both the volume and increase in volume of subject imports, both in absolute terms and relative to consumption in the United States, to be significant.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the 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
>
> (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.[83]

The Commission collected pricing data on six different CTV products. The product definitions contained numerous specifications to assure comparability of products. There were price comparisons for both the domestic like product and the subject imports for four of the six products. The Commission also collected pricing data on imports from Malaysia and Mexico. Because Commerce made a negative dumping determination in the parallel investigation of CTVs from Malaysia, Mexico and Malaysia are now the two largest sources of nonsubject imports.

The subject imports undersold the domestic like product in 26 out of 28 quarterly comparisons.[84] Respondents do not contest that the pricing data show pervasive underselling by the subject imports but furnish several arguments as to why the data are not meaningful. One argument is that the data also show that nonsubject imports, particularly imports from Mexico, frequently undersell the domestic like product.[85] While we do not dispute that the pricing data also show that nonsubject imports from Mexico generally undersold the domestic like product, they do not indicate that pricing for the nonsubject imports is indistinguishable from pricing for the subject imports. To the contrary, the data indicate that subject imports from China also undersold imports from Mexico in 16 of 23 quarterly comparisons. For the four products for which there were price comparisons for both the domestic like product and the subject imports, there is a quarterly pricing observation for imports from Mexico, imports from Malaysia, or imports from both these sources during each quarter for which there is a pricing observation for the subject imports. Prices for subject imports were lower than prices for nonsubject imports from any source in 14 of 28 quarterly observations.[86] Thus, the pricing data do not merely indicate that subject imports were priced below the domestic like product. Instead, they further show that subject imports were frequently the lowest-priced products in the market.

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[82] CR at E-6, PR at E-5; CR/PR, Table E-3.

[83] 19 U.S.C. § 1677(7)(C)(ii).

[84] CR/PR, Tables V-2, V-4, V-5, V-6.

[85] CR at V-24, PR at V-7.

[86] CR/PR, Tables V-2, V-4, V-5, V-6. There was also one product where the only observations were of subject imports, CR/PR, Table V-1, and one product where the only observations were of product from the United States and Mexico, CR/PR, Table V-3.

Respondents also argue that the underselling data merely reflect brand and/or quality distinctions between the subject imports and the domestic like product. We observe, however, that for product 2, the pricing product with the largest subject import volume and a very substantial volume of shipments of the U.S.-produced product, the data for the domestically produced product were submitted by *** and the data for the Chinese product were submitted by ***.[87] As previously stated, the brand name under which *** sold its imports from China during the period examined was ***. Both ***, the U.S.-produced brands, were rated by purchasers below ***, the Chinese produced brand, and purchasers' perceptions of *** were not significantly different from those of ***.[88] At least for this product category, in which the subject imports undersold the domestic like product in every comparison, the record indicates that the underselling was due in significant part to the lower prices of the subject imports and thus cannot be fairly attributed to differences in brand perceptions. While we acknowledge that differences in brand perceptions may help explain the very high underselling margins observed for subject imports in products 4 and 6 during 2003 pricing observations, we conclude on balance that the pricing data, in conjunction with our findings concerning the importance of price in purchasing decisions, support a finding that the underselling is significant.[89]

The parties do not dispute that CTV prices declined during the period examined. For the five products for which the Commission obtained pricing data for a domestically-produced product, prices declined between 17.8 percent and 32.7 percent between the first quarter for which data were available in 2001 and the fourth quarter of 2003.[90] The Commission's questionnaires asked market participants what percentage of the decline they attributed to various factors. U.S. producers attributed 66 percent of the decline to low-priced CTVs pulling prices lower. Even importers attributed 26 percent of the decline to this factor, and purchasers attributed 28 percent of the decline to this factor (although the five largest purchasers attributed only 12 percent of the decline to this factor).[91] Consequently, although market participants exhibited divergent views as to how large a factor low-priced CTVs played in overall pricing declines, and responded that there are also other factors that contribute to price declines, all groups of participants indicated that low-priced CTVs in general were responsible for an appreciable share of the overall price declines.

The record indicates that the subject imports, frequently the lowest-priced product in the market, were a significant cause of price declines. Their effect on prices is corroborated by market participants' country-specific attribution of the downward price trend caused by lower-priced CTVs. On average, producers attributed 73 percent of this cause of price decline to subject imports, importers 50 percent, and purchasers 56 percent.[92] On the basis of questionnaire responses, the pricing data in the record, and our findings that the subject imports and domestic like product compete for sales on the basis of price,

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

[88] CR/PR, Tables II-1-2.

[89] We note that the pricing observations for U.S.-produced product 4 were from two producers: ***. The margins of underselling by the subject imports were generally higher in comparison to the *** product than to the *** product. See CR/PR, Table V-2; *** U.S. Producers' Questionnaire Responses. This is contrary to what one would expect in terms of relative brand perceptions – purchasers perceived *** to be superior to ***. CR/PR, Tables II-1-2.

[90] CR/PR, Tables V-2-6.

[91] CR/PR, Table II-3.

[92] CR/PR, Table II-4. Only *** of the five largest purchasers provided this information. ***. Id.

we find that the record indicates a significant causal linkage between the pricing pressure imposed by the low-priced subject imports and the price declines experienced in the U.S. CTV market overall.[93] We thus find that the subject imports have had significant price-depressing effects on prices for the domestic like product.[94]

We consequently conclude that there has been significant price underselling by the subject imports and that the effect of such imports has been to depress prices for the domestic like product to a significant degree.

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[93] Because these prices would be conveyed to the market overall, their effects would not necessarily be confined to particular sizes or brands.

[94] Respondents argue that factors other than the subject imports have caused the declines in CTV prices. We do not deny that these factors played some role in the declines. However, we conclude that the alternative causes cited by respondents do not sever the causal link between the subject imports and their significant role in price declines. We have taken several steps to ensure that "there is adequate evidence to show that the harm occurred 'by reason of' the LTFV imports." Gerald Metals Co. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997). First, the questionnaires asked market participants to indicate the degree to which five named causes – which include the alternative causes on which respondents rely – or other causes contributed to price declines. As stated above, market participants indicated that low-priced CTVs in general, and the subject imports in particular, were responsible for an appreciable percentage of the price declines. See CR/PR, Tables II-3, II-4.

Second, the Commission collected pricing data concerning the major sources of nonsubject imports. We specifically discussed above why the available data concerning nonsubject imports do not detract from our conclusions on price effects.

We also find that the available data concerning the other alternative causes cited by respondents do not detract from our conclusion concerning price effects. Market participants were specifically asked about the price effects of high-end CTVs and new technologies, and nonetheless found that low-priced CTVs had an appreciable effect on price declines. Moreover, the record indicates that declines in prices of high-end CTVs and non-CRT televisions tend to have their greatest effects on the high end of the market. See Tr. at 270 (O'Connor) (prices declined about 3 to 5 percent annually at low end of market, but much more rapidly at high end). Indeed, the price decline for domestically-produced product 6, a 55-inch projection CTV, during the period examined was much greater than that for three of the four smaller, lower-valued domestically-produced products. Compare CR/PR, Table V-6 with id., Tables V-2, V-3, V-5. Additionally, prices producers and importers charged for certain non-CRT televisions were much higher than the prices they charged for CTVs with larger screens. Compare CR/PR, Table II-8 with id., Table V-6. See also Tr. at 74 (J. Johnson).

Market participants were also asked about changes in raw materials costs. The available data indicate that per-unit raw materials costs generally increased during the period examined. CR/PR, Table VI-7.

Market participants were also asked about purchaser concentration. However, purchaser concentration is not necessarily a factor easily distinguishable from the subject imports. Large purchasers have ready access to subject imports. Cf. Importers' Questionnaire Responses (showing a sharp increase in the quantity of direct imports from China by the five largest CTV retailers during the period examined.) Consequently, these purchasers can use the availability of low-priced subject imports as a consideration in purchasing decisions and in their negotiations with suppliers. See CR at V-26, PR at V-7-8 (U.S. CTV producer alleged large purchaser forced it to cut prices because of competition from imports from China).

Respondents also argue that the *** requires the Commission to find that the subject imports had no significant price effects. Confirmed lost sales and revenues, however, are not a prerequisite to an affirmative determination. See, e.g., Makita Corp. v. United States, 974 F. Supp. 770, 789 (Ct. Int'l Trade 1997); Acciai Speciali Terni, S.p.A. v. United States, 19 CIT 1051, 1056 (1995). We further note that *** appears to us to be ambiguous and inconclusive in several respects. See CR at V-26, PR at V-7-8.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[95] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[96] [97]

The domestic industry's capacity increased from 7.6 million units in 2001 to 8.1 million units in 2002, and then declined to 8.0 million units in 2003.[98] Notwithstanding the increase in capacity and the overall increase in apparent U.S. consumption from 2001 to 2003, output-related indicators fell during this period. Production declined from 4.92 million units in 2001 to 4.89 million units in 2002 and then to 3.59 million units in 2003.[99] Domestic producers' U.S. shipments increased slightly from 4.71 million units in 2001 to 4.74 million units in 2002, and then fell to 3.57 million units in 2003.[100] Capacity utilization declined from 60.9 percent in 2001 to 56.6 percent in 2002, and then declined further to 43.6 percent in 2003.[101] The domestic industry's share of the quantity of U.S. apparent consumption declined from *** percent in 2001 to *** percent in 2002 and then to *** percent in 2003.[102]

The above data show that the sharpest declines in the domestic industry's production, U.S. shipments, capacity utilization, and market penetration occurred from 2002 to 2003. As indicated above in the discussion on volume, this was also a period where the presence of subject imports in the U.S. market, measured both in terms of quantity of U.S. shipments of subject imports and in terms of market penetration, increased most sharply. As further indicated in that discussion, subject imports took market share and/or sales quantities away from the domestic industry in size ranges that accounted for a large quantity of U.S. sales.

In addition, the data do not indicate that any reduction in U.S. production was due primarily to declining demand. As discussed earlier, the domestic industry lost both volume and market share to the subject imports for 27- to 30-inch analog direct view CTVs with a 4 x 3 aspect ratio, and it lost market

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[95] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[96] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[97] In its final affirmative determination for China, Commerce determined dumping margins for 13 named Chinese manufacturer/exporters ranging from 4.35 to 24.48 percent. The "all others" margin is 78.45 percent. 69 Fed. Reg. at 20597. Because the final affirmative determination for China contains the dumping margins most recently published as of the closing of the Commission's administrative record on May 7, 2004, it is the Commerce publication the statute directs us to consider. See 19 U.S.C. § 1677(35)(C)(ii).

[98] CR/PR, Table III-6. As previously stated, Sharp Manufacturing, whose capacity was *** units in 2001 and 2002, ceased U.S. CTV production in December 2002. CR/PR, Tables III-1, III-6.

[99] CR/PR, Table III-6.

[100] CR/PR, Table III-7. Export shipments constituted less than 10 percent of the domestic industry's total shipments throughout the period examined. Id.

[101] CR/PR, Table III-6.

[102] CR/PR, Table IV-5. Additionally, inventories and the ratio of inventories to production and U.S. shipments fell over the period of investigation. CR/PR, Table III-8.

share to the subject imports for 31- to 32-inch analog direct view CTVs with a 4 x 3 ratio. In both these product ranges, demand increased during the period examined.[103]

Moreover, although we base our analysis on the impact of subject imports on the industry as a whole, we have examined producer-specific data to assess respondents' arguments that declines in the domestic industry's performance may be limited to certain producers. We observe that five of the seven U.S. producers for which we collected data produced more than nominal quantities of CTVs in two size ranges where there were both significant U.S. sales and significant quantities of subject imports: 24- to 25-inch and 27- to 30- inch.[104] For the producers in the aggregate, and for all but one of the producers on an individual basis, U.S. shipments of CTVs in these size ranges declined significantly from 2001 to 2003.[105]

We further observe that the declines in the domestic industry's domestic shipments of CTVs were not, as respondents suggest, offset by increases in the domestic producers' shipments of non-CRT televisions. The 1.1 million unit decline in the domestic industry's U.S. CTV shipments from 2001 to 2003 is over *** times the *** unit increase in U.S. producers' U.S. shipments of non-CRT televisions during this period.[106]

Most employment-related indicators declined during the period examined. These declines, like those in output-related indicators, were concentrated between 2002 and 2003, when subject imports' presence in the U.S. market increased most sharply. The number of production and related workers increased from 3,829 in 2001 to 3,975 in 2002, but then declined to 3,226 in 2003. The hours worked by such workers declined from 7.8 million in 2001 to 7.7 million in 2002, and then declined further to 6.9 million in 2003. Productivity, which was 0.6 units per hour in 2001 and 2002, fell to 0.5 units per hour

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[103] CR at E-7, PR at E-5; CR/PR, Table E-3.

[104] Factual information in the record undercuts Wal-Mart's contentions that the CTVs it acquires for its post-Thanksgiving "Blitz" promotion do not compete with other CTVs and therefore could have no adverse impact on the domestic CTV industry. Wal-Mart's imports of *** Chinese CTVs for its 2003 "Blitz" promotion accounted for an appreciable proportion of the increase in U.S. shipments of subject imports that year. CR at IV-7, PR at IV-5. Although Wal-Mart's witness intimated in his prepared hearing testimony that the 27-inch CTVs involved in its "Blitz" promotion are available for sale only for a five-hour period on the Friday following Thanksgiving, Tr. at 193 (O'Connor), Wal-Mart subsequently provided further information indicating that, in 2003, *** the CTVs it acquired for the "Blitz" promotion were sold during that promotion, and the remainder were available for sale ***. Wal-Mart Posthearing Brief at 5-6. Consequently, in 2003 the "Blitz" CTVs were available for sale by consumers in the market for CTVs (including domestically-produced 27-inch models carried by Wal-Mart) ***. Wal-Mart's contention that CTVs it acquires for the "Blitz" promotion do not take sales away from those CTVs it stocks throughout the year cannot be reconciled with its 2003 daily sales data indicating that ***. INV-B-055 (May 6, 2004). We also observe that several purchasers stated that large, specific promotions, such as those held after Thanksgiving by large discounters, affect their everyday sales of CTVs. CR at II-2-3, PR at II-2. In addition, as discussed in connection with conditions of competition, although brand and quality distinctions exist between different CTV products, we do not find that there were discretely defined product segments based on brand or quality. We also find that pricing in the low end of the market affects prices in other portions of the market.

[105] CR/PR, Table E-11. Respondents argue that the multinational producers increased shipments from their affiliates in nonsubject countries to offset any production declines in the United States. This is not directly relevant to our examination of impact. The statute directs the Commission to examine impact "only in the context of production operations in the United States." 19 U.S.C. § 1677(7)(B)(i)(III). See also General Motors Corp. v. United States, 827 F. Supp. 774, 779-80 (Ct. Int'l Trade 1993). Consequently, we have focused on the domestic industry's shipments of U.S.-produced CTVs. As discussed elsewhere, we have considered whether nonsubject merchandise – including both imports of CTVs from nonsubject countries and shipments of non-CRT televisions – are alternative causes of injury that sever the causal link between the subject imports and material injury to the domestic industry.

[106] CR/PR, Table E-13.

in 2003. Wages paid to production and related workers fell from 2001 to 2003, although hourly wages rose.[107]

Consistent with its customary practice, the Commission collected financial data from U.S. producers on a fiscal year basis. The fiscal years of *** of the domestic producers, which collectively represent the overwhelming majority of 2003 domestic CTV production, end on March 31.[108] To enable it to examine financial data for a period more coincident with the calendar year 2003 production and employment data, the Commission requested domestic producers to provide additional financial data for a period at least through December 31, 2003. One producer reported calendar year 2003 data, two reported data for the final nine months of 2003, three reported data for the fiscal year that ended on March 31, 2004, and one producer had no financial data to report because it had no sales.[109] We refer to this set of financial data as that for the "Most Recent Period."[110]

The domestic industry's operating income ratio, which had increased from 4.3 percent in fiscal 2001 to 5.2 percent in fiscal 2003, declined to 1.4 percent in the Most Recent Period.[111] Thus, the operating performance of the domestic industry declined to a low level during calendar year 2003 – a period where the domestic industry faced output declines, which we have causally linked to the subject imports, and a period where the domestic industry suffered significant price effects attributable to the subject imports.[112]

Additionally, the poor financial performance of the domestic industry during the Most Recent Period was not limited to a single producer.[113] Three of the six domestic producers reporting data reported operating losses during this period. Five of the six reported lower operating ratios during the Most Recent Period than for the preceding period for which they reported financial data.[114]

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[107] CR/PR, Table III-9. The decline in productivity from 2001 to 2003 rebuts respondents' arguments that employment declines were due to increases in efficiency.

[108] CR/PR at VI-1 n.1, Table III-1.

[109] INV-B-055.

[110] We acknowledge that not all data for the Most Recent Period concern reporting periods of the same duration. Also, the Most Recent Period includes some data for the first quarter of 2004, a period after that for which trade and employment data were collected. Nevertheless, for producers representing over 80 percent of 2003 U.S. CTV production, the Most Recent Period data are for a full fiscal year, and thus comparable to the annual data collected for the remainder of the period examined. CR/PR, Table III-1; INV-B-055. We have relied on data for the Most Recent Period because they provide the most reliable information in the record concerning the financial performance of the domestic industry during calendar year 2003.

[111] INV-B-055.

[112] We have also examined the domestic industry's capital and research and development expenditures. Each of these categories of expenditures was lower in fiscal 2003 than in fiscal 2001. CR/PR, Table VI-6. (Data concerning these factors were not collected for the Most Recent Period.)

[113] Respondents repeatedly emphasized in their presentations to the Commission that Five Rivers was the only petitioning domestic producer. See, e.g., Tr. at 12 (Price). The remaining producers, however, *** the petition. CR/PR, Table III-1. We consequently cannot infer from *** that these producers believe that they were not injured by the subject imports. To the contrary, *** of the non-petitioning producers stated that they had experienced or anticipated negative effects by reason of subject imports. CR/PR, Table G-3. While we rely on other data to support our affirmative determination, these responses rebut the inference advanced by respondents.

[114] INV-B-055. We acknowledge that one of the producers that showed a decline in its operating ratio was ***. Id.; see CR at III-17, PR at III-. Nevertheless, the declines in operating performance are not limited to ***, but also include producers who do produce CTVs that more directly compete with the subject imports.

Another producer that showed a significant decline in both operating income and operating ratio in the Most Recent Period as compared to its prior period was ***. Respondents question the reliability of this data. The

(continued...)

In light of significant increases in the volume and market penetration of the subject imports, particularly from 2002 to 2003, and particularly in product categories accounting for a large portion of the U.S. market, the significant adverse price effects of the subject imports, and the causal linkage between the subject imports and the domestic industry's declines in output, market share, employment, and operating performance, we conclude that the subject imports have had a significant adverse impact on the domestic CTV industry.[115] Accordingly, we have made an affirmative determination in this investigation.

CONCLUSION

For the foregoing reasons, we find that the domestic CTV industry is materially injured by reason of LTFV imports from China.

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[114] (...continued)
information available indicates that *** prepared this data on the same basis that it prepared the *** financial data for fiscal 2001, 2002, and 2003 in the Confidential Report. Respondents also emphasize that *** stated ***. See May 7, 2004 *** e-mail message included in INV-BB-059 (May 11, 2004). We give little weight to this statement in light of the fact that *** declined to identify *any* specific reason for its decline in operating income, stating its belief that ***. Id. Moreover, in its Producers' Questionnaire Response (which it cited in its e-mail message), *** *indicated that* *** *of the price* decline in CTVs over time has been due to low-priced CTVs entering the market and pulling prices downward. *** Producers' Questionnaire Response, response to question IV-B-28. In addition, *** shipments of U.S. produced 27- to 30-inch analog direct-view CTVs with a 4 x 3 aspect ratio declined from *** units in 2001 to *** units in 2003, a period when subject imports' market share in this product range jumped from *** to *** percent. CR at E-7, PR at E-5; CR/PR, Table E-11.

[115] As we acknowledged in our discussion of price effects, there were factors other than the subject imports that had an effect on the domestic industry's prices. We examined each of these factors above and found that the other factors did not preclude a finding that the subject imports had significant price effects. The significant volume and price effects of the subject imports permit us to find a causal link between the subject imports and the domestic industry's condition, notwithstanding that other factors that affected prices may have also had an effect on the domestic industry's condition.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on behalf of Five Rivers Electronic Innovations, LLC, Greeneville, TN; the International Brotherhood of Electrical Workers (IBEW), Washington, DC; and the IUE-CWA, Industrial Division of the Communications Workers of America, Washington, DC, on May 2, 2003, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of less-than-fair-value (LTFV) imports of certain color television receivers[1] (hereinafter CTVs) from China. The petition also alleged material injury and threat of further material injury by reason of LTFV imports of CTVs from Malaysia, and the Commission, accordingly, instituted an antidumping investigation with respect to Malaysia (inv. No. 731-TA-1035). Effective April 16, 2004, however, the Department of Commerce (Commerce) made a negative final determination of LTFV sales for Malaysia (69 FR 20592, April 16, 2004)[2] and the Commission, accordingly, terminated its investigation (69 FR 22093, April 23, 2004). Information relating to the background of the investigation concerning U.S. imports of CTVs from China is provided below.[3]

Effective date	*Action*
May 2, 2003	Petition filed with Commerce and the Commission; institution of Commission investigations (68 FR 25627, May 13, 2003)
May 29, 2003	Commerce's notice of initiation (68 FR 32013)
June 16, 2003	Commission's preliminary determinations
November 28, 2003 .	Commerce's preliminary determinations (68 FR 66800 and 68 FR 66810)
November 28, 2003	Scheduling of final phase of Commission investigations (69 FR 3601, January 26, 2004)
April 15, 2004	Commission's hearing[4]
April 16, 2004	Commerce's final determinations (69 FR 20592 and 69 FR 20594)[5]

[1] For purposes of this investigation, the term "certain color television receivers" consists of complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. "Incomplete" CTVs are defined as unassembled CTVs with a color picture tube (i.e., cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled. Specifically excluded from this investigation are computer monitors or other video display devices that are not capable of receiving a broadcast television signal. Certain color television receivers are provided for in subheadings and statistical reporting numbers 8528.12.28, 8528.12.3250, 8528.12.3290, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56 of the Harmonized Tariff Schedule of the United States (HTS) with normal trade relations tariff rates of 3.9 percent or 5.0 percent *ad valorem* applicable to imports from China.

[2] Commerce determined that a *de minimis* margin of 0.75 percent existed for Funai Electric Malaysia Sdn. Bhd (Funai). 69 FR 20592, April 16, 2004. Commerce's preliminary determination with respect to Malaysia was likewise *de minimis*. 68 FR 66810, November 28, 2003.

[3] *Federal Register* notices are presented in appendix A.

[4] A list of witnesses appearing at the hearing is presented in appendix B.

[5] Commerce calculated the final *ad valorem* dumping margins for firms in China as follows: Haier Electric Appliances International Co. (21.49 percent); Hisense Import and Export Co., Ltd. (21.49 percent); Konka Group Co., Ltd. (11.36 percent); Philips Consumer Electronics Co. of Suzhou Ltd. (21.49 percent); Shenzhen Chaungwei-

(continued...)

Effective date	*Action*
April 16, 2004	Commission's notice of termination of the investigation on Malaysia (69 FR 22093, April 23, 2004)
May 14, 2004	Date of the Commission's vote
May 26, 2004	Commission determination sent to Commerce

SUMMARY DATA

A summary of data collected in the investigation is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of seven firms that accounted for almost 100 percent of U.S. production of CTVs during 2003. U.S. imports are based on official Commerce statistics, adjusted to exclude nonsubject color television receivers 52 centimeters and under.

MAJOR FIRMS INVOLVED IN THE U.S. CTV MARKET[6]

The seven U.S. producers of CTVs consist of: Five Rivers Electronic Innovations, LLC (Five Rivers); Matsushita Kotobuki Electronics Industries of America, Inc. (Matsushita); Orion America, Inc. (Orion); Sanyo Manufacturing Corp. (Sanyo); Sharp Manufacturing Company of America (Sharp); Sony Electronics, Inc. (Sony); and Toshiba America Consumer Products, LLC (Toshiba).[7] Five Rivers is the petitioner. In 2003, its operations accounted for *** percent of U.S. production. ***. Five Rivers is represented by the law firm of Collier Shannon Scott, PLLC; none of the other U.S. producers are parties to the investigation, although labor unions at three of those producers are petitioners.

U.S. imports of CTVs were reported from both the subject country, China, and from additional nonsubject countries during the period for which data were collected during the final phase of the investigation (January 2001 through December 2003). Mexico is by far the largest source of U.S.

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[5] (...continued)
RGB Electronics Co., Ltd. (21.49 percent); Sichuan Changhong Electric Co., Ltd. (24.48 percent); Starlight International Holdings, Ltd. (21.49 percent); Star Light Electronics Co., Ltd. (21.49 percent); Star Fair Electronics Co., Ltd. (21.49 percent); Starlight Marketing Development Ltd. (21.49 percent); SVA Group Co., Ltd. (21.49 percent); TCL Holding Co. Ltd. (22.36 percent); Xiamen Overseas Chinese Electronic Co., Ltd. (4.35 percent); and "PRC-wide" (all others) (78.45 percent).

Commerce treated China as a non-market economy (NME) country and, accordingly, based normal value (NV) on factors of production, selecting India as the surrogate country. Commerce further selected the four companies with the largest export volumes during the period of investigation (i.e., Changhong, Konka, TCL, and XOCECO) as mandatory respondents and determined that the four mandatory respondents were eligible for separate rates. It further assigned a weighted average of the rates of the fully analyzed mandatory respondents, excluding any rates that were zero, *de minimis*, or based entirely on facts available, to those exporters that submitted timely questionnaire responses (but were not selected as mandatory respondents) and which also met the criteria for the application of separate rates. LTFV margins were calculated from a comparison of the export price (EP) or the constructed export price (CEP) to the NV. Commerce also determined that critical circumstances (i.e., a history or knowledge of dumping and massive imports over a relatively short period of time) do not exist for imports of CTVs produced in and exported from China.

[6] Many of the major firms within the CTV industry have parents, subsidiaries, or are otherwise related to firms that are involved in a wide range of CTV production, importation, and purchasing activities both within and outside the United States. Unless otherwise noted, the abbreviations provided here will be used throughout the report to refer to the operating units identified in this section. More complete company names will be used, as necessary, in other sections of the report to refer to any related firms.

[7] Unless otherwise noted, all listings of U.S. firms in this section of the staff report are in alphabetical order.

imports of CTVs. CTVs are imported both by firms that resell the product to retail organizations and directly by retailers. Apex Digital, Inc. (Apex), represented by O'Melveny & Myers LLP, is *** U.S. importer of CTVs from China. Additional U.S. importers of the subject product from China include, but are not limited to,[8] Philips Electronics North America Corp. (Philips America), represented by Hunton & Williams LLP; ***;[9] and Wal-Mart Stores, Inc., represented by Sonnenschein, Nath & Rosenthal, LLP. U.S. importers of Mexican-produced CTVs include ***.[10] The principal U.S. importers of CTVs from Malaysia consist of Funai Corp. (Funai); ***; ***; and Wal-Mart Stores, Inc. (Wal-Mart). Funai is represented by the law firm of Akin Gump Strauss Hauer & Feld LLP, ***.

Sichuan Changhong Electric Co., Ltd. (Changhong) is *** exporter to the United States of CTVs from China; Changhong is a party to the investigation and is represented by the law firm of Wiley Rein & Fielding LLP. Other Chinese producers include Haier Electrical Appliances International Co. (Haier); Hisense Electric Co., Ltd./Hisense Import and Export Co. (Hisense); Konka Group Co., Ltd. (Konka); Philips Consumer Electronics Co. of Suzhou, Ltd. (Philips China); Shanghai SVA-DAV Electronics, Co., Ltd./SVA Group Co., Ltd. (SVA-DAV); Shanghai Suoguang Visual Products Co., Ltd. (SSV); Shenzhen Chaungwei-RGB Electronics Co., Ltd. (Chaungwei); Sichuan Changhong Electric Co., Ltd. (Changhong); Starlight International Holdings, Ltd., Star Light Electronics Co., Ltd., Star Fair Electronics Co., Ltd, and Starlight Marketing Development Ltd. (Starlight); TCL Holding Company, Ltd. (TCL); and Xiamen Overseas Chinese Electronic Co., Ltd. (XOCECO). Each of these firms, with the exceptions of SSV and Starlight, is a member of the China Chamber of Commerce and Import and Export of Machinery and Electronic Products (CCCME) and an individual party to the investigation represented by Wiley Rein & Fielding LLP. Konka, Philips China, TCL, and XOCECO are also represented by White & Case; Hunton & Williams, LLP; Kaye Scholer LLP; and Willkie Farr & Gallagher, respectively.[11]

PREVIOUS INVESTIGATIONS

The Commission has conducted a number of investigations concerning television receivers and color picture tubes during the past 30 years or so (table I-1). Currently, and during the period for which data were collected in the investigation (2001-03), there are no import relief measures in effect with respect to CTVs or color picture tubes.

THE SUBJECT PRODUCT

The imported products subject to this investigation are complete and incomplete direct-view or projection-type cathode-ray tube (CRT) CTVs, with a video display diagonal exceeding 52 centimeters (in effect, 21 inches and larger), whether or not combined with video recording or reproducing apparatus

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[8] A complete list of reporting U.S. importers from China, as well as those from nonsubject sources, is presented in Part IV of this report.

[9] ***.

[10] U.S. importers of CTVs from Mexico are ranked by the quantity of U.S. imports in 2002 reported to the Bureau of Customs and Border Protection (Customs) under the HTS subheadings and statistical reporting numbers that include CTVs.

[11] In addition, Hitachi High Technologies Corp. and Hitachi High Technologies America, Inc. (Hitachi), exporters of Malaysian-manufactured CTVs, are represented by King & Spalding. Also, Aitken Irvin Berlin & Broman, LLP entered an appearance on behalf of Casio, Inc. (Casio), an importer of other types of color television receivers, and Covington & Burling entered an appearance on behalf of Sears, Roebuck and Co. (Sears), an importer of CTVs.

Table I-1
Television receivers and color picture tubes: Investigations since 1977

Product	Inv. No.	Publication no. and date	Source(s)	Final outcome
Television Receivers, Color and Monochrome, Assembled or Not Assembled, Finished or Not Finished, and Subassemblies Thereof	Inv. No. TA-201-19	USITC Publication 808 (March 1977)	All countries	Affirmative on color television receivers; no finding on monochrome television receivers
Color Television Receivers and Subassemblies Thereof	Inv. No. TA-203-6	USITC Publication 1068 (May 1980)	Japan, Korea, Taiwan	Affirmative for Korea, Taiwan; negative for Japan
Television Receiving Sets from Japan	Inv. No. 751-TA-2	USITC Publication 1153 (June 1981)	Japan	Affirmative
Color Television Receivers from the Republic of Korea and Taiwan	Invs. Nos. 731-TA-134 and 135 (Final)	USITC Publication 1514 (April 1984)	Korea, Taiwan	Affirmative on color television receivers, negative on monitors
Liquid Crystal Display Television Receivers from Japan	Inv. No. 751-TA-14	USITC Publication 2042 (December 1987)	Japan	Negative (LCD televisions are like products subject to antidumping duty)
Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore	Invs. Nos. 731-TA-367-370 (Final)	USITC Publication 2046 (December 1987)	Canada, Japan, Korea, Singapore	Affirmative
Sunset Review: Television Receivers from Japan and Color Television Receivers from Korea and Taiwan	Invs. Nos. AD-66 and 731-TA-134 and 135 (Review)	October 1998	Japan, Korea, Taiwan	No domestic response to notice of initiation; antidumping duties discontinued by Commerce
Sunset Review: Color Picture Tubes from Canada, Japan, Korea, and Singapore	Invs. Nos. 731-TA-367-370 (Review)	USITC Publication 3291 (April 2000)	Canada, Japan, Korea, Singapore	Negative; antidumping duties revoked
Certain Color Television Receivers from China and Malaysia	Invs. Nos. 731-TA-1034 and 1035 (Preliminary)	USITC Publication 3607 (June 2003)	China, Malaysia	Affirmative
Source: U.S. International Trade Commission.				

(videocassette recorder (VCR)/players (VCP) and/or digital video disc (DVD) players). The products subject to this investigation are those that are capable of receiving a broadcast television signal and

producing a video image.[12] Specifically excluded from this investigation are computer monitors and other video display devices that are not capable of receiving a broadcast television signal. For the purpose of this investigation, complete CTVs are fully assembled and ready to function when purchased by the consumer. Incomplete CTVs contain all parts necessary for manufacturing complete CTVs, and include CTVs designated as color television receiver kits, unassembled CTVs, or unfinished CTVs.[13] There were, however, no reported sales of incomplete CTVs in the questionnaire responses of domestic producers and minimal reported U.S. imports.

The Commission's determination regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors, including (1) physical characteristics and uses, (2) common manufacturing facilities and employees, (3) interchangeability, (4) customer and producer perceptions, (5) channels of distribution, and, where appropriate, (6) price.

Physical Characteristics and Uses

A CTV is an electronic product capable of receiving a broadcast television signal and producing a video image. Consumers use these products for watching broadcasts directly off the air or from a cable source. CTVs may also be used as display units for video games, VCRs, DVD players, or computers. Combination CTVs contain in the same cabinet a videocassette recorder/player and/or DVD player. CTVs may be distinguished in terms of (1) direct-view versus projection, (2) screen size, (3) aspect ratio, (4) analog versus digital, (5) screen curvature, and (6) feature level and other characteristics.

Direct-view CTVs display the image using a single color picture tube (CPT) that is viewed directly. In contrast, projection CTVs generally incorporate three monochrome CRTs -- red, green, and blue -- to project a color image onto a separate screen for viewing. Projection CTVs may be either front-projection, where the image is projected onto the front of a reflective screen like the screen of a movie theater, or rear projection, where the image is projected onto the rear of a translucent screen and viewed through the screen. A projection television performs the same function as a direct-view CTV but is much larger and significantly more expensive. Because of their size, most projection televisions sold in the United States are produced domestically.

Direct-view CTVs subject to this investigation are in screen sizes 21 inches and above, although it is not practical to manufacture direct-view CTVs in screen sizes over 40 inches due to their size and weight.[14] The screen size of a rear-projection CTV ranges from 40 inches to 73 inches, while the screen size of a front-projection CTV can be even larger than a rear-projection CTV, as it is not constrained by the dimensions of the cabinet.

CTVs are also differentiated by the shape of the video screen. The traditional CTV has a rectangular shape with an aspect ratio[15] of 4 x 3, while a widescreen CTV has an aspect ratio of 16 x 9, more akin to that of a movie screen. Both direct-view and projection CTVs are available in conventional and widescreen aspect ratios.

CTVs contain either analog or digital receivers. Analog broadcasting has been the norm in the United States since the inception of television, and the majority of the CTVs on the U.S. market are built

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[12] Many of the terms used in this report are defined in appendix D.

[13] Petitioners stated in a letter to Commerce that the scope language is not intended to cover parts or imports of assemblages of parts that comprise less than a complete CTV. Petitioners' letter dated February 13, 2004, as cited in Commerce's final determination (69 FR 20594, April 16, 2004).

[14] Petitioners describe 40 inches as the technical limit on size for direct-view CTVs. Petitioners' prehearing brief, p. 3.

[15] Aspect ratio is the ratio of picture width to picture height.

to receive the analog broadcast standard.[16] There has been, however, a shift toward digital broadcasting in the United States in recent years. Digital TV (DTV) is an entirely new television system that will ultimately replace the existing analog system. DTV refers to a television system that can transmit, receive, and display digital images.[17] DTV comes in several formats, including standard-definition television (SDTV), enhanced definition television (EDTV), and high definition television (HDTV). Digital broadcasting began in the United States in 1996 on an experimental basis, and digital CTVs appeared on the market in 1998.[18] Analog television broadcasting will ultimately cease and all subsequent broadcasts will be digital.[19] Broadcasters are able to offer higher resolution and better picture quality with digital television than is possible under the current analog mode of TV transmission.

Direct-view CTVs can be further differentiated by whether they incorporate a flat-screen CPT or a curved-screen CPT.[20] (By their nature, all projection CTVs have flat-screens.) Flat-screen CTVs have a flat faceplate that does not distort the image around the edge of the viewing area as do traditional curved-screen CPTs. Another major advantage of the flat screen is its minimal glare compared to a curved-screen CPT. There is a price premium for a flat screen, but that premium is shrinking.

Other CTV features include dual-tuner picture-in-picture (where the viewer can watch two shows at once without a second signal input source), a universal remote control (which can control devices other than the CTV with which it was sold), the number and type of filters in the CTV (which improve the picture detail and sharpness), whether the CTV audio is monaural or stereo or virtual surround sound, and whether the CTV offers a variety of connectors (e.g., composite video, component video, S-video).

Some retailers indicate they market CTVs in quality tiers generally delineated by brand. The most common way these are defined are "good, better, and best." The brand name and the number and types of features offered on a specific CTV dictate the tier that it will be sold in, and accordingly, its price range. CTVs sold in the "good" quality tier, however, tend to be CTVs with smaller screen sizes whereas CTVs in the "best" quality tier tend to have larger screen sizes. Additional information on quality tiers is presented in Part II of this report.

Manufacturing Facilities and Production Employees

The manufacture of television receivers involves the production-line assembly of color picture tubes, chassis boards, and other electronic components, including the power supply, tuner, and speakers. The assembly is encased in a cabinet, which may be plastic, wood, or metal. The parts and components may be produced by the assembler or more typically may be purchased from outside suppliers. The cost of materials of U.S.-produced CTVs in 2003 accounted for nearly 87 percent of their cost of goods sold, and the picture tube alone accounted for nearly 43 percent.

As will be discussed in more detail in the section of the report entitled "Structure of Manufacturing Operations" in Part III, ***. The other CTV manufacturers in the United States purchase picture tubes from tube producers, most of which are located either domestically or in China or Mexico. There is, in fact, decreased capacity to produce glass for picture tubes in the United States. One of the

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[16] The National Television System Committee (NTSC) is responsible for setting television and video standards in the United States and has been adopted by countries in other parts of the world.

[17] *See http://www.ATSC.org/faq/faq_general.html*, retrieved May 8, 2003.

[18] *See http://www.digitaltvzone.com/images/Milestones.pdf*, retrieved May 19, 2003.

[19] Analog broadcasts will cease on December 31, 2006 or whenever 85 percent of the television households are capable of receiving a digital signal, whichever is later. Hearing transcript (Mr. Burqett), p. 297.

[20] Flat-screen CTVs are, however, distinct from flat-panel color televisions. A flat-panel color television uses a display technology other than CRT, such as plasma or LCD, and is significantly more expensive than a CTV with a CPT. Color televisions with flat panel displays are not included in the scope of the investigation.

largest U.S. glass manufacturers closed its doors in 2003 and the high cost of building a plant to produce glass for picture tubes has discouraged the construction of new factories. Further, larger and flatter television screens require significantly more glass than the smaller conventional tubes.

It is more usual for the television assembler to manufacture the electronic subassemblies since each subassembly must satisfy special design requirements. The production of electronic subassemblies usually involves the "stuffing" of printed circuit boards with discrete components, integrated circuits, and hybrid circuits. This process is usually highly automated using a variety of machines such as radial and axial component insertion machines, robots, and surface mount machines. The specific machines used depend on the level of technology of the producer. Some components and parts, however, do not lend themselves to automatic insertion and must be attached to the printed circuit board by hand. All components are soldered onto the board and tested to ensure accuracy and quality.

CTVs are built on production lines where components and subassemblies, including the picture tube, are added to a chassis, then enclosed in a cabinet. After passing final inspection, CTVs are boxed for shipment to their final destinations. Direct-view CTVs and projection CTVs can be produced in the same facilities and with the same employees. Separate production lines are, however, designed to produce receivers within a limited range of sizes. Color picture tubes (CPTs) with screen sizes of 27 inches and less can be handled by one worker while the weight of CPTs larger than 27 inches requires the use of specialized materials-handling equipment for designated size ranges.

Interchangeability and Customer and Producer Perceptions

Interchangeability and customer and producer perceptions are discussed in Part II of this report.

Channels of Distribution

Regardless of their attributes (e.g., direct-view versus projection, screen size, or analog versus digital), both U.S.-produced and imported CTVs are sold through the same channels of distribution, primarily to retailers that in turn sell to consumers.[21] While in years past a retailer might carry only a single brand, retail chains now carry a number of brands. Petitioners estimated during the preliminary phase of the investigation that five retail chains account for 65 to 70 percent of U.S. sales of CTVs.[22]

Price

The price of a CTV is based upon a number of factors. In general, the larger the screen size, the higher the price. A projection CTV will typically command a higher price than a direct-view CTV. Within a given screen size, a flat-screen CTV will command a higher price than one with a curved screen. Further, a CTV equipped with extensive or enhanced features will generally be priced higher than a similarly sized but less-well-equipped model. Respondents argued during both the preliminary and final phases of the investigation that brand name is also a factor in pricing. Reportedly, certain brands are associated with products of higher quality, and can command higher prices. Petitioners, in

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[21] In certain instances, the domestic producer acts as a contract manufacturer. In these cases, it produces a CTV for, and sells it to, another CTV company on a fee-for-service basis under the second company's brand; this is known in the industry as "badging." In turn, the second company generally sells the CTV to a retailer and ultimately to a consumer.

[22] *See* transcript of the Commission's May 23, 2003 conference ("conference transcript") (Mr. J. Johnson), pp. 33-34. Respondents agree with petitioners' contention on purchaser concentration. *See* Chinese respondents' prehearing brief, pp. 63-64.

contrast, contend that there has been a decrease in the importance of brand differentiation as the major U.S. retailers have struggled for market share, leading to intense price competition. For more information concerning brand names and price, *see* Part II and Part V, respectively, of this report.

DOMESTIC LIKE PRODUCT ISSUES

Petitioners state that the domestic like product is consistent with the scope definition of the imported product, specifically complete and incomplete direct-view or projection-type CRT CTVs with video display diagonal exceeding 52 cm, whether or not combined with video recording or reproducing apparatus that are capable of receiving a broadcast television signal and producing a video image.[23] The respondents representing Chinese producers do not dispute petitioners' definition.[24] The Commission in the preliminary phase defined the domestic like product to be coextensive with the scope of the subject merchandise.[25] No party argued for the inclusion of other types of color televisions in the domestic like product.

COMPARISON OF U.S.-PRODUCED AND IMPORTED CTVs

The Commission requested detailed CTV shipment information in its questionnaires, by product and screen size, for both domestically-produced product and U.S. imports from all sources. Summary tables for various types of CTVs (e.g., both analog and digital direct-view and projection CRT-based projection CTVs in 4 x 3 and 16 x 9 aspect ratios) are presented in appendix E.[26] Additional tables provide data by screen sizes[27] for specific types of CTVs. As shown in appendix E (tables E-1 and E-2), direct-view CTVs dominated the U.S. market for CTVs during 2001-03, with *** units shipped compared with *** units of projection CRT-based CTVs shipped. Of the direct-view CTVs, the *** in 2003 consisted of analog receivers with a 4 x 3 aspect ratio; this is true not only for domestically produced direct-view CTVs, but also for direct-view CTVs imported from China, from Malaysia, from Mexico, and from other sources. However, for projection CRT-based CTVs, *** of domestically produced and imported Mexican product consisted of digital or digital-ready (non-combination) projection CRT-based CTVs with a 16 x 9 aspect ratio whereas *** of imported Chinese product consisted of analog (non-digital ready, non-combination) projection CRT-based CTVs with a 4 x 3 aspect ratio. There were *** projection CRT-based CTVs from either Malaysia or other nonsubject countries (other than Mexico).

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[23] Petitioners' prehearing brief, p. 3.

[24] Chinese respondents' prehearing brief, p. 6. Although no longer subject to investigation, the Malaysian producer Funai likewise did not contest petitioners' like product definition. Funai's prehearing brief, pp. 23-24.

[25] *Certain Color Television Receivers From China and Malaysia*, Investigations Nos. 731-TA-1034 and 1035 (Preliminary), Publication 3607, June 2003, p. 5.

[26] Appendix E also provides a comparison of CTVs and other types of televisions.

[27] The screen sizes presented were based upon the groupings suggested by interested parties.

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

CHANNELS OF DISTRIBUTION

All U.S. producers and all responding importers but one sell CTVs on a nationwide basis. One importer, ***, sells only to the traditional steel-belt states.[1] Most domestic producers sell their CTVs to retail outlets, either directly or (in the case of ***) through related sales companies. However, Five Rivers assembles CTVs for *** which then sell the CTVs to retailers. Many retail outlets are electronics stores and mass merchandisers. Petitioners note that over the years these retailers have increased their market share as well as purchasing power, so that the top five retailers account for about 65 to 70 percent of all sets sold in the United States versus about 40 percent 10 years ago.[2] [3]

Imports, regardless of source, are brought into the United States by foreign producers' related U.S. importers, directly by U.S. retailers, or by a third party for sales to retail outlets. Most imports from China are shipped through distributors, but recently some imports from China have been imported directly by retailers such as *** and Wal-Mart.[4] These CTVs can be imported for everyday sales or for special events.[5]

Everyday sales accounted for *** percent of Wal-Mart's total sales of CTVs in 2003.[6] The majority of Wal-Mart's subject imports are for its Thanksgiving "Blitz" sale, which accounted for *** percent of its sales of CTVs for 2003, and *** percent of all imported CTVs from China.[7] Wal-Mart has strict non-price requirements for this sale. A supplier has to be able to supply a large volume (more than *** units) with reliable on-time delivery for the day after Thanksgiving, as well as have good production and logistics capabilities, and offer a family of electronic products.[8] However, in 2003, Wal-Mart split its Thanksgiving Blitz sales between suppliers in Malaysia and China.[9] Wal-Mart stated, "To qualify as a potential supplier of Blitz merchandise, a vendor must meet several basic requirements, including a proven track record of producing a 'good' tier unit with excellent reliability; the ability to produce and ship a large volume of merchandise within a relatively short time period; and the ability to offer a family of electronic products."[10] [11] Wal-Mart invites its current suppliers to bid for part of the Blitz sales.[12]

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[1] In the preliminary phase of this investigation, four more small importers responded to the Commission questionnaire - ***. Of these, three are smaller, regional sellers of CTVs; ***.

[2] Conference transcript (Mr. J. Johnson), pp. 33-34, and hearing transcript (Mr. J. Johnson), p. 45.

[3] Chinese respondents agree with this characterization. Chinese respondents' prehearing brief, pp. 63-64.

[4] ***. Staff conversation with counsel for Changhong, April 29, 2004.

[5] Wal-Mart's Thanksgiving Blitz sales accounted for *** percent of the total sales of subject CTVs from China in 2003. Respondent Funai's prehearing brief, exh. 7.

[6] Respondent Wal-Mart's posthearing responses to Commissioners' questions, p. 3.

[7] Ibid., p. 3, and respondent Funai's prehearing brief, exh. 7. It should be noted, however, that the *** percent figure refers to the *** CTVs imported by Wal-Mart from China. ***. Respondent Wal-Mart's posthearing brief, p. 6.

[8] Hearing transcript (Mr. O'Connor), p. 192.

[9] Ibid., p. 194.

[10] Respondent Wal-Mart's posthearing brief, p. 7.

[11] Wal-Mart noted that *** Blitz bid was not accepted because it ***, and ***. Wal-Mart's posthearing brief, pp. 7-8. However, in 2004, ***. Ibid., p. 8.

[12] Hearing transcript (Mr. O'Connor), p. 227.

Purchasers[13] were asked if large, specific promotions, such as day-after-Thanksgiving sales at large discount chains, affect their everyday sales of CTVs. Seventeen of 30 (including ***) purchasers responded that there was no effect. Twelve replied that there was an effect, with five of the 12 noting that the sales decrease price expectations throughout the year as well as the perceived value of a CTV category, two of the 12 stating that the sales decrease their prices through the three days of sales, and *** replying that it has to focus on televisions other than 27 inches throughout the sale period. *** stated that it may actually potentially increase sales, since the effect is limited to the period of promotion and only affects comparably-featured, non-promoted products. ***.

Lead Times

The average lead time for U. S. producers in their delivery of CTVs is quite variable. For products that are produced to order, *** noted delivery times of 2 to 6 weeks and *** noted 90-day delivery times. *** noted delivery times of 10 to 14 days whether the CTVs are sold out of inventory or are on a produced-to-order basis. *** simply noted that it sells out of inventory, although in the preliminary phase it answered that it had lead times of less than 2 weeks. *** sell only out of inventory also, and described having lead times of 2 to 4 weeks for *** and 6 weeks for ***. For *** sales out of inventory, it noted lead times of 7 weeks. *** did not respond in the final phase of this investigation, but during the preliminary phase it noted lead times of 3 months.

Nine of 14 responding importers listed lead times of up to 2 weeks for shipping from inventory, three noted lead times between 2 and 4 weeks, and two had lead times of 30 days or more. For CTVs that are produced to order, two of 11 responding importers noted lead times of 1 month, four noted 2 to 3 months, and five stated that their lead times are 3 or more months.[14] ***.

Internet Sales

Few of the producers and importers sell CTVs over the Internet. Of the seven producers, only *** sells over the Internet, and this accounted for *** of its sales in 2003. Eight of 18 importers sold over the Internet in 2003. One was ***. ***. The remaining two affirmatively responding importers were ***, which both mentioned that the Internet portion of their sales was very small. The importer with the largest proportion of its sales via the Internet was ***, with less than two percent in 2003. Of the 32 purchasers that responded, only *** buys CTVs via the Internet, which it started to do in mid-2003. However, 12 of 31 responding purchasers sell CTVs over the Internet to consumers. Though the percentage of sales is growing, Internet sales still accounted for 2.5 percent or less of sales for all responding purchasers except one in 2003.[15]

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[13] Purchaser questionnaires were received from 19 retailers (including one ***), 8 distributors, 1 wholesaler, and 3 original equipment manufacturers (OEMs). Fourteen sell to end users, 7 to retailers, 1 to corporations that use them for giveaways, and 1 rents to end users. Nineteen purchasers do not compete with their customers for sales, while 7 do. Purchaser responses to individual questions do not add to the total number of purchasers responding to the Commission's questionnaire, as not every purchaser responded to every question.

[14] *** noted lead times of between 7 and 11 weeks, depending on whether it is a full container that is being imported by ***.

[15] *** made *** percent of its sales via the Internet in 2003, up from *** percent in 2002, noting that the biggest impact came from free shipping.

MARKET SEGMENTS

Respondents alleged that the CTV market is broken down into three or more tiers on the basis of brand name. Wal-Mart described these tiers as "good," "better," and "best."[16] Of particular importance, respondents noted, is that Chinese CTVs compete in the lowest-price segment, also known as the "opening price point," or OPP, segment. At the hearing, Mr. Cody of Best Buy noted that his company divides the market into four tiers and labeled them as OPP, good, better, and best.[17, 18] Also, in its purchaser questionnaire, *** responded that there are four tiers: good, better, best, and poor. Respondent Funai added that in *Consumer Reports'* testing of CTVs in December 2000 and March 2001, the magazine focused on the midrange and high-end CTVs, thus delineating the different tiers.[19] Additionally, Sears described that there is little direct competition among the three tiers, and it has not been able to find a domestic producer of OPP CTVs that meets its volume and product range needs.[20] Respondents described the OPP tier as being highly price-driven, featuring CTVs that do not have any special features such as MTS/SAP stereo sound, picture-in-picture, S-video and component video inputs, digital comb filters, or a universal remote, and being characterized by a highly elastic demand.[21] [22] Also, they alleged that the domestic industry does not compete in the OPP market, except for ***.[23] Petitioners disagreed with respondents, contending that domestic producers do compete in the OPP market,[24] and added that subject imports are sold with a full range of features in the U.S. market.[25]

Purchasers were asked if different tiers exist in the CTV market. All but three of the 31 purchasers noted that there are tiers, with 11 noting three tiers, two noting four tiers, and one noting two tiers. Most often, purchasers described tiers as being separated via brand name, features, and quality. However, there were a number of different ways that purchasers divided the CTV category into tiers: round tube/flat tube/flat panel, retail vs. Internet, distribution by sales channel, digital capability (i.e., standard definition/enhanced definition/high definition), cosmetics, type of retailer, and size.

Purchasers were also asked to indicate (if they were to group brands into three categories: good, better and best), what brand names fit into which tier of the market. Responses to this question can be found in table II-1.

Table II-1
CTVs: Purchaser perceptions of brand, by number of firms reporting and by tiers

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[16] Wal-Mart's postconference brief, p. 2.

[17] ***. Because of earlier testimony during the preliminary conference wherein respondents repeatedly described the market as having three tiers, the questionnaire was sent to firms asking about dividing the CTV market into three tiers.

[18] Hearing transcript (Mr. Cody), p. 180.

[19] Funai's postconference brief, pp. 13-14 and exh. 2.

[20] Sears' postconference brief, pp. 2, 5.

[21] Funai's postconference brief, pp. 5 and 9, and conference transcript (Dr. Reilly), p. 91.

[22] Funai stated that the existence of low-priced CTVs expands the market by inducing purchases of CTVs rather than supplanting many purchases that otherwise would have been made. Funai's postconference brief, p. 9.

[23] Chinese respondents' postconference brief, p. 23, and Funai's postconference brief, p. 28.

[24] Petitioners' postconference brief, p. 17.

[25] Petitioners' postconference brief, p. 16.

In the final phase of this investigation, producers and importers were asked if they sold into the OPP market, and to what extent. Producers *** responded affirmatively, noting *** percent and *** percent of their sales, respectively, are sold into the OPP market.[26] Ten of 19 responding importers also noted selling into the OPP market, with an average amount sold into this market as 57 percent. ***, importers *** reported in their importer questionnaires that they sold *** and *** percent of their CTVs into the OPP market, respectively. There was testimony at the conference and the hearing that the demand for an OPP television may come from a consumer's willingness to purchase additional televisions in his house rather than for use as the primary "showcase" television.[27]

Brand Names

Respondents argued that brand names have a large impact on pricing and perceived quality in the CTV market. In the preliminary phase, Sears stratified the brands as follows: brands such as Sony, Hitachi, Mitsubishi, Panasonic, and JVC in tier one; brands such as Toshiba, Samsung, Philips, Magnavox, and RCA in tier two; and brands such as Apex, Sanyo, and Sylvania in tier three.[28] [29] Wal-Mart placed *** in tier three and ***.[30] It also described how it shelves similarly sized CTVs close to each other in ascending price order.[31] Wal-Mart noted that it has seen a strong correlation between ranking of the brand and the features found in the CTV and that customers place a premium on brand name.[32] It also believes that certain brands in the "best" tier will not sell to Wal-Mart because they view Wal-Mart as diluting their brand premium.[33] When asked if any producers had refused to sell to any purchasers despite the purchasers' willingness to stock their goods, two of seven producers replied that they had refused: *** for not meeting a price target and *** for creditworthiness and business differences. Among importers, 5 of 14 have refused to sell to purchasers despite the purchasers' willingness to stock the importers' items. Three of these were because of lack of creditworthiness.

Petitioners responded that the CTV market has become so price competitive that brands have become much less influential in the price structure.[34] Further, petitioners described Sony as the only brand that can demand a premium in the market for a CTV that has features similar to those of another maker.[35] Petitioners also stated that newer names to the marketplace like the Chinese and Malaysian brands have a hurdle to get over before people get comfortable with their products, so these firms have to price aggressively to enter the market, but then that difference declines as people get more familiar with them.[36]

In its questionnaires, the Commission asked producers and importers if there are perceived quality differences in the market based on brand names of CTVs. All producers except *** and all importers except *** replied affirmatively. *** stated further that brand names affect pricing

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[26] *** response is for 2003.

[27] Conference transcript (Mr. T. Johnson), p. 74, and hearing transcript (Mr. Ninesling), p. 199.

[28] Sears' postconference brief, p. 2.

[29] In its preliminary phase importer questionnaire response, Sears replied ***.

[30] Wal-Mart noted that ***. Wal-Mart's postconference brief, pp. 7, 15.

[31] Wal-Mart's postconference brief, p. 15.

[32] Ibid., p. 14.

[33] Ibid., p. 16.

[34] Petitioners' postconference brief, p. 17.

[35] Conference transcript (Mr. J. Johnson), p. 68.

[36] Ibid. (Mr. J. Johnson), p. 70.

expectations. However, *** response noted that the premium is minimal for all brands except Sony, and in the preliminary phase of the investigation, *** noted that new brands have to earn consumers' trust. Among importer responses, 17 of 19 responding importers replied that there are perceived quality differences between brand names. *** noted that features can add to differences in brand name perceptions, though *** stated that some non-brand name CTVs can have more features than brand name CTVs; *** stated that the highest tier brand names also offer other audio-video equipment so that brand-conscious customers can have all their equipment "match;" *** noted that newer brand names need lower prices to gain consumer acceptance; *** reported that rankings in consumer magazines and past experience play a role in determining consumer perceptions; *** noted that top-tier brands maintain their price positions through a "minimum advertised price" (MAP) which penalizes retailers if they sell at a price below it; and *** detailed how there are distinct consumer groups that look for different qualities in CTVs: features, value, design, and audio/video quality. Chinese respondents submitted a quantitative consumer study that tries to distinguish differing characteristics of CTV purchasers across brand tiers.[37]

Purchasers were asked to rank a large number of brands on their perceived quality of each of the brands, using a scale of 1-100, with 100 being the highest score. Purchaser responses varied greatly; the average, minimum, and maximum rating by purchasers can be found in table II-2. Purchasers were also asked about the importance of brand names to their customers. Thirteen purchasers replied that brand names are very important, 13 stated they are somewhat important, and one each noted that brand names are very unimportant, somewhat unimportant, and neither important nor unimportant to their customers.

Table II-2
CTVs: Average, minimum, and maximum brand ratings as reported by purchasers

* * * * * * *

Producers, importers, and purchasers were asked whether the existence of lower priced CTVs with less recognized brand names in the market expands the market or takes sales away from more recognizable brands (e.g., Sony, Toshiba, Mitsubishi, Philips, etc.) by using a scale of 0 to 100, where 0 indicates that these low-priced CTVs only expand the market and 100 indicates that they only take sales away. Producers *** replied with answers of 100, *** answered 90, *** replied 75, *** 60, and *** 10, for a simple average of 75. Importers' responses yielded a simple average of 46, which falls to *** if the importers that are also producers or related to producers are excluded. *** did not answer with a number, but rather stated that lower priced CTVs expand the market. *** replied exactly in the middle at 50, as compared to ***. Purchasers' responses were similar to those of importers with an average of 44 overall. The responses from the "big five" retailers (Best Buy, Circuit City, Sears, Target, and Wal-Mart) averaged 19, i.e., lower priced, lesser known brands expand the market more than they take sales away from more recognizable brand names.

Market Leadership

In the preliminary phase, respondents testified that Sony is a leader in the market. An Apex official noted that Sony occupies a rare position in that it is number one in unit sales as well as value per unit. He testified further that it is the price leader in the market, and "when Sony at the top of the market

[37] Chinese respondents' prehearing brief, exh. 7.

lowers its price, middle and lower market brands must follow."[38] ***. Sears noted that there is a pricing relationship across the market tiers, but the relationship tends to be driven from the top down.[39] At the hearing, Mr. Cody of Best Buy testified that Sony decreased its price of rear-projection CTVs in order to maintain a certain price gap between its latest technology televisions it was introducing and its established technology rear-projection television, which forced all companies to reposition their prices downward.[40] He further noted that CTVs in the good tiers do not steal sales from above.

Purchasers were asked to list leaders in the market on two axes: innovation leadership and price leadership. Many firms were listed as market leaders along both axes. For providing market innovation leadership,[41] 19 purchasers named Sony as a market leader, 11 named Samsung and Panasonic, 6 named Philips and Toshiba, 5 named Hitachi, and 4 named Mitusbishi and Sharp.[42] Recent market innovations include strides in the newer display technologies, widescreen formatting, and high-definition television. Market price leadership, as noted by purchasers, was noticed most on two fronts: the high end and the low end. Sony and Apex were both identified by 13 purchasers as price leaders. The next highest number of purchasers denoting a firm as a price leader was Panasonic at five purchasers, followed by JVC and Toshiba at four each, and Philips and Hitachi at three each.[43]

Producers, importers, and purchasers were asked how much (in percent) of the general downward trend in prices for CTVs is due to various factors, specifically: (a) CTVs at the high end of the market pushing prices lower; (b) low-priced CTVs entering the market and pulling prices lower; (c) the introduction of new technologies such as plasma, LCD, LCoS, and DLP television receivers; (d) lower raw material (component) costs; (e) increasing size of purchasers such as Wal-Mart, Best Buy, etc.; and (f) other reasons. The average replies (in percent) for each group are listed in table II-3. Further, questionnaire respondents were asked how much of the decline attributable to low-priced CTVs pulling prices lower was due to CTVs from the United States, China, Malaysia, and other countries. Responses (in percent) are presented in table II-4. Other countries that were mentioned as helping lower prices were Mexico, Korea, Taiwan, and Thailand.

Warranties

Standard warranties tend to vary based on whether the CTV is made in the United States or is imported. The industry standard warranty for domestically produced CTVs is one year parts and labor. ***.[44] *** has a two-year warranty for parts, labor, and on the CRT. *** offer 90 days labor, one year parts, and two years on the color picture tube (CRT). *** upgrade the warranty to two years on the CRT. *** offer the same warranties on their imported CTVs as their domestic counterparts. However, the industry standard for imported CTVs is 90 days for labor, one year for parts, and, often, two years for the

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[38] Conference transcript (Mr. Bennett), pp. 116-117.

[39] Sears' postconference brief, p. 3.

[40] Hearing transcript (Mr. Cody), p. 183.

[41] Market innovation leadership was defined as (1) initiating changes in the CTV market such as upgrading product quality, introducing new features or technology, or (2) expanding the overall market or opening new channels of distribution.

[42] Other firms named as providing market innovation leadership include Apex, which was identified for having marketed to discount houses, as well as JVC, LG Electronics, RCA, Thomson, and Zenith.

[43] Other firms named as exhibiting price leadership include Daewoo, Funai, Mitsubishi, Sansui, Sharp, and Sylvania, all of which were noted by two purchasers. Each of the following firms was identified by only one purchaser: Advent, Akai, Memorex, Orion, Polaroid, Prima, Samsung, Sanyo, Symphonic, and Thomson.

[44] ***.

Table II-3
CTVs: Attribution of downward price trend in the U.S. CTV market according to producers, importers, and purchasers

Item	Producers *(percent)*[1]	Importers {excl. producers} *(percent)*[1]	Purchasers {big five retailers} *(percent)*[1]
(a) High-end CTVs pushing prices lower	8	22 {23}	20 {35}
(b) Low-priced CTVs pulling prices lower	66	26 {17}	28 {12}
(c) New technologies	10	23 {26}	19 {25}
(d) Lower raw material costs	3	7 {11}	12 {10}
(e) Increasing purchaser power	13	21 {22}	20 {15}
(f) Other reasons	0	1 {2}	1 {3}

[1] Average percent attributable to each factor.

Note.– Due to rounding, percentages may not add to 100.

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

Table II-4
CTVs: Country-specific attribution of downward price trend caused by lower priced CTVs dragging prices downward according to producers, importers, and purchasers (in percent)

Source	Producers[1] *(percent)*[2]	Importers {excl. producers} *(percent)*[2]	Purchasers *(percent)*[2]
United States	2	8 {15}	12
China	73	50 {32}	56
Other countries	25	42 {53}	31

[1] *** did not separate their answers into country-specific breakdowns.
[2] Average percent attributable to each country or country group.

Note.– Due to rounding, percentages may not add to 100.
Note.– Only *** broke down the attribution of the "big five" retailers, with ***.

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

CRT.[45] Importers *** offer one-year warranties. In addition, *** give a two-year warranty on the CRT. *** offers one-year warranties, and *** simply noted that it uses the "industry standard" warranty.

Purchasers were asked whether the length/extent of the warranty on a CTV affects their firms' and their customers' CTV purchase decisions. Sixteen purchasers stated that the length or extent of the warranty does not affect their purchasing decisions, while 12 purchasers remarked that it did have an

[45] This excludes ***, which pass along the manufacturers' warranties.

effect. Ten purchasers relayed that warranties affected their customers' CTV purchase decisions, whereas 18 stated that warranties don't.

Viewing Lifespan and Repairs

Producers and importers were asked what the viewing lifespan is of their CTVs in total viewing hours. Some responded in years. Also asked of producers and importers was the percentage of CTVs that were returned for repair.[46] Not all firms responded to each question. The responses received are noted in table II-5 for producers and II-6 for importers.

Table II-5
CTVs: Average lifespan and repair rate of domestic product, by firm

* * * * * * *

Table II-6
CTVs: Average lifespan and repair rate of imported product, by firm

* * * * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

There were seven producers of CTVs in the United States during the last three years. In the short term, CTV producers are likely to respond to changes in price with small changes in the quantity shipped to the U.S. market. Supply responsiveness is inhibited by the low amount of exports, the difficulty in switching to producing other products, and the small quantity of inventory on hand and the quick pace of technical change, but is enhanced by the relatively low capacity utilization rate. Staff estimates the domestic supply elasticity to be between 2 and 4. ***.[47]

U.S. producers' reported capacity to produce CTVs increased during the period reviewed by 4.9 percent, increasing by 7.3 percent in 2002, but decreasing by 2.2 percent in 2003. However, the industry's capacity utilization rate declined steadily, from 60.9 percent in 2001 to 56.6 percent in 2002 and to 43.6 percent in 2003. U.S. producers' export shipments have been relatively low but increased relative to shipments to the U.S. market during the period for which data were collected, mostly due to declining domestic shipments. On a quantity basis, the percentage of producers' export shipments relative to their total shipments rose to 5.6 percent in 2003 from 4.7 percent in 2001. End-of-year inventories for U.S. producers of CTVs as a ratio to total shipments dipped between 2001 and 2003 from *** percent to *** percent.

Purchasers reportedly became aware of many new suppliers that have entered the market since 2001. Ten purchasers state that Apex was a new entrant. Other suppliers noted by more than one purchaser were Advent, Haier, Hisense, Konka, and Norcent (three purchasers each), as well as Sampo, Sansui, and TCL (two purchasers each).

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[46] Malaysian respondents also submitted brand-specific repair rates from Consumer Reports in the postconference and prehearing briefs. Funai's postconference brief, exh. 2, and Funai's prehearing brief, exh. 4.

[47] Chinese respondents' postconference brief, exh. 5.

U.S. Demand

Various producers and importers noted that there has been a trend toward flat screens, larger screen sizes, digital televisions, and/or non-CRT television receivers such as plasma or LCD during the period examined. Producers *** have seen flat demand for CTVs, and *** noted declining demand in 2002 (in the preliminary phase due to a sluggish economy), with improved demand in the second half of 2003. Producers *** noted that large screen demand has increased, and *** noted the beginning of a trend toward non-CRT televisions. *** credits the increase in demand for large and digital televisions to the acceptance of DVDs. Only producer *** noted that there have not been any changes in the product range or marketing of CTVs in the past five years. Producers noted the shift to high-definition capable products, and *** no longer produces curved-tube CTVs; it only produces flat-screen CTVs. Further, *** noted that large-screen televisions are being given more advertising space.

Importers *** noted flat demand for CTVs or demand in step with the sluggish U.S. economy. Importer *** detailed that in more difficult economic times, there is typically greater demand for lower priced CTVs. *** noted that although overall demand has been flat, demand has been increasing at the low and high ends of the spectrum. It expects plasma, LCD, and digital light processing (DLP) sets to rise from less than 1 percent of the market in 2002 to 6 percent in 2004 and to more than 10 percent in 2005. Importer *** also stated that among analog CTVs demand for smaller screen CTVs has decreased, while larger screen CTVs sales have increased. Three importers of nonsubject CTVs ("nonsubject importers") noted declining demand in the CTV market, and one noted flat demand. Most often cited was the increase in demand for newer technology televisions, even in those responses that did not mention demand in the CTV market. Two noted demand changing because of changing standards of broadcast television (i.e., digital broadcasting).

All importers except *** noted that there have been significant changes in the product range and/or marketing of CTVs in the past five years. When asked about general changes in demand, twelve importers noted that demand has shifted to larger screen sizes and/or new technology televisions, and four also mentioned a preference change toward flat-screen CTVs. The reasons importers listed for the change in preferences include the decrease in prices of larger/new technology televisions as well as decreased input costs, impending FCC broadcast regulations, the introduction of widescreen format televisions, the acceptance of DVDs, the desire to have televisions in multiple rooms, and the increasing use of CTVs in promotions geared to draw customers into the store (e.g., as a "loss leader"). Importer *** stated that non-traditional consumer electronics retailers have begun promoting and displaying CTVs.

Overall, though, apparent consumption increased from *** units in 2001 to *** units in 2002, then fell back to *** units in 2003. On a value basis, consumption followed a similar trend, though with the decreasing nature of prices in the CTV market, there was a decline of *** percent between 2001 and 2003.

In the 2000 *Color Picture Tube* sunset review, the estimated demand elasticity for color picture tubes was between -0.5 and -0.8.[48] The same review noted that the cost share of the picture tube in the final cost of a CTV is between 30 and 50 percent.[49] Using the midpoint of this range, the derived demand elasticity would be between -1.25 and -2.0. Chinese respondents asserted that the demand elasticity for CTVs should be between -1.5 and -2.0 to account for the exclusion of the least-expensive small-screen

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[48] *Color Picture Tubes from Canada, Japan, Korea, and Singapore, Investigations Nos. 731-TA-367-370 (Review)*, USITC Pub. 3291, April 2000, p. II-26.

[49] Ibid., p. II-5.

CTV models that were subject to the earlier investigation.[50] As noted earlier, Funai characterized demand as being highly elastic, but did not estimate a value.[51]

Cost Share

CTVs are a final consumer good, and, as such, account for all of the cost of a finished good.

Substitute Products

The availability of substitute products for CTVs has been increasing recently. There are more, and more widely-known, non-CRT-based television display technologies in the market in 2004 than there were in 2001. These alternatives include plasma display panels (PDP), LCD panel televisions, LCD projection televisions, DLP projection televisions, liquid crystal on silicon (LCoS) projection televisions,[52] and front-projection televisions, as well as smaller CRT-based CTVs and computer monitors when paired with television signal-receiving hardware/software. Included in table II-7 are the number of producers, importers, nonsubject importers, and purchasers which listed various types of substitutes when asked what products could substitute for CTVs. Among producers, *** replied that there were no substitutes, and *** replied that the answer was not applicable. *** listed most of the newer technologies, stating that these are substitutes for high-end large screen CTVs, but that it would be a long time before they replace CRT technology in the CTV market. Importer *** responded that PCs with TV cards and monitors, and monitors with built-in tuners, could be used as substitutes for CTVs. At the hearing, Mr. Ninesling of Philips testified that CTVs are past their peak, and on the downswing of their product life cycle, whereas flat-panel televisions are entering a strong growth phase.[53]

Producers, importers, and nonsubject importers were also asked what new technologies for video display devices have been introduced since January 2001, and are planned on being introduced in the next 18 months. *** noted none and *** noted that DVD players have replaced VHS as a video-storage device integrated with CTVs, but the other five producers noted flat-panel CTVs, DLP projection TVs, LCD TVs, plasma TVs, LCD projection TVs, and LCoS TVs. Many importers, including importers of nonsubject products (nonsubject importers), reported the same types of product introductions since January 2001. Importers also noted the introduction of progressive-scan DVD players, high-definition televisions (of many varieties, including televisions with integrated high-definition tuners), and DVD recorders. In the next 18 months, importers plan on introducing many of the non-CRT based televisions (as the non-leaders catch up to the leaders), as well as high-definition DVD players, and *** plans to introduce a TV using LCD technology as well as a 32-inch stereo CTV. Nonsubject importer *** plans on introducing picture-in-picture (PIP) from any video input source, rather than just one video input source, in the next 18 months.

Producers, importers, nonsubject importers, and purchasers were asked how the introduction of newer technologies for video display devices has affected the CTV market. Three producers noted that these have affected the high-end/larger screen market. *** stated that there have been no price or quantity effects. *** noted very little impact on the CTV market, and *** stated that sales volumes are

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[50] *Chinese respondents' postconference brief, p. 31.*

[51] Funai's postconference brief, p. 9.

[52] The term "micro-display devices" is a grouping that describes LCD projection, DLP projection, and LCoS projection technologies.

[53] Hearing transcript (Mr. Ninesling), pp. 201-202.

Table II-7
CTVs: Substitute products identified by producers, importers, nonsubject importers, and purchasers

Item	Producers (5)[1]	Importers (16)[1]	Nonsubject importers (10)[1]	Purchasers (28)[1]
Plasma	3	12	5	23
LCD (panel)[2]	4	13	4	24
LCD projection	1	4	1	10
DLP projection	2	9	2	17
LCoS projection	2	3	1	6
Front projection	1	1	0	3
CTVs 20 inches or below	0	0	1	4
CRT-based projection TV[3]	0	2	2	5
TV/DVD combo[3]	0	1	0	0
Computer monitors	0	0	1	0

[1] Number of reporting firms are listed in parentheses.
[2] LCD (panel) includes responses that do not specify LCD panel or projection.
[3] These are subject products.

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

still small. *** continued to note that LCD TVs are becoming more affordable, while plasma TVs are still expensive. *** replied that the impact is increased shipments and average prices.[54]

Most importers reported that the newer technologies have taken over the top end of the market for televisions. Importers stated that as sales of these have grown, market share has been taken away from traditional rear-projection TVs (which *** estimates at around 12 percent), as well as other CTVs. *** even reported that the new micro-display devices have "killed" the jumbo CRT-based CTV segment (36- to 40-inch). *** reported that the top tier has been taken over by these newer technologies with falling prices, causing price compaction throughout the rest of the CTV market. Of the nine responding nonsubject importers, four stated that the newer technologies have had a negative impact on CTV sales, one stated there has been no impact, and another stated that they have increased sales across the board for televisions.[55]

Purchasers were asked if the introduction of these newer technologies has affected the pricing and quantities sold in the U.S. CTV market. Sixteen of 30 responding purchasers noted that there was an

[54] The latter response likely refers to *all* subject and nonsubject color television receivers.

[55] Some responding importers of nonsubject televisions replied about nonsubject televisions, not CTVs.

effect on pricing, with seven explaining that it has caused a fall in prices.[56] Eighteen of 30 responding purchasers noted that these newer televisions have had an effect on quantities sold in the CTV market, with seven also reporting that quantities have declined.[57, 58] Furthermore, purchasers were asked if the televisions incorporating these new technologies have affected consumer perceptions of CTVs. Twenty-three of 31 purchasers responded affirmatively. The most frequently given response by purchasers as to how perceptions have changed was that the CTVs are an old, outdated technology (seven responses), and that CTVs give a worse picture than the newer television (four responses). Two purchasers noted, however, that the newer-technology televisions have let consumers know how good a picture a CRT-based television gives. According to purchasers, since the newer technology televisions have been introduced, consumer preferences have altered in other ways: consumers now want bigger televisions, they think that CTVs are bulky and that CTVs have moved to the lower end of the market, and they are now confused by the options presented in the marketplace.

Producers, importers, and nonsubject importers were also asked if they plan on increasing the sales of nonsubject television receivers relative to their sales of subject CTVs in the near future. Three producers responded in the negative, while four replied affirmatively. Of those that gave specific answers, *** plans to increase LCD sales, and *** estimates that flat panel displays will grow 100 percent and that 35 percent of all projection TV sales will be flat panel displays. *** plans to continue to produce the highest technology products, based upon customer requirements. Fifteen of 18 responding importers also plan on increasing their sales of nonsubject television receivers relative to those of CTVs. Only *** do not plan to do so. Of the 15 importers responding "Yes," most are predicting very large increases in their sales of nonsubject TVs. For example, *** believes that, though it doesn't sell any DLP, LCD, plasma, or LCoS sets currently, it will be able to sell *** plasma, *** LCD, and *** DLP televisions in 2004, which would represent *** percent of its unit volume. ***, however, will introduce some newer display technologies in ***, but believes this would not lower its total sales of CTVs. *** presented a detailed analysis of its expectations from 2004 through 2006. It believes that CRT sales will plummet from *** percent of its sales to *** percent and projection television sales from *** percent to *** percent, while LCoS jumps from *** to *** percent, plasma increases from *** to *** percent, and LCD increases from *** to *** percent. Ten of 13 nonsubject importers intend to increase their sales of nonsubject television receivers in the near future.[59] *** expects large jumps in its sales of micro-display devices coinciding with large declines in its direct-view CTV sales. A general question was also asked of producers and importers regarding the quantity and value of their sales of 42-inch plasma televisions for 2001 to 2003. Results can be found in table II-8.

Table II-8
CTVs: 42-inch plasma television quantities and average prices, by firm, by year, 2001-03

* * * * * * *

[56] Two purchasers noted that the introduction of newer technologies has caused average sales prices to increase. However, these responses group subject CTVs with nonsubject (non-CRT) televisions.

[57] Though *** responded "No," it explained that sales of CRT-based televisions have declined, but total television sales are flat.

[58] *** noted that the introduction of newer technology televisions has caused a shift in certain segments to slimmer and lighter products, and the decrease in demand for CTVs is due to an increase in demand for digital TVs.

[59] One of the two nonsubject respondents answering negatively was *** and another was ***.

SUBSTITUTABILITY ISSUES

Interchangeability

Producers, importers, and purchasers of CTVs were asked if U.S.-produced CTVs and imported CTVs are used interchangeably. Results are shown in tables II-9, II-10, and II-11.

Table II-9
CTVs: Producer responses to interchangeability between country pairs

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	5	0	0	0	0
U.S. - Malaysia	4	0	0	0	1
U.S. - Other[1]	4	0	0	0	0
China - Malaysia	2	0	0	0	1
China - Other[1]	2	0	0	0	1
Malaysia - Other[1]	2	0	0	0	1

[1] *** noted that it depends on the country.

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

Table II-10
CTVs: Importer responses to interchangeability between country pairs

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	4	2	6	0	3
U.S. - Malaysia	2	2	4	1	4
U.S. - Other	2	3	2	0	5
China - Malaysia	2	3	2	0	5
China - Other	2	2	2	0	6
Malaysia - Other	2	2	2	0	6

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

Table II-11
CTVs: Purchaser responses to interchangeability between country pairs

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	5	5	1	3	7
U.S. - Malaysia	3	4	1	3	9
U.S. - Other[1, 2]	4	2	1	1	8
China - Malaysia	4	4	2	0	7
China - Other[1]	3	3	0	0	9
Malaysia - Other[1]	3	4	0	0	8

[1] *** noted that it depends on the country.
[2] *** noted that it depends on the country.

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

Producer *** noted that if made to NTSC standards, CTVs can be interchangeable, and *** mentioned that when comparing other countries' products to domestic and subject product, its answer would depend on what countries are being compared. Some importers also qualified their remarks. Two

importers mentioned that differences in North American versus European and Asian broadcast standards and different voltage systems would have an effect on interchangeability.[60] *** noted that a customer seeking a set with more features would not purchase a stripped-down model, while *** added that features and size influence interchangeability. *** stated that Chinese and Malaysian CTVs generally are not HDTV-compatible, which may affect purchasing decisions. Another importer, ***, felt that from the perspective of the U.S. retail consumer, there is significant differentiation within the CTV market in that the consumer would not consider the lowest tier CTVs to be interchangeable with the national brands in top tiers. Importer *** noted non-interchangeability between domestic and Malaysian CTVs because the CTVs it sells are ***. Finally, in the preliminary phase, importer *** stated that the perceived lower quality of components in Chinese and Malaysian CTVs and lower labor costs overseas may influence interchangeability.

Non-Price Differences

Producers and importers were asked if differences other than price (i.e., quality, availability, transportation network, product range, technical support, etc.) between CTVs produced in the United States and in other countries were a significant factor in their sales of the products. Results are shown in tables II-12 and II-13.

Table II-12
CTVs: Producer responses to non-price differences between country pairs as a significant factor in their sales

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	0	1	0	3	1
U.S. - Malaysia	0	0	0	3	2
U.S. - Other[1]	0	0	0	4	0
China - Malaysia	0	0	0	2	2
China - Other[1]	0	0	0	2	2
Malaysia - Other[1]	0	0	0	2	2

[1] *** noted that it depends on the country.

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

Table II-13
CTVs: Importer responses to non-price differences between country pairs as a significant factor in their sales

Country pairs	Always	Frequently	Sometimes	Never	No information
U.S. - China	4	4	2	2	2
U.S. - Malaysia	3	3	1	2	4
U.S. - Other	0	4	1	3	3
China - Malaysia	1	2	1	2	4
China - Other	0	4	1	2	4
Malaysia - Other	0	4	1	2	4

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

[60] In the preliminary phase, five importers noted that this could limit interchangeability.

Producer *** noted that brand name recognition and perceived higher quality can command a premium in the market, and that low-priced imports can have a ripple effect causing downward prices for all televisions. *** added that its response to comparisons to other countries depends on the country. However, it pointed out that transportation costs, lead times, and the potential for damage in transit, especially for larger models, are higher for CTVs coming from Asia. *** answered the same way in their importer questionnaires. *** replied that brand name and features are distinguishing non-price characteristics, as well as the ability to supply a range of products in quantities large enough for ***. Quality, availability, product range, transportation network, and service were recognized as important distinctions by ***. Similarly, *** listed important non-price differences as brand name, quality, availability, and technical support; and *** noted "point of brand" differentiation by jointly developing a brand's image, quality, keeping stock in required quantities, product range, and collaboration on inventory management. *** noted that non-price factors affecting its sales of CTVs include perceived quality, features (including whether or not it has a VCR or DVD player as part of the CTV), and brand name as well as the desire of retailers to stock a variety of brand names to offer choice to their customers (which is why it states it ***). Importer *** noted the importance to it of dual-voltage, multi-system (North American, European, Asian, etc.) TVs which are not made domestically. *** offered that domestic firms will save on duty and freight, but may have longer lead times since most components are imported. Additionally, it stated that TVs from China are perceived to be of lower quality than those from Malaysia and Thailand, but have recently improved their quality, especially with the increasing prevalence of flat picture tubes.

Factors Affecting Purchasing Decisions

Available data indicate that a variety of factors influence purchasing decisions for CTVs. Purchasers were asked to list the top three factors that they consider in choosing a supplier of CTVs. Responses can be found in table II-14.[61]

Quality and price were the two most important factors in purchasing decisions. In determining what purchasers consider with respect to quality, purchasers most often reported picture quality, design, performance reliability, and warranty terms. For ***, the availability of capacity is very important. Purchasers were additionally asked to identify, in general, the factors they consider when qualifying a new supplier. Of the 29 responding purchasers, quality was the most frequently cited factor (20 times), followed by price/cost/value (15 times), reliability of supply (13 times), service (6 times), brand (5 times), financial stability (4 times), and warranty, on-time delivery, and capacity (3 times each). The length of time it takes to qualify a new supplier ranges from less than a month to about six months. Of 29 responding purchasers, 26 have not had a supplier fail qualification since January 2001. Of the three that did, *** failed ***, *** failed ***, and *** failed *** from China as well as *** from Mexico.

In response to a question about how often they buy the lowest priced CTVs, 11 of 30 replied that they usually purchase the lowest price product, 11 sometimes purchase the lowest price product, five rarely purchase the lowest price product, and three never do.

Nineteen of 31 responding purchasers noted that they had not made any significant changes in their purchasing patterns of CTVs in the last three years. For those that have made changes, purchasers noted changes in demand, buying more new technology and larger televisions, fewer CRT-based rear-projection televisions and CTVs, ordering more frequently, and narrowing the line of products offered. Purchasers vary widely in the number of suppliers they contact. Ten purchasers noted contacting between one and three suppliers, twelve noted contacting between three and six suppliers, six noted

[61] Some purchasers answered multiple factors for each of the first, second, and third most important factors.

Table II-14
CTVs: Factors considered by purchasers in choosing a supplier, in number of responses[1]

Factor	First	Second	Third
Quality	10	12	1
Price	6	9	6
Brand name	7	5	3
Availability/capacity	5	3	3
Supplier reliability	1	1	6
Traditional supplier	1	1	0
Pre-arranged contracts	1	0	1
Features	0	2	2
Product range	0	0	3
Warranty	0	0	3
Design	0	2	0
Distribution	0	1	1
Other[2]	0	0	4

[1] *Some purchasers answered multiple factors for each of the first, second, and third most important factors.*
[2] Other includes: credit terms, profitability, value, and custom features.

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

contacting between six and ten suppliers, and *** contacts 20 suppliers.[62] Twenty-three of 32 purchasers have changed suppliers since January 2001. Most suppliers were dropped because of discontinued models, poor service, going out of business, non-competitive pricing, quality concerns, decreased demand, and a narrowing of one firm's vendor structure. Suppliers were most often added due to pricing, new technology, quality, and adding more variety (including *** desire to increase its offerings in the OPP market). Sixteen of 30 purchasers require certification or pre-qualification from their suppliers, with 13 of the 16 requiring it on 100 percent of their purchases. Two other purchasers, ***, only require certification or pre-qualification on 10 percent of their purchases.

Comparisons Between Domestic Products, Subject Imports, and Nonsubject Imports

Purchasers were asked to compare different countries' CTVs using 17 factors and list how important those factors are in their purchasing decisions. Results can be found in table II-15.

The main nonsubject countries producing CTVs, in order of size of imports for 2003, are Mexico, Malaysia, Thailand, Korea, and Japan. On a quantity basis, Mexico accounted for 67.7 percent of all imports of CTVs in 2003, and 78.0 percent of CTVs from nonsubject countries in that year, due mainly to its proximity to the United States and manufacturing provisions in NAFTA. Though these

[62] Three purchasers noted contacting exactly three suppliers. They were added into both the 1-3 and 3-6 categories.

Table II-15
CTVs: Importance of purchase factors and comparisons between U.S. and imported products, by source country, as reported by purchasers

Factor	Importance			U.S. vs. China			U.S. vs. Japan, Malaysia, Mexico, and Thailand			China vs. Japan, Malaysia, and Mexico		
	VI	SI	NI	S	C	I	S	C	I	S	C	I
	Number of firms responding											
Availability	28	1	0	1	3	3	2	7	4	1	6	2
Availability of non-TV products	4	18	8	1	3	1	5	7	1	1	7	1
Brand name (consumer perceptions)	18	8	4	5	3	0	2	10	1	2	5	2
Delivery terms	20	7	3	3	5	0	1	11	1	1	7	1
Delivery time	22	7	1	4	4	0	3	9	1	1	6	2
Discounts offered	13	12	4	0	6	2	0	12	1	0	8	1
Extension of credit	10	12	9	2	4	1	0	10	0	1	7	1
Miminum quantity requirements	6	14	11	3	4	1	0	13	0	1	7	1
Packaging	15	11	4	3	5	0	1	11	1	1	7	1
Price	26	4	0	0	3	5	2	5	4	3	6	1
Product consistency	27	3	0	6	2	0	4	7	2	2	4	3
Product range	9	17	4	1	7	0	1	9	3	2	6	1
Quality	28	2	0	4	4	0	2	9	2	2	3	3
Reliability of supply	29	1	0	5	2	1	3	7	3	1	7	1
Technical support/service	19	9	2	6	2	0	2	10	1	2	5	2
U.S. transportation costs	9	13	17	4	3	0	2	7	1	1	6	2
Warranty terms	18	9	3	3	5	0	1	12	0	1	7	1

Note.–VI=very important; SI=somewhat important; NI=not important; S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

Note.–Not all companies gave responses for all factors.

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

percentages are high, in 2001 Mexico had accounted for 94.9 percent of all CTV imports and 95.3 percent of all CTV imports from nonsubject countries.

Only 3 of 31 purchasers noted ordering specifically from one country over another. *** bought from Japan, because many of its customers perceive the Japanese products to be superior, *** bought from Mexico for convenience and experience, and *** buys based on ***. Four purchasers noted that certain types of CTVs are available only from a single source. In their replies, *** noted that *** and *** replied

that it believes that there is no known production of 27-inch CTVs in the United States.[63] [64] Further asked of purchasers was what were their reasons for purchasing CTVs from one source even though a lower priced source was available, if they had done so. The most frequent responses to this question involved the reliability of supply, quality, brand name, and availability/lead time. Most purchasers that buy from more than one country do so because they buy from suppliers that make the decisions as to the origin of the CTVs. Many purchasers may know where the CTVs they purchase were manufactured, but don't track that information. Eleven purchasers reported that they always know whether the CTVs they purchase are made domestically or are imported, ten usually know, four sometimes know, four rarely know, and three never know. Similarly, eleven purchasers always know the country of origin of their purchased CTVs, eight usually know, six sometimes know, five rarely know, and two never know. Purchasers are more certain, however, of who the manufacturer of the CTV is: 15 always know, eight usually know, seven sometimes know, two rarely know, and one never knows.[65] Purchasers' customers, however, are not generally aware of or interested in the country of origin of the CTV: three noted that their customers always are, four usually are, 10 sometimes are, 12 rarely are, and five never are interested or aware of the country of origin.

Purchasers were also asked whether the relative shares of their firm's total purchases from different sources had changed in the last three years. Ten purchasers noted increasing their purchasing from China, four purchasers decreased the relative share of domestically produced CTVs, and one purchaser each noted decreasing its purchases from Malaysia, Thailand, and Belgium.[66] Seven purchasers changed the relative share of Mexican CTVs they purchased, with two buying relatively more and five buying relatively fewer CTVs made in Mexico. *** noted that it only purchases CTVs assembled in the United States. *** buy only from Mexico because of the advantages of NAFTA and because of the convenience and reliability of *** supplier in Mexico.

The elasticity of substitution between domestic and imported CTVs depends upon such factors as quality, features, and conditions of sale, including lead time, availability, and reliability of supply. Most CTVs must meet certain specifications in order to be qualified, and since many purchasers care more about who the supplier is and what brand name is on the television than its country of origin, it may be of less concern for customers to know whether they have purchased subject CTVs from China or those made in the United States or Mexico.

The elasticity of substitution between domestic and subject CTVs is likely to vary depending on whether the two groups of CTVs are in the same tier or competing across tiers. For domestic and imported CTVs both competing within the lowest tier, there is likely to be the highest substitution elasticity, in the range of 3 to 6, as these consumers care more about price and less about brand names and features.[67] For foreign and domestic CTVs competing in the highest tier, there is likely to be more

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[63] Though *** responded "No," it added that it believes there are no known producers of OPP CTVs in the United States.

[64] ***.

[65] *** noted that it both rarely and never knew the manufacturer. This was counted in both tabulations.

[66] Purchasers *** noted both decreasing domestic purchases of CTVs and increasing purchases of CTVs imported from China.

[67] In the prehearing report, staff estimated that the elasticity of substitution in the lowest tier would likely be in the range of 4 to 8. Respondent Funai noted that it believes the elasticity of substitution analysis is flawed since retailers, not consumers decide whether to purchase domestic or imported products, and thus put more emphasis on non-price factors. It believes that the elasticity of substitution for the "good" tier should be in the range of 2 to 4. Respondent Funai's prehearing brief, exh. 7. However, retailers demand what they believe their customers will purchase, and both tend to buy more on the basis of brand rather than country of origin. Thus, retailer demand is

(continued...)

brand loyalty for consumers and the desire for retailers to stock a range of electronics products with the same brand name. Accordingly, a more moderate elasticity of substitution is applicable, likely in the range of 2 to 4. The elasticity of substitution for CTVs competing across tiers is likely to be even lower than that of those competing within the highest tier, and in the range of 1 to 3.

[67] (...continued)
driven by consumer demand.

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 final margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or in Part VI and (except as noted) is based on the questionnaire responses of seven firms that accounted for almost 100 percent of U.S. production of CTVs during the period examined (i.e., 2001-03).[1]

U.S. PRODUCERS[2]

Structure of the Industry

Firms that produce CTVs in the United States, their geographic locations, their positions on the petition, their union representation, and their production and shares of CTV production in 2003 are shown in table III-1. Between 2001 and 2003, the number of firms producing CTVs in the United States was reduced by one as Sharp completed the transfer of its manufacturing operations to Mexico in December 2002.[3] In addition, in July 2003, Orion closed down its CTV production lines in Olney, IL.[4] Of the remaining U.S. firms, four are owned, either directly or indirectly, by Japanese parent firms.[5] Only petitioner Five Rivers has no foreign ownership and ***.[6] As shown in notes to table III-1, five U.S. producers reported (in their questionnaire responses) having related firms that are engaged in the production of CTVs outside the United States. Chinese respondents argue that decreases in the production volume of CTVs in the United States are "due to domestic industry's decision to offshore

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[1] *** of the responding firms (***) also indicated that they manufactured color television receivers under 21 inches in screen size. ***. *** could not provide any data on its manufacturing operations for the small-screen sets; *** produced *** small-screen color television receivers in ***. The firms were asked whether they, since January 1, 2001, lost sales or revenues or experienced any negative effects on their growth, investment, ability to raise capital, or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product, on color television receivers under 21 inches in screen size as a result of imports of CTVs from China or Malaysia. *** responded that there were negative impacts but that "we cannot necessarily ascertain that the negative impact was due to Chinese and Malaysian CTVs." *** responded that "{l}ow prices from our competitors erode existing prices. We have no firm knowledge as to where our competitors purchase their CTVs."

[2] In deciding whether a firm qualifies as a domestic producer, the Commission generally has analyzed the overall nature of a firm's production-related activities in the United States. Information on this issue is presented later in this section of the staff report.

[3] ***. Chinese respondents state that ***. *Chinese respondents' prehearing brief*, p. 43. *** Sharp continues to market CTVs in the United States.

[4] ***. Additional information concerning the Olney closure is presented later in Part III.

[5] Prior to 1972, all domestic production of televisions was by U.S.-owned companies. In 1968, a petition alleging the dumping of color televisions by Japan was filed. In response to this and to subsequent trade cases, foreign-owned companies began building factories in the United States or buying U.S. CTV producers. In 1972, Sony built the first foreign-owned television factory in the United States. By 1987, Zenith was the last U.S.-owned television producer. In 1995, LGE, a Korean corporation, bought a controlling interest in Zenith, and for a time, all U.S. production was controlled by foreign companies. Then, in 1997, Taylor-White purchased from Philips what had been a Magnavox television receiver factory and began contract manufacturing as "Five Rivers Electronic Innovations."

[6] ***.

Table III-1
CTVs: U.S. producers, plant locations, positions on the petition, production, and shares of U.S. *production in* 2003

Firm	Plant location(s)	Position on petition	Union representation	Production (*1,000 units*)	Share (*percent*)
Five Rivers[1]	Greeneville, TN	Petitioner	IUE-CWA	***	***
Matsushita[2]	Vancouver, WA	***	None	***	***
Orion[3]	Princeton, IN, and Olney, IL[4]	***	None	***	***
Sanyo[5]	Forrest City, AR	***	IUE-CWA	***	***
Sharp[6]	Memphis, TN[7]	***	IBEW	***	***
Sony[8]	Mount Pleasant, PA	No position	None	***	***
Toshiba[9]	Lebanon, TN	***	IBEW	***	***
Total	--	--		3,592	100.0

[1] Five Rivers is not owned, in whole or in part, by any other firm.
[2] Matsushita is ***-percent owned by Matsushita Electric Corp. of America (Secaucus, NJ). ***.
[3] Orion is ***. ***. Chinese respondents' prehearing brief, p. 9, n. 14. ***.
[4] Orion closed its Olney, IL production lines in July 2003.
[5] Sanyo is ***-percent owned by Sanyo Electric Co., Ltd. (Osaka, Japan). ***.
[6] Sharp is ***-percent owned by Sharp Electronics Corp. (Mahwah, NJ). ***.
[7] Sharp relocated its domestic manufacturing operations from Memphis, TN to Mexico in January 2001 (for the direct-view sets) and December 2002 (for the projection sets). In 2000, Sharp manufactured *** CTVs in the United States.
[8] Sony is ***-percent owned by Sony Corp. (Tokyo, Japan). ***.
[9] Toshiba is ***-percent owned by Toshiba America, Inc., a subsidiary of Toshiba Corp. (Tokyo, Japan). ***.

Note.–Excludes U.S. production of CRT-based rear-projection color televisions (50 inches and over) in *** by *** that appear to meet the definition of CTVs. *** manufactured *** such sets in 2001, *** sets in 2002, and *** sets in 2003. E-mail dated March 22, 2004 from ***.

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

production to non-subject locations and to shift into non-subject technology TVs."[7] Information on U.S. producers' purchases and imports from their related offshore firms or from unrelated firms is provided in table III-2. ***.

Table III-2
CTVs and other types of televisions: U.S. producers' U.S. imports, purchases, and production, by firm, 2001-03

* * * * * * *

Domestic manufacturers can, as described earlier in the report, act as contract manufacturers for other firms. This practice is often referred to as "badging." Firms were asked in the Commission's questionnaire whether they had been involved in such an agreement, which was defined as a contractual

[7] Chinese respondents' prehearing brief, p. 3.

agreement where one company will pay a second company to assemble CTVs with certain specifications and to place the first company's brand name on the finished product. ***. Additionally, *** reported a joint badging agreement that accounted for *** percent of ***'s production and *** percent of ***'s value-based share of its U.S.-produced CTVs in 2003.[8]

Structure of Manufacturing Operations

As indicated earlier, the Commission must determine whether the production activities of a firm qualify it as a domestic manufacturer. Production-related activity at minimum levels could be insufficient to constitute domestic production.[9] CTV components consist of the color picture tube, chassis boards, other major electronic components, and the cabinet. ***. As shown in table III-3, the other U.S. manufacturers, ***,[10] source the color picture tubes used in their assembly of CTVs from unrelated U.S. glass manufacturers[11] or from offshore sources that, in the case of ***, include Chinese tube manufacturers. ***.

Table III-3
CTVs: Sourcing of the color picture tubes used in firms' U.S. production, in shares, by firm, 2003

* * * * * * *

Table III-4 lists the sources of each of the major components used in the CTV manufacturers' domestic operations. As shown, *** manufactured a portion of its requirement for chassis boards in the United States during the entire 2001-2003 period; *** produced some chassis boards in its *** plant until 2002 when *** and *** produced a portion of its requirements for chassis boards domestically in 2002 and 2003. *** also imported chassis boards from a number of offshore sources, including China, not related to the firm and *** also imports from ***. ***. Specific information on *** is not available.

Table III-4
CTVs: Sourcing of the major components used in firms' U.S. production, by firm, 2001-03

* * * * * * *

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[8] ***.

[9] The Commission generally considers six factors when deciding whether a firm qualifies as a domestic producer. In a supplemental request to the Commission's producers' questionnaire issued in the preliminary phase of the investigation, firms were asked to comment on the six factors as they relate to their production-related activities. The responses that were received were presented in an appendix to the staff report (INV-AA-071) in the preliminary phase of the investigations and are incorporated as appendix F to this report.

[10] ***.

[11] As shown in table III-3, color picture tube manufacturers in the United States include Hitachi, Philips Display, MTPD (MT Picture Display-Toshiba), Thomson, TAEC (Toshiba), and ***. These firms, in turn, either produce and/or purchase their glass substrate requirements.

Thomson closed its television picture tube plant in Marion, IN on March 17, 2004. The firm also produces glass for picture tubes in Circle, OH; that plant is believed to be closing in three months. In addition, Thomson manufactures picture tubes at its Mexicali, Mexico facility that opened in September 2001 and, in November 2003, it began a joint venture in China. A Thomson spokesman is reported to have said, with reference to its Chinese plant, that "it is more cost-effective to have the tubes made near the Chinese plants that assemble televisions for the Chinese market." *See* "Thomson Closes Marion Plant," at *http://www.indystar.com/articles/8/130126-8288-009.html*, retrieved March 18, 2004.

In addition, Corning Asahi Video Productions Co. (CAV), one of the largest U.S. producers of glass closed its CRT glass plant in State College, PA in 2003. ***.

Additional information on other major CTV components, including electrical components and cabinets, is listed in table III-4 while domestic value-added for CTVs in the United States and the cost of the major foreign-sourced components are presented in part VI of this report. As shown in table III-5, most U.S. firms, with the exceptions of ***, described the nature of their CTV operations as an "assembly." CTV design and the specification of the components and standards were, depending on the specific firm, undertaken either by the U.S. operation, by its customers, by its offshore affiliates, or in the case of *** by ***.[12] Customer warranties typically were provided by the U.S. CTV manufacturer.

Table III-5
CTVs: Descriptions of CTV operations in the United States, by firm

U.S. producer	Self-characterized as an assembly facility	Firm(s) that designed their U.S.-produced CTVs in 2003	Firm(s) that specified their components and standards in 2003	Firm(s) that provided the warranties for their U.S.-produced CTVs in 2003
Five Rivers	***[1]	***	***	***
Matsushita	***[2]	***	***	***
Orion	***[3]	***	***	***
Sanyo	***[4]	***	***	***
Sharp	(5)	(5)	(5)	(5)
Sony	***[6]	***	***	***
Toshiba	***[7]	***	***	***

[1] Five Rivers stated that "***."
[2] Matsushita stated that "***."
[3] Orion stated that "***."
[4] Sanyo stated that "***."
[5] Sharp no longer manufactures CTVs in the United States.
[6] Sony stated that its plant in Pennsylvania "***."
[7] Toshiba stated that "***."

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

In response to questions on whether their firms produced other products on the same equipment and machinery and/or with the same production and related workers used to produce CTVs (as defined herein), six of the seven reporting U.S. producers responded in the negative.[13] One producer, ***, indicated that it transferred some of its CTV production and related workers to other production lines. As shown earlier (table III-2), there is some *** U.S. production of other types of color television receivers by the CTV manufacturers, specifically of ***.[14] However, with the exception of ***, these products are assembled on separate lines. ***.

[12] ***.

[13] *** indicated in its questionnaire response that its *** assembles ***.

[14] *** U.S. production of plasma or LCD direct-view color televisions were reported.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data concerning U.S. producers' CTV capacity, production, and capacity utilization are shown in table III-6.[15] Capacity to produce CTVs in the United States increased from 7.6 million units in 2001 to 8.1 million units in 2002 due, in large part, to ***, but was still well below apparent U.S. consumption.[16] Combined capacity for the reporting producers fell slightly from 2002 to 2003 as ***[17] was more than offset by the ***.[18] [19] Much of the U.S. industry's production capacity was unused during the period examined as evidenced by the low capacity utilization for the combined firms. In 2003, U.S. producers' capacity utilization was 43.6 percent, as compared with 60.9 percent in 2001. ***.[20] [21] Of all the U.S. producers, *** is the only one that reported to the Commission that it produces CTVs in a foreign trade zone. It indicated that ***.[22]

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of CTVs are shown in table III-7. U.S. commercial shipments accounted for the *** majority of U.S. producers' total shipments; exports were relatively minor.[23] Overall, the quantity and value of U.S. producers' U.S. shipments of CTVs fell by 24.3 percent and by 30.8 percent, respectively, from 2001 to 2003. The unit value of U.S. shipments increased by 0.7 percent from 2001 to 2002 and then decreased by 9.3 percent from 2002 to 2003. Unit values differed among firms depending on the product mix manufactured.[24] The following tabulation presents the unit values, by firm, and a brief description of the CTVs manufactured by each domestic manufacturer.

* * * * * * *

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[15] Table III-6 does not list data gathered for 2000 during the preliminary phase of the investigations that reflect Sharp's relocating its manufacturing operations to Mexico in 2001 and 2002. Sharp reported the capacity to produce *** CTVs domestically in 2000. Notwithstanding the loss of production capacity resulting from Sharp's closing its CTV plant, U.S. producers' CTV production capacity was higher in 2002 than in 2000. While Sharp's actions reduced the combined firms' capacity by *** units, this reduction was more than offset by the creation of nearly 1.3 million units of new capacity generated by four firms between 2000 and 2002.

[16] ***. Producer questionnaire response of ***.

[17] Producer questionnaire response of ***.

[18] ***.

[19] In addition, a union representative of the IUE-CWA testified at the Commission's hearing that Sanyo had over the last few months shut down four of its six production lines. Hearing transcript (testimony of Mr. Davis), pp. 37-38. Mr. Davis subsequently clarified that the shutdowns had occurred in 2003 and that all of Sanyo's production lines were currently running. Petitioners' posthearing brief, attachment 7. ***.

[20] E-mail dated March 16, 2004, from counsel for petitioners. Five Rivers based its capacity figures on ***.

[21] ***.

[22] ***.

[23] *** reported no open-market U.S. shipments but instead reported that all of its shipments were to related sales companies that are responsible for sales and marketing for all North American factories.

[24] Data on prices are presented in Part V.

Table III-6
CTVs: U.S. production capacity, production, and capacity utilization, by firms, 2001-03

Firm	Calendar year		
	2001	2002	2003
	Capacity (*1,000 units*)		
Five Rivers	***	***	***
Matsushita	***	***	***
Orion	***	***	***
Sanyo	***	***	***
Sharp	***	***	***
Sony	***	***	***
Toshiba	***	***	***
Total	7,584	8,140	7,959
	Production (*1,000 units*)		
Five Rivers	***	***	***
Matsushita	***	***	***
Orion	***	***	***
Sanyo	***	***	***
Sharp	***	***	***
Sony	***	***	***
Toshiba	***	***	***
Total	4,920	4,886	3,592
	Capacity utilization (*percent*)		
Five Rivers	***	***	***
Matsushita	(1)	(1)	(1)
Orion	***	***	***
Sanyo	***	***	***
Sharp	***	***	***
Sony	***	***	***
Toshiba	***	***	***
Average[2]	60.9	56.6	43.6

[1] Not provided.
[2] Calculated for firms supplying both numerator and denominator data.

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

Table III-7
CTVs: U.S. producers' shipments, by types, 2001-03

Item	Calendar year		
	2001	2002	2003
	Quantity (*1,000 units*)		
U.S. commercial shipments	***	***	***
U.S. transfers to related firms[1]	***	***	***
Total U.S. shipments	4,708	4,736	3,566
Export shipments[2]	233	245	213
Total shipments[3]	4,941	4,981	3,779
	Value (*1,000 dollars*)		
U.S. commercial shipments	***	***	***
U.S. transfers to related firms[1]	***	***	***
Total U.S. shipments	2,481,002	2,513,563	1,715,761
Export shipments	205,705	213,593	141,412
Total shipments[3]	2,686,707	2,727,156	1,857,173
	Unit value (*per unit*)		
U.S. commercial shipments	$***	$***	$***
U.S. transfers to related firms[1]	***	***	***
Total U.S. shipments	526.83	530.68	481.16
Export shipments	882.85	871.81	663.91
Total shipments[3]	543.72	547.46	491.46

[1] Data in all periods are for *** only. *** transferred its production of CTVs to its related firms; in 2001-03 over *** percent of its total shipments were to ***. ***.
[2] Five firms (***, ***, ***, ***, and ***) reported export shipments during 2001-03.
[3] Does not include the internal consumption of *** sets by ***.

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

No domestic manufacturer reported U.S. shipments of incomplete CTVs during the period examined (2001-03).

The following tabulation lists the domestic industry's U.S. shipments of CTVs, by firm, for 2001-03; also listed are each firm's ten largest customers during the period examined with their share of sales in 2003:

* * * * * * *

As shown, U.S. shipments of domestically produced CTVs declined, on a per-firm basis, from 2001 to 2003 by *** percent for Five Rivers, by *** percent for Matsushita, by *** percent for Orion,

and by *** percent for Sony. ***. The trend of Sanyo's production of CTVs was essentially flat from 2001 to 2003 and Sharp had largely left the U.S. market (in terms of domestic production) by 2001.[25]

Five Rivers attributes the reduction in orders it received to ***.[26] As shown in the above tabulation, *** and *** were Five Rivers' largest customers during the period examined. Chinese respondents maintain that ***.[27] *** states that ***.[28] Further, ***.[29] As discussed earlier, Five Rivers functions as a contract manufacturer. It does not sell televisions under its own brand names nor does the firm maintain a marketing or sales organization.[30] ***.[31]

With reference to Matsushita, respondents assert that data submitted by the firm to the Commission's questionnaires reflect "***."[31] ***.[32] Matsushita's domestic manufacturing operation consisted *** of producing ***. As shown in table E-11, the firm ***.

As indicated earlier, Orion's decline in shipments (and production) of CTVs in 2003 was a direct result of ***. ***.[33] Orion states that ***.[34]

***.[35] *** attributes the decline in its U.S. production of CTVs to ***.[36]

***.[37] ***.

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' end-of-period inventories of CTVs are shown in table III-8.

Table III-8
CTVs: U.S. producers' end-of-period inventories, 2001-03

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

*** U.S. producers supplied the Commission with usable employment data related to their production of CTVs. These data are presented in table III-9. As indicated earlier, some or all of the production and related workers were unionized at four facilities (Five Rivers (IUE-CWA), Sanyo (IUE-

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[25] ***.

[26] E-mail, dated March 16, 2004, from counsel for petitioners.

[27] Letter, dated March 19, 2004, from counsel for Chinese respondents. *See* also Chinese respondents' prehearing brief, pp. 45-47. ***. ***'s response to the importers' questionnaire.

[28] ***'s prehearing brief, p. 5.

[29] ***'s prehearing brief, pp. 5-6.

[30] Transcript, p. 88 (testimony of Mr. Tom Hopson, president and CEO).

[31] Funai's prehearing brief, p. 20.

[32] ***.

[33] E-mail, dated April 30, 2004, from Orion (***). ***.

[34] E-mail, dated April 30, 2004, from Orion (***). Wal-Mart testified at the Commission's hearing that it began the purchase of subject 27-inch curved TVs through Apex when, in 2002, it was informed by its then-current supplier Orion (a domestic CTV manufacturer) that it would not be able to fully supply Wal-Mart's requirement. Hearing transcript (testimony of Mr. O'Connor), pp. 232-33.

[35] ***.

[36] E-mail dated March 23, 2004 from ***.

[37] ***.

CWA), Sharp (IBEW), and Toshiba (IBEW)) but not at the plants operated by Matsushita, Orion, or Sony.

Table III-9
CTVs: U.S. producers' employment-related indicators, 2001-03[1] [2]

Item	Calendar year		
	2001	2002	2003
Production-and-related workers (PRWs): Five Rivers	***	***	***
Sanyo	***	***	***
Toshiba	***	***	***
Subtotal	***	***	***
Matsushita	***	***	***
Orion	***	***	***
Sony	***	***	***
Subtotal	***	***	***
Total	3,829	3,975	3,226
Hours worked by PRWs: Five Rivers (*1,000 hours*)	***	***	***
Sanyo (*1,000 hours*)	***	***	***
Toshiba (*1,000 hours*)	***	***	***
Subtotal (*1,000 hours*)	***	***	***
Matsushita (*1,000 hours*)	***	***	***
Orion (*1,000 hours*)	***	***	***
Sony (*1,000 hours*)	***	***	***
Subtotal (*1,000 hours*)	***	***	***
Total (*1,000 hours*)	7,813	7,702	6,896
Productivity (*units produced per hour*)[3]	0.6	0.6	0.5
Wages paid to PRWs (*$1,000*)	114,892	120,235	106,892
Hourly wages	$14.71	$15.61	$15.50
Unit labor costs (*per unit*)[3]	$23.39	$24.63	$29.76

[1] Does not include employment data for ***.
[2] ***.
[3] Calculated using data from firms providing both production and employment data.

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

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

U.S. IMPORTERS

CTVs are imported both by distributors and retailers that sell directly to end-user customers. The Commission sent importers' questionnaires during the final phase of the investigations to 72 firms that imported CTVs from all sources and received completed responses from 22 firms (table IV-1).[1] [2] Responding U.S. importers are believed to account for almost all U.S. imports of CTVs from China, the majority (estimated to be over 80 percent) of CTV imports from Mexico, and virtually all U.S. imports of CTVs from Malaysia and all other sources. Of the responding firms, three (***, ***, and ***) are U.S. producers and two more are related to U.S. producers (to *** and to ***); four (***, ***, ***, and ***) are mass market merchandisers; and the remaining U.S. importers distribute to retailers of CTVs.

Table IV-1
CTVs: Reporting U.S. importers and the volume of their reported imports, 2003

* * * * * * *

U.S. IMPORTS

The import data presented in this section of the report are based on official Commerce statistics unless indicated otherwise. As discussed above, import data from Commission questionnaires are generally complete, except for Mexico. The use, however, of official Commerce statistics allows the import totals in the report to be made public. Commerce data (adjusted as described below) are comparable to those compiled from questionnaire data submitted from U.S. importers for China, Malaysia, and "all others" (excluding Mexico) except that the quantity figures in official import statistics are *** units *** than questionnaire data for China in 2002 but *** units *** in 2003, which results in a *** percent increase from 2002 to 2003 in official import statistics than that shown in the questionnaire data. U.S. imports from China (in terms of both quantity and value) based on questionnaire data are also, therefore, presented in this section of the report.

The merchandise subject to these investigations enters into the United States under HTS subheadings and statistical reporting numbers 8528.12.28, 8528.12.3250, 8528.12.3290, 8528.12.36,

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[1] A number of the firms receiving questionnaires were identified as importers in the petition but were not listed as importer/consignees in customs documents.

[2] An additional 47 supplemental importers' questionnaires were mailed to firms that also import nonsubject color television receivers, including plasma and LCD direct-view color televisions and rear-projection DLP, LCoS, and LCD color televisions. Of these firms, 13 have returned completed questionnaire responses (i.e., ***). Nonsubject color television receivers are also imported by U.S. importers of CTVs that also provided data on their imports.

Data for all reported U.S. imports of nonsubject color television receivers are provided in appendix E (table E-14). The data that have been received by the Commission are, however, incomplete. The most common brand names for nonsubject LCDs include Samsung and Sharp; the most common brand names for nonsubject plasma screens include Fujitsu, NEC, Panasonic, and Pioneer. Staff conversation with ***, March 15, 2004. As shown above and in table IV-1, *** have provided data on their nonsubject imports but *** have not. Appendix E (table E-13) of this report also contains data on U.S. imports of non-CRT color television receivers derived from official Commerce statistics.

8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56.[3] HTS subheading 8528.12.28, however, is comprised of both subject and nonsubject merchandise, nonsubject merchandise being CTVs with video display diagonals under 21 inches. Merchandise covered under that subheading includes CTVs with video display diagonals almost as small as 35.56 cm or 14 inches. To extract nonsubject imports, the Commission used information provided by petitioners to reduce official Commerce statistics for HTS subheading 8528.12.28 by 92.8 percent in 2001 and by 91.4 percent in both 2002 and 2003.[4]

Data on U.S. imports of CTVs by sources are presented in table IV-2. Aggregate U.S. imports from all sources increased from 2001 and 2002 and then fell slightly from 2002 to 2003 as U.S. imports from Mexico fell. CTVs imported from Mexico accounted for almost 80 percent of U.S. imports during the period examined.[5] Petitioners argue that "the proper perspective from which to analyze imports from Mexico is from within the NAFTA framework" in which "imports from Mexico are properly viewed as complementary to U.S. production . . .."[6] Chinese respondents cite a NAFTA "loophole" that permits CRTs manufactured in Mexico from imported TV glass to be classified as a product of Mexico. According to respondents, this, coupled with a concurrent sharp cut in the Mexican import tariff on TV glass, led to the rapid expansion of exported CTVs from Mexico to the United States.[7]

With respect to subject imports, both the quantity and value of subject U.S. imports from China rose in each year examined, increasing by a large order of magnitude from 2001 to 2002 as *** and by 36.2 percent, in terms of quantity, and by 17.6 percent, in terms of value, from 2002 to 2003.

The following tabulation lists U.S. imports of CTVs from China compiled in response to questionnaire data:

* * * * * * *

[3] Incomplete CTVs that fall within the scope of the investigation (i.e., unassembled CTVs with a color picture tube (i.e., cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled) also enter the United States under the identified HTS subheadings and statistical reporting numbers. Based on responses to the Commission's questionnaires, there were minimal imports of incomplete CTVs during the period for which information was requested. ***.

[4] E-mail, dated March 4, 2004, from counsel for petitioner.

[5] U.S. producers built factories in Mexico to assemble components and smaller television receivers beginning in the 1950s. At first those factories were the only way for U.S. producers to enter their products into Mexico. Later, more factories were built to supply U.S. assembly operations, taking advantage of lower labor costs and of the maquiladora program. Over the course of time, the U.S. color television industry became more and more a North American television industry, with the assembly of most receivers being moved to Mexico, leaving the assembly of larger picture tubes, larger receivers, and projection receivers in the United States.

[6] Petitioners' prehearing brief, p. 8.

[7] Chinese manufacturers' prehearing brief, p. 25.

Table IV-2
CTVs: U.S. imports, by sources, 2001-03

Source	Calendar year		
	2001	2002	2003
	Quantity (*1,000 units*)		
China	56	1,292	1,760
Nonsubject: Malaysia	315	1,365	1,517
Mexico	10,704	10,791	9,010
All others[1]	209	480	1,025
Subtotal	11,228	12,636	11,552
Total	11,284	13,928	13,312
	Value (*1,000 dollars*)[2]		
China	27,007	271,110	318,858
Nonsubject: Malaysia	64,033	247,018	274,338
Mexico	3,802,311	4,125,373	3,809,053
All others[1]	97,781	151,493	226,295
Subtotal	3,964,125	4,523,884	4,309,686
Total	3,991,132	4,794,994	4,628,544
	Unit value (*per unit*)		
China	$483	$210	$181
Nonsubject: Malaysia	203	181	181
Mexico	355	382	423
All others[1]	468	316	221
Subtotal	353	358	373
Average	354	344	348
	Share of quantity (*percent*)		
China	0.5	9.3	13.2
Nonsubject: Malaysia	2.8	9.8	11.4
Mexico	94.9	77.5	67.7
All others[1]	1.9	3.4	7.7
Subtotal	99.5	90.7	86.8
Total	100.0	100.0	100.0

Table continued on next page.

Table IV-2
CTVs: U.S. imports, by sources, 2001-03

Source	Calendar year		
	2001	2002	2003
	Share of value (*percent*)		
China	0.7	5.7	6.9
Nonsubject:			
Malaysia	1.6	5.2	5.9
Mexico	95.3	86.0	82.3
All others[1]	2.4	3.2	4.9
Subtotal	99.3	94.3	93.1
Total	100.0	100.0	100.0
	Ratio of imports to U.S. production (*percent*)		
China	1.1	26.4	49.0
Nonsubject:			
Malaysia	6.4	27.9	42.2
Mexico	217.6	220.8	250.9
All others[1]	4.2	9.8	28.5
Subtotal	228.3	258.6	321.6
Total	229.4	285.1	370.6

[1] Korea was the principal source of imports from "all others" in 2001 and Thailand was, by far, the principal source of imports from "all others" in 2002 and 2003.
[2] Landed, duty-paid. A portion of the value of imports from Mexico consists of U.S. goods returned as components of finished CTVs.

Source: Compiled from official Commerce statistics with adjustments to exclude nonsubject color television receivers entering under HTS subheading 8528.12.28 (which covers color television receivers, non-high definition, having a single picture intended for direct viewing (non-projection type), with a video display diagonal exceeding 35.56 cm, incorporating video recording or reproducing apparatus).

The following tabulation lists U.S. importers' U.S. shipments of CTVs from China, by firm, for 2001-03; also listed are each firm's ten largest customers during the period examined with their share of sales in 2003:

* * * * * * *

As shown above, ***. ***. ***. Wal-Mart sells color televisions from stock throughout the year and also retails large numbers during a Thanksgiving Blitz promotion (i.e., its day-after-Thanksgiving "Black Friday" sale). Prior to 2002, it sold smaller, nonsubject sets during the promotion

and, for the 2002 Blitz, the firm sold a single 27-inch model imported from ***.[8] *** CTVs were sold *** during the 2003 Blitz sale where in total Wal-Mart *** 27-inch direct-view analog CTVs procured from ***; of these ***.[9] ***;[10] ***.[11]

Wal-Mart indicated in its prehearing brief that it did not import CTVs from China for "everyday sales."[12] ***, ***.[13] As shown in the above tabulation, Wal-Mart accounted for *** percent of ***'s U.S. shipments of subject CTVs in 2003 or slightly more than *** sets. As indicated earlier, Wal-Mart testified at the Commission's hearing that it began the purchase of subject 27-inch curved TVs through Apex when, in 2002, it was informed by its then-current supplier Orion (a domestic CTV manufacturer) that it would not be able to fully supply Wal-Mart's requirement.[14]

With reference to its Blitz sale, Wal-Mart maintains that "the CTV models that are specifically procured for this special event do not compete with the models Wal-Mart sells every day–both because they are no-frilled opening price point ("OPP") models and because they are not a regularly stocked item, but are sold in a one-day promotion on a first-come, first-served basis." It argues that its Blitz sales "expand the market" and "do not compete with or detract from Wal-Mart's everyday sales of CTVs."[15] Petitioners respond that "a dumped import 27-inch OPP CTV sold the day after Thanksgiving potentially displaces a sale of a comparable U.S.-made CTV sold that day or any other day, at a competing television retailer."[16]

***.[17]

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of CTVs are shown in table IV-4. Consumption data are composed of U.S. producers' U.S. shipments plus U.S. imports for every country except China, for which U.S. shipments of imports are utilized. Apparent U.S. consumption of CTVs, on the basis of quantity, increased by *** percent from 2001 to 2002 and then fell by *** percent from 2002 to 2003. *See* the section of this report in Part II entitled "U.S. Demand" for a discussion of demand factors in the CTV market in the United States.

Table IV-4
CTVs: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2001-03

* * * * * * *

[8] Wal-Mart's prehearing brief, pp. 6-7. Wal-Mart states that it has placed an order with *** for its 2004 promotion; ***. Id., p. 9. ***. Wal-Mart's posthearing brief, p. 8.

[9] Wal-Mart's prehearing brief, p. 7, and posthearing brief, p. 5.

[10] Wal-Mart's posthearing brief, pp. 5-6.

[11] E-mail (p. 1), dated April 30, 2004, from counsel for Wal-Mart.

[12] Wal-Mart's prehearing brief, p. 5. More specifically, "Wal-Mart's imports from China have been exclusively for its annual Blitz promotion . . .." Id., pp. 9-10.

[13] ***. *See* note 2 to table VII-1. ***.

[14] Hearing transcript (testimony of Mr. O'Connor), pp. 232-33. Wal-Mart further testified that it has now shifted the purchase of these sets back to Orion but that they will be manufactured in Thailand. Id.

[15] Wal-Mart's prehearing brief, pp. 6-7 and 10. ***.

[16] Petitioners' prehearing brief, p. 14, n. 6.

[17] ***'s prehearing brief, pp. 17-18. The firm further states that for the immediate future it plans to ***. Id., p. 18.

MARKET SHARES

Data on market shares are presented in table IV-5. The data generally reveal that U.S. producers lost market share in all periods, while subject imports from China and Malaysia increased their market share; Mexico's market share decreased between 2001 and 2003. *See* appendix E (table E-12) for apparent U.S. consumption and market shares of analog direct-view CTVs in screen sizes from 24 inches to 30 inches.

Table IV-5
CTVs: Apparent U.S. consumption and market shares, 2001-03

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The main raw materials used to make CTVs are chassis boards and the CRT, which consists of the picture tube and the cone. Since CTVs are assembled manufactures, the cost of the components is relatively high. Altogether, raw material costs accounted for 86.6 percent of U.S. producers' cost of goods sold in 2003.

Transportation Costs

Transportation costs for CTVs from China to the United States (excluding U.S. inland costs) are estimated to be 9.8 percent of the total landed U.S. cost for CTVs, respectively. This estimate is derived from official import data for 2003 and represent (1) the transportation and other charges on imports valued on a c.i.f. basis as compared with the customs value, divided by (2) the total landed U.S. cost.

The producers and importers of CTVs were asked to estimate the share (in percent) of the total delivered cost of their CTVs accounted for by transportation costs. The four producers responding to this question noted that transportation costs are between 1.5 and 4.5 percent.[1] Importers' transportation costs were a little higher, with 18 responding that transportation accounts for between 1.5 and 12.2 percent of the total delivered cost of the CTVs they import, with a simple average of 5.8 percent.[2]

Tariff Rates

CTVs subject to this investigation from China enter the United States under HTS subheadings 8528.12.28, 8528.12.32, 8528.12.36, 8528.12.40, 8528.12.44, 8528.12.48, 8528.12.52, and 8528.12.56. The normal trade relations tariff rates for these CTVs as of January 1, 2004 are either 3.9 or 5.0 percent. The weighted-average tariff rate for CTVs from China in 2003 was 5.0 percent.

Exchange Rates

The currency of China is fixed relative to the U.S. dollar. Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan remained stable relative to the U.S. dollar from January 2001 to December 2003. A real value is unavailable.

PRICING PRACTICES

Pricing Methods

Five of seven responding producers noted that they sold 100 percent of their CTVs via contracts (two via contracts of longer than a year, and three via contracts shorter than a year). Of the remaining two, *** noted that it sold *** percent on a long-term contract basis, *** percent on a short-term contract basis, and *** percent via spot sales. *** sells *** percent on the spot market.

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[1] Only those producers that arrange transport for their customers responded to this question.

[2] Some importers may have included overseas transportation, whereas others may not have.

Importers, on the other hand, sell mainly on the spot market. Nine of 10 responding importers of Chinese CTVs sell 100 percent on the spot market. *** 100 percent via contracts on its imports from China. Of its imports from China, *** sells 95 percent via short-term contracts and 5 percent on the spot market.

Four of six responding producers noted that contracts are typically one year in length and include a fixed price with at least an estimated quantity.[3] *** contracts are two to three years in length with prices renegotiated every six months in length, and *** has no quantity requirements. *** contracts contain meet-or-release provisions (which have been invoked), and *** contains meet-or-release provisions that have never been invoked. Producers and importers were asked to list some specifics with respect to their three largest contracts. Among the purchasers listed were brand names such as *** as well as retailers ***. Purchasers *** replied that they have no contracts, and *** only has a contract with importer ***, which is renewable every six months.

All five responding importers use annual contracts, with prices changing either yearly (***) or infrequently (***). *** using 90- to 120-day contracts, and ***[4] sells via 45-day contracts. *** contracts to purchase CTVs fix both price and quantity, *** fixes price only, and *** fix neither. The standard requirement for *** is a container load. Contracts by *** have meet-or-release provisions, and those with *** are frequently invoked where suppliers are unable to fulfill the requirements of the individual purchase order.

Purchasers were asked to list their top five current contracts to procure CTVs. Answers varied greatly. ***, among others, noted they do have contracts, with *** adding that it doesn't enter into volume requirements; it simply uses non-binding forecasts and individual purchase orders. *** only has one contract, which is six months in length and is with ***. ***, on the other hand, listed five separate CTV manufacturers with which it maintains indefinite contracts with quantities determined by individual purchase order. *** have meet-or release clauses in the contracts, and only *** has used the clause, though it noted doing so infrequently. Other purchasers have current contracts that range in length from one to five years, and *** noted that its contract with *** is open in length.

Sales Terms and Discounts

Shipping practices vary for both producers and importers. Four of seven producers quote on an f.o.b. basis, two quote on a delivered basis, and *** prepays freight but title passes when tendered to the carrier. For the 12 responding importers, six sell on a delivered basis, four on an f.o.b. basis (either f.o.b. U.S. warehouse, U.S. port, or foreign port for ***), and two either f.o.b. or delivered.[5] Four of the seven domestic producers arrange delivery, whereas three allow the purchaser to arrange it. Sixteen of 19 importers, however, arrange transport, with ***.[6] The majority of producers carry net 30 pricing terms, with *** requiring payment within 15 days, *** in 31 days, and *** in 45 days (30 days for orders less than $5,000). *** (for orders greater than $5,000), however, offer a two-percent discount for paying within 30 days. Importers' responses varied greatly. Eight importers carry net 30 terms of payment or greater. *** has 31-day payment terms (with an early payment discount), *** 30 to 60 days, *** 45 days (with an early payment discount), and *** require a letter of credit on site. *** maintain open accounts as well, based on the creditworthiness of the customer.

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[3] In the preliminary phase of the investigations, *** reported that it fixed both price and quantity, but in the final phase noted that neither are fixed.

[4] *** only responded to the preliminary phase importer questionnaire.

[5] For orders over *** pays the freight.

[6] ***.

Pricing is determined by many factors for both producers and importers of CTVs. Among the methods used are price lists, negotiation on a case-by-case basis, volume pricing, cost, contracts for multiple shipments, by brand and features, profit margin, required price reduction by customers, and "calculation using market intelligence."

Discount policy also varies by company. Three of the seven producers and eight of 16 importers offer no discounts. Three domestic producers and five of 18 importers offer volume rebates to some customers. In addition, *** offer merchandise incentive rebates (for in-store product displays) or allowances. Importers *** offer discounts for early payment as well.

PRICE DATA

The Commission requested U.S. producers and importers of CTVs to provide quarterly data for the total quantity and f.o.b. U.S. value of CTVs that were shipped to unrelated purchasers in the U.S. market. Data were requested for the period January 2001 to December 2003. Pricing data were requested for the following six product categories for CTVs made domestically and imported from China, Malaysia, and Mexico,[7] with sales to the retail market and to original equipment manufacturers (OEMs) noted separately:

***Product 1.*–24-inch (24V) direct-view analog (non-HD ready) CTV with near flat tube (i.e., curved, excluding pure flat), 4:3 aspect ratio, stereo sound, rear AV input jacks, front AV input, no digital comb filter, no black invar shadow mask, standard remote**

***Product 2.*–27-inch (27V) direct-view analog (non-HD ready) CTV with near flat tube (i.e., curved, excluding pure flat), 4:3 aspect ratio, stereo sound, rear AV input jacks, front AV input, no digital comb filter, no black invar shadow mask, standard remote**

***Product 3.*–27-inch (27V) direct-view analog (non-HD ready) CTV with near flat tube (i.e., curved, excluding pure flat), 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, no black invar shadow mask, universal remote**

***Product 4.*–27-inch (27V) direct-view analog (non-HD ready) CTV with pure flat tube, 4:3 aspect ratio, MTS/SAP stereo sound, no BBE/SRS, rear AV input/output jacks, component video input, S-video input, digital comb filter, black invar shadow mask, universal remote**

***Product 5.*–31 to 32-inch (31V-32V) direct-view analog (non-HD ready) CTV with near flat tube (i.e., curved, excluding pure flat), 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input, S-video input, digital comb filter, black invar shadow mask, universal remote**

***Product 6.*–50 to 55-inch (50V-55V) digital (HD-ready) rear-projection CTV, 4:3 aspect ratio, MTS/SAP stereo sound, rear AV input/output jacks, component video input,**

[7] Data were requested for sales of imports from Mexico, which is nonsubject, due to the large proportion of imports which come into the United States from that country.

S-video input, digital comb filter, auto convergence, picture-in-picture (PIP), *universal remote*

Since there are many features that a CTV may have, producers and importers were asked to include any products that were very similar to the stated product, that compete in the marketplace. Producer *** submitted data for a 25-inch television rather than a 24-inch television as defined in product 1. Some CTVs, as long as most of the features were the same, were considered to be competitive with the stated product.

Respondent Funai cautioned that the Commission should not reach conclusions about underselling/overselling based on the six product comparisons since evidence of head-to-head competition between domestic producers and subject imports is limited and that different brand names fall into different pricing tiers.[8] In the preliminary phase, respondent Wal-Mart noted that it believes that price-to-price comparisons may be misleading since its bid process ***.[9]

Pricing data were received from four producers and ten importers.[10] Pricing data reported by these firms (on a quantity basis) accounted for 7.5 percent of U.S. producers' shipments of CTVs and 57.8, 7.2, and 4.5 percent of U.S. shipments of subject imports from China, Malaysia, and Mexico, respectively, in 2003.[11] Pricing data for products 1 through 6 are shown in tables V-1 to V-8 and figures V-1 to V-6. Most pricing data collected were for sales to the retail market, and are included in tables V-1 to V-6; all sales to OEMs were done by domestic producers and these data can be found in table V-7. Purchase price data were also requested from direct importers; the landed, duty-paid, price and quantity data can be found in table V-8.

Table V-1
Product 1: Weighted-average quarterly f.o.b. prices, quantities, and margins for product 1 sold to retailers, January 2001-December 2003

* * * * * * *

Table V-2
Product 2: Weighted-average quarterly f.o.b. prices, quantities, and margins for product 2 sold to retailers, January 2001-December 2003

* * * * * * *

Table V-3
Product 3: Weighted-average quarterly f.o.b. prices, quantities, and margins for product 3 sold to retailers, January 2001-December 2003

* * * * * * *

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[8] Repsondent Funai's prehearing brief, pp. 42-43.

[9] Respondent Wal-Mart's postconference brief, p. 9.

[10] Some producers and/or importers had negative quantities and/or values for certain quarters due to returns and phase-outs. Where these negative values occurred, the data were subtracted from the most recent quarter with a large sales volume. Data from *** were not used, due to ***.

[11] ***.

Table V-4
Product 4: Weighted-average quarterly f.o.b. prices, quantities, and margins for product 4 sold to retailers, January 2001-December 2003

* * * * * * *

Table V-5
Product 5: Weighted-average quarterly f.o.b. prices, quantities, and margins for product 5 sold to retailers, January 2001-December 2003

* * * * * * *

Table V-6
Product 6: Weighted-average quarterly f.o.b. prices, quantities, and margins for product 6 sold to retailers, January 2001-December 2003

* * * * * * *

Table V-7
Products 1-6: Weighted-average quarterly f.o.b. prices and quantities for products 1-6 sold by U.S. producers to OEMs, January 2001-December 2003

* * * * * * *

Figure V-1
Weighted-average f.o.b. selling prices, as reported by U.S. producers and importers of product 1, by quarters, January 2001-December 2003

* * * * * * *

Figure V-2
Weighted-average f.o.b. selling prices, as reported by U.S. producers and importers of product 2, by quarters, January 2001-December 2003

* * * * * * *

Figure V-3
Weighted-average f.o.b. selling prices, as reported by U.S. producers and importers of product 3, by quarters, January 2001-December 2003

* * * * * * *

Figure V-4
Weighted-average f.o.b. selling prices, as reported by U.S. producers and importers of product 4, by quarters, January 2001-December 2003

* * * * * * *

Figure V-5
Weighted-average f.o.b. selling prices, as reported by U.S. producers and importers of product 5, by quarters, January 2001-December 2003

* * * * * * *

Figure V-6
Weighted-average f.o.b. selling prices, as reported by U.S. producers and importers of product 6, by quarters, January 2001-December 2003

* * * * * * *

Table V-8
Products 1-6: Weighted-average quarterly landed, duty paid importers' purchase prices and quantities, January 2001-December 2003

* * * * * * *

Price Trends and Comparisons

The CTV market is usually characterized by price erosion, due in part to technology improvements that both increase quality and decrease cost. As with other goods such as automobiles, new models may come out every year, if not more often, that are slightly different in styling or performance and that contain additional and/or newer features. Noting this trend, the consumer price index for televisions (not seasonally adjusted) has decreased each year since 1981.[12] After an 11-year trend of remaining relatively stable, the index increased between 1978 and 1981. Prices declined rapidly, at an average rate of 4.3 percent from 1981 to 1987. The decline slowed to an average rate of 1.4 percent from 1988 through 1994, but picked up again in 1995 through 2001, declining at an average rate of 4.3 percent.[13]

Producers, importers, and purchasers were asked how much, on average, prices for CTVs decline each year (holding features and technology constant), and whether the decline been increasing, decreasing, or staying the same. Generally, most producers replied in the 10 percent or above range. *** replied that the decline was 3 to 5 percent before 2001, but higher since the time when China and Malaysia entered the market; *** stated the decline is 5 to 10 percent generally; *** replied 10 percent (with flat-screen models falling faster); *** estimated 10 to 15 percent; *** noted CTV prices tend to decline at 10 percent, but moved higher (20 percent) in 2003; *** estimated 10 to 20 percent; and *** stated there has been a steady decline of 20 percent. Most importers estimated that the yearly decline in prices is around 10 percent. Seven importers noted acceleration in price declines, three noted that the decline seems about the same, and one noted that the decline was lower in 2003 than 2002. *** stated that though prices decline by about five percent per year, it is able to offer more features along with it. Of the 29 purchasers that quantified the price erosion, 10 noted that the decline was estimated to be 10 percent, with some replying that the decline has been greater and some replying that the decline has been less. A simple average of purchaser responses yielded an average decline of 11.7 percent.[14] Five

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[12] Respondent Funai's postconference brief, app. 5.

[13] *It should be noted that these data include a broad range of televisions, not just subject CTVs.*

[14] Of the "big five" retailers, *** replied 5 percent, *** replied 5 percent on average since January 1, 2001, but it increased to 10 percent in 2003, *** replied 7 to 10 percent, *** replied 10 percent within a screen size, and *** replied 10 to 15 percent.

purchasers noted that the rate of decline has been increasing, six noted that the decline has been steady, and one noted that the decline has been decreasing.

Pricing for the six products in general declined throughout the period. See tables V-1 to V-8 and figures V-1 to V-6 for more detailed information. The Chinese product was priced less than the domestic product in 26 of 28 possible price comparisons, the Malaysian product was priced less than the domestic product in all 21 comparisons, and the Mexican product was priced less in 39 of 50 comparisons.

Producers, importers, and purchasers were asked how prices of flat-screen tube CTVs have behaved relative to near-flat curved tube CTVs since January 2001. Of the three producers that responded in a meaningful way, *** noted that the gap has remained the same, whereas *** replied that the gap has continually decreased from the initial premium. *** quantified the decrease in the gap: from $350 in January 2001 to $100-$150 now. *** stated generally that flat-screen CTV prices have decreased more than 20 percent since 2001. *** stated that its flat-screen production is too new to characterize, *** noted that it only sells flat-screen CTVs, and *** did not respond. Ten of the 14 responding importers noted that the gap between near-flat curved tube and flat-screen CTVs has narrowed, whereas four replied that the gap in pricing has remained the same. Importers noting a narrowing gap estimated the gap to have decreased by between 10 and 50 percent. *** detailed its minimum suggested retail price (MSRP) for 2001, 2002, and 2003 for both a near-flat curved and a flat screen CTV. In 2001 and 2002, the flat screen CTV MSRP was 66-percent higher than the near-flat curved CTV; in 2003, the flat screen CTV MSRP was only 43 percent higher. Nineteen of 27 responding purchasers also noted that the gap has been decreasing, whereas seven noted that the gap has stayed the same and one noted that it has increased. The decrease in the gap noted by purchasers ranged from 10 to 65 percent.

Purchasers were asked to list the quantity and value of their sales of CTVs, breaking down their sales by tier for 2003. Nineteen purchasers responded in a meaningful manner.[15] In 2003, these purchasers noted selling 1.18 million CTVs in the good tier for an average price of $232.17, 1.29 million CTVs in the better tier for an average price of $395.19, and 1.16 million CTVs in the best tier for an average price of $522.74.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of CTVs to report any instances of lost sales or revenues they experienced due to competition from imports of CTVs from China since January 2001.[16] U.S. producer *** reported in the petition that it had lost sales or reduced prices in order to keep sales. The only other producer to report any specific lost sales or lost revenue allegations was ***, which also noted ***. *** mentioned that it felt pressure to reduce prices from ***.[17]

***. ***. ***:

"* * * * * * *"

[15] Three of the responding purchasers (***), however, do not compete at the same level of trade as the other 16. Their answers were not tabulated with the rest.

[16] Allegations were also sought for any lost sales or revenues due to subject imports from Malaysia, as it was still a subject country when the questionnaires were sent.

[17] ***.

***:

"* * * * * * *"

***.[18] ***:

"* * * * * * *"[19]

***:

"* * * * * * *"[20]

[18] ***.

[19] ***.

[20] Fax from *** dated April 23, 2004. As of April 27, 2004, ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Seven producers, which together accounted for all known U.S. commercial shipments and internal consumption and/or transfers to related companies of CTVs during the period examined, supplied financial data on their CTV operations.[1] Only one producer, ***, reported transfers of CTVs to related firms (approximately *** percent of the aggregate 2003 sales value).

The questionnaire data of Five Rivers were verified with its company records at its corporate facilities. The verification adjustments were incorporated into this report.[2] The financial data of Five Rivers were changed to ***. The adjustments for Five Rivers resulted in ***.

OPERATIONS ON CTVs

The aggregate fiscal year results of the U.S. producers' operations on CTVs are presented in table VI-1. While total sales volume decreased continuously between 2001 and 2003, total sales value increased slightly from 2001 to 2002, due mainly to an increase in the average unit sales value. Total sales value decreased from 2002 to 2003, which resulted principally from decreased sales volumes and also from decreased unit values. Operating income increased from 2001 to 2002, then decreased slightly from 2002 to 2003. Operating income as a ratio to net sales increased continuously between 2001 and 2003; the combined U.S. producers remained profitable in each of the three years for which data were collected.

Due to variations in product mix (depending on sizes and types of CTVs), unit value data are not conducive to a meaningful variance analysis (a variance analysis is based on unit values and quantities). Therefore, no variance analysis is presented.

The results of operations by individual firm are presented in table VI-2. The table presents selected financial data on a company-by-company basis for net sales (quantity and value), operating income/(loss), and the ratio of operating income/(loss) to net sales value.[3] *** producers experienced operating income for the entire period for which data were collected and *** producers incurred operating losses for the period.

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[1] The producers whose fiscal years end on other than December 31 are ***. ***.

[2] *** revised financial data were also incorporated into this report.

[3] ***.

Table VI-1
Results of operations of U.S. producers in the production of CTVs, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Quantity (*1,000 units*)		
Commercial sales	***	***	***
Internal consumption	0	0	0
Related company transfers	***	***	***
Total net sales	5,107	4,704	4,203
	Value (*$1,000*)		
Commercial sales	***	***	***
Internal consumption	0	0	0
Related company transfers	***	***	***
Total net sales	2,754,781	2,802,160	2,475,453
COGS	2,374,652	2,402,847	2,092,166
Gross profit	380,129	399,313	383,287
SG&A expenses	260,930	268,275	254,565
Operating income	119,199	131,038	128,722
Interest expense	7,348	5,336	2,926
Other expense	4,429	8,356	152
Other income	6,400	2,788	2,307
Net income	113,822	120,134	127,951
Depreciation/amortization	26,237	26,389	27,853
Cash flow	140,059	146,523	155,804
	Ratio to net sales (*percent*)		
COGS	86.2	85.8	84.5
Gross profit	13.8	14.3	15.5
SG&A expenses	9.5	9.6	10.3
Operating income	4.3	4.7	5.2
	Number of firms reporting		
Operating losses	3	4	3
Data	7	7	7

Continued on next page.

Table VI-1--*Continued*
Results of operations of U.S. producers in the production of CTVs, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Unit value (*per unit*)		
Net sales	$539	$596	$589
COGS	465	511	498
Gross profit	74	85	91
SG&A expenses	51	57	61
Operating income	23	28	31
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-2
Results of operations of U.S. producers, by firm, in the production of CTVs, fiscal years 2001-03

* * * * * * *

Selected aggregate per-unit cost data of the producers on their operations, i.e., unit COGS and unit SG&A expenses, are presented in table VI-3. Again, the unit value data may not provide a meaningful analysis due to variations in product mix.

Table VI-3
Unit costs of U.S. producers in the production of CTVs, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
COGS:			
Color picture tubes[1]	$212	$226	$213
Other raw materials	196	222	218
Direct labor	15	18	19
Factory overhead	42	45	47
Total COGS	465	511	498
SG&A expenses:			
Selling expenses	28	34	36
G&A expenses	23	23	25
Total SG&A expenses	51	57	61
Total cost	516	568	558
Notes on next page.			

Continuation.

[1] *** did not provide the costs of color picture tubes separately, in spite of the Commission staff's repeated requests. Therefore, its total material costs were allocated to color picture tubes and other material costs based on the average ratios of the other six producers.

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

DOMESTIC VALUE ADDED

The domestic value added by individual producers as a share of total processing costs in 2003 is presented in table VI-4. The analysis of value added shows two ratios: a ratio of U.S. raw materials and the sum of U.S. direct labor and factory overhead (conversion costs) to COGS, and a ratio of U.S. raw materials and U.S. conversion costs plus SG&A expenses to the sum of COGS and SG&A expenses. The total value of foreign-sourced and domestically produced components for 2003 is presented in table VI-5.

Table VI-4
The domestic value added by U.S. producers, by firm, in the production of CTVs, fiscal year 2003

* * * * * * *

Table VI-5
The value (*in 1,000 dollars*) of the major foreign-sourced and domestically produced components of U.S. producers in the production of CTVs, fiscal years 2001-03

Item	Fiscal year 2003	
	Foreign-sourced	Domestically produced
Color picture tubes	124,026	738,325
2nd major part	380,135	23,753
All other parts	222,480	248,040
Total[1]	726,641	1,010,118

[1] *** maintains that these data are not available, and Sharp ceased production in the United States in December 2002.

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

CAPITAL EXPENDITURES, R&D EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

U.S. producers' capital expenditures and research and development (R&D) expenses, together with the value of their fixed assets, are presented in table VI-6. Capital expenditures increased between 2001 and 2002 because of ***.[4] In 2003, capital expenditures decreased to approximately the same level as that of 2001. Capital expenditures by individual firms are presented in table VI-7.

Table VI-6
Capital expenditures, R&D expenses, and the original cost and book value of assets utilized by U.S. producers in their production of CTVs, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Value (*$1,000*)		
Capital expenditures	35,950	45,806	35,338
R&D expenses	***	***	***
Productive facilities:			
Original cost	377,006	394,994	391,018
Book value	93,302	108,983	99,213

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

Table VI-7
Capital expenditures by U.S. producers, by firm, in their production of CTVs, fiscal years 2001-03

* * * * * * *

Aggregated R&D expenses decreased between 2001 and 2002 and then increased in 2003 to a level approximately equal to that of 2001. Four producers, (***), reported R&D expenses. However, *** spent approximately *** of total R&D expenses for all three years. The original cost and book value of fixed assets followed the same pattern, increasing from 2001 to 2002 and decreasing from 2002 to 2003.[5]

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of CTVs from China and Malaysia. The producers' comments are presented in appendix G.

[4] ***.

[5] ***.

PART VII: THREAT CONSIDERATIONS

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

THE INDUSTRY IN CHINA

Subject Manufacturers

China is reportedly the world's largest producer of both CTVs and color picture tubes, with approximately 90 CTV producers.[1] Table VII-1 lists the CTV manufacturers in China that provided responses to the Commission's foreign producer questionnaire.[2] The four firms listed in table VII-1 with *** (Changhong, Konka, TCL, and XOCECO) were the firms selected by Commerce in its preliminary and final investigations for China as mandatory respondents eligible for separate LTFV margins. As shown in table VII-1, the majority of China's exports to the United States (i.e., primarily those manufactured by ***) are through U.S. importers unrelated to the Chinese manufacturers, although there are some sales to the United States from *** through their related firms. In addition, *** each have related firms in other countries that also produce CTVs (table VII-2). Petitioners report that Apex, the *** U.S. importer of subject CTVs, has recently signed an exclusive agreement with Changhong.[3]

Table VII-3 provides additional information on the structure of firms' operations in the subject countries. As shown, sales of CTVs reportedly accounted for between *** percent and *** percent of the total establishment sales of the Chinese CTV manufacturers. *** in 2003 completed the construction of a new assembly line and *** brought a new production plant in *** Province on line in May 2003. In addition, *** reportedly plans to expand its production capacity due to high demand in the Canadian, EU, and Japanese markets. CTV production lines are used in the manufacture of other products, such as color television receivers under 21 inches, by some firms; other firms produce on dedicated machinery and equipment.

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[1] Petitioners' prehearing brief, p. 45 (citing the *Friedl Report* in exhibit 7 of the petition).

[2] All producers in China that received the Commission's foreign producer questionnaire provided a response to the Commission.

[3] Petitioners' prehearing brief, pp. 50-51, citing "About Apex Digital, Inc," at *www.apexdigitalinc.com*, retrieved July 8, 2003.

Table VII-1
CTVs: Chinese producers, their U.S. importing firms, and their production and exports to the United States, by firm, 2003

Firm	U.S. importer(s)	2003		
		Production (*1,000 units*)	Exports to the U.S. (*1,000 units*)	Share of exports to the U.S. (*percent*)
Changhong[1]	***[2]	***	***	***
Chaungwei[3]	***	***	***	***
Haier[4]	***[5]	***	***	***
Hisense[6]	***[5]	***	***	***
Konka[7]	***	***	***	***
Philips China[8]	***[5]	***	***	***
SSV[9]	***	***	***	***
SVA-DAV[10]	***	***	***	***
Starlight[11]	***	***	***	***
TCL[12]	***	***	***	***
XOCECO[13]	***[5]	***	***	***
Total	--	***	***	***

[1] Sichuan Changhong Electric Co., Ltd. (Mianyang, Sichuan, China).
[2] ***. Staff conversation with counsel for Changhong, April 29, 2004.
[3] Shenzhen Chaungwei-RGB Electronics Co., Ltd., also known as Skyworth Electrical Appliances (Shenzhen, China).
[4] Haier Electric Appliances International Co. (Qingdao, China).
[5] ***.
[6] Hisense Electric Co., Ltd/Hisense Import and Export Co., Ltd. (Qingdao, China).
[7] Konka Group Co., Ltd. (Guangdong, China).
[8] Philips Consumer Electronics Co. of Suzhou, Ltd. (Suzhou, China).
[9] Shanghai Suoguang Visual Products Co., Ltd.
[10] SVA Group Co., Ltd. (Shanghai, China).
[11] Starlight International Holdings Ltd. (Hong Kong).
[12] TCL Corp./TCL Holding Co., Ltd. (Huizhou, Guangdong, China).
[13] Xiamen Overseas Chinese Electronic Co., Ltd. (Xiamen, Fujian, China).

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

Table VII-2
CTVs: Related firms that produce, or plan to produce, CTVs

* * * * * * *

Table VII-3
CTVs: Structure of operations of subject producers in China, by firm

* * * * * * *

Data on CTV Operations in China

Data concerning the aggregate CTV operations of the responding subject manufacturers in China are presented in table VII-4. The reported capacity to manufacture CTVs in China, as shown in table VII-4, increased by *** percent from 2001 to 2002 and by *** percent from 2002 to 2003 and is projected to rise by another *** percent in 2004 and by *** percent in 2005. CTV production capacity at Changhong, ***, rose from *** units in 2001 to *** in 2002 and to *** in 2003 and is projected to *** in 2004 and 2005.[4] Aggregate capacity utilization for the Chinese CTV manufacturers was reported at *** percent in 2001 and then increased to *** percent in 2002 and *** percent in 2003 with capacity utilization around *** percent continuing into 2004 and 2005 (table VII-4). Changhong's capacity utilization ratios *** and are projected to *** in 2004 and 2005.[5]

Table VII-4
CTVs: China's reported production capacity, production, shipments, and inventories, 2001-03 and projected 2004-05

* * * * * * *

As shown in table VII-4, the majority of CTVs manufactured in China are sold within the home market, although the quantities and shares of total shipments sold to export markets, including the United States, increased steadily during the 2001-03 period. Exports to the United States of CTVs from China, however, are projected to decline in 2004 and again in 2005. As shown in the following tabulation, the magnitude of the decline is *** projections submitted by ***, although declines in exports to the United States in 2004 and/or 2005 are also anticipated by ***, while *** increased shipments to the United States in both 2004 and 2005.

* * * * * * *

Counsel for Changhong and the CCCME has stated that ***. Counsel further states "U.S. demand for CRT-based CTVs in the subject sizes appears to be declining whereas demand for flat panel type televisions (i.e., plasma, DLP, etc.) is increasing. In developing countries (especially China), on the other hand, demand for CRT-based televisions is and has been increasing." In addition,

***.

***.[6]

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[4] Foreign producer questionnaire response of Changhong.

[5] Ibid.

[6] E-mail dated February 27, 2004 from counsel for Changhong and the CCCME.

As indicated earlier, Wal-Mart ***.[7] ***. ***. *See* the following section of the report for data on the quantity of CTVs imported from China in *** that remained in inventory at year-end.

U.S. IMPORTERS' INVENTORIES

Data on U.S. importers' end-of-period inventories of U.S. imports of CTVs from China are shown in table VII-6. As shown in a note to table VII-6, the ***.[8] ***.[9] With respect to a staff question concerning the ***, the firm stated in a letter from counsel, dated May 7, 2004, that:

"* * * * * * *"

Table VII-6
CTVs: U.S. importers' end-of-period inventories of product imported from China, 2001-03

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS

In the Commission's U.S. importers' questionnaire, firms were asked if they had arranged for the importation of CTVs from China for future delivery. Of the 22 responding firms (not all of which have historically imported from China), *** reported that it had arranged for the importation of subject CTVs to be delivered after December 31, 2003. The specifics are presented below.

* * * * * * *

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

In 1991, the European Union (EU) imposed antidumping duties on TV receivers made by seven Chinese manufacturers: Changhong, Chuangwei, Haier, Hisense, Konka, TCL, and XOCECO.[10] The order was reviewed in 1995, after which the antidumping duty was raised to 44.6 percent on all television receivers greater than 15.5 cm. In 2000, a petition was filed with the EU by XOCECO to have the order reviewed. Subsequently, the EU and the Chinese TV manufacturers negotiated a price floor on imports up to a volume threshold, with a duty levied on imports exceeding that volume.[11]

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[7] Wal-Mart's posthearing brief, p. 8.

[8] ***.

[9] *See* the following section of this report for U.S. importers' current orders.

[10] Petition, p. 39 and injury exhibit 10. The following antidumping duties on television receivers from China were imposed: 15.3 percent on screen sizes over 15.5 cm but no greater than 42 cm and 25.6 percent on screen sizes greater than 42 cm.

[11] Petition, p. 39 and exhibit 11.

APPENDIX A

FEDERAL REGISTER NOTICES

addresses of respondents, will be available for public review. Individual respondents may request that Reclamation and the Service withhold their home address from public disclosure, which will be honored to the extent allowable by law. There also may be circumstances in which Reclamation and the Service would withhold a respondent's identity from public disclosure, as allowable by law. If you wish to have your name and/or address withheld, you must state this prominently at the beginning of your comment. Reclamation and the Service will make all submissions from organizations or businesses and from individuals identifying themselves as representatives or officials of organizations or businesses available for public disclosure in their entirety.

Dated: January 16, 2004.

Willie R. Taylor,

Director, Office of Environmental Policy and Compliance.

[FR Doc. 04–1554 Filed 1–23–04; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1034 and 1035 (Final)]

Certain Color Television Receivers From China and Malaysia

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731–TA–1034 and 1035 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China and allegedly less-than-fair-value imports from Malaysia of certain color television receivers, provided for in statistical reporting numbers 8528.12.2800, 8528.12.3250, 8528.12.3290, 8528.12.3600, 8528.12.4000, 8528.12.4400, 8528.12.4800, 8528.12.5200, and 8528.12.5600 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: November 28, 2003.

FOR FURTHER INFORMATION CONTACT: Debra Baker (202–205–3180), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—The final phase of these investigations is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain color television receivers from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on May 2, 2003, by Five Rivers Electronic Innovations, LLC, Greeneville, TN; the International Brotherhood of Electrical Workers, Washington, DC; and the IUE–CWA, the Industrial Division of the Communications Workers of America, Washington, DC.

Although the Department of Commerce has preliminarily determined that imports of certain color television receivers from Malaysia are not being and are not likely to be sold in the United States at less than fair value, for purposes of efficiency the Commission hereby waives rule 207.21(b)[2] so that the final phase of the investigations may proceed concurrently in the event that Commerce makes a final affirmative determination with respect to such imports.

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of the investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of the investigations will be placed in the nonpublic record on April 1, 2004, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on April 15, 2004, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before April 7, 2004. A nonparty who has testimony that may aid the

[1] For purposes of these investigations, the Department of Commerce has defined the subject merchandise as "complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. Specifically excluded from these investigations are computer monitors or other video display devices that are not capable of receiving a broadcast television signal."

[2] Section 207.21(b) of the Commission's rules provides that, where the Department of Commerce has issued a negative preliminary determination, the Commission will publish a Final Phase Notice of Scheduling upon receipt of an affirmative final determination from Commerce.

Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on April 9, 2004, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is April 8, 2004. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is April 22, 2004; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before April 22, 2004. On May 7, 2004, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before May 11, 2004, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: January 20, 2004.

Marilyn R. Abbott,

Secretary.

[FR Doc. 04–1535 Filed 1–23–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–481]

In the Matter of Certain Display Controllers With Upscaling Functionality and Products Containing Same; Notice of Commission Determination To Remand Investigation to the Administrative Law Judge; Extension of Target Date for Completion of the Investigation

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission determined to remand the above-referenced investigation to the presiding administrative law judge (ALJ) for further proceedings and making any findings necessary in order to make determinations with regard to the infringement, domestic industry, and validity issues under the Commission review in light of the claim construction determinations made by the Commission. The Commission also determined to extend the target date in this investigation by seven (7) months, *i.e.*, until August 20, 2004.

FOR FURTHER INFORMATION CONTACT: Michael Liberman, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–3115. Copies of the public version of the ALJ's ID and all other nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on October 18, 2002, based on a complaint filed by Genesis Microchip (Delaware) Inc. ("Genesis") of Alviso, California, against Media Reality Technologies, Inc. of Sunnyvale, California; Trumpion Microelectronics, Inc. of Taipei, Taiwan; and SmartASIC, Inc. ("SmartASIC") of San Jose, California. 67 FR 64411 (October 18, 2002). The complaint alleges violations of section 337 of the Tariff Act of 1930 in the importation and sale of certain display controllers with upscaling functionality and products containing same by reason of infringement of certain claims of U.S. Patent No. 5,738,867.

On January 14, 2003, the ALJ issued an ID (Order No. 6) terminating respondent SmartASIC from the investigation on the basis of a settlement agreement. On February 12, 2003, the Commission issued a notice of its decision not to review that ID (Order No. 6).

The evidentiary hearing in this investigation was held from July 14, 2003, through July 25, 2003. On October 20, 2003, the ALJ issued his final ID in which he found that there was no violation of section 337. All the parties to the investigation, including the Commission investigative attorneys filed timely petitions for review of various portions of the final ID, and all of them filed timely responses to the petitions.

On December 5, 2003, the Commission determined to review the final ID in part. The Commission issued a notice dated December 9, 2003, in which the Commission requested briefing, based on the evidentiary record, on the issues under review. All parties to this investigation filed timely written submissions, and timely reply submissions, regarding the issues under review.

Having reviewed the record in this investigation, including the ID and the written submissions of the parties, the Commission determined to make claim construction determinations with regard to the patent claims under review, and to remand the investigation to the ALJ for making infringement, domestic industry, and validity findings in light of the claim construction

Contract Activity: Defense Commissary Agency (DeCA), Ft. Lee, Virginia.
Product/NSN: Sponge, Bath, M.R. 593.
NPA: Industries for the Blind, Greensboro, North Carolina.
Contract Activity: Defense Commissary Agency (DeCA), Ft. Lee, Virginia.
Product/NSN: Vegetable Peeler, Stainless Steel, M.R. 825.
NPA: Cincinnati Association for the Blind, Cincinnati, Ohio.
Contract Activity: Defense Commissary Agency (DeCA), Ft. Lee, Virginia.

Sheryl D. Kennerly,
Director, Information Management.
[FR Doc. 04–8688 Filed 4–15–04; 8:45 am]
BILLING CODE 6353–01–P

COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Procurement List; Additions and Deletions

AGENCY: Committee for Purchase from People Who Are Blind or Severely Disabled.

ACTION: Additions to and deletions from procurement list.

SUMMARY: This action adds to the Procurement List services to be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities, and deletes from the Procurement List services previously furnished by such agencies.

EFFECTIVE DATE: May 16, 2004.

ADDRESSES: Committee for Purchase From People Who Are Blind or Severely Disabled, Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway, Arlington, Virginia 22202–3259.

FOR FURTHER INFORMATION CONTACT: Sheryl D. Kennerly, (703) 603–7740.

SUPPLEMENTARY INFORMATION:

Additions

On February 13, 2004, the Committee for Purchase From People Who Are Blind or Severely Disabled published notice (69 FR 7191) of proposed additions to the Procurement List. After consideration of the material presented to it concerning capability of qualified nonprofit agencies to provide the services and impact of the additions on the current or most recent contractors, the Committee has determined that the services listed below are suitable for procurement by the Federal Government under 41 U.S.C. 46–48c and 41 CFR 51–2.4.

Regulatory Flexibility Act Certification

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action will not result in any additional reporting, recordkeeping or other compliance requirements for small entities other than the small organizations that will furnish the services to the Government.

2. The action will result in authorizing small entities to furnish the services to the Government.

3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 46–48c) in connection with the services proposed for addition to the Procurement List.

End of Certification

Accordingly, the following services are added to the Procurement List:

Services

Service Type/Location: Custodial Services, Federal Building, U.S. Post Office and Courthouse, 300 E. 3rd Street, North Platte, Nebraska.
NPA: Goodwill Employment Services of Central Nebraska, Inc., Grand Island, Nebraska.
Contract Activity: GSA, Public Buildings Service (Region 6), Kansas City, Missouri.
Service Type/Location: Grounds Maintenance, Pueblo Chemical Depot, Installation Acreage, Pueblo, Colorado.
NPA: Pueblo Diversified Industries, Inc., Pueblo, Colorado.
Contract Activity: U.S. Army, Rocky Mountain Arsenal, Commerce City, Colorado.

Deletions

On February 20, 2004, the Committee for Purchase From People Who Are Blind or Severely Disabled published notice (69 FR 7907) of proposed deletions to the Procurement List.

After consideration of the relevant matter presented, the Committee has determined that the services listed below are no longer suitable for procurement by the Federal Government under 41 U.S.C. 46–48c and 41 CFR 51–2.4.

Regulatory Flexibility Act Certification

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered for this certification were:

1. The action may result in additional reporting, recordkeeping or other compliance requirements for small entities.

2. The action may result in authorizing small entities to furnish the services to the Government.

3. There are no known regulatory alternatives which would accomplish the objectives of the Javits-Wagner-O'Day Act (41 U.S.C. 46–48c) in connection with the services deleted from the Procurement List.

End of Certification

Accordingly, the following services are deleted from the Procurement List:

Services

Service Type/Location: Operation of Recycling Center, Minot Air Force Base, North Dakota.
NPA: Minot Vocational Adjustment Workshop, Inc., Minot, North Dakota.
Contract Activity: Department of the Air Force, Minot Air Force Base, North Dakota.
Service Type/Location: Parts Sorting, Defense Reutilization and Marketing Office, Fort Lewis, Washington.
NPA: Morningside, Olympia, Washington.
Contract Activity: Defense Logistics Agency, Battle Creek, Michigan.

Sheryl D. Kennerly,
Director, Information Management.
[FR Doc. 04–8689 Filed 4–15–04; 8:45 am]
BILLING CODE 6353–01–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–557–812]

Notice of Final Determination of Sales at Not Less Than Fair Value: Certain Color Television Receivers From Malaysia

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

SUMMARY: On November 28, 2003, the Department of Commerce published its preliminary determination of sales at not less than fair value of certain color television receivers from Malaysia. The period of investigation is April 1, 2002, through March 31, 2003.

Based on our analysis of the comments received, we have made changes in the margin calculations. Therefore, the final determination differs from the preliminary determination. The final weighted-average dumping margins are listed below in the section entitled "Final Determination Margins."

EFFECTIVE DATE: April 16, 2004.

FOR FURTHER INFORMATION CONTACT: Mike Strollo or Gregory Kalbaugh at (202) 482–0629 and (202) 482–3693, respectively, AD/CVD Enforcement, Office 2, Import Administration,

International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Final Determination

We determine that certain color television receivers (CTVs) from Malaysia are not being sold, or are not likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at not LTFV are shown in the "Final Determination Margins" section of this notice.

Case History

The preliminary determination in this investigation was issued on November 21, 2003. *See Notice of Negative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Negative Preliminary Determination of Critical Circumstances: Certain Color Televisions From Malaysia*, 68 FR 66810 (Nov. 28, 2003) (*Preliminary Determination*).

Since the preliminary determination, the following events have occurred. In December 2003, we conducted verification of the questionnaire responses of the sole respondent in this case, Funai Electric (Malaysia) Sdn. Bhd (Funai Malaysia).

In February 2004, we received case and rebuttal briefs from the petitioners (Five Rivers Electronic Innovations, LLC, the International Brotherhood of Electrical Workers, and the Industrial Division of the Communications Workers of America) and Funai Malaysia. The Department held a public hearing on March 11, 2003, at the request of the petitioners.

Scope of the Investigation

For purposes of this investigation, the term "certain color television receivers" includes complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. Specifically excluded from this investigation are computer monitors or other video display devices that are not capable of receiving a broadcast television signal.

The color television receivers subject to this investigation are currently classifiable under subheadings 8528.12.2800, 8528.12.3250, 8528.12.3290, 8528.12.4000, 8528.12.5600, 8528.12.3600, 8528.12.4400, 8528.12.4800, and 8528.12.5200 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of the merchandise under investigation is dispositive.

Scope Comments

Prior to the preliminary determination in this case, interested parties in this investigation, Algert Co., Inc., and Panasonic AVC Networks Kuala Lumpur Malaysia Sdn. Bhd (collectively, Algert/Panasonic), requested that Panasonic multi-system, dual/auto voltage CTVs be excluded from the scope of this investigation because: (1) These CTVs are not produced domestically; and (2) they do not compete in any meaningful way with CTVs that are produced in the United States. We preliminarily found that this product fell within the scope of this investigation. Because we have received no further scope comments in this proceeding, we are making a final determination that these products fall within the scope of this investigation.

Class or Kind

As part of its scope request, Algert/Panasonic argued that the Panasonic multi-system, dual/auto voltage CTVs fall into a separate class or kind of merchandise from other color televisions. We preliminarily found that the CTVs in question did not constitute a separate class or kind of merchandise. Because we have received no further scope comments in this proceeding, we are making a final determination that these products do not constitute a separate class or kind of merchandise.

Period of Investigation

The period of investigation (POI) is April 1, 2002, through March 31, 2003. This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, May 2003).

Analysis of Comments Received

All issues raised in the case briefs by parties to this proceeding and to which we have responded are listed in the Appendix to this notice and addressed in the Decision Memorandum, which is adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B–099 of the main Commerce Building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at *http://ia.ita.doc.gov/frn/index.html*. The paper copy and electronic version of the Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of comments received, we have made certain changes to the margin calculations. For a discussion of these changes, see the "Margin Calculations" section of the Decision Memorandum.

Critical Circumstances

The petition contained a timely allegation that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of subject merchandise. Section 735(a)(3) of the Act provides that the Department will determine if: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there would be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period.

In this case, our final determination is negative. Accordingly, a critical circumstances determination is irrelevant because there is no possibility of retroactive suspension of liquidation.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondent for use in our final determination. We used standard verification procedures including examination of relevant accounting records, production records, and original source documents provided by the respondent.

Final Determination Margins

We determine that the following percentage weighted-average margins exist:

Manufacturer/exporter	Margin (percent)
Funai Electric (Malaysia) Sdn. Bhd (Funai Malaysia)	0.75

Suspension of Liquidation

Because the estimated weighted-average dumping margin for the investigated company is 0.75 percent (*de minimis*), we are not directing the Customs Service to suspend liquidation of entries of CTVs from Malaysia.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination.

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing this determination and notice in accordance with sections section 735(d) and 777(i) of the Act.

Dated: April 12, 2004.

Jeffrey May,

Acting Assistant Secretary for Import Administration.

Appendix—Issues in the Decision Memorandum

1. Unreported Sales and Cost Data
2. Returns of Subject Merchandise
3. Date of Sale/Date of Shipment
4. U.S. Billing Adjustments
5. Unreported Sales Discounts
6. U.S. Rebates
7. U.S. Inland Insurance Expenses
8. U.S. Other Transportation Expenses
9. U.S. Customs Duties
10. U.S. Indirect Warranty Expenses/U.S. International Freight Expense
11. Date of Payment/Letter of Credit Sales
12. Calculation of Imputed Credit Expenses
13. U.S. Indirect Selling Expenses
14. Expenses Associated with Sample Sales
15. Reclassification of Foreign Indirect Selling Expenses as G&A
16. Treatment of Indirect Selling Expenses in Malaysia and Japan
17. Home Market Credit Expenses and Commission Offset
18. Clerical Errors in the Preliminary Determination
19. Affiliated Manufacturer of A Major Input
20. Major Input Transfer Price
21. Raw Materials Cost
22. Parent Company General and Administrative Expense Allocation
23. Negative General and Administrative Departmental Expenses
24. Research and Development Costs
25. Short-Term Income Offset to Financial Expenses
26. CV Profit

[FR Doc. 04–8692 Filed 4–15–04; 8:45 am]
BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–884]

Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China

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

EFFECTIVE DATE: April 16, 2004.

FOR FURTHER INFORMATION CONTACT: Irina Itkin or Elizabeth Eastwood, Office of AD/CVD Enforcement, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0656 or (202) 482–3874, respectively.

Final Determination

We determine that certain color television receivers (CTVs) from the People's Republic of China (PRC) are being sold, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

The preliminary determination in this investigation was issued on November 21, 2003. *See Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China* FR 66800 (Nov. 28, 2003) (*Preliminary Determination*

Since the preliminary determination, the following events have occurred. In December 2003 and January 2004, we conducted verification of the questionnaire responses of the four participating respondents in this case, Konka Group Company, Ltd. (Konka); Sichuan Changhong Electric Co., Ltd. (Changhong); TCL Holding Company Ltd. (TCL); and Xiamen Overseas Chinese Electornic Co., Ltd. (XOCECO).

We gave interested parties an opportunity to comment on the preliminary determination. In February 2004, we received case and rebuttal briefs from the petitioners (Five Rivers Electronic Innovations, LLC, the International Brotherhood of Electrical Workers, and the Industrial Division of the Communications Workers of America), Changhong, Konka, TCL, and XOCECO. We also received case briefs from one additional PRC exporter of subject merchandise, Philips Consumer Electronics Co. of Suzhou Ltd. (Philips), three U.S. importers (*i.e.*, Apex Digital, Inc. (Apex); Sears, Roebuck & Co. (Sears); and Wal-Mart Stores, Inc. (Wal-Mart)), and the China Chamber of Commerce for Imports and Exports of Machinery and Electronic Products (CCME). The Department held a public hearing on March 3, 2004, at the request of Changhong, Konka, and TCL.

On February 23, 2004, Changhong requested that any antidumping order issued by the Department in this proceeding include scope language which states that varieties of CTVs that do not use a cathode ray tube are not included in the scope of this investigation. On April 5, 2004, the petitioners filed comments objecting to Changhong's February 23 request. For further discussion, see the "Scope *Comments" section of this notice*, below.

Scope of the Investigation

For purposes of this investigation, the term "certain color television receivers" includes complete and incomplete direct-view or projection-type cathode-ray tube color television receivers, with a video display diagonal exceeding 52 centimeters, whether or not combined with video recording or reproducing apparatus, which are capable of receiving a broadcast television signal and producing a video image. "Incomplete" CTVs are defined as unassembled CTVs with a color picture tube (*i.e.*, cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled. Specifically excluded from this investigation are computer monitors or other video display devices that are not capable of receiving a broadcast television signal.

The color television receivers subject to this investigation are currently classifiable under subheadings 8528.12.2800, 8528.12.3250, 8528.12.3290, 8528.12.4000, 8528.12.5600, 8528.12.3600, 8528.12.4400, 8528.12.4800, and 8528.12.5200 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Although the HTSUS subheading is provided for convenience and customs

purposes, the written description of the scope of the merchandise under investigation is dispositive, and parts or imports of assemblages of parts that comprise less than a complete CTV.

Scope Comments

On February 13, 2004, the petitioners placed on the record information to clarify the definition of "incomplete" CTVs, as used in the petition. The petitioners note that "incomplete" CTVs are defined as unassembled CTVs with a color picture tube (*i.e.*, cathode ray tube), printed circuit board or ceramic substrate, together with the requisite parts to comprise a complete CTV, when assembled. The petitioners also state that the scope language was not intended to cover parts or imports of assemblages of parts that comprise less than a complete CTV. *See* the petitioners' February 13 letter at page 2. The petitioners also note that the Court of International Trade (CIT) upheld this definition of "incomplete" CTVs in a separate antidumping proceeding on CTVs from the Republic of Korea. *See Goldstar Co., Ltd.* v. *United States*, 692 F. Supp. 1382, 1386–87 (CIT 1988).

On February 23, 2004, Changhong requested that the scope language be adjusted to include language to specify that varieties of CTVs which do not use a cathode ray tube (*e.g.*, plasma, LCD, DPL, and LCoS CTVs) are not included in the scope of this investigation. Changhong contends that these types of CTVs are not included because the petitioners' February 12 submission makes it clear that only CTVs with a cathode ray tube are covered by the scope of this investigation and, therefore, CTVs that do not include a cathode ray tube are not covered by the scope of this investigation.

On April 5, 2004, the petitioners submitted comments opposing Changhong's request to change the scope language. The petitioners maintain that the scope language contained in the petition, and relied on in the preliminary determination, clearly states that this investigation covers only those CTVs which incorporate a cathode ray tube. Additionally, the petitioners contend that it would be inappropriate to name the types of products that might potentially be excluded (*e.g.*, plasma, LCD, DPL, and LCoS), because these terms are imprecise. After considering Changhong's and the petitioners' comments, we find that the scope language contained in the petition clearly excludes CTVs that do not use a cathode ray tube and, therefore, have not revised the scope language for the final determination.

Period of Investigation

The period of investigation is October 1, 2002, through March 31, 2003, which corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, May 2003).

Nonmarket Economy Status for the PRC

The Department has treated the PRC as a nonmarket economy (NME) country in all past antidumping investigations. *See, e.g., Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings From the People's Republic of China*, 68 FR 61395, 61396 (Oct. 28, 2003). A designation as a NME remains in effect until it is revoked by the Department. *See* section 771(18)(C) of the Act. No party in this investigation has requested a revocation of the PRC's NME status. Therefore, we have continued to treat the PRC as an NME in this investigation. For further details, *see Preliminary Determination* 68 FR at 66803.

Market Oriented Industry

On July 15, 2003, Changhong requested that the Department make a determination that the CTV industry in the PRC is a market-oriented industry (MOI). After analyzing this claim, we notified Changhong that its claim must be made on behalf of the CTV industry as a whole, rather than on behalf of a specific exporter. Based on this guidance, in August and September 2003, Changhong, Konka, TCL, and XOCECO, as well as three additional PRC exporters of subject merchandise (*i.e.*, Haier Electric Appliances International Co. (Haier), Philips, and Shenzhen Chaungwei-RGB Electronics Co., Ltd. (Skyworth)) submitted additional information to show that the CTVs industry in the PRC is market-oriented. Again, we analyzed this claim and found that it did not sufficiently address the three prongs of the Department's MOI test. As a consequence, we notified the respondents in the preliminary determination that we were unable to conclude that the experiences of the firms making the claim are representative of the CTV industry in the PRC.

In March 2003, XOCECO, Prima Technology, Inc., and the CCME submitted information purportedly delineating the ownership and production levels of the top ten television producers in the PRC.[1] In February 2004, the CCME filed a case brief in which it argued that the information submitted by the respondents in this case demonstrates that each prong of the MOI test is met and the Department should find that the CTV industry in the PRC is market-oriented. We also received comments from the petitioners, who maintain that the Department should continue to find that the CTV industry is not an MOI.

In order to consider an MOI claim, the Department requires information on each of the three prongs of the MOI test regarding the situation and experience of the PRC CTV industry as a whole. Specifically, the MOI test requires that: (1) There be virtually no government involvement in production or prices for the industry; (2) the industry is marked by private or collective ownership that behaves in a manner consistent with market considerations; and (3) producers pay market-determined prices for all major inputs, and for all but an insignificant proportion of minor inputs. Additionally, an MOI allegation must cover all (or virtually all) of the producers in the industry in question. *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Synthetic Indigo From the People's Republic of China*, 64 FR 69723, 69725 (Dec. 14, 1999). *See also Notice of Final Determination of Sales at Less Than Fair Value: Freshwater Crawfish Tail Meat From the People's Republic of China*, 62 FR 41347, 41353 (Aug. 1, 1997). As a threshold matter, we note that the industry coverage of the respondents' claims remains uncertain and, in any case, inadequate. Moreover, even if respondents' MOI claim had been sufficient with respect to industry coverage, the data provided by the respondents strongly suggest that the CTV industry does not satisfy the second prong of the MOI test. Because the MOI allegation made in this case has not provided an adequate basis for considering the three factors of the Department's MOI test, we are unable to consider the MOI request. For a further discussion of this issue, see the Decision Memorandum at *Comment 1*.

Separate Rates

In our preliminary determination, we found that Changhong, Konka, TCL, and XOCECO had met the criteria for receiving a separate antidumping rate. We have not received any information since the preliminary determination

[1] This data was originally filed on December 2, 2003, however, XOCECO did not include in this submission any certifications from the companies from whom this information was obtained, nor did it submit the majority of the reports on which it relied in making its arguments. As a result, the Department requested that XOCECO and the CCME resubmit this data, which they did on March 17, 2004.

which would warrant reconsideration of our separate-rate determination with respect to these companies. Therefore, we continue to find that each of these exporters should be assigned an individual dumping margin. For a complete discussion of the Department's determination that the respondents are entitled to separate rates, see *Preliminary Determination* at 68 FR 66804.

Margins for Cooperative Exporters Not Selected

For our final determination, consistent with our preliminary determination, we have calculated a weighted-average margin for Haier, Hisense Import and Export Co., Ltd., Philips, Skyworth, Starlight International Holdings, Ltd., Star Light Electronics Co., Ltd., Star Fair Electronics Co., Ltd., Starlight Marketing Development Ltd., and SVA Group Co., Ltd. based on the rates calculated for those exporters that were selected to respond in this investigation, excluding any rates that are zero, *de minimis* or based entirely on adverse facts available. *See Preliminary Determination*, 68 FR at 66805. Companies receiving this rate are identified by name in the "Continuation of Suspension of Liquidation" section of this notice.

Surrogate Country

For purposes of the final determination, we continue to find that India is the appropriate primary surrogate country for the PRC. For further discussion and analysis regarding the surrogate country selection for the PRC, see *Preliminary Determination*, 68 FR at 66807.

PRC-Wide Rate and Use of Facts Otherwise Available

As explained in the Department's *Preliminary Determination*, there are numerous producers/exporters of the subject merchandise in the PRC. However, as noted in the preliminary determination, all exporters were given the opportunity to respond to the Department's questionnaire. Based upon our knowledge of the PRC and the fact that U.S. import statistics show that the responding companies did not account for all imports into the United States from the PRC, we have determined that certain PRC exporters of CTVs failed to respond to our questionnaire. For this reason, we determined that some PRC exporters of subject merchandise failed to cooperate in this investigation. In accordance with our standard practice, as adverse facts available, we are assigning as the PRC-wide rate the higher of: (1) The highest margin listed in the notice of initiation; or (2) the margin calculated for any respondent in this investigation. *See, e.g., Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From The People's Republic of China*, 65 FR 34660 (May 31, 2000), and accompanying Decision Memorandum at *Comment 1*. For purposes of the final determination of this investigation, we are using the margin stated in the notice of initiation (*i.e.*, 78.45 percent) as adverse facts available because it is higher than the margin we calculated for Changhong, Konka, TCL, or XOCECO. In the preliminary determination we examined the price and cost information provided in the petition to corroborate this margin. *See* the *Preliminary Determination* at 68 FR 66806.

Analysis of Comments Received

All issues raised in the case briefs by parties to this proceeding and to which we have responded are listed in the Appendix to this notice and addressed in the Decision Memorandum, which is adopted by this notice. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B–099, of the main Department building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at *http://ia.ita.doc.gov*. The paper copy and electronic version of the Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of comments received, we have made certain changes to the margin calculations. For a discussion of these changes, see the "Margin Calculations" section of the Decision Memorandum.

Critical Circumstances

In our preliminary determination, we found that critical circumstances existed for all mandatory respondents, companies subject to the "all others" rate, and companies subject to the PRC-wide rate.

After the preliminary determination, each of the mandatory respondents provided additional information regarding their shipments. In addition, Philips, which submitted a voluntary response, reported its shipments for the period January 2001 through September 2003. We received comments on this data from three of the four mandatory respondents (*i.e.*, Changhong, Konka, and TCL), Philips, and three importers of CTVs (*i.e.*, Apex, Sears, and Wal-Mart). These companies argued that we should no longer find that critical circumstances exist, based on one or more of the following arguments: (1) The Department now has more data on which to base its analysis; (2) the Department should disregard shipments made under pre-petition contracts; (3) the Department should adjust Changhong's shipment data to account for delays due to the severe acute respiratory syndrome (SARS) epidemic; (4) imports of CTVs are heavily seasonal; (5) there is insufficient data on the record to perform a seasonality analysis for certain companies; and (6) there is no evidence that importers had knowledge that PRC companies were dumping. We also received comments from the petitioners, who support the preliminary finding of critical circumstances for all parties.

Based on new information on the record of this investigation and information contained in our preliminary affirmative critical circumstances determinations, we have revised our determination and find that for purposes of the final determination, critical circumstances do not exist with *regard to imports of CTVs from the* PRC. For further details, see the Decision Memorandum at *Comment 3; see also* the April 12, 2004, memorandum from the Team to Louis Apple entitled, "Antidumping Duty Investigation of Certain Color Television Receivers (CTVs) from the People's Republic of China (PRC)—Final Negative Determination of Critical Circumstances."

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondents.

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct Customs and Border Protection (CBP) to continue to suspend liquidation of all imports of subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after November 28, 2003, the date of publication of our preliminary determination. However, because we find that critical circumstances do not exist with regard to imports of CTVs from the PRC, we

will instruct the CBP to terminate the retroactive suspension of liquidation, between August 30, 2003, (90 days prior to the date of publication of the preliminary determination) and November 28, 2003, which was instituted due to the preliminary affirmative critical circumstances finding. The CBP shall also release any bond or other security, and refund any cash deposit required, under section 733(d)(1)(B) of the Act with respect to entries of the merchandise the liquidation of which was suspended retroactively under section 733(e)(2) of the Act. For entries on or after November 28, 2003, the CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. These instructions suspending liquidation will remain in effect until further notice.

The dumping margins are provided below:

Manufacturer/exporter	Weighted-average margin (in percent)
Haier Electric Appliances International Co	21.49
Hisense Import and Export Co., Ltd	21.49
Konka Group Company, Ltd	11.36
Philips Consumer Electronics Co. of Suzhou Ltd	21.49
Shenzhen Chaungwei-RGB Electronics Co., Ltd	21.49
Sichuan Changhong Electric Co., Ltd	24.48
Starlight International Holdings, Ltd	21.49
Star Light Electronics Co., Ltd	21.49
Star Fair Electronics Co., Ltd	21.49
Starlight Marketing Development Ltd	21.49
SVA Group Co., Ltd	21.49
TCL Holding Company Ltd	22.36
Xiamen Overseas Chinese Electronic Co., Ltd	4.35
PRC-wide	78.45

The PRC-wide rate applies to all entries of the subject merchandise *except for entries from exporters/* producers that are identified individually above.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: April 12, 2004.

Jeffrey A. May,

Acting Assistant Secretary for Import Administration.

Appendix—Issues in the Decision Memorandum

Comments

General Issues

1. Market-Oriented Industry (MOI) Claim
2. Respondent Selection
3. Critical Circumstances
4. Updating the PRC Labor Rate
5. Indian Imports of Small Quantities
6. Surrogate Value for Electricity
7. Market Economy Purchases from Indonesia, Korea, and Thailand
8. Market-Economy Purchases from Hong *Kong Trading Companies*
9. Surrogate Value Data Obtained from *www.infodriveindia.com*
10. Using Market-Economy Purchases Made by one PRC Respondent to Value the Factors of Production for Other PRC Respondents
11. Surrogate Value for 25-inch Curved CPTs
12. Surrogate Value for 29-inch CPTs
13. Surrogate Value for Speakers
14. Selection of the Appropriate Surrogate Financial Statements
15. Adjustments to the Surrogate Financial Ratios to Account for Freight, Price Adjustments, Non-Applicable Selling Expenses, Packing, and Taxes
16. Adjustments to the Surrogate Factory Overhead Ratios
17. Additional Adjustments to the Surrogate Financial Ratios for BPL, Onida Saka, and Videocon
18. Additional Adjustments to the Surrogate Financial Ratios for Calcom, Kalyani and Matsushita
19. Additional Adjustment to the Surrogate Financial Ratios to Account for Selling, General, and Administrative (SG&A) *Labor*
20. Treatment of Finished Goods in the Surrogate Financial Ratio Calculations
21. Weighted- vs. Simple-Average Surrogate Financial Ratios
22. Clerical Errors in the Preliminary Determination
23. Corrections Arising from Verification

Company-Specific Issues

24. New Factual Information in Changhong's Surrogate Value Submission
25. Changhong Market-Economy Purchases
26. Date of Sale for Konka
27. TCL's Unreported U.S. Sales
28. TCL's Brokerage and Handling Expenses
29. Surrogate Value for TCL's Magnetic Circle Inductors
30. Surrogate Value for TCL's Aluminum and Iron Heat Sinks and Heating Plates
31. Distance from TCL's Factory to TCL Hong Kong
32. TCL's Energy Consumption
33. Use of TCL's "Actual" SG&A Rate
34. Use of Total Adverse Facts Available for XOCECO
35. Screen Type Code for XOCECO
36. XOCECO's U.S. Warranty Expenses
37. XOCECO's U.S. Warehousing and Other Transportation Expenses
38. XOCECO's Supplier Distances and Supplier Modes of Transportation
39. Reclassification of Certain of XOCECO's Components as "Miscellaneous"
40. XOCECO's Packed Weights
41. Offset for Sales of Tin Scrap Generated During XOCECO's Production Process
42. Labor Hours for XOCECO's Printed Circuit Board (PCB) Factory
43. XOCECO's Projection Factory Weights
44. XOCECO's Electricity Consumption

[FR Doc. 04–8694 Filed 4–15–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

A–122–814

Pure Magnesium from Canada; Preliminary Results of Antidumping Duty Administrative Review and Preliminary Partial Rescission of Review

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

ACTION: Notice of Preliminary Results of the 2002–2003 Administrative Review.

SUMMARY: In response to requests from interested parties, the Department of

reasonable and prudent measures set forth in the biological opinions were found to exceed the agencies' authority under the ESA in that they required major modifications to operations of the CVP. The court also found the Government in breach of its general and specific Federal trust obligations to the Hoopa Valley and Yurok Tribes, as set out under CVPIA section 3406(b)(23) and related statutes. The case currently is on appeal to the U. S. Court of Appeals for the Ninth Circuit.

In response to the more detailed direction from the district court's ruling, additional scoping meetings were held on July 8, 2003, in Redding, California, and July 10, 2003, in Hoopa, California, to solicit public input on alternatives, concerns, and issues to be addressed in the Draft SEIS/EIR.

The Draft SEIS/EIR updates information on alternatives described in the October 2000 EIS/EIR. These alternatives include: Existing Conditions, No Action, Mechanical Restoration (revised to address the court's concerns and using information submitted by commenters), Percent Inflow (modified to address the court's concerns), Flow Evaluation and Maximum Flow. An additional alternative is also evaluated: a 70 Percent Inflow Alternative, based on comments documented in the October 2000 EIS/EIR. Consistent with the October 2000 EIS/EIR, the Flow Evaluation Alternative remains the designated Preferred Alternative.

Our practice is to make comments, including names and home addresses of respondents, available for public review. Individual respondents may request that we withhold their home address from public disclosure, which we will honor to the extent allowable by law. There also may be circumstances in which we would withhold a respondent's identity from public disclosure, as allowable by law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comment. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public disclosure in their entirety.

Dated: March 30, 2004.

Willie R. Taylor,

Director, Office of Environmental Policy and Compliance.

[FR Doc. 04–9300 Filed 4–22–04; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1035 (Final)]

Certain Color Television Receivers From Malaysia

AGENCY: International Trade Commission.

ACTION: Termination of investigation.

SUMMARY: On April 16, 2004, the Department of Commerce published notice in the **Federal Register** of a negative final determination of sales at less than fair value in connection with the subject investigation (69 FR 20592). Accordingly, pursuant to section 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR 207.40(a)), the antidumping investigation concerning certain color television receivers from Malaysia (investigation No. 731–TA–1035 (Final)) is terminated.

EFFECTIVE DATE: April 16, 2004.

FOR FURTHER INFORMATION CONTACT: Debra Baker (202–205–3180), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

Authority: This investigation is being terminated under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 201.10 of the Commission's rules (19 CFR 201.10).

Issued: April 20, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–9302 Filed 4–22–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1054 and 1055 (Final)]

Light-Walled Rectangular Pipe and Tube From Mexico and Turkey

AGENCY: International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731–TA–1054 and 1055 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from Mexico and Turkey of light-walled rectangular ("LWR") pipe and tube, provided for in subheading 7306.60.50 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: April 13, 2004.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

[1] For purposes of these investigations, the Department of Commerce has defined the subject merchandise as "welded carbon-quality pipe and tube of rectangular (including square) cross-section, having a wall thickness of less than 0.156 inch. These LWR pipe and tube have rectangular cross sections ranging from 0.375 x 0.625 inches to 2 x 6 inches, or square cross sections ranging from 0.375 to 4 inches, regardless of specification." 69 FR 19403, Apr. 13, 2004. The written description of the scope is dispositive.

that critical circumstances do not exist for Funai Malaysia, and Funai Malaysia is the only respondent in this investigation, we are concluding that critical circumstances do not exist for companies covered by the "All Others" rate.

In summary, we find that there is a reasonable basis to believe or suspect importers had knowledge of dumping and the likelihood of material injury with respect to CTVs from the PRC. We, however, do not find that there have been massive imports of CTVs over a relatively short period from Funai Malaysia due to seasonality. Given the analysis summarized above, and described in more detail in the Critical Circumstances Memo, we preliminarily determine that critical circumstances do not exist for imports of CTVs produced in and exported from Malaysia.

Verification

As provided in section 782(i) of the Act, we will verify all information relied upon in making our final determination.

Suspension of Liquidation

Exporter/manufacturer	Weighted-average margin percentage	Critical circumstances
Funai Electric (Malaysia) Sdn. Bhd.	0.03	No.

Because the estimated weighted-average dumping margin for the examined company is *de minimis*, we are not directing Customs and Border Protection to suspend liquidation of entries of certain color television receivers from Malaysia.

Disclosure

The Department will disclose calculations performed within five days of the date of publication of this notice to the parties in this proceeding in accordance with 19 CFR 351.224(b).

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, pursuant to section 735(b)(3) of the Act, the ITC will determine within 135 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

Case briefs for this investigation must be submitted no later than seven days after the date of the final verification report issued in this proceeding. Rebuttal briefs must be filed five days from the deadline date for case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. See 19 CFR 351.309.

Section 774 of the Act provides that the Department will hold a hearing to afford interested parties an opportunity to comment on arguments raised in case briefs, provided that such a hearing is requested by any interested party. If a request for a hearing is made in this investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time. Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request within 10 days of the publication of this notice. Requests should specify the number of participants and provide a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. *See* 19 CFR 351.310.

We will make our final determination no later than 135 days after the date of this preliminary determination, pursuant to section 735(a)(1) of the Act.

This determination is issued and published pursuant to sections 733(f) and 777(i) of the Act.

Dated: November 21, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03-29722 Filed 11-26-03; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-888]

Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof From the People's Republic of China: Postponement of Preliminary Determination of Antidumping Duty Investigation

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

EFFECTIVE DATE: November 28, 2003.

FOR FURTHER INFORMATION CONTACT: Paige Rivas or Sam Zengotitabengoa at (202) 482-0651 or (202) 482-4195, respectively; AD/CVD Enforcement, Office 4, Group II, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Statutory Time Limits

Section 733(b)(1)(A) of the Tariff Act of 1930, as amended (the Act), requires the Department of Commerce (the Department) to issue the preliminary determination of an antidumping duty investigation within 140 days after the date of initiation. However, if the petitioner makes a timely request for an extension of the period, section 733(c)(1)(A) of the Act allows the Department to postpone the preliminary determination until not later than 190 days after the date of initiation.

Background

On July 21, 2003, the Department initiated an antidumping duty investigation on floor-standing, metal-top ironing tables and certain parts thereof from the People's Republic of China. *See Notice of Initiation of Antidumping Investigation: Floor-Standing, Metal-Top Ironing Tables and Certain Parts Thereof from the People's Republic of China*, 68 FR 44040 (July 25, 2003). The notice states that the Department will issue its preliminary determination no later than 140 days after the date of initiation. The preliminary determination currently is due no later than December 7, 2003.

Extension of Preliminary Determination

On November 7, 2003, the Department received a timely request for postponement of the preliminary determination from Home Products International, Inc. (the petitioner), in accordance with section 733(c)(1)(A) of the Act and 19 CFR 351.205(e). The Department has reviewed the petitioner's request for postponement and agrees to postpone this preliminary determination. Therefore, pursuant to section 733(c)(1)(A) of the Act, the Department is postponing the preliminary determination until January 26, 2004.

This notice of postponement is in accordance with section 733(c)(2) of the Act and 19 CFR 351.205(f).

Dated: November 21, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03-29719 Filed 11-26-03; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Certain Color Television Receivers from China and Malaysia

Inv. Nos.: 731-TA-1034-1035 (Final)

Date and Time: April 15, 2004 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

OPENING REMARKS:

Petitioners (**David A. Hartquist**, Collier Shannon Scott, PLLC)
Respondents (**Alan H. Price**, Wiley, Rein & Fielding LLP)

In Support of the Imposition of Antidumping Duties:

Collier Shannon Scott, PLLC
Washington, DC.
on behalf of

Five Rivers Electronic Innovations, LLC
The International Brotherhood of Electrical Workers ("IBEW")
The International Union of Electrical, Electronic, Furniture, and Salaried Workers ("IUE-CWA")

Tom Hopson, President and CEO, Five Rivers Electronic Innovations, LLC

Mike Bindas, International President, IUE-CWA

Troy Johnson, International Representative, IBEW

A.J. Davis, Vice President, IUE-CWA, Local 1106

Kermit Dorsey, Assistant to the President, IUE-CWA, District 7

In Support of the Imposition
of Antidumping Duties (continued):

Jeffrey Johnson, Chairman, Electronic Display and
Tube Division, Board of Governors
(Television Picture Tube Industry Association)

Patrick J. Magrath, Managing Director, Georgetown
Economic Services, LLC

Gina E. Beck, Economic Consultant, Georgetown
Economic Services, LLC

David A. Hartquist)
Laurence J. Lasoff) – OF COUNSEL
Mary T. Staley)

In Opposition to the Imposition of Antidumping Duties:

Wiley Rein & Fielding LLP
Washington, DC.
and

Hunton & Williams LLP
Washington, DC.
on behalf of

Haier Electric Appliances International Co.
Hisense Import and Export Co., Ltd.
Konka Group Company, Ltd.
Philips Consumer Electronics Co. of Suzhou Ltd.
Shenzhen Chaungwei-RGB Electronics Co., Ltd.
Sichauan Changhong Electric Co., Ltd.
SVA Group Co., Ltd.
TCL Holding Company, Ltd.
Xiamen Overseas Chinese Electronic Co., Ltd.
Philips Electronics North America Corp.

Bill Cody, Vice President, Best Buy Company

Jim Ninesling, Vice President, Marketing, Mainstream Television, Philips Consumer Electronics North America

Seth T. Kaplan, Vice President, Charles River Associates

David Bell, Professor, Harvard Business School

John Burgett, Partner, Wiley Rein & Fielding LLP

Alan H. Price)
Charlie X. Wang)
Daniel B. Pickard) – OF COUNSEL
William Silverman)
Richard P. Ferrin)

In Opposition to the Imposition
of Antidumping Duties (continued):

Sonnenschein Nath & Rosenthal LLP
Washington DC.
on behalf of

Wal-Mart Stores, Inc.

Kevin O'Connor, Vice President, Divisional Merchandise Manager, Home Entertainment, Wal-Mart Stores, Inc.

Thomas L. Rogers, Consultant, Capital Trade, Inc.

Philip S. Gallas)
) – OF COUNSEL
Stephen L. Gibson)

O'Melveny & Myers LLP
Washington, DC.
on behalf of

Apex Digital, Inc.

Gary Bennett, Vice President, Sales and Marketing, Apex Digital, Inc.

Veronique Lanthier) – OF COUNSEL

REBUTTAL/CLOSING REMARKS

Petitioners (**David A. Hartquist**, Collier Shannon Scott, PLLC)
Respondents (**Alan H. Price,** Wiley, Rein & Fielding LLP)

APPENDIX C

SUMMARY DATA

Table C-1
CTVs: Summary data concerning the U.S. market, 2001-03

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Table C-1--Continued
CTVs: Summary data concerning the U.S. market, 2001-03

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

	Reported data			Period changes		
Item	2001	2002	2003	2001-03	2001-02	2002-03
U.S. producers':						
Average capacity quantity	7,584	8,140	7,959	4.9	7.3	-2.2
Production quantity	4,920	4,886	3,592	-27.0	-0.7	-26.5
Capacity utilization (1)	60.9	56.6	43.6	-17.3	-4.4	-13.0
U.S. shipments:						
Quantity	4,708	4,736	3,566	-24.3	0.6	-24.7
Value	2,481,002	2,513,563	1,715,761	-30.8	1.3	-31.7
Unit value	$526.94	$530.68	$481.16	-8.7	0.7	-9.3
Export shipments:						
Quantity	233	245	213	-8.6	5.1	-13.1
Value	205,705	213,593	141,412	-31.3	3.8	-33.8
Unit value	$882.85	$871.81	$663.91	-24.8	-1.3	-23.8
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *
Inventories/total shipments (1)	* * *	* * *	* * *	* * *	* * *	* * *
Production workers	3,829	3,975	3,226	-15.7	3.8	-18.8
Hours worked (1,000s)	7,813	7,702	6,896	-11.7	-1.4	-10.5
Wages paid ($1,000s)	114,892	120,235	106,892	-7.0	4.7	-11.1
Hourly wages	$14.71	$15.61	$15.50	5.4	6.2	-0.7
Productivity (units per hour)	0.6	0.6	0.5	-17.1	0.8	-17.8
Unit labor costs	$23.39	$24.63	$29.76	27.2	5.3	20.8
Net sales:						
Quantity	5,107	4,704	4,203	-17.7	-7.9	-10.7
Value	2,754,781	2,802,160	2,475,453	-10.1	1.7	-11.7
Unit value	$539.41	$595.70	$588.97	9.2	10.4	-1.1
Cost of goods sold (COGS)	2,374,652	2,402,847	2,092,166	-11.9	1.2	-12.9
Gross profit or (loss)	380,129	399,313	383,287	0.8	5.0	-4.0
SG&A expenses	260,930	268,275	254,565	-2.4	2.8	-5.1
Operating income or (loss)	119,199	131,038	128,722	8.0	9.9	-1.8
Capital expenditures	35,950	45,806	35,338	-1.7	27.4	-22.9
Unit COGS	$464.98	$510.81	$497.78	7.1	9.9	-2.6
Unit SG&A expenses	$51.09	$57.03	$60.57	18.5	11.6	6.2
Unit operating income or (loss)	$23.34	$27.86	$30.63	31.2	19.4	9.9
COGS/sales (1)	86.2	85.7	84.5	-1.7	-0.5	-1.2
Operating income or (loss)/ sales (1)	4.3	4.7	5.2	0.9	0.3	0.5

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Official trade statistics for HTS 8528.12.2800 have been reduced by 92.8 percent for 2001, and 91.4 percent for 2002 and 2003.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

GLOSSARY OF COLOR TELEVISION TERMS USED IN THIS REPORT

GLOSSARY OF COLOR TELEVISION TERMS

Aspect ratio.--The ratio of picture width to picture height. May be like a movie screen (16:9), or like a traditional TV (4:3).

Analog.--A method of representing data using continuously varying electrical voltages. Analog video, whether transmitted over cables, read from videotapes or broadcast, is subject to degradation due to noise, distortion, and other electronic phenomena.[1]

ATSC.--The Advanced Television Systems Committee, Inc. is an international, non-profit organization developing voluntary standards for digital television. ATSC member organizations represent the broadcast, broadcast equipment, motion picture, consumer electronics, computer, cable, satellite, and semiconductor industries.[2]

Comb filters.--Comb filters provide a very accurate means of separating the color from the black and white in the TV signal. The presence of comb filters improves the quality of the displayed picture, but adds to the cost of the CTV.

Combination television receivers.--A combination television receiver ("combo") is a CTV containing in the same cabinet a videocassette recorder/player and/or DVD player.

CPT.--A Color Picture Tube is a CRT that is used as a display device in a television receiver. A CPT has three electron guns emitting beams that strike separate dots of red, green, and blue phosphors on the inside of the CPT's faceplate. The human eye combines the red, green, and blue of various intensities and make different colors. In contrast, a monochrome CRT has one electron gun and one color phosphor.

CRT.--A Cathode Ray Tube is an electrical device for displaying images by exciting phosphor dots with a scanned electron beam. CRTs are found in computer monitors, televisions, and other display devices. A CRT consists of a large bulb-shaped glass envelope containing a vacuum. An electron gun at the neck, or narrow end, of the tube emits beams of electrons (formerly called "cathode rays") towards the flat surface of the tube, the inside of which is coated with phosphor. When an electron strikes the phosphor, light is emitted. The electron beam is deflected by electromagnetic coils around the outside of the tube so that it scans across the screen, usually in horizontal stripes. By controlling the current in the beam, the brightness at any particular point can be varied, and thus the electron beam "paints" a picture on the inside of the faceplate. The television broadcast signal controls the coils and the current. If the scanning is done fast enough, the eye sees a steady image, due to both the persistence of the phosphor and of the eye itself.

CTV.--Color Television is an electronic product capable of receiving a broadcast television signal and producing a video image. Consumers use these products for watching broadcasts directly off the air or from a source such as cable or satellite. CTVs may also be used as display units for video games, VCRs, DVD players, or computers.

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[1] http://*www.videonics.com/Video-Glossary.html*, May 16, 2003.

[2] http://*www.atsc.org/aboutatsc.html*, May 15, 2003.

Digital.--A method of representing data using binary numbers. Digital signals are virtually immune to noise, distortion, crosstalk, and other quality problems.[3] The digital signal can be compressed, allowing it to carry far more (up to 5 times) information using the same amount of bandwidth as an existing analog signal.[4]

DLP (digital light processing).--DLP uses an optical semiconductor called a digital micromirror device, or DMD. The DMD contains up to 1.3 million hinge-mounted mirrors of microscopic size. Each micromirror is hinged so that, as a beam of light hits the mirror, it can be reflected or not. The reflected light passes through a spinning wheel with red, green, and blue panels, then through a lens onto a screen. Each micromirror can be switched on (reflect) or off (do not reflect) thousands of times a second. The more the micromirror is on, the brighter the reflected light. As the reflected beams of light of differing intensities pass through the three colors of the spinning color wheel, they blend to form a single viewable image. DLP is used for projection CTVs. CTVs using DLP displays don't incorporate a CRT and are outside the scope of these investigations.

Direct-view.--CTVs that display the image on a CPT that is viewed directly.

Dot pitch.--Dot pitch is the distance between phosphor dots of the same color (red, green, or blue) in a color CRT. Smaller dot pitch leads to higher resolution. Traditional televisions often use a larger dot pitch, about .51 mm, and large screen CTVs or projection CTVs can go up to 1 millimeter in pitch.[5]

DVD.--Digital Versatile Disc (formerly Digital Video Disc) is an optical disc technology that is expected to replace the audio CD and CD-ROM in the near future. A DVD is the same size as a CD or CD-ROM, but holds more than 28 times as much information. DVD players are devices like CD players that can read a DVD and create a video signal suitable for display on a CRT.

DTV.--Digital TV refers to a CTV that can accept and display digital televison broadcasts, or to the broadcast technology of digital TV. There are 18 ATSC-approved formats that comprise digital TV.[6] All HDTVs are DTVs, but not all DTVs are HDTVs.

DTV formats.--The most common high-definition formats are 1080i (1,080 interlaced scan lines) and 720p (720 progressive scan lines). The most common standard-definition formats are 480i (480 interlaced scan lines) and 480p (480 progressive scan lines).

EDTV.-- Enhanced Definition Televisions are DTVs with the following minimum performance attributes: (1) receives ATSC terrestrial digital transmissions and decodes all ATSC Table 3 video formats; (2) has active vertical scanning lines of 480 progressive (480p) or higher; (3) receives and reproduces and/or outputs Dolby Digital audio.[7]

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[3] http://*www.videonics.com/Video-Glossary.html*, May 16, 2003.

[4] http://*www.dtvcity.com/resources/tv3.html*, May 15, 2003.

[5] Dot pitch measurements between conventional tubes and Sony's Trinitron tubes are roughly, but not exactly comparable. Sony's CRTs use vertical stripes, not dots, and Sony's measurement is the distance between stripes, not the diagonal distance between dots.

[6] http://*www.hdtvinfoport.com/high-definition-television.html*, May 15, 2003.

[7] Ibid.

Flat panel.--Flat panel refers to display devices that don't incorporate CRTs, such as LCD or plasma displays.

Flat screen.--Flat screen refers to a CRT or CPT with a perfectly flat faceplate.

HDTV.--High Definition Televisions are DTVs with the following minimum performance attributes: (1) receives ATSC terrestrial digital transmissions and decodes all ATSC Table 3 video formats; (2) has active vertical scanning lines of 720 progressive (720p), 1080 interlaced (1080i), or higher; (3) capable of displaying a 16:9 image; (4) receives and reproduces and/or outputs Dolby Digital audio.[8]

HDTV-compatible CTVs.--CTVs to which digital component inputs can be connected to view HDTV broadcast programming. The CTV must be connected to an HDCTV-top decoder box in order to receive the signal.[9]

HD-ready.--A CTV that can display full resolution widescreen high-definition images when connected to an outboard digital tv tuner/decoder.

LCD (liquid crystal display).--Liquid crystals are sandwiched between two pieces of polarized glass. The polarization prevents light from passing through the two glass layers and the liquid crystals. However, as voltage is applied to a crystal between the glass layers, it twists. When the degree of twist is correct, light passes through the first layer of glass, is then twisted by the crystal to match the polarization of the second layer of glass, and then can pass through the second layer and be viewed. There can be millions of crystals in an LCD display, each individually controlled. Three separate crystals, one each of red, green, and blue, are needed to make up one pixel. LCDs may be used in either direct-view CTVs or projection CTVs. CTVs using LCD displays don't incorporate a CRT and are outside the scope of these investigations.

LCoS (liquid crystal on silicon).--LCoS is a hybrid of LCD and DLP, used for rear projection CTVs. Liquid crystals on a mirrored substrate control the passage of a beam of light, which is reflected from the mirrored surface. LCoS-based projectors typically use three LCOS chips, one each for red, green, and blue light. LCoS technology is usually very high resolution and more expensive than LCD and DLP. CTVs using LCoS displays don't incorporate a CRT and are outside the scope of these investigations.

Monitor.--A television monitor is a video display device without an integral tuner. A television monitor typically has a coarser dot pitch than a computer monitor and displays an interlaced-scan signal. A computer monitor has a finer dot pitch than a video monitor and displays a progressive scan signal. Monitors are outside the scope of these investigations because they don't include tuners.

Monitor/Receiver.--A monitor/receiver (or TV/monitor) is a CTV with an integral NTSC broadcast tuner that can display HDTV signals when connected to a separate HDTV tuner. Monitor/receivers are included in the scope of these investigations.

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[8] http://*www.hdtvinfoport.com/high-definition-television.html*, May 15, 2003.

[9] http://*www.dtvcity.com/resources/tv5.html*, May 15, 2003.

NTSC.--The National Television Standards Committee is responsible for setting television and video standards in the United States and adopted by countries in other parts of the world.[10] The NTSC standard for television defines a composite video signal with a refresh rate of 60 half-frames (interlaced) per second. Each frame contains 525 lines of which only 480 lines are visible, the remainder being reserved for synchronization information. The NTSC standard is incompatible with most computer video standards.

Pixels.--Pixels, or "picture elements," are made up of three closely spaced dots of color - red, green, and blue. These three colors of light can be mixed to produce any other color. Viewed from a distance, the three colors are seen as one dot of the combined color. In a television or video display, more pixels per square inch means greater resolution. There can be 4½ HDTV pixels in the same space as a single NTSC pixel, thus HDTV can display at least 4½ times more detail than NTSC-analog TV.

Plasma display.-- Plasma is a flat-panel display technology in which more than a million tiny colored fluorescent lights, each serving as a pixel, are illuminated to form an image. Each pixel is made up of three sub-pixels -- red, green, and blue. As voltage is applied to a pixel, the intensities of the different colors change to produce a full range of colors. Plasma displays are used in direct-view CTVs. CTVs using plasma displays don't incorporate a CRT and are outside the scope of these investigations.

Progressive scan.--With progressive scan, the total number of lines is scanned 60 times a second, not half and half as in interlaced. Thus the complete image is displayed on the screen twice as often as the interlaced image. This results in smoother motion in moving images, having none of the visible "flicker." Computer monitors use progressive scan in order to make text more legible and so that lines in graphics are straight.

Projection Television.--A Projection Television generally uses three monochrome CRTs - red, green, and blue - to project a color image onto a separate screen that is viewed. Projection televisions may be either front-view, where the image is projected onto the front of a reflective screen, like the screen of a movie theater, or rear–view, where the image is projected onto the rear of a translucent screen.

Resolution.--Resolution refers to how many horizontal lines are displayed on a CTV screen. Resolution is sometimes expressed as the total pixel count, which is a product of the number of lines and number of pixels per line.

Screen size.--Another term for video display diagonal.

SD-ready.--A CTV that can display a 480p-format standard-definition digital tv signal, if connected to an outboard tuner/decoder, as well as VGA and SVGA signals from a computer.

SDTV.--Standard Definition Televisions are DTVs with the following performance attributes: (1) Receives ATSC terrestrial digital transmissions and decodes all ATSC Table 3 video formats, and produces a useable picture; (2) has fewer active vertical scanning lines than that of EDTV; (3) the aspect ratio is not specified; (4) receives and reproduces usable audio.[11] Digital broadcasts in 480i or 480p are classified as SDTV. SDTV has a sharper, crisper picture than NTSC analog CTV because the transmitted signal is digital. SDTV can be either 480i or 480p but is more often 480p. On smaller

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[10] The other major standards are PAL and SECAM.

[11] http://*www.hdtvinfoport.com/high-definition-television.html*, May 15, 2003.

direct-view CTVs, 480p is noticeably better than the analog 480i, but on the much larger, "projection" sets, SDTV cannot compare to HDTVs's 720p or 1080i formats.

Set-top box.--Any of several types of decoder, such as for cable tv, digital tv, or internet functions, designed to be connected to a CTV.

Tuner.--A tuner is a device that allows the user to select different television channels. A CTV has an integral tuner that permits it to receive and display standard broadcast signals. A monitor requires a separate tuner in order to receive and display a broadcast signal. There are a number of different devices that contain a tuner, such as a VCR, cable box, or satellite decoder box, that can be connected to a monitor and will permit the monitor to receive and display a broadcast signal. An HDTV tuner must be used to receive and display an HDTV signal.

Video display diagonal.--For a direct-view CTV or for a direct-view monitor, the video display diagonal, also known as the screen size, refers to the largest diagonal measurement of the viewable area of the CRT.

Widescreen.--Program material of a component that contains or operates with images of wider than "normal" aspect ratio (which is 4:3). HDTV's widescreen aspect ratio is 16:9.[12]

[12] http://*www.sansat.com/HDTV.asp*, May 8, 2003.

APPENDIX E

U.S. SHIPMENTS OF CTVs AND OTHER TYPES OF COLOR TELEVISION RECEIVERS

The following tables are located in appendix E:[1]

Summary tables of CTVs:

Table E-1. Direct-view CTVs: U.S. shipments, by types and by specified sources, 2001-03
Table E-2. Projection CRT-based CTVs: U.S. shipments, by types and by specified source, 2001-03

Additional CTV product breakouts:

Table E-3 Analog (non-digital ready, non-combination) direct-view CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-4. Digital or digital ready (non-combination) direct-view CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-5. Analog (non-digital ready, non-combination) direct-view CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-6. Digital or digital ready (non-combination) direct-view CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-7. Analog (non-digital ready, non-combination) projection CRT-based CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-8. Digital or digital-ready (non-combination) projection CRT-based CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-9. Analog (non-digital ready, non-combination) projection CRT-based CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03
Table E-10. Digital or digital-ready (non-combination) projection CRT-based CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

Analog direct-view CTVs with a 4 x 3 aspect ratio with screen sizes from 24 inches through 30 inches:

Table E-11. CTVs: U.S. producers' U.S. shipments and U.S. shipments from China of 24-inch to 25-inch and 27-30 inch analog direct-view CTVs with a 4 x 3 aspect ratio, 2001-03, by firm
Table E-12. Analog direct-view CTVs with a 4 x 3 aspect ratio and screen sizes from 24 inches to 30 inches: U.S. producers' U.S. shipments, U.S. importers' U.S. shipments, by sources, and apparent U.S. consumption, 2001-03

Other types of color televisions:

Table E-13. Other types of color television receivers: U.S. shipments, by types, by screen sizes, and by specified sources, 2001-03.

[1] The U.S. shipment data listed in this appendix, when totaled, do not exactly equal aggregate U.S. shipment data reported by the responding producers and importers primarily due to (1) incomplete data on screen size and type for a few of the smaller importers and (2) breakouts of screen size and type based on U.S. imports rather than U.S. shipments for certain firms. Further, figures are understated in that they do not include all U.S. imports of CTVs from Mexico. *See* Part IV of this report for information on coverage estimates for reported imports.

COMPARISON OF U.S.-PRODUCED AND IMPORTED CTVs

The following discussion describes the types of CTVs sold within the U.S. market and identifies, by product type, points of competition[2] between domestically-produced and subject CTVs. Each of the tables referred to in the text are grouped together at the end of this section of appendix E. Direct-view CTVs dominated the U.S. market during 2001-03 compared to projection CRT-based CTVs, with *** units of direct-view CTVs shipped in 2003 and *** units of the projection CRT-based CTVs shipped (table E-1 compared to table E-2).[3] *** of the projection CRT-based CTVs consumed domestically were manufactured either in the United States (*** units in 2003) or Mexico (*** in 2003) with a limited, although growing, number imported from China (*** units in 2003) (table E-2).[4] Combination televisions accounted for about *** percent of the U.S. market in 2003. The majority of the combination televisions sets were imported from nonsubject sources; by 2003, *** were manufactured in the United States (tables E-1 and E-2).

Most of the direct-view CTVs sold in the United States during the period examined were manufactured with a 4 x 3 aspect ratio (*** sets in 2003) rather than a 16 x 9 aspect ratio (*** sets in 2003).[5] The sets sold with a 16 x 9 aspect ratio were *** digital[6] rather than analog and were *** manufactured in Mexico (*** sets[7] in 2003) rather than in the United States (*** sets in 2003). *** a *** number of direct-view CTVs with 16 x 9 aspect ratios were imported from China (*** units in 2003). Direct-view CTVs sold with a 4 x 3 aspect ratio consisted of both analog and digital formats, with *** percent falling into the analog category in 2003 and *** percent classified as digital (table E-1).[8 9]

As discussed in Part I, the most statistically significant CTV category, both in terms of size and of absolute levels of subject imports, is analog direct-view 4 x 3 CTVs. This category accounted for ***

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[2] The term "competition" is not used to necessarily imply competition for sales but rather that there were U.S. shipments of both domestically-produced and subject CTVs within specific categories.

[3] Chinese manufacturers state that rear projection CRTs are less attractive to consumers compared with newer technologies due to their heavy weight, large footprint, and poor off-axis picture quality. Chinese producers' prehearing brief, p. 15.

[4] *** of the subject projection CRT-based CTVs imported from China were *** sets with ***. Sales of subject sets in this category from China increased from *** percent of the U.S. market for projection CTVs in 2001 to *** percent in 2002 and to *** percent in 2003 while the domestic shares of such sets fell from *** percent in 2001 to *** percent in 2002 to *** percent in 2003. Domestically-manufactured sets within this CTV category were sold in market quantities in each of the size categories supplied by U.S. imports from China (table E-7). However, sales of all analog projection CRT-based CTVs with a 4 x 3 aspect ratio are falling in the United States, with U.S. shipments declining from *** sets in 2001 to *** sets in 2003 (table E-7). The main source of growth within the projection CRT-based CTV category, as a whole, was for digital sets with a 16 x 9 aspect ratio; only *** such sets were imported from China in ***. For all projection CRT-based CTVs, the share of subject imports remained below *** percent during 2001-03 while U.S. imports from Mexico rose steadily, displacing sales of the domestically-manufactured product (table E-2).

[5] Chinese producers report that "the CRT is a poor display technology for 16 x 9 broadcasts because the displays are much wider than those used for 4 x 3 broadcasts." Chinese producers' prehearing brief, p. 15.

[6] "Digital" sets for the purposes of this discussion include both digital and digital-ready sets.

[7] Figure includes the ***.

[8] Interestingly, sales of digital direct-view CTVs with a 4 x 3 aspect ratio increased by *** percent from 2002 to 2003 after rising by *** percent from 2001 to 2002 (table E-1).

[9] As shown in table E-4, there is somewhat limited competition between domestically-manufactured digital direct-view sets with a 4 x 3 aspect ratio and U.S. imports of such sets from China. Subject imports fall within screen sizes of ***-inch to ***-inch; most domestically produced sets are ***. Digital CTVs from China (in both aspect ratios), however, were *** (tables E-4 and E-5).

percent of U.S. producers' total U.S. CTV shipments in 2003 and *** percent of U.S. shipments of CTV imports from China (tables E-1 and E-2). The following tabulation lists the quantity of U.S. shipments of analog direct-view CTVs with a 4 x 3 aspect ratio and the share of quantity sold for each source in 2003, by screen size:[10]

* * * * * * *

As shown, most analog direct-view CTVs with a 4 x 3 aspect ratio are sold in screen sizes ranging from 27 inches to 30 inches. There are also substantial numbers sold with screen sizes of 24 inches and 25 inches and also of 31 inches and 32 inches as well as sales of large screen CTVs sized 36 inches and over. *** of the larger-sized CTVs were manufactured domestically or in Mexico during the period examined. Likewise, *** of the 31 inch CTVs were U.S.-produced while *** of the 32 inch CTVs were manufactured in Mexico although 32-inch CTVs were also imported from China as well as from other nonsubject sources. China was the *** source of 24 inch analog direct-view 4 x 3 CTVs while *** such 25 inch CTVs were produced domestically (and *** were from China).

As shown in table E-3, sales of analog direct-view CTVs with a 4 x 3 aspect ratio rose somewhat over the period examined, increasing by *** percent overall, with a *** decline of *** percent from 2002 to 2003. Declines in sales were reported in the largest jumbo screen sizes (i.e., the 35-inch and 36 inches and over categories) while sales of large-sized CTVs (i.e., with screens from 27 inches to 32 inches) expanded. Sales of 24-inch CTVs rose *** while sales of 25 inch sets fell ***. As indicated above, the 24-inch category was, by 2003, *** by U.S. imports from China while the 25-inch category was *** supplied by domestic manufacturers. The tabulation below presents combined data for 24-inch and 25-inch analog direct-view CTVs with a 4 x 3 aspect ratio:

* * * * * * *

As a combined category, U.S. shipments of 24-inch to 25-inch CTV sales fell by *** percent from 2001 to 2003. In contrast, sales of the "next-size-up" rose by *** percent from 2001 to 2003, as shown in the below tabulation of data for 27-inch to 30-inch analog direct-view CTVs with a 4 x 3 aspect ratio:

* * * * * * *

The two above size categories (i.e., 24-inch to 25-inch sets and 27-inch to 30-inch sets) of analog direct-view CTVs with a 4 x 3 aspect ratio accounted for *** percent and *** percent, respectively, of all CTVs consumed in the United States in 2003 (tables E-1 and E-2). U.S. imports of CTVs from China accounted for *** percent of U.S. sales of all 24-inch to 25-inch analog direct-view 4 x 3 aspect sets in 2003, up from less than *** percent in 2001. Subject imports also accounted for *** percent of U.S. sales of 27-inch to 30-inch sets within that category in 2003, up from *** percent in 2001 (table E-3). By way of contrast, 31-inch to 32-inch analog direct-view CTVs with a 4 x 3 percent aspect ratio and projection CRT-based CTVs (product categories *** by *** sets) accounted for *** percent and *** percent of all CTVs consumed in 2003 (tables E-1, E-2, and E-3).[11] Chinese-manufactured CTVs accounted for a lesser *** percent of U.S. shipments in 2003 of 31- inch to 32-inch analog direct-view CTVs with a 4 x 3 percent aspect ratio (although there had been *** subject imports in 2001) (table E-3)

[10] Data are from table E-3.

[11] The aggregate of these four categories accounts for *** percent of all CTVs shipped in the United States in 2003.

and *** percent of U.S. shipments in 2003 of projection CRT-based CTVs up from *** percent in 2001 (table E-2).

The *** of U.S. shipments of subject CTVs from China were of analog direct-view CTVs with a 4 x 3 aspect ratio in 27-inch to 30-inch screen sizes. In 2003, *** such sets were imported from China, amounting to *** percent of total U.S. imports of subject CTVs (tables E-1, E-2, and E-3). Analog direct-view 4 x 3 CTVs in a 24-inch screen size accounted for another *** percent of subject imports. Table E-11 lists U.S. producers' and U.S. importers' shipments of subject imports (from China) of analog direct-view CTVs with a 4 x 3 aspect ratio in (1) 24-inch to 25-inch and (2) 27-inch to 30-inch screen sizes, by firm. Table E-12 presents U.S. apparent consumption for analog direct-view CTVs with a 4 x 3 aspect ratio in screen sizes 24-inches to 30-inches.

Table E-1
Direct-view CTVs: U.S. shipments, by types and by specified sources, 2001-03

* * * * * * *

Table E-2
Projection CRT-based CTVs: U.S. shipments, by types and by specified source, 2001-03

* * * * * * *

Table E-3
Analog (non-digital ready, non-combination) direct-view CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-4
Digital or digital ready (non-combination) direct-view CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-5
Analog (non-digital ready, non-combination) direct-view CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-6
Digital or digital ready (non-combination) direct-view CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-7
Analog (non-digital ready, non-combination) projection CRT-based CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-8
Digital or digital-ready (non-combination) projection CRT-based CTVs with a 4 x 3 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-9
Analog (non-digital ready, non-combination) projection CRT-based CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-10
Digital or digital-ready (non-combination) projection CRT-based CTVs with a 16 x 9 aspect ratio: U.S. shipments, by screen sizes and by specified sources, 2001-03

* * * * * * *

Table E-11
CTVs: U.S. producers' U.S. shipments and U.S. shipments from China of 24-inch to 25-inch and 27-30 inch analog direct-view CTVs with a 4 x 3 aspect ratio, 2001-03, by firm

* * * * * * *

Table E-12
Analog direct-view CTVs with a 4 x 3 aspect ratio and screen sizes from 24 inches to 30 inches: U.S. producers' U.S. shipments, U.S. importers' U.S. shipments, by sources, and apparent U.S. consumption, 2001-03

* * * * * * *

COMPARISON OF CTVs AND OTHER TYPES OF COLOR TELEVISIONS

The Commission also gathered data on color televisions that incorporate a display other than a CRT (i.e., "other" types of color televisions). These consist of direct view products such as plasma and liquid crystal display (LCD) sets as well as a variety of rear projection technologies, including digital light processing (DLP), liquid crystal on silicon (LCoS), and LCDs. These technologies are utilized in both display monitors and in television receivers. To date, however, no plasma displays have been manufactured with an integral television tuner and thus do not meet the definition of a television receiver as defined by Customs. Television signals are, however, easily viewed through an external tuner[12] on a plasma screen and plasma "color televisions" are among the most recognized of the new TV technologies. *See* the section of this report on "Substitute Products" in Part II for additional information on non-CRT television receivers.

Chinese respondents in their briefs describe the new television technologies as having distinct advantages over the CRTs that are used in conventional CTVs. Specifically, "they display a sharper more detailed image; they are thinner; they have a smaller "footprint," taking up less floor space and being less obtrusive; and they are much lighter than traditional CTVs."[13] According to Funai, "almost all

[12] Display screens can be used to receive signals through a VCR tuner or from a set-top cable or satellite box.

[13] Chinese manufacturers' prehearing brief, pp. 6-7.

global producers have begun production of non-CRT, flat panel technology" with the higher-tiered producers being the first to move to the new technologies. Funai argues that the introduction of new television and flat panel technologies has reduced demand for conventional CTVs and lowered CTV prices.[14] Philips likewise argues that the lowering of prices in the new technologies will have a top-down pricing effect on CTVs.[15] Petitioners state that the shift to other types of color televisions (i.e., non-CRT CTVs) has been "minimal" to date "given the high prices commanded for these products relative to traditional CTVs and PTVs." They argue that "the vast majority of consumer purchases of CTVs will continue to be within the scope of these investigations in the coming years."[16]

Table E-13 presents U.S. apparent consumption data for both CTVs and certain other color televisions. As shown, consumption of other types of color televisions rose from *** units in 2001 to *** units in 2003 or by *** percent. As a share of all televisions, other types of color televisions, by quantity, accounted for *** percent of apparent U.S. consumption in 2001, *** percent of consumption in 2002, and *** percent of consumption in 2003.[17]

Table E-13
CTVs and certain other color televisions: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2001-03

Item	Calendar year		
	2001	2002	2003
	Quantity (*1,000 units*)		
CTVs:			
U.S. producers' U.S. shipments[1]	4,708	4,736	3,566
U.S. imports[1]	***	***	***
Subtotal[1]	***	***	***
Other types of color televisions:			
U.S. producers' U.S. shipments[2]	***	***	***
U.S. imports of flat panel TV receivers[3]	1,428	1,632	2,327
Subtotal	***	***	***
Total	***	***	***
Notes on next page.			

[14] Funai's prehearing brief, pp. 22-23.

[15] Philips' prehearing brief, pp. 9-11. *See* also Philips' prehearing brief, pp. 19-21.

[16] Petitioners' prehearing brief, p. 5.

[17] Figures are understated in that they do not include plasma screens. Data presented in table E-14 do include plasma screens but are based on incomplete questionnaire data and, accordingly, are also understated.

Table E-13
***CTVs and certain other color televisions*: U.S. *producers'* U.S. *shipments*, U.S. *imports*, and apparent U.S. consumption, 2001-03**

Item	Calendar year		
	2001	2002	2003

Continuation.

[1] Derived from table IV-4.
[2] Provided by domestic CRT manufacturers in response to Commission questionnaires; there are no other known U.S. manufacturers of alternate display screens for use as a television receiver.
[3] Consists only of flat panel TV receivers with a tuner as reported under HTS subheadings 8528.12.62 through 8528.12.97 (excluding set-top boxes and printed circuit assemblies). A variety of flat panel video monitors without a tuner (including plasma screens) are imported under additional HTS subheadings 8528.21.55 through 8528.21.90. Such U.S. imports rose from 885,254 units in 2001 to 2.0 million units in 2002 to 3.7 million units in 2003.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table E-14
Other types of color television receivers: U.S. shipments, by types, by screen sizes, and by specified sources, 2001-03

* * * * * * *

APPENDIX F

U.S. PRODUCERS' RESPONSES CONCERNING THEIR U.S. PRODUCTION-RELATED ACTIVITIES

U.S. PRODUCERS' COMMENTS REGARDING THE SIX FACTORS OF PRODUCTION AS THEY RELATE TO THEIR PRODUCTION-RELATED ACTIVITIES

In deciding whether a firm qualifies as a domestic producer, the Commission generally considers six factors:

(1) source and extent of the firm's capital investments;
(2) technical expertise involved in U.S. production activities;
(3) value added to the product in the United States;
(4) employment levels;
(5) quantity and types of parts sourced in the United States; and
(6) any other costs and activities in the United States directly leading to production of the like product.

In a supplement to the Commission's questionnaire in the preliminary phase of the investigations, U.S. producers were requested to comment on the six factors as they relate to their production-related activities. The following comments were received.

Firm	Comment
Source and extent of firm's capital investment	
Five Rivers	"***."
Matsushita	"***."
Orion	"***."
Sanyo	"***."
Sony	"***."
Toshiba	"***."
Technical expertise involved in U.S. production activities	
Five Rivers	"***."
Matsushita	"***."
Orion	"***."
Sanyo	"***"
Sony	"***."
Toshiba	"***."

Continued on next page.

Firm	Comment
Value added to the product in the United States	
Five Rivers	"***."
Matsushita	"***."
Orion	"***."
Sanyo	"***."
Sony	"***"
Toshiba	"***."
Employment levels	
Five Rivers	"***."
Matsushita	***.
Orion	"***."
Sanyo	"***."
Sony	"***."
Toshiba	"***."
Quantity and types of parts sourced in the United States	
Five Rivers	"***."
Matsushita	"***."
Orion	"***."
Sanyo	"***."
Sony	"***."
Toshiba	"***."
Any other costs and activities in the United States directly leading to production of the like product	
Five Rivers	"***."
Matsushita	"***."
Orion	"***."
Sanyo	"***."
Sony	"***."
Toshiba	"***."

APPENDIX G

ALLEGED EFFECTS OF SUBJECT IMPORTS ON U.S. PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of CTVs from China. (Questions III-9 and III-10). Their responses are as follows:

Actual Negative Effects

Five Rivers	***
Matsushita	***
Orion	***
Sanyo	***
Sharp	***
Sony	***
Toshiba	***

Anticipated Negative Effects

Five Rivers	***
Matsushita	***
Orion	***
Sanyo	***
Sharp	***
Sony	***
Toshiba	***