

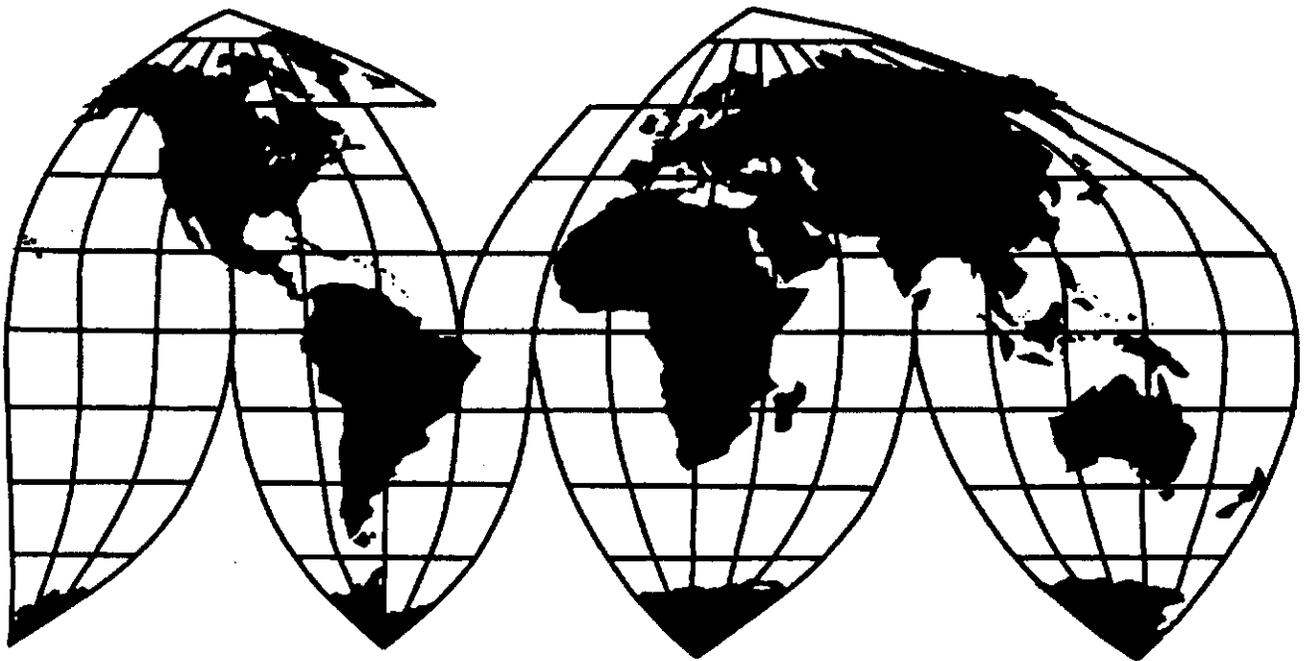
# Crawfish Tail Meat From China

Investigation No. 731-TA-752 (Review)

Publication 3614

July 2003

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## CONTENTS

	<i>Page</i>
Determination .....	1
Views of the Commission .....	3
Part I: Introduction and overview .....	I-1
Background .....	I-1
The original investigation .....	I-1
Statutory criteria and organization of the report .....	I-4
Commerce's results of expedited review .....	I-6
Commerce's administrative reviews .....	I-7
The subject product .....	I-8
Physical characteristics and uses .....	I-8
Common manufacturing facilities and production employees .....	I-9
Interchangeability and customer and producer perceptions of the product .....	I-10
Channels of distribution .....	I-12
U.S. market participants .....	I-14
U.S. producers .....	I-14
U.S. importers .....	I-16
Apparent U.S. consumption and market shares .....	I-17
Part II: Conditions of competition in the U.S. market .....	II-1
Introduction .....	II-1
U.S. market segments, channels of distribution, and market structure .....	II-1
U.S. supply: Domestic production for the U.S. market .....	II-2
Raw materials .....	II-2
Production alternatives .....	II-3
Capacity utilization and inventories .....	II-4
Export markets .....	II-4
U.S. supply: The potential of subject imports to supply U.S. market .....	II-5
Capacity utilization and inventories .....	II-5
Other markets .....	II-6
U.S. supply: Nonsubject imports .....	II-6
U.S. demand .....	II-6
Substitute products .....	II-8
Substitutability issues .....	II-8
Comparisons of domestic product and subject imports .....	II-9
Lead times .....	II-10
U.S. purchasers .....	II-10
Factors affecting purchasing decisions .....	II-11
Elasticity estimates .....	II-14
U.S. and Chinese supply elasticities .....	II-14
U.S. demand elasticity .....	II-14
Substitution elasticity .....	II-15

## CONTENTS

	<i>Page</i>
Part III: Condition of the U.S. industry .....	III-1
U.S. producers' capacity, production, and capacity utilization .....	III-1
U.S. producers' domestic shipments, company transfers, and export shipments .....	III-2
U.S. producers' inventories .....	III-3
U.S. producers' employment, wages, and productivity .....	III-3
Financial experience of U.S. producers .....	III-5
Background .....	III-5
Operations on crawfish tail meat processing .....	III-5
Overall establishment operations of crawfish tail meat processors .....	III-9
Capital expenditures .....	III-11
Part IV: U.S. imports and the industry in China .....	IV-1
U.S. imports .....	IV-1
U.S. importers' inventories .....	IV-4
Non-payment of antidumping duties .....	IV-4
Producers in China .....	IV-5
Reported Chinese capacity, production, capacity utilization, domestic shipments, export shipments, and inventories .....	IV-6
Part V: Pricing and related information .....	V-1
Factors affecting pricing .....	V-1
Exchange rates .....	V-1
Raw material costs .....	V-1
Transportation costs to the U.S. market .....	V-1
U.S. inland transportation costs .....	V-1
Pricing practices .....	V-1
Price data .....	V-3
 <b>Appendixes</b>	
A. <i>Federal Register</i> notices and the Commission's statement on adequacy .....	A-1
B. List of witnesses who appeared at the Commission's June 3, 2003 hearing .....	B-1
C. Summary data .....	C-1
D. Responses of U.S. producers, U.S. importers, foreign producers, and U.S. purchasers concerning the significance of the antidumping duty order and the likely effects of revocation .....	D-1

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-752 (Review)

## CRAWFISH TAIL MEAT FROM CHINA

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission instituted this review on August 2, 2002 (67 F.R. 50459) and determined on November 4, 2002, that it would conduct a full review (67 F.R. 6957, November 18, 2002). Notice of the scheduling of the Commission's review 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* on January 24, 2003 (68 F.R. 5046). The hearing was held in Washington, DC, on June 3, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).



## VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty order concerning crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. BACKGROUND

In September 1997, the Commission determined that an industry in the United States was materially injured by reason of imports of crawfish tail meat from China that were sold at less than fair value.<sup>1</sup> On September 15, 1997, Commerce issued an antidumping duty order on subject imports of crawfish tail meat from China.<sup>2</sup> There were no appeals from the Commission’s original determination.

On August 2, 2002, the Commission instituted the present review pursuant to section 751(c) of the Act to determine whether revocation of the antidumping order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>3</sup>

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review. In order to make this decision, the Commission first determines whether individual responses to the notice of institution are adequate. Next, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties – domestic interested parties (such as producers, unions, trade associations, or worker groups) and respondent interested parties (such as importers, exporters, foreign producers, trade associations, or subject country governments) – demonstrate a sufficient willingness among each group to participate and provide information requested in a full review. If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant, it will determine to conduct a full review.<sup>4</sup>

The Commission received a joint response filed on behalf of the Crawfish Processors Alliance (“CPA”); its members; the Louisiana Department of Agriculture and Forestry (“LDAF”); Bob Odom, the Commissioner of LDAF; and the “Domestic Parties,” an *ad hoc* coalition of the CPA, its individual members, the LDAF, and Commissioner Odom.<sup>5</sup> The Commission also received a response to the notice of institution on behalf of the China Chamber of Commerce for Import & Export of Foodstuffs, Native Produce & Animal By-Products (CCCCFNA) and 16 foreign producers and/or exporters of subject merchandise, described as representing the “overwhelming majority” of the crawfish tail meat industry in China.<sup>6</sup> On November 4, 2002, the Commission determined that both the domestic and respondent

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<sup>1</sup> Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Final) USITC Pub. 3057 (August 1997) (USITC 3057).

<sup>2</sup> 62 Fed. Reg. 48218 (Sep. 15, 1997).

<sup>3</sup> 67 Fed. Reg. 50459 (Aug. 2, 2002).

<sup>4</sup> See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

<sup>5</sup> Domestic Parties’ Response to Cure Fax, Oct. 4, 2002, p. 2.

<sup>6</sup> Respondents’ Response to Cure Fax, Oct. 4, 2002, p.1.

interested party responses were adequate and determined that it should proceed to a full review pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended.<sup>7 8</sup>

## II. DOMESTIC LIKE PRODUCT AND INDUSTRY

### A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”<sup>9</sup> The Act defines the “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 under this subtitle.”<sup>10</sup>

The imported product subject to the antidumping order under review, as defined by Commerce, consists of:

freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Excluded from the scope of the investigation and order are live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any type, and parts thereof. Freshwater crawfish tail meat is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under HTSUS subheading 0306.19.00.10 and 0306.29.00.00. The HTSUS subheadings are provided for convenience and Customs purposes only. The written description of the scope of this proceeding is dispositive.<sup>11</sup>

Crawfish are sold for consumption in three forms: whole live crawfish, whole boiled crawfish, and processed (peeled) tail meat.<sup>12</sup> The subject merchandise includes only tail meat. About 12 percent of the domestically-harvested crawfish were processed into tail meat during the period of review, with most of the remainder of the catch sold whole and live.<sup>13</sup>

The starting point of the Commission’s like product analysis in a five-year review is the Commission’s like product determination in the original investigation.<sup>14</sup> In the original investigation, the

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<sup>7</sup> 19 U.S.C. § 1675(c)(5).

<sup>8</sup> 67 Fed. Reg. 69557 (Nov. 18, 2002); see also Explanation of Determination on Adequacy, Confidential Staff Report (CR) at Appendix A.

<sup>9</sup> 19 U.S.C. § 1677(4)(A).

<sup>10</sup> 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>11</sup> 67 Fed. Reg. 72645 (Dec. 6, 2002).

<sup>12</sup> CR at I-10, PR at I-8.

<sup>13</sup> CR at I-10, PR at I-9.

<sup>14</sup> In its like product determination, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes, and production employees; (5) customer or producer perceptions; and, where appropriate, (6) price. See Timken, 913 F. Supp. at 584. No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation. The Commission looks for  
(continued...)

Commission determined that the domestic like product consisted of crawfish tail meat, coextensive with Commerce's scope.<sup>15</sup> Petitioners agree with the Commission's definition of the like product in the original investigation.<sup>16</sup> Respondents have not raised an objection to this definition and no new facts have been presented to warrant a conclusion different from that reached by the Commission in the original investigation. We therefore find one domestic like product consisting of crawfish tail meat, coextensive with Commerce's scope.

## **B. Domestic Industry**

Section 771(4)(A) of 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."<sup>17</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.<sup>18</sup> Consistent with our definition of the domestic like product, and with our findings in the original determination, we find that the domestic industry comprises all domestic producers of crawfish tail meat.<sup>19</sup> The domestic industry consists of numerous processors that are generally small, family-owned businesses in Louisiana.<sup>20</sup>

## **III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER ON CRAWFISH TAIL MEAT FROM CHINA IS REVOKED**

### **A. Legal Standard In A Five-Year Review**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order or terminate a suspended investigation unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order or termination of a suspended investigation "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."<sup>21</sup> The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo –

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<sup>14</sup> (...continued)

clear dividing lines among possible like products, and disregards minor variations. See, e.g., S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

<sup>15</sup> USITC 3057 at 4-8.

<sup>16</sup> Crawfish Processors Alliance (CPA) Response to Notice of Institution at 21 (Sep. 20, 2002).

<sup>17</sup> 19 U.S.C. § 1677(4)(A).

<sup>18</sup> See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

<sup>19</sup> Only 12 percent of harvested crawfish are processed into crawfish tail meat. CR at I-12 n.23, PR at I-9 n.23. As in the original investigation, 19 U.S.C. § 1677(4)(E) is not satisfied, and we do not include producers or growers of whole crawfish in the domestic industry.

<sup>20</sup> CR at I-19, PR at I-14.

<sup>21</sup> 19 U.S.C. § 1675a(a).

the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>22</sup> Thus, the likelihood standard is prospective in nature.<sup>23 24</sup> The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>25</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations].”<sup>26 27</sup>

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated.”<sup>28</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the order is revoked or the suspension

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<sup>22</sup> SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

<sup>23</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>24</sup> See Usinor Industeel, S.A. v. United States, Slip Op. 02-39 at 13 and 25 (Ct. Int’l Trade April 29, 2002) (remanding review determination to Commission), Slip Op. 02-75 (July 30, 2002) (denying Commission motion to amend and order for interlocutory appeal and for stay of proceeding pending appeal), & Slip Op. 02-152 at 5 and n.6 (December 20, 2002) (Restani, J.); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (remanding Review determination to Commission) (Wallach, J.); and Nippon Steel Corp., et al. v. United States, Slip Op. 02-153 at 7-8 (December 24, 2002) (remanding determination to Commission).

<sup>25</sup> 19 U.S.C. § 1675a(a)(5).

<sup>26</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>27</sup> In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

<sup>28</sup> 19 U.S.C. § 1675a(a)(1).

agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>29</sup>

We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination.<sup>30</sup> We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."<sup>31</sup> In this case, some respondent interested parties did not provide questionnaire responses and/or participate in this review.<sup>32</sup> Accordingly, we have relied on the facts available in this review, which consist primarily of the report and opinion in the original determination, information collected by the Commission since the institution of this review, and information submitted by the domestic producers and respondent parties in this review.

For the reasons stated below, we determine that revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

## **B. Conditions of Competition**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>33</sup> The following conditions of competition in the crawfish are relevant to our determination.

### **1. Demand**

Apparent U.S. consumption of crawfish tail meat increased by more than 80 percent during the original investigation, from 5.27 million pounds in 1994 to 9.52 million pounds in 1996.<sup>34</sup> The increase

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<sup>29</sup> 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>30</sup> 19 U.S.C. § 1675(e).

<sup>31</sup> SAA at 869.

<sup>32</sup> Ten of 16 firms responding to the Commission's Notice of Institution provided usable data in response to Commission questionnaires. CR at IV-7 and n.10, PR at IV-5 and n.10. Six firms, \*\*\* did not provide usable data. Id.

<sup>33</sup> 19 U.S.C. § 1675a(a)(4).

<sup>34</sup> USITC 3057 at 13 and Table IV-2.

in apparent U.S. consumption occurred in Louisiana, the contiguous states, and the broader national market.<sup>35</sup>

In the years since the original determination, apparent U.S. consumption continued to rise. In 1997, apparent U.S. consumption of crawfish tail meat was 3.78 million pounds, and by 2002 apparent U.S. consumption was 10.55 million pounds.<sup>36</sup> The increase was not constant, and apparent consumption declined in both 1999 and 2002, but for the period overall, apparent U.S. consumption increased by 178.7 percent.<sup>37</sup> The growth in demand is attributed to a growing interest in Cajun cuisine.<sup>38</sup>

## 2. Supply

The share of apparent U.S. consumption accounted for by domestically-produced crawfish tail meat varied widely over the period of review, ranging from a high of 38.2 percent in 1997, immediately after the instant antidumping order was put in place, to 4.6 percent in 2000 and 2001, when drought in Louisiana reduced the harvest.<sup>39</sup> The remainder of apparent U.S. consumption was filled with imported crawfish tail meat, and those imports were overwhelmingly from China. Subject imports from China accounted for between 61.8 percent (in 1997) and 92.2 percent (in 2001) of apparent U.S. consumption.<sup>40</sup>

Domestic production of crawfish tail meat has not changed significantly since the original determination. The supply of domestic tail meat is dependent on the harvest of whole live crawfish. The domestic crawfish harvest is seasonal, generally lasting from January through June, but the length of the season and the quantity and quality of the crawfish harvested are affected by the weather. For example, the harvest of whole live crawfish plunged in 2000 as drought struck Louisiana.<sup>41</sup> Typically, larger crawfish will be sold whole and live, although even larger crawfish will be processed for tail meat if the market for whole crawfish is saturated at the peak of the harvest season.<sup>42</sup> About 12 percent of harvested crawfish were further processed into tail meat during the period of review, and this percentage has been relatively stable throughout the period of review.<sup>43</sup>

To produce crawfish tail meat, whole live crawfish are boiled, then cooled, picked, and cleaned. The resulting tail meat may be sold either chilled or frozen. Most domestically-produced crawfish tail meat is sold as fresh or chilled, while approximately one-fifth of domestic production is frozen.<sup>44</sup> All subject imports of crawfish tail meat are frozen.<sup>45</sup> In recent years, domestic producers have tended to freeze less of their production in years with significant import penetration. For example, in 2001, subject imports from China topped 12.5 million pounds and accounted for 92.2 percent of the market, up from

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<sup>35</sup> USITC 3057 at 13 and Tables I-1 and I-2.

<sup>36</sup> CR/PR at Table C-1.

<sup>37</sup> CR/PR at Table C-1.

<sup>38</sup> Tr. at 35 (Mr. Randol).

<sup>39</sup> CR/PR at Table I-1.

<sup>40</sup> CR/PR at Table I-1.

<sup>41</sup> CR at I-2-I-4, PR at I-2.

<sup>42</sup> Tr. at 18-19 (Mr. R. Johnson).

<sup>43</sup> CR at I-10, PR at I-9.

<sup>44</sup> CR/PR at Table I-2.

<sup>45</sup> CR at I-13, PR at I-10.

5.5 million pounds and 80.2 percent in 2000.<sup>46</sup> The share of crawfish tail meat production that was sold frozen slipped from 17.7 percent in 2000 to 15.0 percent in 2001.<sup>47</sup>

As in the original investigation, processors of crawfish tail meat are generally small, family-owned businesses. The producers typically operate for seven or eight months of the year. Some members of the domestic industry may process other seafood products, such as crab or alligator meat, in the offseason, but most rely primarily on their sales of whole live and processed crawfish for the majority of their sales.<sup>48</sup> Sales of whole live crawfish have become more important to crawfish processors. In the original determination, processors sold between 37 percent and 50 percent of their total crawfish purchases as whole live crawfish. By 2002, domestic producers were selling 62 percent of their crawfish purchases in the live market.<sup>49</sup> Respondents have argued that the domestic industry has been constrained by shortages of both crawfish to process and labor to do the processing.<sup>50</sup> Some domestic producers agree that the industry has suffered from a loss of experienced labor,<sup>51</sup> but employment in the industry was as high in 2002 as it had been in 1997 and 1998, and the domestic industry was able to process as much crawfish tail meat in 2002 as it had in 1997.<sup>52</sup> Domestic production capacity remains well below apparent U.S. consumption, as was true at the time of the original determination.<sup>53</sup>

In the wake of the antidumping duty order, new importers of crawfish tail meat entered the market.<sup>54</sup> New shippers can ask for reviews of antidumping margins by Commerce, and while those reviews are pending, importers may post a bond of \$50,000 and begin importing from the new shippers.<sup>55</sup> According to evidence supplied by Customs and domestic producers, and uncontested by respondents, some new importers would enter the market, then disappear before Commerce could issue liquidation instructions. Thus, substantial antidumping duties in excess of the bond value have gone uncollected.<sup>56</sup> These new importers may also be conduits for shippers who have already been adjudged by Commerce to merit higher duties.<sup>57</sup>

### 3. Distribution and markets

Between 1999 and 2002, a little over half of domestically-produced crawfish tail meat was shipped to food stores, down somewhat from the period examined in the original investigation, 1994-1996.<sup>58</sup> Distributors and restaurants also account for significant shares of shipments of the domestic like product, as they did in 1994-1996.<sup>59</sup> In 1994-1996, between two-thirds and three-quarters of subject

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<sup>46</sup> CR/PR at Table I-1.

<sup>47</sup> CR/PR at Table I-2.

<sup>48</sup> CR at I-19-I-20, PR at I-14.

<sup>49</sup> CR at I-12, PR at I-9.

<sup>50</sup> See, e.g., Respondents' Posthearing Brief at 8; Tr. at 132-33 (Mr. Powers), 136, 139 (Ms. Costley).

<sup>51</sup> Compare Tr. at 64 (Mr. A. Johnson) with Tr. at 83 (Mr. Randol) and 86 (Mr. LeBlanc).

<sup>52</sup> CR/PR at Table I-1.

<sup>53</sup> CR/PR at Table I-1; USITC 3057 at 17.

<sup>54</sup> Tr. at 172-73 (Mr. Wisla), 174 (Mr. Fass), 209 (Mr. Powers).

<sup>55</sup> CR at I-21, IV-5 and n.8, PR at I-16, IV-4 and n.8; Tr. at 108 (Mr. Steinberger).

<sup>56</sup> CR at I-21, IV-5 and n.8, PR at I-16, IV-4 and n.8; Tr. at 108 (Mr. Steinberger).

<sup>57</sup> CR at I-21, IV-5 and n.8, PR at I-16, IV-4 and n.8; Tr. at 108-09 (Mr. Steinberger).

<sup>58</sup> CR/PR at Table I-4; USITC 3057 at Table I-3.

<sup>59</sup> CR/PR at Table I-4; USITC 3057 at Table I-3.

imports were sold to distributors.<sup>60</sup> Data from importer questionnaire data indicate that distributors still account for a significant share of subject import shipments,<sup>61</sup> although our analysis is complicated by the failure of most importers to provide the requested information to the Commission.<sup>62</sup>

In the original investigation, the domestic industry shipped between 94.6 and 95.9 percent of its total production to purchasers in Louisiana, between 3.0 and 4.6 percent to purchasers in Arkansas, Mississippi, and Texas, and the remainder to purchasers in all other states.<sup>63</sup> A similar pattern was found in the period of review, with shipments to Louisiana accounting for between 91.4 and 97.3 percent of domestic shipments between 1997 and 2001.<sup>64</sup>

In the original investigation, approximately half of all subject imports were shipped to purchasers in Louisiana, and between 11.6 and 17.3 percent were shipped to purchasers in Arkansas, Texas, and Mississippi.<sup>65</sup> In the period of review, importer questionnaire data indicates that substantial portions of subject imports are still being shipped to purchasers in Louisiana and in the contiguous states.<sup>66</sup>

As in 1994-1996, most sales of fresh crawfish tail meat are made within Louisiana or the states around Louisiana, where there is a preference for fresh crawfish in season.<sup>67</sup> This market is somewhat less price sensitive. Conversely, most of the crawfish sold outside Louisiana and the surrounding states is frozen and includes sales to “national” purchasers, such as large restaurant and hotel chains who are interested only in frozen, non-perishable meat and seek stable, year-round sources for substantial quantities.<sup>68</sup> However, there are major distributor and food processor purchasers located in Louisiana as well as in the rest of the United States.<sup>69</sup>

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<sup>60</sup> USITC 3057 at Table I-4.

<sup>61</sup> CR/PR at Table I-4. Distributors accounted for between \*\*\* and \*\*\* percent of U.S. shipments of imports, with the remainder sold to food stores. *Id.*

<sup>62</sup> Importer questionnaire responses were received from only 8 firms that accounted for 13.6 of subject imports from China in 2002. Coverage for the responding importers ranged from a low of zero percent of subject imports in 2002 to 2 percent in 1998 and 1999, 11 percent in 2000, and 5 percent in 2001. CR at I-7 n.8, PR at I-

<sup>63</sup> USITC 3057 at 11 and Table I-1

<sup>64</sup> CR/PR at Table I-3.

<sup>65</sup> USITC at 11 and Table I-2.

<sup>66</sup> CR/PR at Table I-3; see also CR/PR at Tables V-7, V-8, V-9, and V-10. Importer questionnaire data accounted for only 13.6 percent of subject imports in 2002, and the share varied significantly from year to year over the period of review. CR at I-7 n.8, PR at I-6 n.8. The questionnaire data were not sufficient to draw reliable conclusions about actual import volumes going into Louisiana. Official Commerce statistics indicate a declining trend of imports into Louisiana and Texas and an increase in entries in the remainder of the United States. CR at I-14-I-15, PR at I-11. However, port of entry data may not be meaningful in determining the location of the purchasers of subject imports. Both domestic producers and respondents agree that port of entry data is not a reliable indicator for shipments because of a growing trend to offload imported goods from China at Long Beach, California, regardless of eventual destination. Domestic Producers’ Posthearing Brief at A-1, Tr. at 179-180 (Mr. Mullen). The available data do suggest that a significant volume of subject imports is sold in Louisiana and in the contiguous states, as was true in the original determination. Advertisements submitted by domestic producers indicate sales of crawfish tail meat from China within Louisiana itself. Domestic Producers’ Prehearing Brief at Exh. 1.

<sup>67</sup> USITC 3057 at 11.

<sup>68</sup> USITC 3057 at 11-12.

<sup>69</sup> CR at II-2, PR at II-1; Respondents’ Posthearing Brief at Appendix, pp. 6-7.

#### 4. Interchangeability

As in the original investigation, most domestically-produced crawfish tail meat is sold fresh, and all subject imports are frozen.<sup>70</sup> Some quality differences, such as taste and texture, may exist between the domestic like product and the subject imports.<sup>71</sup> Such quality differences are more important to some Louisiana purchasers than to national purchasers, especially restaurant chains.<sup>72</sup> Most market participants agree that some differences in availability and price exist between the domestic like product and subject imports.<sup>73</sup> However, most market participants, including purchasers, agree that domestically-produced crawfish tail meat and subject imports are direct competitors in the U.S. market.<sup>74</sup> Of the 33 domestic producers giving an opinion, 23 reported that domestically-produced crawfish tail meat is “always” interchangeable with subject imports, and an additional four reported that the products are “frequently” interchangeable.<sup>75</sup> Four of seven responding importers found the products to be “always” interchangeable.<sup>76</sup>

Conversely, pricing differences are important. Twenty-five responding purchasers reported that differences in the price of crawfish produced in the United States and other countries are “always” important, while seven reported price differences to be “frequently” important.<sup>77</sup> Only a handful of customers will choose higher-priced domestically-produced crawfish tail meat over less expensive subject imports given price differences of 40 percent or more.<sup>78</sup> Among purchasers, most ranked “quality/consistency” as the most important factor in their purchasing decision, but price was the second most common important factor, and price was described by a majority of purchasers as a very important factor.<sup>79</sup> Some purchasers reported that they had customers who preferred domestically-produced crawfish tail meat, but others reported their customers being primarily interested in price.<sup>80</sup>

Except as otherwise noted, we find that the foregoing conditions of competition are likely to prevail for the reasonably foreseeable future and thus provide an adequate basis upon which to assess the likely effects of revocation within the reasonably foreseeable future.

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<sup>70</sup> CR/PR at Table I-2; USITC 3057 at 11.

<sup>71</sup> CR at II-13, PR at II-8.

<sup>72</sup> CR at II-13, PR at II-8; USITC 3057 at 11.

<sup>73</sup> Respondents argue that subject imports are available graded by size, and that larger pieces comprise a significant portion of subject imports. Respondents claim that the domestic like product is not available graded or in larger sizes. However, the record indicates that producers in China, like those in the United States, produce tail meat in a variety of sizes. Domestic Producers’ Posthearing Brief at 10.

<sup>74</sup> CR at II-13-II-14, PR at II-8. In the original investigation, most responding purchasers agreed that fresh crawfish tail meat could be “easily substituted” or “occasionally substituted” for frozen crawfish tail meat. USITC 3057 at II-11.

<sup>75</sup> CR/PR at Table II-1.

<sup>76</sup> CR/PR at Table II-1.

<sup>77</sup> CR/PR at Table II-2.

<sup>78</sup> CR at II-15, PR-10.

<sup>79</sup> CR/PR at Table II-5. Price was also an important factor to responding purchasers in the original investigation. USITC 3057 at II-16.

<sup>80</sup> CR at II-20, PR at II-13.

### C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>81</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>82</sup>

In the original investigation, the Commission found that the volume of subject imports and the increase in that volume were significant. The Commission found that subject imports increased from 3.39 million pounds in 1994 to 7.77 million pounds in 1996, and market share of shipments of subject imports rose from 57.6 percent in 1994 to 86.8 percent in 1996.<sup>83</sup> The Commission noted that domestic production capacity was not sufficient to supply domestic demand, and that domestic production was largely oriented towards sales of fresh crawfish tail meat in Louisiana and the contiguous states. However, the Commission noted that most sales of subject imports were to purchasers in those same states, and the increase in subject imports exceeded the rise in apparent U.S. consumption.<sup>84</sup>

In the years since the original determination, the volume of subject imports has continued to increase. Subject imports in 2002, at 8.88 million pounds, were 279.3 percent higher than in 1997, despite a drop in import volume between 2001 and 2002.<sup>85</sup> As in the original investigation, the increase in imports generally outstripped the increase in demand, as apparent U.S. consumption increased 178.7 percent between 1997 and 2002.<sup>86</sup> Furthermore, both domestic producers and respondents agree that these import figures are actually somewhat understated.<sup>87</sup>

The increase in subject imports in the years since the imposition of the order demonstrate the ability of the crawfish tail meat processing industry in China to increase imports to the United States market. Other factors suggest that further increases in subject imports would be likely upon revocation. Questionnaire data received in the course of this review do not cover a substantial portion of the industry in China.<sup>88</sup> Nonetheless, the data provided indicate that production capacity in China more than doubled over the last six years, increasing from \*\*\* million pounds in 1997 to \*\*\* million pounds in 2002.<sup>89</sup> Most of this new capacity has remained idle, and the capacity utilization rate in 2002 was only \*\*\* percent. Reported unused production capacity in 2002, at \*\*\* million pounds, was equivalent to \*\*\*

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<sup>81</sup> 19 U.S.C. § 1675a(a)(2).

<sup>82</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>83</sup> USITC 3057 at 17.

<sup>84</sup> USITC 3057 at 17-18.

<sup>85</sup> CR/PR at Table C-1.

<sup>86</sup> CR/PR at Table C-1.

<sup>87</sup> Domestic Producers' Prehearing Brief at 19 n.12; Respondents' Posthearing Brief at Appendix, p.2, and Tr. at 177 (Mr. Wisla).

<sup>88</sup> CR at IV-4, PR at IV-4.

<sup>89</sup> CR/PR at Table IV-4.

percent of subject imports and more than four times domestic production that year.<sup>90</sup> Inventories in the hands of exporters were reported at \*\*\* pounds at the end of 2002, which is equivalent to more than one-third of domestic production in 2002.<sup>91</sup> The reported inventories of U.S. importers \*\*\* over the period of review, ranging from \*\*\* percent of U.S. shipments in 2002 to \*\*\* percent in 2000.<sup>92</sup>

The industry in China is highly export-oriented. The home market in China accounted for only \*\*\* percent of shipments in 2002, while exports to the United States accounted for \*\*\* percent of all shipments.<sup>93</sup> In recent years, China has also exported crawfish to other countries. There are no tariff barriers to imports of crawfish tail meat in third country markets, but imports into the European Union are still subject to testing for the presence of chloramphenicol.<sup>94</sup> Even with an antidumping order in place, the United States has remained by far the most important market for Chinese crawfish tail meat. \*\*\*.<sup>95</sup>

Accordingly, based on the Chinese industry's substantial production capacity and unused capacity, its demonstrated capacity to increase imports into the U.S. market rapidly, its reliance on export markets, the attractiveness and importance of the U.S. market to Chinese producers, trade patterns during and after the original investigation, and the \*\*\*, we find that the likely volume of subject imports would be significant absent the antidumping duty order.

#### **D. Likely Price Effects of Subject Imports**

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.<sup>96</sup>

In the original determination, the Commission found underselling by the subject imports to be significant, and concluded that subject imports had suppressed prices for the domestic product to a significant degree. All price comparisons between subject imports and the domestic like product, in every market, showed underselling in excess of 20 percent. Prices for frozen tail meat from China were always below prices for the fresh domestic crawfish tail meat.<sup>97</sup> The Commission considered, and rejected, the possibility that the significant price differences represented a lack of substitutability between the subject imports and the domestic like product, finding that the preference for the domestic like product was neither as absolute nor as widespread as had been suggested.<sup>98</sup> The Commission found that subject import prices had been low enough to convince even purchasers in Louisiana to switch,

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<sup>90</sup> Calculated from CR/PR at Tables IV-4 and C-1.

<sup>91</sup> CR/PR at Tables I-1 and IV-5.

<sup>92</sup> CR/PR at Tables IV-2. Again, however, our analysis is complicated by the relatively low level of response to Commission questionnaires by importers.

<sup>93</sup> CR/PR at Table IV-5.

<sup>94</sup> CR at IV-8, PR at IV-5.

<sup>95</sup> CR at D-17-D-18, PR at D-17-D-18.

<sup>96</sup> 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>97</sup> USITC 3057 at 21.

<sup>98</sup> USITC 3057 at 21.

despite a preference for the local, fresh domestic product.<sup>99</sup> The Commission further found that the domestic industry had been unable to reduce prices to meet low and declining import prices, as small, family-operated businesses could not reduce prices below the cost of production.<sup>100</sup> The Commission found that low-priced imports had reduced producers' willingness to freeze tail meat for sales in the off-season, because of additional costs incurred. Producers were thus left no option other than curtailing production.<sup>101</sup>

As was true in the original determination, some differences exist between the domestically-produced crawfish tail meat and subject imports. The domestic like product typically is considered to be inferior to subject imports in terms of availability and in terms of price.<sup>102</sup> The domestic like product is typically considered superior to the subject imports in terms of quality.<sup>103</sup> Nonetheless, virtually all respondents reported subject imports to be "always" or "frequently" interchangeable with the domestic like product.<sup>104</sup> Price remains an important consideration in purchasing decisions.<sup>105</sup>

As in the original investigation, underselling by subject imports was persistent and widespread through the period of review, despite the existence of the order. Subject imports undersold the domestic like product in virtually every comparison, regardless of product or region or type of purchaser.<sup>106</sup> Underselling margins typically exceeded 20 percent. Subject import prices were lower than prices for fresh domestically produced tail meat, but even undersold domestically-produced frozen tail meat by significant margins.<sup>107</sup>

Domestic prices have shown seasonal variations, with prices somewhat lower during the harvest season. Prices for the domestic product were typically somewhat higher in 2002 than in 1997, but well below prices in the drought year of 2000. Respondents claim that prices for subject imports rose over the period of review, but product-specific pricing data obtained in this review indicate subject import prices actually fell during the period of review.<sup>108</sup>

Furthermore, producers are in the same position as in the original investigation. Over the period of review, the domestic industry experienced rising unit costs, including rising labor costs.<sup>109</sup> Unit losses increased throughout the period of review.<sup>110</sup> While prices for the domestic like product rose somewhat

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<sup>99</sup> USITC 3057 at 21.

<sup>100</sup> USITC 3057 at 22-23.

<sup>101</sup> USITC 3057 at 23-24.

<sup>102</sup> CR/PR at Table II-6.

<sup>103</sup> CR/PR at Table II-6.

<sup>104</sup> CR/PR at Table II-1.

<sup>105</sup> CR/PR at Tables II-4 and II-5.

<sup>106</sup> CR/PR at Tables V-1-V-8.

<sup>107</sup> CR/PR at Tables V-2, V-7, V-8, and V-10. For example, in the fourth quarter of 2002, fresh domestic crawfish tail meat sold for \$\*\*\* per pound, frozen domestic crawfish tail meat sold for \$\*\*\*, and frozen imported crawfish tail meat sold for \$\*\*\* per pound. CR/PR at Tables V-1 and V-2.

<sup>108</sup> CR at V-5 and Table V-2, PR at V-3 and Table V-2. Prices for subject imports of product 2, frozen crawfish tail meat, \*\*\* in the third and fourth quarters of 2002. We do not find this apparent increase to be significant in light of evidence that prices reported for these particular imports may not be reliable. Domestic Producers' Prehearing Brief at 27. Those particular imports still undersold the domestic like product by significant margins.

<sup>109</sup> CR/PR at Table C-1.

<sup>110</sup> CR/PR at Table C-1.

over the period of review, especially when drought struck, domestic producers were unable to pass on enough of their rising costs to customers through increased prices to generate operating profit.<sup>111</sup>

Therefore, we determine that, if the order were revoked, significant volumes of subject imports likely would undersell the domestic like product significantly to maintain and even gain market share and likely would have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time.<sup>112</sup>

#### F. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>113</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>114</sup> As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.<sup>115</sup>

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<sup>111</sup> CR/PR at Table C-1.

<sup>112</sup> Section 752(a)(1)(D) of the Act requires that in a five-year review of an antidumping duty order, “[t]he Commission shall take into account . . . the findings of the administering authority regarding duty absorption under section 751(a)(4).” 19 U.S.C. § 1675a(a)(1)(D). The SAA explains that

[d]uty absorption may indicate that the producer or exporter would be able to market more aggressively should the order be revoked as a result of a sunset review. Thus, the Commission is to consider duty absorption in determining whether material injury is likely to continue or recur.

SAA at 886.

In 2001, Commerce determined that antidumping duties had been absorbed by Ningbo Nanlian/Huaiyin 5 and for sales in which Yangcheng FTC acted as exporter for Nantong Delu. 66 Fed. Reg. 20634 (Apr. 24, 2001). In 2003, Commerce determined that antidumping duties had been absorbed with respect to exports by Qingdao Rirong, China Kingdom, and by all exporters that are part of the PRC entity. 68 Fed. Reg. 19504 (Apr. 21, 2003).

<sup>113</sup> 19 U.S.C. § 1675a(a)(4).

<sup>114</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In the final results of its expedited sunset review of the antidumping duty order on crawfish tail meat from China, Commerce determined that revocation of the order would likely lead to a continuation or recurrence of dumping at weighted-average margins as follows: 91.50 percent for Huaiyin Foreign Trade Corp.; 108.05 percent for Yancheng FTC; 119.39 percent for Binzhou Prefecture Foodstuffs Import & Export Corp.; 122.92 percent for Jiangsu Cereals, Yancheng Baolong Aquatic Foods, Huaiyin Ningtai Fisheries Co., Ltd., and Nantong Delu Aquatic Food Co., Ltd; 156.77 percent for China Everbright Trading Company; and 201.63 percent for a PRC-wide rate. 67 Fed. Reg. at 72646 (Dec. 6, 2002).

<sup>115</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at (continued...)

In the original determination, the Commission found that subject imports had a significant adverse impact on the industry. The Commission found that substantial volumes of low-priced subject imports displaced sales of the domestic like product and, unable to meet those low prices, domestic producers responded by selling more fresh meat in season, selling more whole live crawfish, or scaling back production.<sup>116</sup> As a result, the Commission found, domestic producers experienced falling production and sales volume, capacity utilization, and employment, along with rising per-unit costs. The Commission found that the domestic industry suffered serious financial declines as falling sales volumes and rising costs erased profit margins.<sup>117</sup>

Immediately following the filing of the petition, production by the domestic industry increased in 1997 and in 1998, and its share of the market was 38.2 percent in 1997, up from only 13.2 percent in 1996.<sup>118</sup> However, domestic production peaked in 1998, and its share of the market peaked in 1997. The industry continued to lose money throughout the period of review, and losses accelerated.<sup>119</sup>

The domestic industry was in a worse position at the end of the period of review than at the beginning. Production capacity peaked in 1998 at 4.88 million pounds, and by 2002 it had declined to 4.31 million pounds. In every single year of the period of review, capacity utilization was lower than it was at any time during the original investigation. In 2002, the capacity utilization rate was 30.2 percent, down from 62.4 percent in the first year of the original investigation, 1994.<sup>120</sup> Wages per hour were lower in 2002 than in 1997, and productivity in 2002 was sharply lower than in 1997. Unit value of net sales was lower in 2002 than in 1998 or 1999.<sup>121</sup> Sixteen of 30 producers reported net losses in 2002.<sup>122</sup> Without the receipt of disbursements under the Continued Dumping and Subsidy Offset Act (the Byrd Amendment)<sup>123</sup> in 2002, the domestic industry would have registered net losses in every year of the period of review.<sup>124</sup>

We find that the domestic industry's poor performance over the period of review indicates that it is vulnerable to a continuation of material injury from subject imports. We have taken into account disbursements of funds under the Byrd Amendment to some members of the domestic industry, and we are aware that disbursements to some domestic producers as a result of the Byrd Amendment converted an industry-wide net loss into net income.<sup>125</sup> The presence of Byrd Amendment funds can be classified as an improvement in the state of the industry related to the order. As the SAA notes, such an improvement "may suggest that the state of the industry is likely to deteriorate if the order is revoked."<sup>126</sup> In view of the domestic industry's continuing inability to cover its costs through sales revenues, we still

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<sup>115</sup> (...continued)

885.

<sup>116</sup> USITC 3057 at 26.

<sup>117</sup> USITC 3057 at 26.

<sup>118</sup> CR/PR at Table I-1.

<sup>119</sup> CR/PR at Table I-1.

<sup>120</sup> CR/PR at Table I-1.

<sup>121</sup> CR/PR at Table I-1.

<sup>122</sup> CR/PR at Table III-6.

<sup>123</sup> 19 U.S.C. § 1675c.

<sup>124</sup> CR/TR at Table I-1.

<sup>125</sup> CR/PR at Table I-5.

<sup>126</sup> SAA at 884. "In appropriate circumstances, the Commission may make an affirmative determination notwithstanding the lack of any likely further deterioration of the current condition of the domestic industry if revocation of the order...would be likely to lead to the continuation or recurrence of material injury." *Id.*

find the domestic industry vulnerable to a continuation of material injury. Disbursements under the Byrd Amendment supplied additional revenue to the domestic industry but have had limited impact on the industry. Byrd Amendment disbursements did not increase the industry's production, capacity utilization rate, wages per hour, or employment level.<sup>127</sup> The disbursements themselves were limited, as Customs was able only to collect and disburse approximately one-quarter of the tariffs owed and for only one year, 2002.<sup>128</sup>

The domestic industry is in the same position as it was at the time of the original determination, faced by significant and increasing volumes of subject imports which undersell the domestic like product by wide and persistent margins. As in the original determination, the domestic industry is unable to increase its prices to cover its costs. We found above the volume and price effects of subject imports are likely to be significant in the event of revocation of the antidumping duty order. Revocation would enable Chinese producers and exporters to sell even larger quantities than they currently do, and at prices that would put even more pressure on domestic prices. We find that in such an environment the negative effects on the domestic industry's sales quantity or prices, or both, would be significant.

Respondents have advanced several arguments as to why continuation or recurrence of material injury is not likely upon revocation. These arguments are either not supported by the law or not supported by the record.

Respondents argue that the domestic industry has chosen to concentrate on sales of whole live crawfish rather than processing.<sup>129</sup> Domestic producers do in fact resell a significant percentage of their crawfish purchases as whole live crawfish, although domestic producers account for only a minor portion of the total sold.<sup>130</sup> However, domestic producers have not abandoned the crawfish tail meat industry. After harvests marred by drought, production of crawfish tail meat by the domestic industry in 2002 was at its second highest level for the period of review.<sup>131</sup> The domestic industry cannot abandon the processing of crawfish tail meat. As domestic producers have testified, the crawfish processing industry is a "three-legged stool," consisting of whole live crawfish, fresh crawfish tail meat, and frozen crawfish tail meat.<sup>132</sup> Not all crawfish will be suitable for sale as whole live crawfish; at the height of the harvest not all of even the largest crawfish can be sold as whole live crawfish; and some crawfish meat processed during the harvest season will need to be frozen for later resale.<sup>133</sup> Even when processing crawfish tail meat does not yield net profits, processing provides an income stream essential to small businesses.<sup>134</sup>

Respondents also argue that the domestic industry is constrained by shortages of crawfish.<sup>135</sup> As noted, the crawfish harvest may be affected by non-market factors, such as the weather. The harvests in 2000 and 2001 were limited by drought. However, the record does not indicate that domestic producers are generally unable to obtain additional volumes of crawfish, but rather that it has not been economic for

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<sup>127</sup> CR/PR at Table I-1.

<sup>128</sup> Domestic Producers' Prehearing Brief at 13.

<sup>129</sup> Respondents' Prehearing Brief at 4.

<sup>130</sup> CR at I-12 and I-10 n.16; PR at I-9 and I-8 n.16.

<sup>131</sup> CR/PR at Table I-1.

<sup>132</sup> Tr. at 18 (Mr. R. Johnson).

<sup>133</sup> Tr. at 18-19 (Mr. R. Johnson).

<sup>134</sup> CR at III-9 n.8, PR at III-8, n.8.

<sup>135</sup> Respondents' Prehearing Brief at 5.

them to do so.<sup>136</sup> Similarly, the domestic industry may have lost some skilled workers,<sup>137</sup> but the industry has still been able to produce significant quantities of crawfish tail meat.<sup>138</sup> The domestic industry appears to have been constrained by economic limitations, namely, low-priced imports, rather than by any lack of interest in expanding its production or market share.

Respondents claim that subject imports and the domestic like product do not compete in the marketplace.<sup>139</sup> The domestic industry could not supply all apparent U.S. consumption even if its capacity were fully utilized. In 2002, domestic production capacity was 4.31 million pounds, while apparent U.S. consumption was 10.55 million pounds.<sup>140</sup> However, the statute does not require that a domestic industry be capable of supplying all domestic demand before an affirmative determination can be made under the statute.

Furthermore, the record does not support the clear market segmentation suggested by respondents. In the original determination, approximately one-half of all subject imports was sold in Louisiana, and two-thirds were sold in Louisiana and the contiguous states.<sup>141</sup> While the questionnaire data submitted in this review by respondents are incomplete, the data indicate that significant shares of subject imports are still largely being sold in the domestic industry's home market of Louisiana and the contiguous states.<sup>142</sup> According to responding importers, \*\*\* percent of subject imports in 2002 were shipped to purchasers in Louisiana, Arkansas, Texas, and Mississippi.<sup>143</sup> The record suggests that subject imports are competing with the domestic like product in the same channels of distribution, namely, food stores in the Louisiana and the contiguous states.<sup>144</sup> In the original determination, the Commission found a significant underselling margin could convince many purchasers to switch from the domestic product to the subject imports.<sup>145</sup> The record gathered in this review suggests that even purchasers in Louisiana can be induced to choose low-priced imports.<sup>146</sup> Subject imports have opened new markets for crawfish, and subject imports do service markets not reached by the domestic industry.<sup>147</sup> However, the record still indicates that competition between subjects imports and the domestic like product occurs, and the record indicates that such competition would continue, and intensify, upon revocation.<sup>148</sup>

Finally, respondents argue that the order should be revoked because it has been ineffective.<sup>149</sup> However, the Commission is not directed to revoke an order merely because it has been ineffective. To the contrary, the Commission is instead directed to determine whether revocation of the order would be

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<sup>136</sup> Tr. at 60 (Mr. A. Johnson).

<sup>137</sup> Tr. at 64 (Mr. A. Johnson).

<sup>138</sup> Tr. at 83 (Mr. Randol), 84 (Mr. LeBlanc).

<sup>139</sup> Respondents' Prehearing Brief at 7-9.

<sup>140</sup> CR/PR at Table I-1.

<sup>141</sup> USITC 3057 at Table I-2.

<sup>142</sup> CR/PR at Table I-3.

<sup>143</sup> CR/PR at Table I-3.

<sup>144</sup> CR/PR at Table I-4; Domestic Producers' Prehearing Brief at Exh. 1.

<sup>145</sup> USITC 3057 at 21.

<sup>146</sup> Tr. at 38 (Mr. A. Johnson); 231-233 (Ms. Costley).

<sup>147</sup> Despite requests, respondents never quantified what share of subject imports are in fact consumed by "national" customers not reached by the domestic industry.

<sup>148</sup> CR at D-17-D-18; PR at D-17-D-18.

<sup>149</sup> Respondents' Posthearing Brief at 3.

likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>150</sup> By directing the Commission to consider whether revocation would likely lead to a continuation of material injury, the statute foresees that an order might not be effective in eliminating the injurious effects of imports.<sup>151</sup> The instant situation is not one wherein the order has been rendered ineffective because the domestic industry has shifted to a different segment of the market.<sup>152</sup> As noted above, the record indicates that subject imports and the domestic like product continue to compete in some markets, and such competition would continue and intensify upon revocation. To the extent that the order has been ineffective, that ineffectiveness alone does not indicate that continuation of material injury would not be likely upon revocation.<sup>153</sup>

Accordingly, based on the record in this review, we conclude that, if the antidumping duty order were revoked, significant volumes of subject imports from China likely would undersell the domestic like product and depress or suppress prices for the domestic like product, and thus would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

### CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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<sup>150</sup> See also SAA at 884.

<sup>151</sup> 19 U.S.C. § 1675a(a)(1).

<sup>152</sup> Chrome-Plated Lug Nuts from China and Taiwan, Inv. 731-474 and 475 (Review), USITC Pub. 3362 (Oct. 2000) at 14-15, 20.

<sup>153</sup> Domestic producers have produced evidence indicating that efforts have been made to evade the disciplines of the order. Domestic Producers' Prehearing Brief at Exhs. 2-3.



## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On August 2, 2002, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted a review to determine whether revocation of the antidumping duty order on crawfish tail meat from China would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective November 4, 2002, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the review is provided in the following tabulation.<sup>1</sup>

Effective date	Action
September 15, 1997	Commerce's antidumping duty order (62 FR 48218)
August 2, 2002	Commission's institution of review (67 FR 50459)
November 4, 2002	Commission's decision to conduct a full review (67 FR 69557, November 18, 2002)
December 6, 2002	Commerce's final results of expedited review (67 FR 72645)
January 24, 2003	Commission's scheduling of the review (68 FR 5046, January 31, 2003)
June 3, 2003	Commission's hearing <sup>1</sup>
July 15, 2003	Date of the Commission's vote
July 28, 2003	Commission's determination sent to Commerce

<sup>1</sup> App. B is a list of witnesses who appeared at the hearing.

### The Original Investigation

On September 20, 1996, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of dumped imports of crawfish tail meat from China.<sup>2</sup> On August 1, 1997,<sup>3</sup> Commerce made a final affirmative dumping determination, with margins (in percent *ad valorem*) as follows: China Everbright Trading Co. (China Everbright), 156.77; Binzhou Prefecture Foodstuffs Import & Export Corp. (Binzhou Prefecture), 119.39; Huaiyin Foreign Trade Corp. (Huaiyin FTC), 91.50; Yancheng Foreign Trade Corp. (Yancheng FTC), 108.05; Jiangsu Cereals, Oils & Foodstuffs Import & Export Corp. (Jiangsu Cereals), 122.92; Yancheng Baolong Aquatic Foods Co., Ltd. (Yancheng Baolong), 122.92; Anhui Cereals, Oils and Foodstuffs Import & Export Corp. (Anhui), 122.92; Nantong Delu Aquatic Food Co., Ltd. (Nantong

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<sup>1</sup> The Commission's notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in app. A (along with Commerce's notice of final results of its expedited review) and may also be found at the Commission's web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners' votes on whether to conduct an expedited or full review may also be found at the web site.

<sup>2</sup> The petition was filed by the Crawfish Processors Alliance (CPA), Breaux Bridge, LA.

<sup>3</sup> 62 FR 17637.

Deju), 122.92; and China-wide rate, 201.63. On September 15, 1997,<sup>4</sup> Commerce amended its final determination to exclude Anhui from the weighted-average margin of 122.92 percent (it received the China-wide rate). It also added Huaiyin Ningtai Fisheries Co., Ltd. (Huaiyin Ningtai) to the weighted-average margin of 122.92 percent. The Commission made its final affirmative injury determination on September 8, 1997, and Commerce issued an antidumping duty order on September 15, 1997.

Table I-1 presents a summary of data from the original investigation and from this review. Since the original investigation concluded, imports from China initially decreased, but fluctuated upward thereafter, reaching a high in 2001 that exceeded the previous high in 1995 by about 18 percent.<sup>5</sup> Unit values for imports from China declined immediately after the antidumping duty order, and stayed fairly low until nearly doubling in 2001.<sup>6</sup> Imports from China and their unit values both declined between 2001 and 2002. Imports from all other sources were not present until 1998, and held fairly low market shares except for a spike to 15 percent in 2000. Most of these imports were from Spain. U.S. producers' production and shipments rose immediately after the antidumping duty order, but fell to a low in 2000, when the total harvest of live crawfish declined to a low of 18.5 million pounds (down from 66.4 million pounds in 1997), in part because of a drought during that year.<sup>7</sup> Production and shipments increased in 2002, concurrent with a dramatic increase in the total harvest of Louisiana crawfish to 74.5 million pounds in 2002. Total reported capacity was higher during 1997-2002 than during the original investigation, which is partly attributable to a greater level of processor response to Commission questionnaires during the review than during the original investigation. Hourly wages declined through 2000, then increased in 2001 and 2002; productivity declined after the order was in place and did not reach the levels attained in the original investigation period even in 2002. Since the original investigation, total expenses increased per unit and as a ratio to net sales. Net losses were greater after the order, with the exception of 2002, and then only because many firms received Byrd Amendment funds.

In the original investigation, 31 out of 40 U.S. processors provided usable data on crawfish tail meat production. During this review, 37 out of 42 provided usable data. Industry coverage based on production was about 80 percent during the original investigation and about 85-90 percent during this review. During the preliminary phase of the investigation, about 12 out of 26 importers responded with usable data covering virtually all imports of the subject product. During the final phase of the investigation, import coverage declined to about 80 percent. During this review, only 8 importers provided usable data, accounting for only about 14 percent of subject imports in 2002. During the original investigation, foreign exporters accounting for about 80 percent of subject imports provided usable data on Chinese shipments and exports. During this review, 10 out of 16 Chinese processors/exporters provided usable data, accounting for about 50 percent of subject imports in 2002.

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<sup>4</sup> 62 FR 48218.

<sup>5</sup> Moreover, the volume of imports from China is likely to be understated. (See part IV of this report.) It is important to note that imports during the original investigation were based on questionnaire data, and imports during this review are based on official statistics. Accordingly, comparisons between these two periods may be of limited value. The quantity of subject imports based on official statistics for the original investigation period were the following: 1.6 million pounds in 1994; 2.8 million pounds in 1995; and 2.8 million pounds in 1996.

<sup>6</sup> These higher unit values have been challenged by counsel for the CPA. (See part IV of this report.)

<sup>7</sup> Submission by counsel for the CPA, September 20, 2002, p. 10 and exhibit 8.

**Table I-1**  
**Crawfish tail meat: Summary data from the original investigation and the current review, 1994-96**  
**and 1997-02**

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs,  
and unit financial data are *per pound*)

Item	Calendar year <sup>1</sup>								
	1994	1995	1996	1997	1998	1999	2000	2001	2002
U.S. consumption quantity: Amount	5,271	8,897	9,522	3,784	8,027	4,931	6,830	13,565	10,546
Producers' share: <sup>2</sup>	42.4	21.1	13.2	38.2	21.5	20.2	4.6	4.6	13.1
Importer's share: <sup>2</sup> China	57.6	78.9	86.8	61.8	74.0	71.1	80.2	92.2	84.2
All other countries	0.0	0.0	0.0	0.0	4.5	8.7	15.1	3.2	2.8
Total imports	57.6	78.9	86.8	61.8	78.5	79.8	95.4	95.4	86.9
U.S. consumption value: Amount	21,304	34,364	29,753	12,570	21,288	12,992	15,744	51,273	32,860
Producers' share: <sup>2</sup>	53.8	30.1	23.9	65.7	50.7	51.9	16.6	8.9	25.7
Importer's share: <sup>2</sup> China	46.2	69.9	76.1	34.3	45.9	42.8	63.5	88.1	71.9
All other countries	0.0	0.0	0.0	0.0	3.4	5.3	19.9	3.1	2.5
Total imports	46.2	69.9	76.1	34.3	49.3	48.1	83.4	91.1	74.3
U.S. imports from-- China:									
Quantity	3,393	10,992	7,767	2,340	5,943	3,505	5,480	12,513	8,875
Value	9,032	35,845	19,308	4,309	9,769	5,561	9,997	45,167	23,621
Unit value	\$2.66	\$3.26	\$2.49	\$1.84	\$1.64	\$1.59	\$1.82	\$3.61	\$2.66
All other countries:									
Quantity	0	0	0	0	359	428	1,035	427	290
Value	0	0	0	0	719	694	3,137	1,566	808
Unit value	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	\$2.00	\$1.62	\$3.03	\$3.66	\$2.78
All countries:									
Quantity	3,393	10,992	7,767	2,340	6,302	3,934	6,515	12,940	9,165
Value	9,032	35,845	19,308	4,309	10,487	6,255	13,134	46,733	24,429
Unit value	\$2.66	\$3.26	\$2.49	\$1.84	\$1.66	\$1.59	\$2.02	\$3.61	\$2.67
U.S. producers'-- Capacity quantity	3,585	3,111	3,260	4,175	4,875	4,218	3,861	4,154	4,311
Production quantity	2,237	1,886	1,260	1,300	1,548	959	308	573	1,304
Capacity utilization <sup>2</sup>	62.4	60.6	38.6	31.1	31.8	22.7	8.0	13.8	30.2

Footnotes at end of table.

Item	Calendar year <sup>1</sup>								
	1994	1995	1996	1997	1998	1999	2000	2001	2002
U.S. shipments: Quantity	2,232	1,877	1,254	1,444	1,725	997	315	625	1,380
Value	11,461	10,352	7,118	8,262	10,801	6,737	2,609	4,540	8,431
Unit value	\$5.13	\$5.51	\$5.67	\$5.72	\$6.26	\$6.76	\$8.28	\$7.27	\$6.11
Ending inventory quantity	24	22	29	6	11	9	15	11	11
Inventories/total U.S. shipments <sup>2</sup>	1.1	1.2	2.3	0.4	0.7	0.9	4.8	1.8	0.8
Production workers	1,392	862	760	787	940	808	495	673	940
Hours worked (1,000 hours)	530	348	253	436	555	417	201	360	592
Wages paid (1,000 dollars)	2,596	2,242	1,634	2,200	2,692	1,884	707	1,438	2,948
Hourly wages	\$4.90	\$6.45	\$6.47	\$5.05	\$4.85	\$4.51	\$3.52	\$4.00	\$4.98
Productivity (pounds per hour)	4.2	5.4	5.0	3.0	3.0	2.3	1.5	1.7	2.3
Net sales: Quantity	2,178	1,826	1,281	1,267	1,532	880	296	530	1,278
Value	11,514	10,241	7,114	7,098	9,354	5,991	2,477	4,026	7,410
Unit value	\$5.29	\$5.61	\$5.55	\$5.60	\$6.11	\$6.81	\$8.37	\$7.59	\$5.80
Total expenses	11,058	9,952	7,300	7,309	10,257	7,024	2,753	4,908	9,144
Net income or (loss)	456	288	(186)	(211)	(902)	(1,017)	(275)	(882)	988
Unit total expenses	\$5.08	\$5.45	\$5.70	\$5.77	\$6.70	\$7.99	\$9.30	\$9.25	\$7.15
Unit net income or (loss)	\$0.21	\$0.16	(\$0.15)	(\$0.17)	(\$0.59)	(\$1.16)	(\$0.93)	(\$1.66)	\$0.77
Total expenses/sales <sup>2</sup>	96.0	97.2	102.6	103.0	109.7	117.2	111.1	121.9	123.4
Net income or (loss)/sales <sup>2</sup>	4.0	2.8	(2.6)	(3.0)	(9.6)	(17.0)	(11.1)	(21.9)	13.3

<sup>1</sup> Financial data are on a fiscal year basis.  
<sup>2</sup> In percent.  
<sup>3</sup> Not applicable.

Note.—Because of rounding, figures may not add to the totals shown. Calculated data are based on unrounded numbers. Imports from 1994-96 are based on questionnaire data; imports from 1997-2002 are based on official statistics. The quantity of subject imports based on official statistics for the original investigation period were the following: 1.6 million pounds in 1994; 2.8 million pounds in 1995; and 2.8 million pounds in 1996.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

## Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

*(1) IN GENERAL.— . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The*

*Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*

*(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*

*(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*

*(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*

*(D) in an antidumping proceeding . . . , (Commerce's findings) regarding duty absorption . . . .*

*(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*

*(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*

*(B) existing inventories of the subject merchandise, or likely increases in inventories,*

*(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

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

*(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

*(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

*(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

*(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--*

*(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*

*(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*

*(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

*The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.*

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy.”

Information obtained during the course of the review that relates to the above factors is presented throughout this report. A summary of data collected in the review is presented in appendix C. U.S. industry data are based on questionnaire responses of 37 firms that provided usable data, that accounted for about 85-90 percent of U.S. production of crawfish tail meat during 2002. U.S. import data are based on U.S. Department of Commerce official statistics.<sup>8</sup> Responses by U.S. producers, importers, and purchasers of crawfish tail meat and producers of crawfish tail meat in China to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation are presented in appendix D.

#### COMMERCE’S RESULTS OF EXPEDITED REVIEW

On December 6, 2002, Commerce found that revocation of the antidumping duty order on crawfish tail meat from China would likely lead to continuation or recurrence of dumping as follows (in percent *ad valorem*): China Everbright, 156.77; Binzhou Prefecture, 119.39; Huaiyin FTC, 91.50; Yancheng FTC, 108.05; Jiangsu Cereals, 122.92; Yancheng Baolong, 122.92; Huaiyin Ningtai, 122.92; Nantong Delu, 122.92; and China-wide, 201.63.<sup>9</sup> Commerce has issued two duty absorption determinations with respect to this order. On April 24, 2001 (66 FR 20634), Commerce made its final determination that antidumping duties had been absorbed with respect to Ningbo Nanlian/Huaiyin 5 and to sales for which Yancheng FTC acted as exporter for Nantong Delu. On April 21, 2003 (68 FR 19504), Commerce made a final determination that antidumping duties had been absorbed with respect to exports by Qingdao Rirong, China Kingdom, and all exporters that are part of the PRC entity.<sup>10</sup>

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<sup>8</sup> Importers’ questionnaire responses were received from only 8 firms that accounted for 13.6 percent of the volume of imports of crawfish tail meat from China in 2002. One firm only imported crawfish from Spain, and was also a U.S. producer (\*\*). Coverage from importers’ responses ranged from a low of zero percent in 1997 to around 2 percent in 1998 and 1999, to about 11 percent in 2000, and about 5 percent in 2001.

<sup>9</sup> Commerce’s notice appears in app. A.

<sup>10</sup> Commerce’s notice appears in app. A.

**COMMERCE'S ADMINISTRATIVE REVIEWS**

Commerce has completed eight new shipper and/or administrative reviews of the antidumping duty order on crawfish tail meat from China as shown in the following tabulation:<sup>11</sup>

Period of review	Date results published	Margin (percent)
09/01/97-03/31/98	May 24, 1999 (64 FR 27961) (Final results of new shipper review)	Ningbo Nanlian Frozen Foods Co., Ltd. (Ningbo Nanlian) ..... 0.00
03/26/97-08/31/98	April 19, 2000 (65 FR 20948) (Final results of administrative and new shipper reviews)	Qingdao Rirong Foodstuff Co., Ltd. (Qingdao Rirong) .... 0.00 Lianyungang Haiwang Aquatic Products Co., Ltd. (Lianyungang) ..... 201.63 China-wide rate <sup>1</sup> ..... 201.63
09/01/98-08/31/99	April 24, 2001 (66 FR 20634) amended with respect to Huaiyin 30 on June 6, 2001 (66 FR 30410) (Final results of administrative and new shipper reviews)	Ningbo Nanlian/Huaiyin 5 ..... 2.75 Yancheng Haiteng ..... 0.00 Huaiyin 30 ..... 138.69 Yancheng FTC ..... 35.73 Fujian Pelagic ..... 38.76 Yangzhou Lakebest ..... 0.00 Suqian FTC ..... 0.00 Qingdao Zhengri ..... 0.00 Shantou SEZ ..... 0.00 China-wide rate ..... 201.63
09/01/99-03/31/00	August 27, 2001 (66 FR 45002) amended September 27, 2001 (66 FR 49343) (Final results of new shipper review)	China Kingdom ..... 77.30 Nantong Shengfa ..... 21.85 Weishan Fukang ..... 20.16
09/01/99-09/30/00	December 17, 2001 (66 FR 64949) (Final results of new shipper review)	Shanghai Taoen ..... 7.53
09/01/99-08/31/00	April 22, 2002 (67 FR 19546) (Final results of administrative review)	Ningbo Nanlian/Huaiyin 5 (a.k.a. Jiangsu Hilong) ..... 62.51 Yancheng Haiteng ..... 65.81 Huaiyin 30 ..... 223.01 Fujian Pelagic ..... 174.04 Yangzhou Lakebest ..... 41.93 Suqian FTC ..... 41.41 Qingdao Rirong ..... 9.76 Nantong Shengfa ..... 45.40 China-wide rate ..... 223.01

<sup>11</sup> According to counsel for the CPA, there have been 22 new shipper reviews instituted (although many were terminated). CPA's prehearing brief, p. 12.

09/01/00-08/31/01	January 10, 2003 (68 FR 1439) (Final results of new shipper review)	Shouzhou Huaxiang . . . . . 15.44
09/01/00-08/31/01	April 21, 2003 (68 FR 19504) (Final results of administrative review)	Qingdao Rirong . . . . . 223.01 China Kingdom . . . . . 223.01 China-wide rate <sup>2</sup> . . . . . 223.01
09/01/01-02/28/02	February 19, 2003 (68 FR 7976) (Preliminary results of new shipper review)	Weishan Zhenyu Foodstuff Co., Ltd. (Weishan Zhenyu) . . . . . 0.00
<sup>1</sup> Binzhou Prefecture, Huaiyin FTC, Huaiyin Ningtai, Nantong Delu, Ningbo Nanlian, and Yancheng Baolong were subject to the China-wide rate of 201.63 percent. <sup>2</sup> Fujian Pelagic, Qingdao Zhengri/Yancheng Yaou, Shantou SEZ, Suqian Foreign Trade, and Yangzhou Lakebest are included in the China-wide rate.		

### THE SUBJECT PRODUCT

The imported product subject to the antidumping order under review, as defined by Commerce, is “freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared,” as covered by statistical reporting numbers 0306.19.0010 and 0306.29.0000 of the Harmonized Tariff Schedule of the United States (HTS).<sup>12</sup> Excluded are “live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any type, and parts thereof.”<sup>13</sup> The product enters the United States free of ordinary customs duties regardless of source.

In its original determination the Commission found the appropriate domestic like product to be “crawfish tail meat, whether peeled or ‘shell-on’.”<sup>14</sup> In response to a question soliciting comments regarding the appropriate domestic like product in the Commission’s notice of institution of this review, counsel for the Crawfish Processors Alliance agreed with the Commission’s domestic like product definition in the original investigation.<sup>15</sup> Counsel for the Chinese exporters/producers made no comment.

### Physical Characteristics and Uses

In the United States, crawfish are sold for commercial consumption in three forms: live whole, whole boiled, and processed tail meat. Accounting for a very large share of U.S. sales, live whole crawfish are the complete living animals (tail, head, body, claws, and shell) that are sold to end users who boil, peel, sometimes season, and eat them.<sup>16</sup> Whole boiled crawfish account for a very small share of U.S. sales; they are typically packaged with seasonings and are shipped either fresh or frozen. During the original investigation, the vast majority of the whole boiled product used to be exported in frozen

<sup>12</sup> The column 1 duty rate (applicable to China) for each of the HTS subheadings is free.

<sup>13</sup> 67 FR 72645, December 6, 2002.

<sup>14</sup> *Crawfish Tail Meat from China*, Investigation No. 731-TA-752 (Final), USITC Pub. 3057, August 1997, p. 8.

<sup>15</sup> Submission of September 20, 2002 by Adduci, Mastriani & Schaumberg, counsel for the CPA, p. 21.

<sup>16</sup> U.S. processors ship some of their purchases of crawfish as live whole crawfish, but account for only a minor portion of the total sold. Fishermen, farmers, and other distributors also sold live whole crawfish in Louisiana. Total harvests of live whole crawfish in Louisiana were 77.1 million pounds in 1997 (46.0 farmed and 30.1 wild), 66.3 million pounds in 1998 (36.1 farmed and 30.2 wild), 62.4 million pounds in 1999 (41.2 farmed and 21.2 wild), 18.5 million pounds in 2000 (16.2 farmed and 2.3 wild), 34.2 million pounds in 2001 (27.7 farmed and 6.5 wild), and 74.5 million pounds in 2002 (60.5 farmed and 14.0 wild). Louisiana crawfish harvest statistics, [www.lsuagcenter.com](http://www.lsuagcenter.com), downloaded April 18, 2003, and e-mail from counsel for the CPA, April 25, 2003.

form to Sweden, where it is viewed as a delicacy and commands a premium price.<sup>17</sup> About 12 percent of crawfish were further processed into tail meat during the review period.<sup>18</sup> This percentage is down slightly from 13 percent during the original investigation.<sup>19</sup> Processors peel blanched whole crawfish and package the meat in bags that are shipped either fresh or frozen.<sup>20</sup>

Most domestic tail meat is sold fresh, whereas all the imported tail meat from China is sold frozen because of the perishable nature of the product. In addition to the fresh-versus-frozen distinction, domestic tail meat is usually sold with the fat on, whereas the imported tail meat from China traditionally has been sold with the fat washed off. The fat of the crawfish is actually its hepatopancreas, which is golden-yellow in color. The fat imparts flavor and thus is generally preferred by customers in Louisiana; however, non-traditional markets served mainly by imported tail meat may be indifferent to the issue.<sup>21</sup> In addition, because the fat spoils more quickly than the meat, the meat is sold washed (without fat) in frozen form to extend its shelf life.

Live whole crawfish are used for crawfish “boils” or outdoor parties in Louisiana. Whole boiled crawfish are mainly consumed in Sweden for its August Waterfest festival. Crawfish tail meat is also used in prepared dishes, such as bisques and etouffees.<sup>22</sup>

### Common Manufacturing Facilities and Production Employees

Most crawfish processors concentrate on peeling crawfish for a living, although they also sell a large proportion (62 percent in 2002) of the volume of their crawfish purchases in the live market, operate restaurant businesses using their peeled crawfish, and some process crab meat and alligator meat.<sup>23</sup> This proportion has changed from the original investigation, where processors’ sales of crawfish

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<sup>17</sup> According to U.S. industry sources, this market for whole frozen crawfish has declined for U.S. processors in recent years, due to competition from Chinese exports to Sweden. Meeting of April 10, 2003 with \*\*\*, hearing transcript, pp. 20 and 43, and CPA posthearing brief, p. 13.

<sup>18</sup> This percentage varied by year as follows: 11.7 percent in 1997, 16.3 percent in 1998, 10.0 percent in 1999, 10.6 percent in 2000, 11.4 percent in 2001, and 11.6 percent in 2002.

<sup>19</sup> The percentage estimate is derived from U.S. processors’ shipments of crawfish tail meat during 1997-2002 (multiplied by a factor of 6.25 pounds of live whole crawfish to one pound of processed tail meat), compared with total Louisiana harvests during those years. *Crawfish Tail Meat from China*, op. cit., p. I-3 and footnote 11.

<sup>20</sup> Because tail meat is processed from crawfish that have only been blanched for 5 to 6 minutes, it is not sold as a fully-cooked item. The partial shell-on tail meat is not blanched or cooked. Ibid, p. I-3, footnote 12.

<sup>21</sup> Purchaser questionnaire responses. During the original investigation, non-traditional markets served mainly by imported tail meat generally preferred the fat washed off. Ibid, p. I-3. However, there may also be a recent trend toward more frozen Chinese tail meat sold with the fat on, according to U.S. industry sources. April 10, 2003 meeting with \*\*\*. At the hearing, witnesses for the CPA and for the respondents (members of the value-added seafood industry using Chinese tail meat) testified that there are times when the subject imports have the fat removed, and other times when the fat is added. There are certainly customers that require the longer shelf life achieved by removing the fat. Hearing transcript, pp. 77-78, 164, and 217.

<sup>22</sup> *Crawfish Tail Meat from China*, op. cit., p. I-3. Partial shell-on tail meat is meant to be served alone, with tail fins splayed so that it looks like finger lobster. Petitioners claimed in the original investigation that partial shell-on tail meat is also used in etouffees and bisques.

<sup>23</sup> Responses to Commission questionnaires, and hearing transcript, pp. 94-95. The share of the volume of crawfish purchases devoted to tail meat production by processors ranged among firms from a high of 100 percent to a low of zero percent. The weighted average was 38 percent. These statistics are relevant for processors only. The overall proportion of the live crawfish harvest devoted to tail meat processing was only 12 percent during the period for which data were collected. The low percentage is explained by many farmers and fisherman selling their own

(continued...)

in the live market ranged from 37 percent of total purchases in 1994 to 50 percent in 1996.<sup>24</sup> The larger grades of crawfish are packaged for immediate sale to the live whole and whole boiled markets, while the medium and peeler grades are prepared for tail meat processing.

In the first stage of crawfish tail meat production, the live whole crawfish are placed in cooking baskets and heated in unseasoned and untreated water at 200°F for five to six minutes. The crawfish are then removed from the water and discharged onto a cooling table or platform. Once cooled, they are placed on large peeling tables, where the tails are separated from the body and are peeled and deveined by hand. The head, body, claws, and shell are discarded as waste.<sup>25</sup>

Peeled tail meat is delivered directly to the packaging room, where the meat is inspected for extraneous pieces of shell or debris missed by the peelers. The meat is then placed in plastic bags, weighed, and immediately chilled. The bags are packed in boxes, iced, and placed in a cooler room, ready for shipment as fresh tail meat. Meat intended to be frozen is placed directly in the freezer. After freezing, the bags are boxed and placed in freezer storage, usually to be sold after the season.<sup>26</sup>

### Interchangeability and Customer and Producer Perceptions of the Product

Crawfish tail meat is only imported in frozen form because of the perishable nature of the product. Domestic tail meat is mainly shipped in fresh form, and increasingly so in heavy years of competition from imports from China. As shown in table I-2, frozen tail meat accounted for roughly 15-22 percent of U.S. processors' annual shipments of tail meat. During the height of imports from China in 2001, U.S. producers' shipments of frozen tail meat reached their lowest share of 15 percent. During the original investigation, the share devoted to frozen tail meat ranged from 24 percent in 1994 to 8 percent in 1995 and 1996.<sup>27</sup>

**Table I-2**

**Crawfish tail meat: Shares of U.S. producers' U.S. commercial shipments of fresh and frozen crawfish tail meat, 1997-2002**

Share of quantity (percent)						
Item	1997	1998	1999	2000	2001	2002
U.S. producers' U.S. shipments--						
Fresh (including chilled)	80.3	78.3	81.4	82.3	85.0	80.3
Frozen	19.7	21.7	18.6	17.7	15.0	19.7
Source: Compiled from data submitted in response to Commission questionnaires.						

In the original investigation, there was much disagreement among the parties as to the interchangeability between fresh and frozen tail meat. Petitioners argued that domestic fresh tail meat is preferable from a taste standpoint because it is fresh and has the fat on, but that imports of frozen tail

<sup>23</sup> (...continued)

harvest in the live markets. The proportion of tail meat processed is determined by demand in the live market and by conditions of competition in the tail meat market. *Crawfish Tail Meat from China*, op. cit., p. I-3.

<sup>24</sup> Ibid., p. I-3, footnote 15.

<sup>25</sup> Ibid., p. I-4.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid., p. III-4.

meat are competing mainly due to their very low price. Petitioners pointed out that the imported frozen tail meat is packaged almost identically to domestic fresh tail meat just to compete head-to-head. Respondents argued that fresh and frozen tail meat do not compete, and that imports of frozen tail meat had created a new market for low-income consumers and large national restaurant chains. Respondents pointed out that frozen imported tail meat is available year-round in massive quantities at a price which makes it attractive to national restaurant chains.<sup>28</sup>

In this review, the respondents have further argued that their frozen tail meat is sold graded into larger sizes (80-150 count), which are attractive to the value-added seafood industry customer base, and which are not sold by the U.S. producers.<sup>29</sup> Counsel for the CPA has argued that the Chinese tail meat is imported also in the smaller size counts of over 150 count and that counsel for the respondents has made this argument at the Department of Commerce administrative review hearings.<sup>30</sup>

Table I-3 shows the share of shipments by processors and importers going to the Louisiana market and to other national markets. The table shows a fluctuating trend toward more concentration by U.S. producers in the Louisiana market, away from the national market. During the original investigation, the share of U.S. producers' shipments going to the Louisiana market ranged from 94 percent in 1994 to 98 percent in 1996.<sup>31</sup> Further, counsel for the CPA has argued that the decline in the Swedish demand for Louisiana whole boiled crawfish allowed more of the larger live crawfish harvested to be devoted to the tail meat market and that U.S. tail meat producers are supplying tailmeat in the 96-150 count range.<sup>32</sup>

The table shows widely fluctuating percentages of imports going to the Louisiana market; however, due to the low rate of importer response to Commission questionnaires, the data reflected in table I-3 may be of limited value. Official Commerce statistics by port of entry for imports from China reveal a declining trend in entries into Louisiana and Texas, and an increasing trend in entries into the remainder of the United States.<sup>33</sup> However, port of entry data may not be meaningful to determine where the tail meat is shipped.

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<sup>28</sup> *Ibid.*, p. I-4.

<sup>29</sup> Hearing transcript, pp. 152, 155, 164, and 189.

<sup>30</sup> *Ibid.*, p. 257, e-mails of June 4, 2003 from counsel for the CPA to Olympia Hand, and CPA posthearing brief, p. 10 and exhibits 4-6.

<sup>31</sup> *Crawfish Tail Meat from China*, *op. cit.*, p. I-6.

<sup>32</sup> CPA posthearing brief, exhibit 7.

<sup>33</sup> Official Commerce statistics, imports from China by district, 1997-2002, downloaded May 1, 2003. Data on imports for 1994-2002, based on ports of entry for official Commerce statistics, are presented in app. C, table C-3. These data show a trend toward increased entries into states outside of Louisiana and its contiguous states in 2001-2002, consistent with witness testimony at the hearing. An interesting detail is that in 2002, 73 percent of imports from China entered into California, 13 percent into Texas, and only 5 percent into Louisiana.

**Table I-3**  
**Crawfish tail meat: Shares of U.S. shipments of crawfish tail meat by U.S. producers and U.S. importers (from China)<sup>1</sup> by destination, 1997-2002**

Share of quantity (percent)						
Item	1997	1998	1999	2000	2001	2002
U.S. producers' U.S. shipments--						
To Louisiana	94.9	91.4	96.3	97.1	97.3	97.3
To Arkansas, Mississippi, and Texas	2.4	6.7	2.6	2.9	2.4	2.0
To remainder of United States	2.7	1.9	1.1	0.1	0.2	0.7
U.S. importers' U.S. shipments of product from China--						
To Louisiana	***	***	***	***	***	***
To Arkansas, Mississippi, and Texas	***	***	***	***	***	***
To remainder of United States	***	***	***	***	***	***
1 ***						
Source: Compiled from data submitted in response to Commission questionnaires.						

At the hearing, witnesses for the CPA and for the respondents both testified that there has indeed been a shift toward more Chinese tail meat entering through Los Angeles, after which it is shipped across the country to markets in Louisiana, Texas, and Boston, where there is a growing value added seafood processing industry.<sup>34</sup> It is less costly to enter merchandise from China into Los Angeles, where the Chinese have set up special import companies to deal with the antidumping paperwork, and have built a large terminal (COSCO) to handle large entries of merchandise.<sup>35</sup> At the hearing, CPA witnesses testified that imported Chinese tail meat was competing with domestic tail meat in Louisiana grocery stores and at other levels of trade.<sup>36</sup> During the original investigation, the share of imported tail meat from China shipped to states other than Louisiana, Arkansas, Mississippi, and Texas ranged from 32 percent in 1994 to 46 percent in 1995 and 34 percent in 1996.<sup>37</sup>

### Channels of Distribution

In the U.S. market, sales of crawfish tail meat are made to distributors, restaurants, food stores, seafood markets, and other customers. As indicated in table I-4, the U.S. processors sold primarily to food stores and the U.S. importers sold primarily to distributors.<sup>38</sup> Food stores and restaurants, however,

<sup>34</sup> Respondents' posthearing brief (appendix, pp. 6-7) contains a list of value-added seafood processors located in Louisiana.

<sup>35</sup> Hearing transcript, pp. 52 181, and 185, and CPA posthearing brief, p. A-1.

<sup>36</sup> CPA posthearing brief, p. 6.

<sup>37</sup> *Crawfish Tail Meat from China*, op. cit., p. I-6.

<sup>38</sup> Due to limited cooperation by importers in completing their questionnaire responses, the data in table I-4 with regard to shipments of imports are of limited value. In addition, at the hearing, witnesses from the value-added seafood industry testified that they bought imported Chinese tail meat from importers and distributors, and were an important and growing segment of the purchasers of crawfish tail meat. Hearing transcript, pp. 135, 140, 146, and (continued...)

were the primary final outlets for both the U.S.-produced and imported tail meat. During the original investigation, the channels of distribution were similar but with a trend toward increasing sales by U.S. producers to food stores, away from restaurants and distributors. For U.S. importers, there was a trend toward more sales to food stores and slightly less sales to distributors. Overall, U.S. importers during the original investigation sold \*\*\* percent to distributors, \*\*\* percent to restaurants, and \*\*\* percent to food stores in 1996.

**Table I-4**  
**Crawfish tail meat: Channels of distribution for U.S. producers' and U.S. importers' (from China)**  
**U.S. shipments of crawfish tail meat, 1997-2002**

Share of quantity (percent)						
Item	1997	1998	1999	2000	2001	2002
U.S. producers' U.S. shipments--						
To distributors	22.1	21.9	14.7	7.0	14.7	17.7
To restaurants	15.7	15.5	14.7	21.9	14.4	15.4
To food stores	49.8	43.8	54.0	52.2	57.2	53.4
To seafood markets	10.3	9.6	12.3	17.0	13.2	11.7
To other customers <sup>1</sup>	2.1	9.1	4.3	1.9	0.5	1.8
U.S. importers' U.S. shipments of product from China--						
To distributors	***	***	***	***	***	***
To restaurants	***	***	***	***	***	***
To food stores	***	***	***	***	***	***
To seafood markets	***	***	***	***	***	***
To other customers <sup>1</sup>	***	***	***	***	***	***
<sup>1</sup> These customers included other types of retail establishments and retail-on-site.						
Source: Compiled from data submitted in response to Commission questionnaires.						

<sup>38</sup> (...continued)

151 and respondents' posthearing brief, appendix p. 6. When questionnaires for this review were sent out for comment, the importance of this segment in the channels of distribution was not noted by counsel. Accordingly, there is no way to quantify the significance of the value-added seafood business customer base.

## U.S. MARKET PARTICIPANTS

### U.S. Producers

Questionnaire responses were received from 42 U.S. processors of crawfish tail meat, 37 of which contained usable data (table I-5).<sup>39</sup> Three firms accounted for about \*\*\*-\*\*\* percent each of production in 2002: \*\*\*. Six additional firms accounted for at least \*\*\* percent each of U.S. production in 2002: \*\*\*. Six firms engaged in tollee sales, where another firm peeled the crawfish, but the tollee purchased, washed, and sorted the live whole crawfish, and packaged and sold it. Three firms had toll production, wherein they peeled crawfish for another (tollee) firm. Three firms, \*\*\*, had only tollee sales and no integrated production of their own (although \*\*\* had some toll production).<sup>40</sup> A few firms produced for only part of the period of review.<sup>41</sup> \*\*\* was the only producer that imported any tail meat, and it imported from Spain during the period of review.

The processors were generally small, family-owned businesses with annual sales averaging between \$300,000 and \$800,000 per year. No firm reported ownership by any other firm. The processors generally operated between 7 and 8 months per year, usually beginning in December or January and ending in June, July, or August, depending on crawfish demand and weather conditions.<sup>42</sup> During the off-season period, some processors produced alligator and crab meat. However, for most processors, their shipments of crawfish, whether live whole or processed tail meat, accounted for the vast majority of their sales.<sup>43</sup>

Since the original investigation, under a new statute, the Continuing Dumping and Subsidy Offset Act of 2000 (commonly referred to as the “Byrd Amendment”), the Bureau of Customs and Border Protection (Customs) began to distribute collected antidumping duties to crawfish processors in fiscal year 2002.<sup>44</sup> Out of total antidumping duties due of \$28.3 million, Customs was able to collect and distribute \$7.5 million to the processors.<sup>45</sup>

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<sup>39</sup> Although the term “producer” among crawfish industry representatives sometimes means fishermen, the terms producer and processor are used interchangeably in this report.

<sup>40</sup> \*\*\*. *Crawfish Tail Meat from China*, p. III-2, footnote 6.

<sup>41</sup> \*\*\*.

<sup>42</sup> *Crawfish Tail Meat from China*, op. cit., p. III-1.

<sup>43</sup> Responses to Commission’s producers’ questionnaires.

<sup>44</sup> Although the antidumping duty order was published in 1997, Customs did not collect any antidumping duties until April 2002, due to new shipper reviews and difficulties finding importers. Submission by counsel for the CPA, February 12, 2003, pp. 2-3.

<sup>45</sup> Processors receiving the Byrd Amendment funds are: A&S, Acadiana, Arnaudville, Atchafalaya, Bayou Land, Becnel’s, Bellard’s, Blanchard, Bonanza, Cajun Seafood, Carl’s, Catahoula, Choplin’s, CJL, Crawfish Enterprises, Harvey’s, Lawtell, Louisiana Premium, Louisiana Seafood, L.T. West, Phillips, Prairie Cajun, Randol’s Seafood, Riceland Crawfish, Seafood International, Sylvester’s, and Teche Valley. Processors receiving Byrd Amendment funds but not responding in this review to Commission questionnaires with usable data are: A&S, Becnel’s, and Bellard’s. Bellard’s actually returned a producers’ questionnaire certifying that it did not produce crawfish tail meat during the review period, which would seem to contradict its submission to Customs allowing it to receive the Byrd Amendment funds.

[http://www.cbp.gov/ImageCache/cgov/content/import/add\\_5fcdv/fy2002\\_5ffinal\\_5fdisb\\_2exls/v1/fy2002\\_5ffinal\\_5fdisb.xls](http://www.cbp.gov/ImageCache/cgov/content/import/add_5fcdv/fy2002_5ffinal_5fdisb_2exls/v1/fy2002_5ffinal_5fdisb.xls)

Table I-5

Crawfish tail meat: U.S. producers, their position on continuing the antidumping duty order, and their shares of U.S. production reported in 2002

Firm	Position on continuing the antidumping order	Production location(s)	Share of production (percent)	Share of U.S. shipments (percent)
A & S Crawfish	CPA member	Eunice, LA	***	***
Acadiana Fishermen's Co-op <sup>2</sup>	CPA member	Breaux Bridge, LA	***	***
Alleman's Seafood	***	Pierre Part, LA	***	***
Arnaudville Seafood	CPA member	Arnaudville, LA	***	***
Atchafalaya Crawfish Processors, Inc. <sup>3</sup>	CPA member	Henderson, LA	***	***
Bayou Land Seafood, LLC <sup>3</sup>	CPA member	Breaux Bridge, LA	***	***
Becnel's Meat & Seafood Market	CPA member	Vacherie, LA	***	***
Bergeron's Seafood <sup>4</sup>	CPA member	Livonia, LA	***	***
Blanchard's Seafood, Inc.	CPA member	St. Martinville, LA	***	***
Bonanza Crawfish Farm, Inc.	CPA member	Breaux Bridge, LA	***	***
Cajun Seafood Dist., Inc.	CPA member	Breaux Bridge, LA	***	***
Carl's Seafood, Inc.	CPA member	St. Martinville, LA	***	***
Catahoula Crawfish, Inc. <sup>2</sup>	CPA member	St. Martinville, LA	***	***
Catfish Wholesale, Inc. <sup>3</sup>	CPA member	Abbeville, LA	***	***
Chez Francois	***	Lafayette, LA	***	***
Choplin's Seafood	CPA member	Duson, LA	***	***
CJL Enterprise, Inc.	CPA member	Breaux Bridge, LA	***	***
Clearwater Crawfish, LLC <sup>5</sup>	CPA member	St. Martinville, LA	***	***
Crawfish Enterprises, Inc.	CPA member	Eunice, LA	***	***
Duffy's Seafood	***	Pierre Part, LA	***	***
French's Enterprise Seafood Peeling Plant	***	Church Point, LA	***	***
Harvey's Seafood	CPA member	Abbeville, LA	***	***
Huval's Seafood Market	***	Breaux Bridge, LA	***	***
Jay Fonenot's Crawfish d.b.a. Randall D. Fontenot <sup>6</sup>	***	Mamou, LA	***	***
Joe's Cajun Seafood, Inc. <sup>6</sup>	***	Pierre Part, LA	***	***
Lawtell Crawfish Processors, Inc.	CPA member	Lawtell, LA	***	***
L&L Seafood d.b.a. Miriam Inc.	***	Lafayette, LA	***	***
Louisiana Premium Seafoods, Inc. <sup>5</sup>	***	Palmetto, LA	***	***
Louisiana Seafood Co.	CPA member	St. Martinville, LA	***	***
L.T. West, Inc.	CPA member	Mamou, LA	***	***
Pat Huval of Henderson d.b.a. Pat's Fisherman's Wharf	***	Breaux Bridge, LA	***	***
Phillips Seafood <sup>7</sup>	CPA member	Plaquemine, LA	***	***

Prairie Cajun Wholesale Seafood Dist., Inc.	CPA member	Eunice, LA	***	***
PS Chez Sidney	***	St. Martinville, LA	***	***
Randol, Inc.	CPA member	Lafayette, LA	***	***
Riceland Crawfish, Inc.	CPA member	Eunice, LA	***	***
Robin's Crawfish Processors	***	Vidor, TX	***	***
Seafood International, Inc.	CPA member	Breaux Bridge, LA	***	***
Sylvester's Crawfish Processors	CPA member	Bunkie, LA	***	***
Teche Valley Seafood <sup>6</sup>	CPA member	St. Martinville, LA	***	***
Verret Fisheries, Inc.	CPA member	Plaquemine, LA	***	***
Viet's Seafood, Inc. <sup>6</sup>	***	Baton Rouge, LA	***	***
1 ***				
2 ***				
3 ***				
4 ***				
5 ***				
6 ***				
7 ***				

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

### U.S. Importers

Importer questionnaires were sent to 78 firms either identified as importers in the original investigation, in information submitted by counsel for the CPA, or in information provided by Customs. Only 8 importers responded with usable data,<sup>46</sup> and only 7 imported the subject product, which accounted for only 13.6 percent of the volume of imports of crawfish tail meat from China in 2002. Coverage from importers' responses ranged from a low of zero percent in 1997 to around 2 percent in 1998 and 1999, to about 11 percent in 2000, and about 5 percent in 2001. One firm only imported crawfish from Spain, and was also a U.S. producer (\*\*\*). Responding importers were located in Florida, Louisiana, New Jersey, New York, North Carolina, and Washington. \*\*\* accounted for \*\*\* imports reported in 2002 (\*\*\*). It imported from \*\*\*, the largest responding exporter of the subject product to the United States in this review. In its comments on the draft questionnaires in this review, counsel for the CPA noted that there have been problems enforcing the antidumping duty order on crawfish tail meat, partly because foreign exporters have been requesting new shipper reviews, and partly because importers have set up small "dummy" companies in the United States that make it hard to collect duties.<sup>47</sup> From information provided by Customs, it appears that importing firms appear for one or two years and then drop out of the market. When asked about the problems of collecting duties from importers of crawfish tail meat in connection with the Byrd Amendment distributions, a Customs official stated: \*\*\*.<sup>48</sup> These factors may help to explain the poor response to the Commission's importers' questionnaires. In January 2003, Commerce adopted a practice of limiting new shipper rates to the alleged new shipper and its supplier, so that new shippers will not become conduits for other shippers with higher rates (68 FR 1440-1441, January 10, 2003).

<sup>46</sup> Responding firms were: \*\*\*.

<sup>47</sup> Submission of February 12, 2003 by counsel for the CPA, pp. 3-4.

<sup>48</sup> E-mail from \*\*\*, Customs, April 23, 2003.

## APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-6 presents apparent U.S. consumption for the review period and table I-7 presents U.S. market shares for the same period. Apparent consumption fluctuated substantially during the period of review, with its lowest point in 1997 and its highest point in 2001. In contrast, U.S. producers' shares of consumption peaked in 1997 and were lowest in 2000 and 2001, when the total harvest of whole live crawfish in Louisiana dropped dramatically. The subject imports' share of consumption fluctuated during the period, with a "low" point (61.8 percent) in 1997 and a high point in 2001 (92.2 percent)--just the opposite of the U.S. industry. The share of consumption from all other sources, primarily Spain, increased rapidly from 1998 to 2000, then dropped off dramatically in 2001 and 2002.

**Table I-6**

**Crawfish tail meat: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1997-2002**

Item	1997	1998	1999	2000	2001	2002
<b>Quantity (1,000 pounds)</b>						
U.S. producers' U.S. shipments	1,444	1,725	997	315	625	1,380
U.S. imports from--						
China	2,340	5,943	3,505	5,480	12,513	8,875
Other sources	0	359	428	1,035	427	290
Total imports	2,340	6,302	3,934	6,515	12,940	9,165
Apparent consumption	3,784	8,027	4,931	6,830	13,565	10,546
<b>Value (\$1,000)</b>						
U.S. producers' U.S. shipments	8,262	10,801	6,737	2,609	4,540	8,431
U.S. imports from--						
China	4,309	9,769	5,561	9,997	45,167	23,621
Other sources	0	719	694	3,137	1,566	808
Total imports	4,309	10,487	6,255	13,134	46,733	24,429
Apparent consumption	12,570	21,288	12,992	15,744	51,273	32,860
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.						

Table I-7

## Crawfish tail meat: U.S. market shares, 1997-2002

Item	1997	1998	1999	2000	2001	2002
<b>Quantity (1,000 pounds)</b>						
Apparent consumption	3,784	8,027	4,931	6,830	13,565	10,546
<b>Value (1,000 dollars)</b>						
Apparent consumption	12,570	21,288	12,992	15,744	51,273	32,860
<b>Share of quantity (percent)</b>						
U.S. producers' U.S. shipments	38.2	21.5	20.2	4.6	4.6	13.1
U.S. imports from--						
China	61.8	74.0	71.1	80.2	92.2	84.2
All other sources	0.0	4.5	8.7	15.1	3.2	2.8
Total imports	61.8	78.5	79.8	95.4	95.4	86.9
<b>Share of value (percent)</b>						
U.S. producers' U.S. shipments	65.7	50.7	51.9	16.6	8.9	25.7
U.S. imports from--						
China	34.3	45.9	42.8	63.5	88.1	71.9
All other sources	0.0	3.4	5.3	19.9	3.1	2.5
Total imports	34.3	49.3	48.1	83.4	91.1	74.3
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.						

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

### **INTRODUCTION**

In the United States, crawfish tail meat production is concentrated in Louisiana, which is also where most live crawfish are harvested and where a significant portion of U.S. consumption occurs. In the U.S. market, fresh and frozen U.S. crawfish tail meat compete primarily with imported Chinese crawfish tail meat. Despite antidumping duties on Chinese crawfish tail meat since 1997, the U.S. tail meat producers report that because of widespread duty evasion by Chinese importers, Chinese imports remain in the U.S. market at high volumes and at much lower prices than U.S. crawfish tail meat.

### **U.S. MARKET SEGMENTS, CHANNELS OF DISTRIBUTION, AND MARKET STRUCTURE**

In the United States, crawfish can be sold whole and live, or as tail meat. Tail meat, in turn, can be sold fresh (chilled) or frozen. Fresh tail meat does not keep more than a couple of weeks, so the U.S. market for fresh tail meat is dominated by U.S. producers. Frozen tail meat can keep for a year or more, and is the focus of Chinese imports. U.S. crawfish growers supply the live whole crawfish market, and each year sell some of their product for peeling (i.e., processing whole crawfish into tail meat). Crawfish tail meat is then purchased by restaurants, distributors, and retail food stores (see table I-4). It is usually sold delivered within Louisiana, or to national distributors' local outlets.

U.S. production of crawfish tail meat is currently focused on the Louisiana market, although in the past there were more national sales. Thirty U.S. producers said that they sold crawfish tail meat only in Louisiana. Six more said that they sold in Louisiana and its border states, and five stated that they had U.S. customers outside of Louisiana and its bordering states. Three producers who were currently selling only in Louisiana noted past sales in a larger geographic area, with \*\*\* stating that Chinese imports had confined it to a 200-mile radius around its production facility. \*\*\* stated that before Chinese crawfish market penetration, it had sold 75 percent of its tail meat out of state, while now it sells no tail meat outside of Louisiana.

Imports of Chinese crawfish tail meat are spread across the United States, but there are also significant sales in Louisiana, where demand for tail meat is strong. Among reporting importers of Chinese crawfish tail meat, five sell crawfish tail meat throughout the continental United States, one sells in Louisiana only, and one sells in Louisiana and its neighboring states.

When asked if individual market participants had influenced the price of crawfish tail meat in the United States, 26 producers said yes, citing various Chinese importers selling at much lower prices than U.S. producers. In particular, Louisiana distributor Cajun Crawfish, which sells under the brand name "Bernard's of New Orleans," was mentioned by multiple producers. One producer attributed Bernard's success to its lower prices and the belief in Louisiana that Bernard is selling domestic product.<sup>1</sup> Among importers, six stated that no individual firms had influenced the price of crawfish tail meat in the United States.<sup>2</sup> However, one did mention Wal-Mart as setting sales prices by selling below other importers' costs. Among purchasers, 16 stated that no individual market participants had influenced the price of crawfish tail meat in the United States, although \*\*\* stated that Chinese suppliers had added the necessary availability to the U.S. market. No Chinese producers felt that there were any individual market participants who had influenced the price of crawfish in the United States.

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<sup>1</sup> This purchaser reported purchasing \*\*\* in its purchaser questionnaire.

<sup>2</sup> Importer \*\*\* said that one effect of the duty had been that smaller importers were driven out of business while larger importers enjoyed higher profits.

## U.S. SUPPLY: DOMESTIC PRODUCTION FOR THE U.S. MARKET

Domestic crawfish tail meat production is concentrated in Louisiana and is based on the highly seasonal crawfish harvest. There has been significant unused domestic capacity in recent years, although importers and some purchasers have stated that domestic production is not sufficient to ensure high volume and consistent availability, both because of a shortage of whole, live crawfish and the lack of peeling capacity itself. Producers disagreed, stating that more land is becoming available for live crawfish production and that, given sufficient time, peelers can also bring their production levels up substantially.

Most producers did not report any changes in product mix, range, or marketing. Twenty-five U.S. producers did not anticipate any changes in U.S. supply, while five anticipated a decrease due to imports harming the U.S. industry at the processing and fishing levels. In addition, nine producers anticipated an increase in U.S. supply because of recent rainier weather in Louisiana and depression in other farming industries, causing some farmers to switch production from rice and catfish into crawfish.

Several purchasers, including \*\*\*, stated that there was not a sufficient quantity of U.S.-produced crawfish tail meat. In addition, independent research from the 1980s also described Louisiana suppliers as unable to supply the high volumes required by institutional buyers. However, this research also noted that additional acreage was being devoted to crawfish, and there were increased promotional efforts by the Louisiana Department of Agriculture.<sup>3</sup> U.S. producers stated that more acreage is becoming available as land is switched from catfish and rice production, and that even more land would be available for live crawfish production in the absence of low-priced Chinese imports.<sup>4</sup>

### Raw Materials

The primary raw material in crawfish tail meat is whole, live crawfish. Commercial crawfish tail meat production comes from two species of crawfish: the red swamp crawfish (*procambarus clarkii*) and the white-tailed crawfish (*procambarus zonangulus*). Crawfish availability depends on rainfall in the Atchafalaya basin of Louisiana (where wild crawfish are fished) and in the surrounding farmland (where the red swamp crawfish are farmed).<sup>5</sup> Higher rainfall means more crawfish production. Less rainfall can mean that salt water will penetrate into the basin, making crawfish yields lower.<sup>6</sup> While 1997 and 1998 were normal years for live crawfish harvests, drought conditions in different parts of Louisiana were present during 1999-2001, with 12 tail meat producers reporting drought in at least one of these years.<sup>7</sup> Perceived drought is also an issue, as some growers are less likely to spend money harvesting if they

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<sup>3</sup> See Avault and Huner, "Crawfish Culture in the United States," p. 52, in Huner and Brown, Crustacean and Mollusk Aquaculture in the United States.

<sup>4</sup> Hearing transcript, pp. 66 and 81.

<sup>5</sup> The Louisiana Department of Agriculture and Forestry estimates there were 1,135 crawfish growers on 106,653 acres in Louisiana, and an additional 1,068 wild crawfish fishermen, together producing 75 million pounds of whole crawfish in 2002. Hearing transcript, p. 14.

<sup>6</sup> It will also make rice yields lower.

<sup>7</sup> Nine purchasers also mentioned drought or weather conditions as an important supply factor that affected the availability of tail meat.

believe the yields will be low. However, rainfall in 2003 has been significantly higher than in past years and a better crop is expected this year.<sup>8</sup>

There are about 100 processors (i.e., crawfish tail meat producers) licensed to process crawfish tail meat in Louisiana, but only slightly over 40 that are active. In general, these processors are unaffiliated with the growers or harvesters, although there is at least one example of a co-operative relationship between growers and processors (\*\*\*). Crawfish tail meat production (the peeling of whole crawfish) is seasonal and closely tied to the availability of live crawfish. According to tail meat producer \*\*\*, the season starts slowly in November, increases from February through June, and ends in June or July, depending on water levels. Importer \*\*\* said that November to January is the season for farm-raised crawfish while January to June is the season for wild-caught crawfish.

Besides whole crawfish, other costs of production include fuel for trucks to transport processed tail meat, electricity and fuel to power processing factories, and peeling tools. Several U.S. producers stated that their costs had been rising, including costs for fuel and equipment (baits, traps, bags, etc.). Seven producers mentioned rising energy prices as a recent difficulty, as they were not able to pass these rising costs on to consumers. Another producer explained that fuel costs hit twice, both increasing the cost of transporting the live crawfish to the peeling plant and the cost of delivering the peeled tail meat to purchasers. Other producers noted labor shortages at both peelers and growers/fishermen. Producers attributed labor shortages to competition from Chinese imports causing instability in the peeling labor market.

### **Production Alternatives**

Processors generally have production facilities that are set up for crawfish tail meat production, i.e., the conveyor belts and peeling tables are ideal for peeling crawfish. For some processors, crawfish is their only raw material, and they may shut down in the offseason. Other processors are also capable of processing crabs, shrimp, or alligators. The crab season begins in the summer near the end of crawfish season, and the alligator harvest usually comes in the fall.<sup>9</sup>

U.S. crawfish tail meat producers can produce either chilled (fresh) tail meat or frozen tail meat, and the same processors who also sell whole crawfish can sell those instead of peeling them for tail meat.<sup>10</sup> Tail meat processors have buying stations at the crawfish farms, and some weighing and sorting

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<sup>8</sup> Whole live crawfish are harvested from two different sources. First, wild crawfish can be fished from the Atchafalaya basin. The prime harvesting season for wild crawfish is March to May. In other parts of the year, fishermen can also catch crabs, shrimp, and alligators. The second source consists of farmed crawfish, which are crawfish seeded from the Atchafalaya basin into flooded farm fields. These fields are often, though not always, rice fields as well. Rice farmers can flood their field in the late fall, seed crawfish, harvest from November through May or June, then drain the field in the summer and re-flood for a rice crop in the fall. In that sense, rice and crawfish are complementary products (doublecropping). However, the rice farmers' decision as to when to switch from crawfish to rice production is determined in part by the relative retail prices of crawfish and rice, and farmers who do not grow crawfish could also have a second cut of rice instead. In addition, some crawfish growers are rice farmers, but grow crawfish in fields they cannot use for rice. It should be noted, though, that there are many crawfish growers who do not grow rice at all. See April 10, 2003 conversation with \*\*\*. At the hearing, Bayou Land stated that more land in Louisiana was currently being moved from rice and catfish production to crawfish production. Hearing transcript, pp. 66-67.

<sup>9</sup> See April 10, 2003 conversation with \*\*\*.

<sup>10</sup> This production switching was mentioned by several market participants. Purchaser \*\*\* stated that new fishermen and harvesters were selling whole crawfish through direct distribution. Purchaser \*\*\* stated that the sale of live crawfish from Texas to Florida created shortages of peeled tail meat. Producer \*\*\* said that when water

(continued...)

is done on fishing and harvesting boats as well. Larger, redder, crawfish with pincers and claws intact are generally chosen for the live whole market, while smaller or damaged crawfish are more likely for the tail meat market. In terms of price, live whole crawfish in season command the highest price, followed by fresh tail meat in season, followed by frozen tail meat. For example, producer \*\*\* stated that it sells live crawfish as much as possible, and only peels for tail meat when it cannot sell live. However, \*\*\* describes the three production alternatives for crawfish as a “three legged stool” that growers and processors need in order to make money on producing crawfish and/or tail meat. According to \*\*\*, the frozen market is necessary to keep income up in the winter, off-season months.<sup>11 12</sup>

According to \*\*\*, processors’ initial reaction to the influx of Chinese imports was to switch production from frozen to fresh tail meat, since the Chinese imports are predominantly or entirely frozen, and it would be difficult for Chinese companies to ship fresh tail meat to the United States. However, many processors who remain are still processing tail meat into frozen tail meat, and others have found staying in business much more difficult without frozen tail meat sales.

### **Capacity Utilization and Inventories**

U.S. processors’ capacity utilization remained low over 1997-2002. However, it should be noted that while processors may have significant unused capacity, this unused capacity is also constrained by the supply of live whole crawfish from growers. Capacity utilization dropped especially low during the drought years of 2000 and 2001, when the supply of live crawfish was low. Inventories are a small part of overall production.

### **Export Markets**

Louisiana tail meat producers used to export crawfish tail meat, especially to Sweden, which has a large crawfish festival every year.<sup>13</sup> However, no crawfish tail meat producers reported significant exports.<sup>14</sup> \*\*\* stated that while there is demand in Europe, U.S. tail meat was not price competitive with Chinese tail meat. Five other producers also stated that the presence of lower-priced Chinese tail meat in

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<sup>10</sup> (...continued)

levels are higher, crawfish grow larger, and when water is insufficient, crawfish will more likely be peeled. Respondents stated that demand in the whole crawfish market determines how much crawfish is devoted to peeling for tail meat. Respondents’ posthearing brief, pp. 2-4.

<sup>11</sup> See April 10, 2003 conversation with \*\*\*.

<sup>12</sup> At the hearing, there were divergent views expressed about the ability of U.S. production of crawfish tail meat to satisfy national demand. Purchasers who stated that the U.S. industry would not be able to satisfy U.S. demand cited producers’ difficulty in securing a labor force and a lack of supply of whole crawfish devoted to the peeling market. Producers responded that some of them had supplied national purchasers before, that more land would be devoted to crawfish production if prices rose, and that it would take several months (depending on when in the growing season an order was placed) to be able to respond to a new order. Hearing transcript, pp. 41, 81-86, 138-141, and 162-168.

<sup>13</sup> Before 1997, Louisiana had significant exports of whole crawfish to Sweden, although this market has been taken by Chinese imports of whole boiled crawfish. CPA posthearing brief, p. 13. The Swedish interest in crawfish dates from a time when edible crawfish species existed in Sweden and other parts of Europe and Turkey. However, a mold severely depleted those species of crawfish. The Louisiana red swamp species are immune to this mold.

<sup>14</sup> Other research (Avault and Huner) also cites the increase in Spanish production of tail meat for the European market as a reason for decreased U.S. exports to Europe. See Avault and Huner, “Crawfish Culture in the United States,” p. 52, in Huner and Brown, Crustacean and Mollusk Aquaculture in the United States.

other world markets hindered U.S. exports. Eighteen producers cited their focus on local or domestic markets, or expenses due to labor, labeling, and packaging, as reasons they did not export. Two producers did indicate that they could shift to export markets if it were necessary. No producers reported any tariff or non-tariff barriers to exports.

#### **U.S. SUPPLY: THE POTENTIAL OF SUBJECT IMPORTS TO SUPPLY U.S. MARKET**

The crawfish grown in China and processed into tail meat are the same species as one of the Louisiana red swamp species. This species is not native to China, but rather was introduced from Louisiana.<sup>15</sup> Chinese producers reported that their harvesting season for live crawfish is May to August. Chinese crawfish tail meat is only available in the United States in frozen form. Despite the antidumping duties, Chinese tail meat has remained present in large volumes and at low prices in the U.S. market. It is especially favored by restaurants, and specifically by national chain restaurants who need an abundant, low-cost supply.

In May 2002, Chinese crawfish came under investigation from the state of Louisiana and the Federal Drug Administration when Louisiana Commissioner of Agriculture and Forestry Bob Odom announced that imported Chinese crawfish had been found to contain traces of chloramphenicol, an antibiotic that the FDA had banned from meats for sale in the United States. In March 2002, China had banned the use of chloramphenicol in animals and animal feeds. Canada and the European Union (EU) have taken action against other Chinese products containing more than 0.3 parts per billion chloramphenicol, and the U.S. methodology has recently been improved to reach the same standard.<sup>16</sup>

Among Chinese producers, \*\*\* reported that a drought in 2000 and the chloramphenicol test had affected its sales of tail meat to the United States. No other Chinese producers reported any supply changes since 1997, nor did any anticipate any changes in product mix or range. Five importers of Chinese crawfish tail meat said that they did not anticipate any supply changes either, but two said that they thought supply would decrease, with one citing the duties and the other citing decreasing availability. In addition, \*\*\* said that, due to the duties, product range had become more limited and that many end users had stopped using crawfish tail meat altogether.

#### **Capacity Utilization and Inventories**

Chinese capacity has increased substantially since 1997; however, capacity utilization remains low despite a surge upwards in 2000 (during the Louisiana droughts). Inventories have generally been small or moderate relative to overall production.

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<sup>15</sup> See April 10, 2003 conversation with \*\*\*.

<sup>16</sup> Crawfish tail meat was scarce for several weeks in Louisiana when the LDAF pulled some crawfish tail meat from the shelves, but the Chinese imports have since been cleared. See "First U.S. Case of Chloramphenicol Found in Chinese Crawfish," by Dan McGovern, Southeastern Fisheries Association, Inc., May 6, 2002, "FDA Increases Sampling of Imported Shrimp and Crayfish (Crawfish)" from FDA News, June 14, 2002, and hearing transcript, pp. 17 and 38.

## Other Markets

Chinese crawfish tail meat is also sold in Europe and in the Chinese domestic market. Among Chinese producers, \*\*\* reported that it would be relatively easy to switch sales into the “relatively stable” EU market. However, \*\*\* reported that it would be difficult to switch sales between the U.S. and EU markets, with \*\*\* explaining that the U.S. and the EU have different technical requirements. Most of the responding Chinese producers said that there were no significant differences between product range or mix for crawfish tail meat in the U.S., Chinese, and third-country markets, although three noted that crawfish tail meat is generally sold to end users in China but can be sold to procesors and wholesalers in the United States. \*\*\* described growing demand in Europe, and \*\*\* felt that if the duty were not removed, Chinese tail meat would go to Europe instead. Purchaser \*\*\* saw EU demand increasing, in part because its recent restrictions on Chinese crawfish (due to chloramphenicol concerns) had been lifted.

Three Chinese producers said that the Chinese market for crawfish tail meat was “very limited.” Three Chinese producers reported that Chinese demand for crawfish tail meat had increased, and that sanitation requirements had become stricter. \*\*\* reported that it only sells the raw product to the Chinese market, reserving the processed tail meat for the international market. \*\*\* reported that there were 60-70 Chinese producers competing for crawfish tail meat sales in China.

Five Chinese producers stated that prices for crawfish tail meat in the U.S. market were higher than prices for tail meat in the EU market, which in turn were higher than prices for tail meat in the Chinese market. Importer \*\*\* agreed, but \*\*\* felt that European prices were almost the same as United States prices.

## U.S. SUPPLY: NONSUBJECT IMPORTS

China was the dominant source of imported crawfish tail meat to the United States in 2001 and 2002. Nonetheless, imports of crawfish tail meat have also entered from Chile, Singapore, and Spain. Twenty-six U.S. producers reported no change in the availability of nonsubject imports. Four mentioned the existence of imports from Spain, and one mentioned the existence of imports from Singapore. However, one producer described imports from Spain as priced comparably to other U.S. imports, and another stated that imports from Spain to the United States had stopped. U.S. producer \*\*\* reported that it had imported some Spanish crawfish tail meat, but stated that \*\*\*.

## U.S. DEMAND

U.S. demand for crawfish tail meat has continued to grow since 1997. Demand growth is connected to a wider acceptance of crawfish as a food outside of the Louisiana area, and a growing national interest in Cajun cuisine. Some importers of subject product stated that demand growth is due to the wider availability and lower prices associated with frozen Chinese crawfish tail meat.

Demand for crawfish tail meat is tied to its traditional seasonal production pattern, and still shows regional differences, with a significant portion of U.S. demand concentrated in Louisiana and neighboring states during the traditional harvest season.<sup>17</sup> Even \*\*\* said that it \*\*\*. Louisiana demand also tends to include more consumers who have a preference for domestic tail meat than national

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<sup>17</sup> One U.S. producer described the traditional crawfish tailmeat demand as follows: light demand at the beginning of the year, coinciding with low supply, followed by a spike in demand at the end of the first quarter, firm prices through Mardi Gras and Lent, and the end of the season coming around Easter. Hearing transcript, p. 36.

demand.<sup>18</sup> However, purchasers who purchase tail meat for national chains or for processing tail meat into further downstream products (breaded tail meat, etouffes, etc.) stated that their demand is more akin to other lower-cost seafood products, such as clams, in that they want a large and steady supply at stable and low prices. They added that Louisiana producers could not meet this demand.<sup>19</sup>

Most producers and purchasers reported that demand for crawfish tail meat centers around human consumption in homes or restaurants, and usually the tail meat accounts for a high cost share of its final end use product (usually a dish centered around the crawfish).<sup>20</sup> While most producers and all responding importers did not anticipate any new uses, \*\*\* noted that more dishes using crawfish are now available. Eighteen purchasers did not report any changes in end uses. However, \*\*\* said that crawfish tail meat had become a major ingredient at restaurants since 1997, and \*\*\* said that new dishes using crawfish tail meat were being designed constantly.

When asked if the specifications for crawfish tail meat depend on end use, eleven purchasers said no. Six purchasers said that the size of the tails is an important specification.<sup>21</sup> \*\*\* stated that some of its customers would only purchase fresh tail meat. Retailer and distributor \*\*\* said that the retail market prefers domestic tail meat but is price conscious, especially in the restaurant segment.

When asked if demand for their end use products had changed since 1997, eleven purchasers said no. \*\*\* said that there had been growth in \*\*\*. \*\*\* stated that its purchases of Louisiana crawfish had increased after putting it on its menu. \*\*\* reported altering its menu offerings and promotions so as to reduce crawfish tail meat purchases 50 percent, due to instability in pricing, in part because of the antidumping duties. \*\*\* stated that it had started manufacturing and selling breaded crawfish in \*\*\*.

Producers generally described demand as stable or increasing. Nine producers reported that demand for crawfish tail meat had increased since 1997. They attributed the increase to growing consumer interest, more restaurants serving crawfish, and promotional and publicity campaigns by the state of Louisiana. Producer \*\*\* stated that there had been an increase in marketing and promotion of Louisiana products. Nineteen producers stated that demand for tail meat is unchanged since 1997, and others stated that demand for U.S. tail meat was down due to competition from lower-priced Chinese imports. Thirty-five producers did not anticipate changes in demand for tail meat. \*\*\* said that Chinese tail meat's low price had expanded the market, but that \*\*\* could not compete with the Chinese prices. \*\*\* said that demand for tail meat will depend on price, while \*\*\* felt that more time on the market would increase demand for tail meat. Two other producers felt that the interest in Cajun cuisine would continue to increase and take demand for crawfish tail meat with it.

Purchasers also saw demand as stable or increasing. Fourteen purchasers reported that demand for crawfish tail meat had increased since 1997, citing the rising popularity of Cajun food, more widespread customer acceptance of crawfish, wide availability of crawfish, and less-expensive Chinese

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<sup>18</sup> See purchasers' questionnaires of \*\*\*, among others.

<sup>19</sup> Hearing transcript, pp. 219, 226, and 232.

<sup>20</sup> Crawfish tail meat accounted for 40-45 percent of the cost of the end product for \*\*\* and generally the same or less for other restaurants.

<sup>21</sup> These six purchasers were \*\*\*. Tail meat size is more important for purchasers who will use tail meat as part of a downstream product, such as breaded tail meat or etouffes. While tail meat sold in grocery stores is usually 150-200 count (i.e., 150-200 tails to the pound), purchasers who are making a downstream product may want a lower count (i.e., larger tails). Some of these types of purchasers alleged that only Chinese tail meat is available in lower counts for further processing. Hearing transcript, pp. 138, 217. See also purchaser references later in this chapter to the importance of size as a purchasing factor. However, during proceedings at the Department of Commerce, respondents stated that while there is some Chinese tail meat available in sizes other than 150-200 count, most Chinese tail meat is sold in 150-200 count. The CPA also disputed the importance of grading, citing purchase invoices and purchaser marketing. See CPA posthearing brief, pp. 10-12.

crawfish tail meat. Purchasers \*\*\* said that increased demand for Cajun cuisine was stimulating more supply. One purchaser said that demand for crawfish tail meat had decreased, and six said that demand was unchanged. Fourteen purchasers did not anticipate any changes in demand for crawfish tail meat, but others saw less-expensive and available Chinese tail meat as increasing future demand.

Four importers stated that U.S. demand had increased, citing the increasing acceptance of crawfish outside the traditional Cajun areas. Two other importers, though, said U.S. demand had decreased due to lower availability from the duty. One of these, \*\*\*, stated that demand would return if the duties were removed. One importer felt demand was unchanged.

### **Substitute Products**

Whole crawfish and other proteins are imperfect substitutes for crawfish tail meat. U.S. producers generally said there were no substitutes for crawfish tail meat. Those few substitutes that were cited were whole-cooked crawfish and shrimp. Among purchasers, distributors and most retailers were more likely to say that there were no substitutes, but \*\*\* stated that the price of crawfish relative to other proteins (shrimp, crab, chicken, etc.) that could substitute for it dictated when those other proteins were substituted. \*\*\* mentioned shrimp as a substitute, but 19 other purchasers said that there were no substitutes. Chinese producers reported that there were no substitutes for crawfish tail meat, nor did they anticipate any new ones. Seven importers agreed, although \*\*\* stated that shrimp could be a substitute and anticipated that artificial products could be substitutes in the future.

### **SUBSTITUTABILITY ISSUES**

Differences between U.S. and Chinese crawfish tail meat may include quality differences (taste and texture) and whether the tail meat is available fresh or frozen (U.S. crawfish) or frozen only (Chinese crawfish). These quality differences are more important to some Louisiana purchasers than to national purchasers, especially restaurant chains. However, in general, most market participants agreed that, availability and price aside, U.S. and Chinese crawfish tail meat are direct competitors in the U.S. market.

Tail meat from the red swamp species has a yellow, fatty pancreas that is usually left on during U.S. production.<sup>22</sup> To some, this yellow fat has a pleasing appearance and adds flavor to the tail meat. During their initial years of production, Chinese tail meat producers were washing off this pancreas and possibly soaking the crawfish in a brine solution to keep it free of microorganisms. This process left Chinese tail meat with a rubbery texture and less flavor than U.S. crawfish tail meat. Purchaser \*\*\* noted this lack of fat in Chinese tail meat. However, \*\*\* reports that Chinese tail meat quality has improved since the original investigation.<sup>23</sup>

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<sup>22</sup> Tail meat from other Louisiana species also has this pancreas, but it may be a different color.

<sup>23</sup> Hearing transcript, p. 78. On the other hand, Darden and Maritime Products International stated that some programs still demand fat-off tail meat, and that the U.S. industry does not supply this product. Hearing transcript, pp. 164 and 217. In comparing U.S. and Chinese tail meat, the CPA cautions that many who compare U.S. to Chinese are really comparing U.S. fresh tail meat to Chinese frozen tail meat, and that claims of higher quality U.S. tail meat are due to the preference for fresh over frozen. See April 10, 2003 conversation with \*\*\*. In addition, Frank Randol, owner of petitioning producer Randol and an affiliated restaurant, stated that U.S. and Chinese crawfish tail meat are “the same product” and compete primarily on price. Hearing transcript, p. 35.

## Comparisons of Domestic Product and Subject Imports

Producers and importers were asked to assess how interchangeable U.S., Chinese, and nonsubject crawfish tail meat was. Their answers are summarized in table II-1. Among producers, those who did not say “always” cited taste, texture, or size, sometimes due to differences in processing or because U.S. product may be fresh. Among importers, those who did not say “always” cited quality (cleanliness) and perceived quality as reasons why Chinese crawfish might not be always interchangeable.<sup>24</sup>

**Table II-1**  
**Crawfish tail meat: Perceived degree of interchangeability of crawfish tail meat produced in the United States and other countries**

Perceived interchangeability	Number of U.S. producers reporting			Number of U.S. importers reporting		
	U.S. vs. China	U.S. vs. Nonsubject	China vs. Nonsubject	U.S. vs. China	U.S. vs. Nonsubject	China vs. Nonsubject
Always	23	7	3	4	1	1
Frequently	4	3	3	1	1	0
Sometimes	1	1	1	2	1	1
Never	5	3	2	0	0	0

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

Producers and importers were asked to assess how often differences in price were significant in sales of U.S., Chinese, or nonsubject crawfish tail meat. Their answers are summarized in table II-2. Producers cited Chinese tail meat prices of \$3 per pound against U.S. prices of at least \$5 per pound, or Chinese prices that were lower than U.S. costs of production. \*\*\* stated that some customers still demand only domestic tail meat, but the number of such customers was “too little to make a difference.” When asked how often price was a significant factor in sales of U.S. tail meat versus Chinese tail meat, importer \*\*\* explained that some customers only look at quality, but others only look at price, and others fall somewhere between these two groups.

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<sup>24</sup> When purchasers were asked how often U.S. and Chinese crawfish tail meat were used in the same applications, thirteen said always, two said frequently, one said sometimes, and two said never. When purchasers were asked how often U.S. and nonsubject crawfish tail meat were used in the same applications, two said always, one said sometimes, and one said never. When purchasers were asked how often Chinese and nonsubject crawfish tail meat were used in the same applications, one said always, one said sometimes, and one said never.

**Table II-2****Crawfish tail meat: Perceived importance of differences in price of crawfish tail meat produced in the United States and other countries**

Perceived importance	Number of U.S. producers reporting			Number of U.S. importers reporting		
	U.S. vs. China	U.S. vs. Nonsubject	China vs. Nonsubject	U.S. vs. China	U.S. vs. Nonsubject	China vs. Nonsubject
Always	25	10	9	1	0	0
Frequently	7	4	0	1	1	1
Sometimes	0	1	0	3	0	0
Never	1	0	0	0	1	1

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

Producers and importers were asked to assess how often differences other than price were significant in sales of U.S., Chinese, or nonsubject crawfish tail meat. Their answers are summarized in table II-3. Producer \*\*\* stated that the availability of Chinese crawfish was higher than the availability of U.S. crawfish in 2000. Three other producers noted that there is some preference for U.S. crawfish tail meat when it is fresh.

**Table II-3****Crawfish tail meat: Perceived importance of differences other than price of crawfish tail meat produced in the United States and other countries**

Perceived importance	Number of U.S. producers reporting			Number of U.S. importers reporting		
	U.S. vs. China	U.S. vs. Nonsubject	China vs. Nonsubject	U.S. vs. China	U.S. vs. Nonsubject	China vs. Nonsubject
Always	9	3	3	4	1	1
Frequently	2	0	0	0	0	0
Sometimes	8	7	3	2	0	0
Never	5	0	0	0	1	1

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

### Lead Times

Thirty-one producers reported their lead times to be under two days. The rest had lead times of a few days to weeks. Chinese producers reported typical lead times of one to three months for sales of crawfish tail meat into the U.S. market. Importers reported lead times of one week to one month.

### U.S. Purchasers

The Commission received questionnaires from 24 purchasers of crawfish tail meat, of whom twelve were distributors, one was a processor, and eleven were retailers, including six food stores and five restaurants. Seven distributors reported selling to restaurants, four reported selling to retailers, two

reported selling to processors, and two reported selling to other distributors, with hotels, caterers, and hospitals also mentioned as customers.<sup>25</sup> Purchasers \*\*\* also submitted producer questionnaires. Seventeen purchasers reported familiarity with U.S. and Chinese tail meat, two with Chinese tail meat only, and three with U.S. tail meat only.<sup>26</sup>

Twelve purchasers reported purchasing Chinese tail meat before the imposition of the antidumping duty order in 1997. Six of those purchasers stated that their purchases were unchanged, two had changed their purchasing pattern for reasons not connected to the order, and three had reduced or discontinued their purchases of Chinese tail meat because of the order. \*\*\* said that its purchases of Chinese frozen tail meat had increased due to \*\*\*.<sup>27</sup>

### **Factors Affecting Purchasing Decisions**

Available data indicate that quality, price, and availability are the most important factors that influence purchasing decisions for crawfish tail meat.<sup>28</sup> Purchasers were asked to list the top three factors that they consider when choosing a supplier of crawfish tail meat. Table II-4 summarizes responses to this question. Purchasers were also asked to describe the importance of various purchasing factors, as summarized in table II-5. Price was an important factor for most purchasers, but sometimes came after quality in importance.<sup>29</sup>

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<sup>25</sup> Some distributors sold to more than one type of customer.

<sup>26</sup> In addition to asking about familiarity, Commission questionnaires asked purchasers to report their annual purchases of crawfish tail meat by type (fresh or frozen) and country. For actual shipment levels, these data are probably not as reliable as producer and importer data due to potential double-counting and inconsistent reporting. However, they do show the same pattern of much lower-priced Chinese crawfish tail meat that table C-1 and part V do. Among purchasers who responded to the Commission's request for purchase data, nine purchased only Chinese crawfish tail meat since 1997, six purchased only fresh U.S. tail meat and frozen Chinese tail meat, and four purchased both U.S. and Chinese frozen tail meat.

<sup>27</sup> \*\*\* reported that from 1997-98, the price of crawfish tail meat rose almost 100 percent, causing it to decrease its purchases in 1999 by 37 percent. It stated that its purchases of crawfish tail meat are based on the relative price of tail meat compared to other proteins for food dishes at restaurants.

<sup>28</sup> When asked what defines the quality of crawfish tail meat, purchasers cited brand name, size (grading), appearance, odor, fat content, texture, USDA inspection reports, cleanliness, and packaging. The five purchasers that mentioned size were \*\*\*.

<sup>29</sup> When asked how often they purchased the lowest-priced crawfish tail meat available, one purchaser said it always does, five said they usually do, thirteen said they sometimes do, and five said they never do.

**Table II-4****Crawfish tail meat: Ranking of purchasing factors by purchasers**

Factor	Number of firms reporting		
	Number 1 factor	Number 2 factor	Number 3 factor
Quality/consistency	12	6	3
Price	6	5	8
Availability/supply	3	4	6
Customer preference/source of product	1	2	0
Traditional supplier/trust	0	1	1
Credit extension	0	1	0

Note.--Other factors mentioned include size (mentioned by \*\*\*), range, and storage/transportation. These answers were not included above.

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

**Table II-5****Crawfish tail meat: Importance of purchasing factors**

Factor	Average importance score <sup>1</sup>	Factor	Average importance score <sup>1</sup>
Availability	3.0	Product consistency	3.0
Delivery terms	2.3	Product quality	3.0
Delivery time	2.5	Product range	2.4
Discounts offered	2.0	Reliability of supply	2.7
Price	2.8	Transportation network	2.2
Minimum quantity requirements	2.0	U.S. transportation costs	1.9
Packaging	2.5		

<sup>1</sup> 3 = very important, 2 = somewhat important, 1 = not important.

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

Summaries of purchaser comparisons of domestic, subject, and nonsubject crawfish tail meat are presented in table II-6. Based on responses, U.S. producers appear to have some advantage over importers from China in minimum quantity requirements, packaging, and U.S. transportation costs, but Chinese producers appear to have some advantage in availability, delivery terms, price/discounts offered, product consistency, product range, and reliability of supply.<sup>30</sup> In table II-6, 12 purchasers compared U.S. frozen tail meat to Chinese frozen crawfish tail meat, and five compared U.S. fresh crawfish tail meat to Chinese frozen crawfish tail meat.<sup>31</sup> Those who compared U.S. frozen crawfish tail meat to Chinese frozen crawfish tail meat were more likely to describe U.S. product as inferior in many

<sup>30</sup> In addition to the results in table II-6, purchaser \*\*\* said that it purchased U.S. fresh crawfish tail meat and Chinese frozen crawfish tail meat, and said that these two products were not comparable.

<sup>31</sup> The others had indicated some other comparison, such as U.S. fresh and frozen versus Chinese frozen.

categories than those who compared U.S. fresh crawfish tail meat to Chinese fresh crawfish tail meat. However, both groups generally indicated that U.S. crawfish tail meat was more expensive than Chinese crawfish tail meat.

**Table II-6**  
**Crawfish tail meat: Number of purchasers' comparisons of U.S. product and imports**

Factor	U.S. vs. China			U.S. vs. Nonsubject <sup>1</sup>			China vs. Nonsubject <sup>1</sup>		
	S	C	I	S	C	I	S	C	I
Availability	3	5	11	1	1	0	1	0	0
Delivery terms	4	8	6	0	2	0	0	1	0
Delivery time	5	8	5	0	2	0	0	1	0
Discounts offered	2	5	6	0	2	0	0	1	0
Lower price <sup>2</sup>	1	2	13	0	0	2	1	0	0
Minimum quantity requirements	6	7	5	2	0	0	0	1	0
Packaging	4	12	3	0	2	0	0	1	0
Product consistency	4	7	8	1	1	0	0	1	0
Product quality	6	6	7	2	0	0	0	0	1
Product range	2	7	8	0	2	0	0	1	0
Reliability of supply	4	3	11	0	2	0	1	0	0
Transportation network	2	12	3	0	2	0	0	1	0
U.S. transportation costs	4	12	1	0	2	0	0	1	0

<sup>1</sup> "Nonsubject" is Spain.  
<sup>2</sup> A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," it means that the price of the U.S. product is generally lower than the price of the imported product.

Note— S = first named source superior, C = products comparable, I = first named source inferior.

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

Twelve purchasers said that buying crawfish tail meat from the United States was important to them, often because of their own customers' preferences. This segment of their crawfish tail meat purchases was described as 15 to 100 percent of their total tail meat purchases. The reason cited for the importance of purchasing at least part of their crawfish tail meat from U.S. producers was usually local preference for Louisiana crawfish. Some of these purchasers described the remainder (as much as 85 percent) of their customers being concerned primarily with price. Ten other purchasers said that buying crawfish tail meat from the United States was not important to them.

When asked if they ever order crawfish tail meat from one country over others, seven purchasers said that they sometimes preferred domestic, citing taste, fresh product, and Louisiana pride. Seven purchasers stated that they sometimes preferred Chinese tail meat, citing price, size, and availability. Nine others said they did not order from any particular country source. When asked if certain types of tail meat were available only from a single source rather than others, 18 purchasers said no, three said that graded frozen was only available year-round from China, and two said that they purchased from U.S. producers in order to buy fresh tail meat.

Purchasers were asked how often they and their customers based their purchasing of crawfish tail meat on the producer of the tail meat. With regard to their own purchases, nine purchasers said always, five said usually, eight said sometimes, and two said never. Those purchasers who did not answer

“never” cited a preference for local tail meat (more likely for Louisiana purchasers) or brand name/quality audits (more likely for national chains). \*\*\* stated that it can be discriminating when crawfish tail meat is abundant, but will buy where it can when tail meat is scarce. With regard to their customers’ purchases, four said always, twelve said sometimes, one said usually, and three said never. \*\*\* responded that their customers never based their purchases on the producer of the tail meat. However, firms with customers in Louisiana said that some of their customers can differentiate producers and have a preference for locally produced tail meat or specific brands.

Purchasers were asked how often they and their customers based their purchasing decisions on the country of origin of the tail meat. With regard to their firm, ten purchasers stated always, one said usually, four said sometimes, and nine said never. With regard to their customers, four said always, two said usually, eight said sometimes, and nine said never. One purchaser stated that it always buys Chinese tail meat because it is less expensive. Other purchasers cited customer preferences for fresh (and hence domestic) tail meat. Overall, many purchasers described a market where some customers demand domestic product only, and others are completely price-oriented, although the reported relative size of each market segment varied by purchaser.

Twelve purchasers (including \*\*\*) reported that they required certification for 85-100 percent of their purchases, usually based on quality and cleanliness as specified in FDA and USDA guidelines or in company-specific audits. Twelve purchasers stated that they did not require certification for their purchases.

## **ELASTICITY ESTIMATES<sup>32</sup>**

### **U.S. and Chinese Supply Elasticities**

The supply elasticity for crawfish tail meat depends on factors such as the level of excess capacity, the ability to shift production to alternate products, and the availability of alternate markets. Producers have low inventories, no alternative production possibilities, and no major exports, but capacity utilization is very low. Analysis of these factors indicates that the domestic producers of crawfish tail meat have the ability to alter domestic shipments in response to a change in the relative price of crawfish tail meat. The major constraint on increasing shipments would be the availability of domestic live, whole crawfish. Based on this information, the supply of domestic crawfish tail meat is likely moderately elastic. An estimate of 3 to 6 is proposed. Imports from China have shown an ability to increase dramatically since 1997, and Chinese shipments to Europe could be diverted to the United States or vice versa. Based on this information, the supply of Chinese crawfish tail meat is likely more elastic than U.S. supply. An estimate of 5 to 10 is proposed.

### **U.S. Demand Elasticity**

The U.S. demand elasticity for crawfish tail meat depends on the availability of substitute products as well as the share of crawfish tail meat in the production cost of downstream products. Crawfish tail meat is developing a national U.S. market, and it accounts for a large cost share of its ultimate end use products (home consumption or restaurant dishes). Nonetheless, as crawfish tail meat becomes more expensive, large national purchasers have reported that they will stop using it and substitute other proteins, such as shrimp and chicken. Thus, while some Louisianians may have price-resistant demand for crawfish tail meat, the product does not yet have this type of national following.

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<sup>32</sup> The prehearing report asked for party comments on elasticity estimates; none were received.

Based on the available information, the aggregate demand for crawfish tail meat is likely to be moderately elastic. An estimate in the range of -2 to -4 is suggested.

### **Substitution Elasticity**

The elasticity of substitution depends on the extent of product differentiation between the domestic and imported products. Product differentiation depends on factors such as the range of products produced, quality, availability, and the reliability of supply. Based on available information, subject crawfish tail meat is substitutable for domestic crawfish tail meat, although there may be an issue of the short-term availability of U.S. crawfish tail meat. While some purchasers have expressed some Louisiana preference for domestic crawfish tail meat (fresh and frozen), there is a large and growing portion of the national market that buys primarily on price and is generally indifferent to most distinctions between U.S. and Chinese crawfish tail meat. Based on these factors, staff estimates the substitution elasticity between domestic crawfish tail meat and that imported from China to be in the range of 4 to 8.



## PART III: CONDITION OF THE U.S. INDUSTRY

### U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. processors' reported capacity is shown in table III-1, and indicates that the industry could not supply the amount of U.S. apparent consumption during most years of the period of review. In 2002, the industry's capacity was less than half the quantity of U.S. apparent consumption. However, the capacity reported is greater than in the original investigation by about 33 percent, reflecting an increased response rate to the Commission's questionnaires, a genuine increase in capacity, or some other factor. Capacity in the table represents just those firms producing in any given year, so it underestimates the capacity of the industry as a whole in some years. Also, not all firms in the industry provided questionnaire data, further indicating an under-representation of capacity. According to counsel for the CPA, the reported low rate of capacity utilization throughout the period is justified and the processors reported on the basis of practical capacity, in accordance with the Commission's standard practice.<sup>1</sup> Capacity utilization rates were at their lowest during 2000-01, when the total harvests of crawfish in Louisiana dropped dramatically due to a drought. As can be seen in the table, toll production was a very minor factor in the industry's overall production.

**Table III-1**

**Crawfish tail meat: U.S. producers' production capacity, production, and capacity utilization, 1997-2002**

Item	Calendar year					
	1997	1998	1999	2000	2001	2002
Capacity (1,000 pounds)	4,175	4,875	4,218	3,861	4,154	4,311
Production--						
Integrated (1,000 pounds)	1,281	1,537	957	307	559	1,285
Toll (1,000 pounds)	19	11	2	2	13	18
Total (1,000 pounds)	1,300	1,548	959	308	573	1,304
Capacity utilization (percent)	31.1	31.8	22.7	8.0	13.8	30.2

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

<sup>1</sup> Submission by counsel for the CPA, April 8, 2003.

**U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS,  
AND EXPORT SHIPMENTS**

Table III-2 presents U.S. processors' shipments of crawfish tail meat during the review period. Internal consumption was a very minor factor in the industry's shipments, and there were no reported export shipments. The share of total shipments that were frozen remained about 15-22 percent during the review period, with a trend toward more fresh shipments during the last 2 years of the period. U.S. processors' purchases of crawfish tail meat were a small part of their business for the most part.

**Table III-2**  
**Crawfish tail meat: U.S. producers' shipments, by type, 1997-2002**

Item	Calendar year					
	1997	1998	1999	2000	2001	2002
<b>Quantity (1,000 pounds); value (1,000 dollars); unit value (per pound)</b>						
<b>Commercial shipments of fresh (including chilled) tail meat:</b>						
<i>Quantity</i>	1,148	1,341	801	249	522	1,085
<i>Value</i>	6,481	8,316	5,379	2,020	3,705	6,523
<i>Unit value</i>	\$5.64	\$6.20	\$6.71	\$8.11	\$7.10	\$6.01
<b>Commercial shipments of frozen tail meat:</b>						
<i>Quantity</i>	282	372	183	54	92	266
<i>Value</i>	1,695	2,399	1,273	504	760	1,712
<i>Unit value</i>	\$6.00	\$6.46	\$6.96	\$9.41	\$8.26	\$6.44
<b>Internal consumption and transfers to related firms of fresh and frozen tail meat combined:</b>						
<i>Quantity</i>	13	13	13	13	11	29
<i>Value</i>	86	86	85	86	75	196
<i>Unit value</i>	\$6.70	\$6.70	\$6.68	\$6.70	\$6.65	\$6.68
<b>Total U.S. shipments:</b>						
<i>Quantity</i>	1,444	1,725	997	315	625	1,380
<i>Value</i>	8,262	10,801	6,737	2,609	4,540	8,431
<i>Unit value</i>	\$5.72	\$6.26	\$6.76	\$8.28	\$7.27	\$6.11
Source: Compiled from data submitted in response to Commission questionnaires.						

Unit values for total shipments were much higher than the unit values for imports from China during the same period. Total shipments in table III-2 exceeded production reported in table III-1 in each year of the review, attributable to the \*\*\* firms with tollee shipments reporting more quantity than the \*\*\* firms reporting toll production. It is likely that other firms performing toll production did not respond to Commission questionnaires in this review.

Unit values for frozen tail meat were higher than for fresh tail meat, which is attributable in part to the U.S. industry's practice of selling most of its frozen tail meat in the off season, when it can command a higher price because there is a more limited supply of tail meat available.<sup>2</sup>

### U.S. PRODUCERS' INVENTORIES

Table III-3 presents U.S. processors' reported inventory holdings, which as a ratio to production or U.S. shipments were generally low throughout the period, except for an increase in 2000, which corresponds with the drought of 2000 and increased imports from China.

**Table III-3**  
**Crawfish tail meat: U.S. producers' end-of-period inventories, 1997-2002**

Item	Calendar year					
	1997	1998	1999	2000	2001	2002
Inventories (1,000 pounds)	6	11	9	15	11	11
Ratio to production (percent)	0.5	0.7	0.9	4.9	1.9	0.8
Ratio to U.S. shipments (percent)	0.4	0.7	0.9	4.8	1.8	0.8

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

### U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. processors' employment and productivity data are presented in table III-4. Since the processors are only in operation between 7 and 8 months per year, they employ seasonal workers to peel the tail meat. Some processors hire their peelers for the entire season, while others hire on a daily basis depending on the available work.<sup>3</sup> Accordingly, the number of production and related workers fluctuated dramatically within the year, depending on the season (figures shown are annual averages--not monthly or quarterly). Hourly wages during the review period were generally lower than hourly wages during the original investigation, yet unit labor costs were much higher, and productivity was much lower, seemingly due in part to lower production volumes. However, even when production volumes reached the levels of the original investigation, productivity was much lower, possibly indicating that accounting for hours worked might be difficult for these family-owned firms.<sup>4</sup> Also, hourly wages may be no higher

<sup>2</sup> Hearing transcript, pp. 94-95.

<sup>3</sup> *Crawfish Tail Meat from China*, op. cit., p. III-3.

<sup>4</sup> Counsel for respondents has argued that labor shortages may have had an impact on the productivity figures. (Respondents' prehearing brief, p. 4.) Also, witnesses for the CPA testified at the hearing that they had trouble retaining experienced peelers in recent years, resulting in a decline in productivity. Hearing transcript, pp. 62-64.

than during the original investigation in part because there might be a problem with quantifying hours worked.

**Table III-4**

**Crawfish tail meat: Average number of production-and-related workers, hours worked, wages paid to such workers, hourly wages, productivity, and unit labor costs, 1997-2002**

Item	Calendar year					
	1997	1998	1999	2000	2001	2002
PRWs ( <i>number</i> )	787	940	808	495	673	940
Hours worked ( <i>1,000</i> )	436	555	417	201	360	592
Wages paid ( <i>\$1,000</i> )	2,200	2,692	1,884	707	1,438	2,948
Hourly wages	\$5.05	\$4.85	\$4.51	\$3.52	\$4.00	\$4.98
Productivity ( <i>pounds per hour</i> )	3.0	3.0	2.3	1.5	1.7	2.3
Unit labor costs ( <i>per pound</i> )	\$1.65	\$1.60	\$1.92	\$2.27	\$2.23	\$2.09
<p>Note.--Because of rounding, figures may not add to totals shown. Productivity and unit labor cost calculations are based on firms that provided both numerator and denominator data.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>						

## FINANCIAL EXPERIENCE OF U.S. PRODUCERS

### Background

With several exceptions, the responding processors reported their financial performance on a calendar-year basis using a modified cash/tax basis of accounting.<sup>3 4</sup> The majority of reported revenue associated with crawfish tail meat operations represented commercial sales. While tolling activity reportedly took place, tolling revenue and costs are not separately presented.<sup>5</sup>

### Operations on Crawfish Tail Meat Processing

Income-and-loss data for processors are presented in table III-5 and on a per-pound basis in table III-6.

Collectively, crawfish tail meat sales volume declined from 1998 through 2000 and then increased. Inactive periods were reported by several processors and, in one instance, operations began in 2002 after an existing facility was purchased.<sup>6</sup> Most firms reported processing activity throughout the period.

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<sup>3</sup> Modified cash basis accounting, as opposed to strict cash basis accounting, generally capitalizes expenditures with an economic life of more than one year. An industry representative confirmed that cash payments from customers for sales of crawfish tail meat are generally received upon delivery or within several weeks. USITC accountant telephone notes, May 5, 2003. The majority of companies have operations in addition to crawfish tail meat. The presence of these other activities would have required the allocation of common costs.

Commission staff did not verify the financial information reported by U.S. producers or conduct a limited scope verification of foreign capacity data. When reported U.S. producer financial results appeared to be incorrect or required further clarification, U.S. producers were contacted either directly or through their counsel by Commission staff. Because adequate clarifications and/or corrections were not provided, the following are not included in the crawfish tail meat financial results: \*\*\*.

<sup>4</sup> In general, costs/expenses associated with purchased crawfish, direct labor, and interest appear to have been reported consistently by respondents. In contrast, overhead costs, SG&A expenses, depreciation and amortization, and all other expenses appear to reflect differences in classification. Some respondents, for example, included expenses (self-identified as "other direct expenses") associated with bags and supplies in the all other expenses line item. USITC accountant telephone notes, May 5, 2003. Because these items appear to be indirect processing expenses, it is presumed that a number of respondents chose to include them as overhead costs. In order to avoid presenting traditional cost categories that reflect inconsistent classifications, overhead costs, SG&A expenses, depreciation and amortization, and all other expenses have been combined into one line item. This single line item is labeled "Other costs and expenses" in table III-5 and table III-7. The majority of this amount appears to reflect overhead and SG&A expenses. In table III-7, overhead costs were not separately reported, so they are not explicitly included in "Other costs and expenses."

<sup>5</sup> In many industries examined by the Commission, the toller is a stand-alone entity specializing in a specific stage of manufacturing/processing/finishing a product. In those cases, the toller does not typically have its own integrated facilities. With respect to crawfish tail meat, most tollers and tollees used their facilities to support integrated operations. Since tollers/tollees/integrated processors in this case are for the most part a self-contained group, the adjustment that the Commission typically makes for tolling profit or loss is unnecessary.

<sup>6</sup> This largely explains the variation in the number of processors reporting data in each period, as shown in table III-5. In a few instances, records for FY 1997 were not available. As a result, the financial results/activity of several companies were not reported for that period.

**Table III-5**

**Results of operations on U.S. producers' crawfish tail meat processing, fiscal years 1997-2002**

Item	Fiscal year					
	1997	1998	1999	2000	2001	2002
<b>Quantity (1,000 pounds)</b>						
Total net sales	1,267	1,532	880	296	530	1,278
<b>Value (\$1,000)</b>						
Total net sales	7,098	9,354	5,991	2,477	4,026	7,410
Purchased crawfish	4,495	6,035	4,250	1,754	2,996	4,962
Direct labor	1,386	1,863	1,222	388	832	2,049
Other costs and expenses	1,365	2,246	1,466	559	978	2,005
Interest expense	64	113	86	51	102	129
Total expenses:	7,309	10,257	7,024	2,753	4,908	9,144
Byrd Amendment receipts	0	0	0	0	0	2,723
All other income	0	1	15	0	0	0
Net income or (loss)	(211)	(902)	(1,017)	(275)	(882)	988
<b>Ratio to net sales (percent)</b>						
Purchased crawfish	63.3	64.5	70.9	70.8	74.4	67.0
Direct labor	19.5	19.9	20.4	15.7	20.7	27.6
Other costs and expenses	19.2	24.0	24.5	22.5	24.3	27.1
Interest expense	0.9	1.2	1.4	2.1	2.5	1.7
Total expenses	103.0	109.7	117.2	111.1	121.9	123.4
Byrd Amendment receipts	0.0	0.0	0.0	0.0	0.0	36.7
All other income	0.0	0.0	0.3	0.0	0.0	0.0
Net income or (loss)	(3.0)	(9.6)	(17.0)	(11.1)	(21.9)	13.3
<b>Number of processors reporting</b>						
Net losses	14	18	18	18	21	16
Data	25	30	28	24	26	30
Source: Compiled from data submitted in response to Commission questionnaires.						

**Table III-6**  
**Results of operations (per pound) of crawfish tail meat processing, fiscal years 1997-2002**

Item	Fiscal year					
	1997	1998	1999	2000	2001	2002
<b>Unit value (per pound)</b>						
Net sales	\$5.60	\$6.11	\$6.81	\$8.37	\$7.59	\$5.80
Purchased crawfish <sup>1</sup>	3.55	3.94	4.83	5.93	5.65	3.88
Direct labor	1.09	1.22	1.39	1.31	1.57	1.60
Other costs and expenses	1.08	1.47	1.67	1.89	1.84	1.57
Interest expense	0.05	0.07	0.10	0.17	0.19	0.10
Total expenses	5.77	6.70	7.99	9.30	9.25	7.15
Byrd Amendment receipts	0.00	0.00	0.00	0.00	0.00	2.13
All other income	0.00	0.00	0.02	0.00	0.00	0.00
Net income or (loss)	(0.17)	(0.59)	(1.16)	(0.93)	(1.66)	0.77
<sup>1</sup> "Purchased crawfish" in this table represents the unitized cost of the raw whole crawfish input necessary to produce and sell 1 pound of crawfish tail meat. As discussed in footnote 7 of this section of the report, multiple pounds of raw whole crawfish are necessary to produce 1 pound of crawfish tail meat. The per-pound value of purchased crawfish in this table is <u>not</u> the per-pound cost of the input itself.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Despite increasing average unit sales values from 1998 through 2000, total revenue declined on lower volume in 1999 and 2000. The relatively high cost of purchased crawfish in fiscal years 1999, 2000, and 2001 was also a notable feature of the period.<sup>7</sup> The increase was caused, at least in part, by

<sup>7</sup> The methodology used by each processor to determine the cost of purchased crawfish was not reported to the Commission. Narrative information in U.S. producer questionnaires responses, however, indicates that the total cost of purchased crawfish reported in table III-5 is generally not an allocation of the cost of all crawfish purchased. Rather, the method used by many U.S. processors (to estimate the cost of purchased crawfish) is analogous to a constructed value whose primary variables are input price, yield, and sales/shipments volume. Assuming a 17.5-percent processing yield (the middle of the 15-percent to 20-percent range cited in exhibit 2 of the CPA's April 22, 2003 filing), the number of pounds of purchased crawfish necessary to produce one pound of crawfish tailmeat would be around 5.71 pounds. The average cost of purchased crawfish used to produce and sell 1 pound of crawfish tailmeat is shown in table III-6. Dividing this amount by 5.71 pounds, the implied per-pound cost of the raw whole crawfish used to produce crawfish tail meat was \$.62 in 1997; \$.69 in 1998; \$.85 in 1999; \$1.04 in 2000; \$.99 in 2001; and \$.68 in 2002. The estimated input cost for 2002 (\$.68 per pound) is between the simple average 2002 prices reported for "peelers" (\$.58) and medium crawfish (\$.71). (Note: Peelers (defined as 26 crawfish per pound or more) and medium crawfish (21 to 25 crawfish per pound) were identified as the primary types/sizes of crawfish used for tail meat processing. 2002 was the only period for which prices by type/size were requested in question III-7-3 of the U.S. producers' questionnaire.) The purchased crawfish cost (and the implied per-pound cost of the input) from the original investigation is generally consistent with the unit purchased crawfish cost calculated for the beginning and end of the period covered by this review. The middle of the period reviewed, notably 2000, reflects a clear divergence.

At the Commission's hearing the input prices per pound referenced by industry witnesses ranged from 80-90 cents to 40 cents depending on the time of year (hearing transcript, p. 90) to 35 cents (without reference to time period) (hearing transcript, p. 150). The implied per-pound input costs estimated in the first paragraph above are  
 (continued...)

drought-related conditions. In addition to associated fixed costs being spread over lower reported volume from FY 1998 through FY 2000, a number of producers also indicated that costs such as energy and consumables increased. With respect to the industry's consistent losses, it should be noted that in 1994 and 1995, the first two years of the original investigation and the last time the industry was collectively profitable on an operating basis, capacity utilization was approximately double that of the highest level reported during the period of this review.

Average unit sales revenue exceeded throughout the period (and by varying degrees) two important variable costs associated with crawfish tail meat processing, i.e., purchased crawfish and direct labor.<sup>8</sup> Because total average unit costs consistently exceeded average unit sales value, net income was

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<sup>7</sup> (...continued)

dependent on assumed yield. Using a static numerator (the purchased cost of crawfish per pound in table III-6), a lower assumed yield results in a larger denominator and thus a lower implied per-pound input cost, e.g., a 14-percent yield would mean a little more than 7 pounds of purchased crawfish are used on average to produce one pound of crawfish tail meat. Seven pounds was the input requirement referenced by one industry witness at the Commission's hearing. Hearing transcript, p. 92. At that rate, the implied cost of purchased crawfish per pound in 2002 would be around \$.54.

While raw whole crawfish purchased by processors is ultimately sold in different forms (live, tail meat, and to a limited degree whole boiled), it is unlikely that processors' accounting systems separately record and track purchased crawfish costs by intended/ultimate use. A constructed value approach using the above-referenced variables (input price, yield, and sales/shipments volume) appears to be reasonable under the circumstances. With few exceptions, processors (whose financial information is presented in this section of the report) were generally consistent with respect to the unit cost of their purchased crawfish.

<sup>8</sup> The excess of revenue over variable costs is referred to as a contribution margin. When positive, this amount "contributes" to the coverage of fixed costs with any surplus representing a profit. When more than one product is manufactured/processed by a respondent, some fixed costs may be specific to the product in question, while others are common to all products. Because crawfish tail meat activity is generally a component of larger overall establishment operations (see table III-7 and footnote 14 of this part of the report), it is reasonable to assume that a number of fixed costs incurred by processors are common to all products. While the allocation of common fixed costs to crawfish tail meat is necessary in order to report product-line profitability to the Commission, many of these allocated costs would be incurred in aggregate regardless of the presence or absence of crawfish tail meat processing.

At the Commission's hearing, industry witnesses confirmed that processors are involved in selling various other products/services in addition to crawfish tail meat. Hearing transcript, pp. 97 and 98. With respect to the sale of live crawfish, Mr. Randol stated "... there's no denying the live market is very important to our industry . . . {t}he profit potential is certainly good for some of the processors . . ." Hearing transcript, p. 70. The presence of other products/activities, in conjunction with what appears to be a positive contribution margin on crawfish tail meat operations (i.e., average unit revenue consistently exceeded two primary variable costs), helps to explain, in part, why crawfish tail meat activity would continue despite consistent product-line losses.

collectively generated only at the end of the period due to the distribution of Byrd Amendment money.<sup>9 10</sup>

### Overall Establishment Operations of Crawfish Tail Meat Processors

Income-and-loss data for overall establishment operations of crawfish tail meat processors are presented in table III-7.<sup>11 12 13</sup>

While the trend in overall establishment revenue was similar to that of crawfish tail meat, the period-to-period revenue changes (both positive and negative) were less extreme. Overall losses were reported in FY 1998, FY 1999, and FY 2001.<sup>14</sup> The notable increase in net income (on an absolute basis and as percent of sales) for FY 2002 was due primarily to Byrd Amendment money.

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<sup>9</sup> The Bureau of Customs and Border Protection reported that in 2002 it disbursed approximately \$7.5 million to 27 crawfish processors. While 26 of the 27 processors provided data on their Byrd Amendment receipts in response to the Commission's questionnaire, 2002 Byrd amendment receipts reported in table III-5 and table III-7 do not approximate the Customs' disbursement. The exclusion of several respondents accounts for a small part of the difference (see footnote 6). The primary difference is apparently due to when checks were received by processors. For tax purposes, the constructive receipt doctrine requires recognition prior to receipt if the money in question was readily available and receipt was not subject to substantial limitations or restrictions. Cash/tax-basis respondents that did not report Byrd Amendment money in 2002 are implicitly taking the position that constructive receipt conditions were not present. For example, the \*\*\* stated that many did not receive checks until early 2003. In those instances, the money was not included in 2002 financial results. USITC accountant telephone notes, May 5, 2003. Respondents using U.S. GAAP would also be unlikely to recognize Byrd Amendment money prior to actual receipt. Those reporting it are presumed to have received their checks in 2002.

<sup>10</sup> In response to a follow-up question, one company official explained that the relatively large increase in his company's 2002 SG&A expenses represented \*\*\* on the basis of Byrd Amendment money received. Another respondent stated that Byrd Amendment money was used in 2002 immediately to \*\*\*. USITC accountant telephone notes, May 5, 2003. With the exception of the first example above, the pattern of expenses on a company-by-company basis did not appear to change significantly in 2002 as a result of the receipt (or anticipation of receipt) of Byrd Amendment money.

<sup>11</sup> In some instances, companies provided incomplete financial information for their overall establishment operations. As necessary, follow-up requests for correction/clarification were made. Because adequate clarifications and/or corrections were not provided, the following companies are not included in the overall establishment financial results: \*\*\*.

<sup>12</sup> The majority of U.S. producers reported information indicating that their overall establishment operations include other products in addition to crawfish tail meat. The following products were reported: live crawfish, alligator meat, catfish, fish (unidentified by type), crabmeat (various forms), bait, sacks, and traps. Industry witnesses at the Commission's June 3, 2003 hearing also identified shrimp, oysters, and a restaurant business as activity reflected in overall establishment operations. Hearing transcript, pp. 97 and 98.

<sup>13</sup> As noted previously, the FY 1997 records of several companies were not available so their financial results/activity for that year were not reported. Also, in at least one instance, a company was unable to provide complete FY 2002 financial results. Accordingly, that company's FY 2002 financial results are not presented.

<sup>14</sup> Overall establishment operations generally reflected more positive results and smaller losses, respectively, compared to crawfish tail meat operations. The implication is that non-crawfish-tail-meat activities were relatively more profitable. As one respondent noted, crawfish tail meat operations complement other parts of a processor's operations. USITC accountant telephone notes, May 5, 2003.

Table III-7

Results of overall establishment operations of crawfish tail meat processors, fiscal years 1997-2002

Item	Fiscal year					
	1997	1998	1999	2000	2001	2002
<b>Value (\$1,000)</b>						
Total net sales	34,951	38,329	34,059	28,683	30,584	30,938
Cost of goods sold	27,545	30,200	25,827	21,130	23,137	22,739
Other costs and expenses	6,338	8,135	8,310	7,585	7,613	9,090
Interest expense	117	138	156	161	250	213
Total expenses	34,000	38,472	34,293	28,876	31,000	32,042
Byrd amendment receipts	0	0	0	0	0	2,941
All other income	134	55	71	467	95	419
Net income or (loss)	1,086	(89)	(163)	274	(322)	2,256
<b>Ratio to net sales (percent)</b>						
Cost of goods sold	78.8	78.8	75.8	73.7	75.7	73.5
Other costs and expenses	18.1	21.2	24.4	26.4	24.9	29.4
Interest expense	0.3	0.4	0.5	0.6	0.8	0.7
Byrd amendment receipts	0.0	0.0	0.0	0.0	0.0	9.5
All other income	0.4	0.1	0.2	1.6	0.3	1.4
Net income or (loss)	3.1	(0.2)	(0.5)	1.0	(1.1)	7.3
<b>Number of processors reporting</b>						
Net losses	5	9	15	16	12	8
Data	29	32	31	31	31	29
Source: Compiled from data submitted in response to Commission questionnaires.						

## Capital Expenditures

The responding processors' combined data on capital expenditures are shown in table III-8.<sup>15 16</sup> While some companies reported relatively consistent capital expenditures throughout the period, others reported sporadic capital expenditures or none at all.

**Table III-8**  
**Capital expenditures: Crawfish tail meat and overall establishment operations, fiscal years 1997-2002**

Item	Fiscal year					
	1997	1998	1999	2000	2001	2002
<b>Capital expenditures: Value (\$1,000)</b>						
Crawfish tail meat	121	384	159	102	142	130
Overall establishment	389	831	365	206	278	430
Source: Compiled from data submitted in response to Commission questionnaires.						

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<sup>15</sup> Questionnaire information on the original cost and book value of property, plant, and equipment (crawfish tail meat operations and overall establishment operations) was missing or reported in an inconsistent manner by a number of respondents. Follow-up requests for correction/clarification were made, but generally did not yield meaningful information. Accordingly, the original cost and book value of property, plant, and equipment are not presented in table III-8.

<sup>16</sup> \*\*\* did not respond to follow-up requests for clarification regarding the nature of their reported capital expenditures. Accordingly, neither company's reported capital expenditures are included in table III-8. With the exception of \*\*\* and several other companies that continued to report inconsistent capital expenditure information, table III-8 presents the reported capital expenditures of those companies whose financial results are presented in table III-5 and table III-7, respectively.



## PART IV: U.S. IMPORTS AND THE INDUSTRY IN CHINA

### U.S. IMPORTS

Imports of crawfish tail meat presented in table IV-1 are derived from official statistics taken from three HTS subheadings and statistical reporting numbers: 0306.19.0010 (freshwater crawfish), 0306.29.00 (crustaceans, not frozen, other), and 1605.40.1010 (peeled freshwater crawfish tail meat). Although imports of crawfish tail meat are currently specifically provided for in HTS statistical reporting number 1605.40.1010, they have also been imported under the provisions for freshwater crawfish and "crustaceans, not frozen, other," which were relevant for the entire 6-year period of review. Although all three HTS numbers listed above are used in this report for imports from China, only the freshwater crawfish HTS number was used for imports from all other sources.<sup>1</sup> Another HTS number listed in some Commerce notices and on its website, 1605.40.1090, "crustaceans other than peeled crawfish tail meat," contains a small amount of shell-on tail meat but the majority of the contents entering under that HTS classification are nonsubject products. Therefore, imports under that number were not included in the presentation of imports in table IV-1.<sup>2</sup> Imports under HTS subheading 1605.40.10 before July 2000 are not used in this report, based on the statement by counsel for the CPA that importers were not using that classification for their imports prior to the split.<sup>3</sup>

During the original investigation, imports were derived from importers' questionnaire responses, as the reported data on imports from China exceeded those reported in official statistics for that time period. In the current review, poor importer cooperation has rendered data from questionnaire responses of no value in determining aggregate imports from China. It appears that imports derived from the HTS methodology described above understate the volume of imports, but the understatement is difficult to

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<sup>1</sup> For imports from all other sources, subheading 0306.29.00 contained too many items that were not related to crawfish, given that the quantities involved were multiples of the entirety of imports from China under all three relevant HTS numbers, and industry sources have indicated that the vast majority of imports of crawfish come from China. Although the 0306.19.0010 category undoubtedly contains some whole crawfish that would not be included in the subject product, the percentage of whole crawfish would be small compared with the crawfish tail meat included in that HTS number. Likewise, there would be some nonsubject product imported from China included in the 0306.29.00 subheading, but it is believed to be a small percentage.

<sup>2</sup> Counsel for the CPA originally challenged the approach to compiling the volume of imports in this manner in its prehearing brief (p. 19 and exhibit 4) and in the hearing (hearing transcript, p. 28). It urged the Commission to use the 1605.40.1090 HTS classification, and it also speculated that PIERS data might be more accurate. Subsequently, counsel closely examined PIERS data and found that it contained nonsubject material and that the data appeared to be similar to the HTS numbers used in the staff report when the nonsubject material was removed. E-mails from counsel for the CPA to Olympia Hand, June 6, 2003, and June 10, 2003. Counsel for respondents argued that the subject imports are significantly understated and that PIERS data would be more accurate (hearing transcript, p. 177). It also stated that subject imports are in the range of \*\*\* to \*\*\* million pounds per year in 2001 and 2002. E-mail from counsel for the respondents to Olympia Hand, June 10, 2003 and respondents' posthearing brief, appendix p. 2. However, counsel failed to provide specifics regarding subject imports during the entire period of review.

<sup>3</sup> E-mail from counsel for the CPA to Olympia Hand, June 10, 2003.

Table IV-1  
Crawfish tail meat: U.S. imports, by sources, 1997-2002

Item	Calendar year					
	1997	1998	1999	2000	2001	2002
<b>Quantity (1,000 pounds)</b>						
Imports from China	2,340	5,943	3,505	5,480	12,513	8,875
Imports from all other sources	0	359	428	1,035	427	290
Total imports	2,340	6,302	3,934	6,515	12,940	9,165
<b>Value (\$1,000)<sup>1</sup></b>						
Imports from China	4,309	9,769	5,561	9,997	45,167	23,621
Imports from all other sources	0	719	694	3,137	1,566	808
Total imports	4,309	10,487	6,255	13,134	46,733	24,429
<b>Unit value (per pound)</b>						
Imports from China	\$1.84	\$1.64	\$1.59	\$1.82	\$3.61	\$2.66
Imports from all other sources	( <sup>2</sup> )	2.00	1.62	3.03	3.66	2.78
Total imports	1.84	1.66	1.59	2.02	3.61	2.67
<b>Share of quantity (percent)</b>						
Imports from China	100.0	94.3	89.1	84.1	96.7	96.8
Imports from all other sources	0.0	5.7	10.9	15.9	3.3	3.2
Total imports	100.0	100.0	100.0	100.0	100.0	100.0
<b>Share of value (percent)</b>						
Imports from China	100.0	93.1	88.9	76.1	96.6	96.7
Imports from all other sources	0.0	6.9	11.1	23.9	3.4	3.3
Total imports	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Landed, duty-paid. <sup>2</sup> Not applicable.						
Note.—Because of rounding, figures may not add to totals shown.						
Source: Compiled from official Commerce statistics: HTS statistical reporting number 0306.19.0010, HTS subheading 0306.29.00, and HTS statistical reporting number 1605.40.1010.						

quantify.<sup>4</sup> In addition, it appears that the value of subject imports is overstated in 2001 and possibly in 2002, because of certain irregularities in reporting values for Customs purposes by one large Chinese exporter, Qingdao Rirong.<sup>5</sup>

The HTS number most closely defining the subject product, 1605.40.1010, was created in July 2000. Imports entering under that category quickly rose during the rest of the review period, whereas imports quickly declined under 0306.19.0010 from the latter half of 2000, indicating that importers were switching from the fresh crawfish category to the peeled tail meat category for Customs classification purposes.

Since the original investigation concluded, imports from China fluctuated upward during the review period, reaching a high in 2001. Unit values for Chinese imports stayed fairly low until nearly doubling to \$3.61 per pound in 2001 (note that these values may be erroneous). Both imports and unit values declined from 2001 to 2002. Imports from all other sources were not present until 1998, increased steadily to a high of 16 percent of total imports in 2000, then declined to less than 5 percent during 2001 and 2002. Most of these imports were from Spain. It is noteworthy that the peak in imports from China occurred one year after the lowest point in U.S. processors' shipments, and corresponded with a peak in apparent U.S. consumption. In contrast, the peak in imports from all other sources coincided with the low point in U.S. processors' shipments and subsided during the large influx of imports from China in 2001 and 2002.

The ratios of the quantity of subject imports to U.S. production during the period of review were the following: 180 percent in 1997; 384 percent in 1998; 365 percent in 1999; 1,779 percent in 2000; 2,184 percent in 2001; and 681 percent in 2002.

In May 2002 the banned antibiotic chloramphenicol was found in crawfish imported from China and sold in Louisiana. The FDA increased its sampling of imported shrimp and crawfish, and the Chinese government banned the use of chloramphenicol in animals and animal-derived foods intended for export.<sup>6</sup>

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<sup>4</sup> The quantity of imported Chinese tail meat reported by purchasers in 1999 exceeded the amount of imports reported in table IV-1 by about 68 percent. However, purchaser questionnaires could double-count the quantity of imports because they are at different levels of trade. See part II of this report for more details. Official Chinese export statistics submitted by counsel for respondents on June 13, 2003 listed higher quantities of exports of the subject product in all years but 1997: \*\*\* pounds in 1997, \*\*\* million pounds in 1998, \*\*\* million pounds in 1999, \*\*\* million pounds in 2000, \*\*\* million pounds in 2001, and \*\*\* million pounds in 2002. A submission of June 19, 2003 from the Chinese Ministry of Commerce further clarified that these exports were of crawfish tail meat. However, foreign producers' questionnaire data on exports of tail meat to the United States, as shown in table IV-4, show quantities more consistent with the HTS quantities, and were far less than the official Chinese statistics submitted by counsel. Moreover, the U.S. embassy in Beijing provided official Chinese export statistics that differed greatly and were far less in quantity than those submitted by counsel: 166,000 pounds in 1997, 2.1 million pounds in 1998, 3.9 million pounds in 1999, 750,000 pounds in 2000, 0 pounds in 2001, and 1.5 million pounds in 2002. State Department telegram, June 16, 2003. The discrepancies make it more difficult to evaluate these data received very late in the investigation. The HTS data were selected to present in the body of this report. However, summary data for the review using Chinese export statistics as a substitute for the quantity of U.S. imports of the subject product are presented in table C-2, app. C. The value of imports in table C-2 was derived from unit values from the HTS data.

<sup>5</sup> CPA prehearing brief, pp. 4 and 26-28.

<sup>6</sup> Southeastern Fisheries Association, Inc., May 6, 2002, and FDA News, June 14, 2002.

## U.S. IMPORTERS' INVENTORIES

During the original investigation, importers' inventories were quite high, and the ratio to imports and U.S. shipments of imports was in the range of 20-60 percent. During this review, few importers submitted questionnaire responses, but for those that did provide data, inventories during 1999-2001 were high and the ratios of inventories to imports and U.S. shipments of imports were in the 30-85 percent range, as shown in table IV-2. Because firms importing the subject product are often in existence for only a few years and appear and disappear in the marketplace, the existence of only a very small reported inventory holding in 2002 may not be meaningful.

**Table IV-2**

**Crawfish tail meat: U.S. importers' reported end-of-period inventories of imports and ratio of inventories to imports and to U.S. importers' U.S. shipments, by sources, 1997-2002**

\* \* \* \* \*

## NON-PAYMENT OF ANTIDUMPING DUTIES

In a 2002 article in Louisiana Farmer, Louisiana Agriculture Commissioner Bob Odom explains his theory that the Chinese exporters of crawfish tail meat have used the new shipper reviews at Commerce to avoid paying dumping duties because they are allowed to post a \$50,000 continuous entry bond for imports instead of a cash deposit. Duties owed could greatly exceed this deposit.<sup>7</sup> Customs has confirmed his theory.<sup>8</sup> Table IV-3 presents data collected from responding U.S. importers on their deposits and duties paid.

**Table IV-3**

**Crawfish tail meat: U.S. importers' reported cash deposits and antidumping duties, 1997-2002**

\* \* \* \* \*

Because of substantial discrepancies between the U.S. sales price of Chinese crawfish tail meat and the average entry value reported to Customs, and the inability to collect *ad valorem* cash deposits or assessment rates that would ensure the collection of total antidumping duties due, in April 2002 Commerce directed Customs to collect cash deposits and assess antidumping duties on a per-kilogram basis for this product.<sup>9</sup>

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<sup>7</sup> Submission by counsel for the CPA, September 20, 2002, exhibit 8.

<sup>8</sup> "\*\*\*\*." E-mail from \*\*\*, Customs, April 23, 2003.

<sup>9</sup> 67 FR 19546, April 22, 2002.

## PRODUCERS IN CHINA

Counsel for Chinese producers/exporters represent a total of 16 firms,<sup>10</sup> of which 10 provided usable data<sup>11</sup> in response to Commission questionnaires and five provided incomplete responses. Counsel estimated that the 16 client firms accounted for virtually all exports of crawfish tail meat from China. The estimate was based on Chinese official customs statistics for 2001, which purportedly indicated that 10.7 million pounds of the subject product were exported to the United States during that year. The 16 client firms reported a total of \*\*\* million pounds of crawfish exported to the United States in 2001.<sup>12</sup> Of the 10 firms that provided usable data in response to the Commission's questionnaire, six reported exports to the United States during the period of review, accounting for \*\*\* million pounds of subject product exported in 2001. Their exports accounted for \*\*\* percent of U.S. imports of the subject product during 2001 and \*\*\* percent of aggregate exports reported from the 16 clients during that year. Coverage of exports to the United States varied during the review period for the six responding exporters, ranging from \*\*\* percent in 1997, to \*\*\* percent in 1998, \*\*\* percent in 1999, \*\*\* percent in 2000, \*\*\* percent in 2001, and \*\*\* percent in 2002. Only two of the responding firms, \*\*\*, reported exports to the United States during 2002.

During the original investigation, questionnaire responses from foreign exporters accounted for 80 percent of 1996 imports of the subject product. There were no foreign producers that responded. During this review, eight producer/exporters and two exporters responded to Commission questionnaires with usable data. \*\*\* accounted for \*\*\* of reported production from the eight responding producers in 2001. According to counsel for respondents' original estimate of 2001 production for the Chinese industry, \*\*\* accounts for \*\*\* percent.<sup>13</sup>

There were no tariff barriers to exports of Chinese crawfish tail meat in third country markets reported. In late January 2002, the EU imposed a ban on imports of Chinese products of animal origin as a result of the presence of chloramphenicol detected in shrimp products. Chinese crawfish were among the affected products. Due to favorable results of border testing and safety guarantees provided by Chinese authorities, the import ban was lifted in November 2002; however, 20-percent testing of Chinese crawfish is still being implemented.<sup>14</sup>

Approximately 95 percent of the Chinese production of crawfish is in Jiangsu Province, with the remaining 5 percent in Anhui and Hubei Provinces. The crawfish tail meat industry in China was created primarily for export sales to the United States in about 1990, as there is only a small, undocumented

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<sup>10</sup> These firms consist of: China Kingdom Import & Export Co.; Funing County Frozen Foodstuff Factory; Jiangsu Cereals, Oils & Foodstuffs I/E (Group) Corp.; Jiangsu Hilong International Trading Co., Ltd.; Nantong Delu Aquatic Food Co., Ltd.; North Supreme Seafood (Zhejiang) Co., Ltd.; Nutriment Factory of Weishan County; Qingdao Rirong Foodstuffs Co., Ltd.; Shouzhou Huaxiang Foodstuffs Co., Ltd.; Suqian Foreign Trade Co., Ltd.; Weishan Fukang Foodstuff Co., Ltd.; Weishan Hongfa Lake Foodstuffs Co., Ltd.; Weishan Jinhuan Foodstuffs Co., Ltd.; Yancheng Haiteng Aquatic Products & Food Co., Ltd.; Yancheng Yaou Seafood Co., Ltd.; and Yancheng Foreign Trade Corp., Ltd.

<sup>11</sup> These firms were \*\*\*.

<sup>12</sup> Counsel for respondents' submission of October 4, 2002, response to Commission's letter of September 26, 2002, p. 3 and appendix A. There is a discrepancy with the reported amounts of official Chinese tail meat exports in 2001 in the October 4 submission (\*\*\*) and the reported amount submitted in the June 13, 2003 submission (\*\*\*) million pounds). This further calls into question the accuracy of these reported official Chinese statistics.

<sup>13</sup> Ibid.

<sup>14</sup> E-mail from \*\*\*, April 21, 2003.

market for tail meat in China. U.S. importers began to explore the possibility of importing crawfish tail meat from China in the late 1980s.<sup>15</sup>

The crawfish season in China normally extends from June through September. Crawfish in China are primarily sourced from wild harvests, but it has been reported that these harvests are being supplemented by cultured crawfishing in several regions in China.<sup>16</sup>

#### **REPORTED CHINESE CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES**

Tables IV-4 and IV-5 present data from reporting foreign producers/exporters on their production, capacity, inventories, shipments, and exports. The data show fluctuating but fairly low capacity utilization that would make it possible for the Chinese industry to greatly increase production of crawfish tail meat in the future. They also show that other export markets have fluctuated in importance but are far below exports to the United States. The home market has been relatively small throughout the period. Inventories fluctuated during the period, reaching a peak in 1999 and 2000, and declining in 2001 and 2002. However, an article in *Seafood Business* stated that there were plenty of Chinese inventories of crawfish tail meat as of October 2000.<sup>17</sup> Value data presented in table IV-5 are of limited value, as some firms reported only quantity and not values for their shipments.

In terms of the size of the crawfish tail meat industry in China, counsel for respondents stated that its 16 client firms accounted for production of about \*\*\* million pounds in 2001.<sup>18</sup> That exceeds the high in U.S. apparent consumption in 2001 of 13.6 million tons by a good margin. During the original investigation, no capacity or production was reported by foreign exporters; however, the peak of total shipments was 9.4 million pounds.<sup>19</sup>

**Table IV-4**  
**Crawfish tail meat: Quantity data of reporting firms in China, 1997-2002**

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**Table IV-5**  
**Crawfish tail meat: Value data of reporting firms in China, 1997-2002**

\* \* \* \* \*

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<sup>15</sup> *Crawfish Tail Meat from China*, op. cit., p. VII-1.

<sup>16</sup> Ibid.

<sup>17</sup> CPA submission of February 12, 2003, attachment 1, and CPA's prehearing brief, p. 22.

<sup>18</sup> Counsel for respondents' submission of October 2, 2002, response to Commission's letter of September 26, 2002, p. 3 and appendix A.

<sup>19</sup> *Crawfish Tail Meat from China*, op. cit., p. VII-3.

## **PART V: PRICING AND RELATED INFORMATION**

### **FACTORS AFFECTING PRICING**

#### **Exchange Rates**

The nominal value of the Chinese yuan relative to the U.S. dollar has remained virtually unchanged since the first quarter of 1997 at 8.28 yuan per dollar.

#### **Raw Material Costs**

The primary raw material is whole live crawfish. The cost of live crawfish depends on its availability, which in turn is based on seasonal factors, yearly weather patterns, relative prices for farming/fishing substitutes such as rice or crabs, and the relative price of live whole crawfish for direct consumption. Regional droughts in the late 1990s and early 2000 significantly lowered the availability of live crawfish in Louisiana, resulting in substantial raw material cost rises as well.

#### **Transportation Costs to the U.S. Market**

Using data from April 2002 to March 2003, it is estimated that transportation costs for Chinese crawfish tail meat to U.S. ports are equivalent to 2.6 percent of customs value.<sup>1</sup>

#### **U.S. Inland Transportation Costs**

U.S. producers reported transportation costs of 2-30 percent, but most of those who gave usable answers had a range of 2-10 percent. Importers reported U.S. inland transportation costs of 2-15 percent, with five reporting that they arranged transportation and three reporting that the purchaser arranged transportation. Thirty-four U.S. producers reported that they arrange delivery, and only two said that the purchaser does. Purchasers generally described purchases as on a delivered basis, and only five said that U.S. transportation costs are a significant factor in their purchases.

Eighteen U.S. producers stated that 100 percent of their shipments are under 100 miles from their production facilities, and seven more had over 90 percent under 100 miles away. Five U.S. producers reported 75-100 percent of their shipments between 101-1,000 miles from their production facilities. Only four U.S. producers reported any shipments more than 1,000 miles from their production facilities.

Five importers reported shipping 60 percent or more of their shipments under 100 miles from their warehouses, but only two of those had 100 percent of their shipments under 100 miles from their warehouse. One other importer reported that 100 percent of its shipments were 101 to 1,000 miles from its warehouse, and another reported that 80 percent of its shipments were over 1,000 miles from its warehouse.

### **PRICING PRACTICES**

Thirty-one U.S. producers said that their pricing is set on a transaction-by-transaction basis, with five producers setting prices based on cost of production, three producers using price lists, and three

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<sup>1</sup> This estimate is derived from official import data (using HTS statistical reporting number 1605.40.1010) and represents the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

producers basing their prices on current market conditions.<sup>2</sup> Thirty-one producers also reported no discount policy, though 10 offered quantity discounts. Thirty-two producers priced crawfish tail meat on a delivered basis, with the others using f.o.b. plant or pick-up pricing. Only one producer reported using contracts, and only for one percent of its sales. The rest sold crawfish tail meat on a spot basis.

Three Chinese producers reported that 100 percent of their sales were on a contract basis, with two reporting that 100 percent of their sales were on a spot basis,<sup>3</sup> and the others not answering. Chinese producers reported contracts of two months to one year in duration, with eight of the responding Chinese producers reporting contracts of between six months and one year. Six Chinese producers said that their contracts fix price (or estimated price) and quantity, but only one said that there was typically any meet-or-release provision.

Four importers reported transaction-by-transaction negotiations to determine price, two reported using contracts, and two more reported using a combination of contracts and transaction-by-transaction negotiations. No importers of Chinese tail meat reported any quantity discounts. Five importers reported pricing on a delivered basis, with two reporting pricing based on public cold storage facility. Two importers stated that 100 percent of their sales were on a contract basis, with four other importers of Chinese tail meat stating that between 80 to 100 percent of their sales were on a spot basis. Importers reported contracts of one month to a year, and that the contracts fixed both price and quantity. Three importers stated that their contracts had a meet-or-release provision.

Purchasers reported varied purchasing frequencies, with four purchasing daily, seven weekly, nine monthly, two as needed, and three (\*\*\*) purchasing annually. One distributor noted that it purchased daily for fresh tail meat and monthly for frozen tail meat. Twenty-one purchasers said that they did not expect their purchasing pattern to change. Most contacted two to five suppliers before purchasing.

Fifteen purchasers stated that purchasing involved negotiations, and nine said that it did not. \*\*\* said that it requires a strict quality specification, and characterized its price negotiations as "serious" and "competitive." However, \*\*\* said that as long as price is in line with competitors, there may not be negotiation. \*\*\* described its negotiations as informing its suppliers of the amount it wished to purchase and then weighing competing offers. Purchasers \*\*\* said that they try to negotiate volume discounts.

Nine purchasers said that they did vary their purchases based on price, and 15 said that they did not. Eleven purchasers said they had changed suppliers since 1997. Only three said that they were aware of any new suppliers, but five said that they anticipated new suppliers because of increased demand.

Purchasers generally described prices as changing quite frequently, from daily to annually, with more frequent changes coming during the processing season. \*\*\* stated that the larger changes, though, tend to come from one year to another rather than from changes within a given year.

Eighteen purchasers stated that prices for U.S.-produced crawfish tail meat were higher than prices for imported Chinese product, with one of those eighteen stating that prices for the imported Spanish product were between the prices for the U.S. and Chinese products. Two other purchasers said that the prices for the U.S. product were the same as the prices for the Chinese product, and an additional purchaser stated that the prices for the U.S. product were higher than those for the Spanish and Indonesian product.

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<sup>2</sup> Three producers reported two of the listed methods.

<sup>3</sup> However, one of these producers then described its contracts in its answers to other questions.

## PRICE DATA

The Commission requested quarterly data for the total quantity and f.o.b. value of commercial shipments to unrelated customers of two crawfish tail meat products: fresh (product 1) and frozen (product 2) crawfish tail meat. Data were requested for the period January 1997 through December 2002. However, these data were then further divided into sales in Louisiana, sales in states bordering Louisiana (Arkansas, Mississippi, and Texas), and sales in the rest of the United States. Data were also collected for sales to distributors versus sales to retailers. Most U.S. producers submitted data primarily in only one or two product, location, and customer categories.

Thirty-six U.S. producers and seven importers provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. The reported price data accounted for 103.6 percent of the 2002 quantity of domestically-produced commercial shipments of crawfish tail meat, as well as 16 percent of the 2002 quantity of imports of crawfish tail meat from China.<sup>4</sup> Data on reported weighted-average selling prices and quantities for products 1 and 2 are presented in tables V-1 to V-10, and figures V-1 through V-4.

Tables V-1 and V-2 and figures V-1 through V-4 present data for all U.S. production and imports from China, divided into fresh (table V-1) and frozen (table V-2). Prices for imports from China of frozen crawfish tail meat are significantly and consistently lower than prices for the U.S. product, by margins of 19.8 to 67.9 percent. (The rise in Chinese volumes in \*\*\* may be entirely due to one importer (\*\*\*) who only reported data for \*\*\*, and thus it is not clear whether this rise is indicative of a larger trend.) To the extent fresh and frozen crawfish tail meat may compete, prices for the Chinese frozen product are also lower than U.S. fresh crawfish tail meat prices.<sup>5</sup>

Tables V-3 through V-10 present the pricing data broken out by type of purchaser (retailer or distributor) and geographic destination (Louisiana, Louisiana's contiguous states, or other states). Some producers and importers could not break out their data by state. Data from these producers and importers were included in tables V-1 and V-2 but not in tables V-3 through V-10. These tables suggest that the droughts seem to have increased volatility in the prices for U.S. crawfish tail meat, and especially fresh tail meat, sold to distributors in Louisiana more than it affected prices of U.S. crawfish tail meat sold in other parts of the country.

It should be noted that crawfish tail meat is a seasonal product, and thus quarter-to-quarter trends are more an indication of seasonal variation than a longer-term trend. However, over the 5 years of data that the Commission received, some longer-term trends are visible. Overall, U.S. producers have continued to sell their fresh and frozen crawfish for approximately the same prices as in the original investigation, while Chinese frozen crawfish tail meat has been available at much lower (albeit rising for

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<sup>4</sup> Pricing data for U.S. producers also represent more than 100 percent of U.S. commercial shipments in the years before 2002, indicating a discrepancy between producer shipment and pricing data. Another concern is that the importer pricing data is always less than 6 percent of total imports before 2002. However, despite these concerns, staff notes that the pricing data for both producers and subject importers roughly match the unit value trends in table C-1.

<sup>5</sup> U.S. fresh crawfish tail meat was more expensive than U.S. frozen crawfish tail meat in 15 of 24 quarters. When asked at the hearing whether they ever priced frozen crawfish tail meat more than fresh crawfish tail meat that was sold at the same time, four producers said that they did not. However, the anomaly may be due to different prices within a quarter, different prices from different producers, and/or the timing of the sale (most of the examples of frozen tail meat being more expensive than fresh tail meat sold in the same quarter came during the third and fourth quarters or during the drought years). It should also be noted that two producers divided some of their production across all quarters of some years, so that pricing effects may not exactly correspond to the correct quarter in a few instances. The producers at the hearing also stated that they did not price tail meat differently in different geographic markets, except to account for transportation costs. See hearing transcript, pp. 92-96.

overall imports in 2002) prices. The one major interruption to the trend of stable prices for U.S. product was in 1999 and 2000, when, probably due to droughts in various parts of Louisiana, U.S. prices rose significantly.

For product 1 (fresh (chilled) crawfish tail meat), U.S. producers' prices tended to increase between 1997 and 2000, then tended to decrease to levels that were generally above those of 1997. There were no reported prices of product 1 for the Chinese product. For product 1, U.S. volumes fell in sales to retailers outside of Louisiana and its contiguous states.

For product 2 (frozen crawfish tail meat), price trends for the U.S. product were similar to those for product 1. Prices for the Chinese product tended to fluctuate without a clear pattern.<sup>6</sup> U.S. producers' volumes tended to drop in geographic areas outside of Louisiana.

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<sup>6</sup> At the hearing, Maritime Products International described Chinese crawfish prices reacting as follows to the imposition of antidumping duties in 1997: an initial surge as importers tried to understand the ruling, followed by a sharp drop as imports resumed, and then a steady rise as demand increased and Chinese capacity was strained. Hearing transcript, pp. 206-209.

**Table V-1**

**Crawfish tail meat: Weighted-average selling prices and quantities as reported by U.S. producers of product 1, by quarters, January 1997- December 2002**

Period	U.S. producers	
	Quantity	Price
	1,000 pounds	Per pound
1997:		
Jan.-Mar.	336.4	\$6.14
Apr.-June	675.8	5.30
July-Sept.	49.6	6.08
Oct.-Dec.	10.0	5.75
1998:		
Jan.-Mar.	322.2	6.75
Apr.-June	809.7	6.08
July-Sept.	125.5	6.55
Oct.-Dec.	16.0	6.49
1999:		
Jan.-Mar.	304.1	6.76
Apr.-June	468.5	6.54
July-Sept.	33.0	7.50
Oct.-Dec.	7.2	6.43
2000:		
Jan.-Mar.	126.5	9.11
Apr.-June	115.2	8.96
July-Sept.	8.3	10.54
Oct.-Dec.	***	***
2001:		
Jan.-Mar.	165.0	6.34
Apr.-June	303.3	7.33
July-Sept.	40.5	9.06
Oct.-Dec.	13.6	8.02
2002:		
Jan.-Mar.	271.1	6.97
Apr.-June	819.2	5.60
July-Sept.	104.7	5.80
Oct.-Dec.	18.8	7.32
Product 1.— Fresh (chilled) crawfish tail meat.		
Source: Compiled from data submitted in response to Commission questionnaires.		

Table V-2

Crawfish tail meat: Weighted-average selling prices and quantities as reported by U.S. producers and importers of product 2 from China, with margins of underselling, by quarters, January 1997-December 2002

Period	U.S. producers		Importers from China		
	Quantity	Price	Quantity	Price	Margin
	1,000 pounds	Per pound	1,000 pounds	Per pound	Percent
1997:					
Jan.-Mar.	46.2	\$5.72	--	--	--
Apr.-June	106.5	5.59	--	--	--
July-Sept.	93.3	5.99	--	--	--
Oct.-Dec.	44.1	6.29	--	--	--
1998:					
Jan.-Mar.	74.4	5.66	--	--	--
Apr.-June	189.3	5.77	--	--	--
July-Sept.	96.9	5.97	--	--	--
Oct.-Dec.	92.9	5.71	***	***	***
1999:					
Jan.-Mar.	31.4	6.74	--	--	--
Apr.-June	***	***	--	--	--
July-Sept.	46.7	7.38	***	***	***
Oct.-Dec.	***	***	***	***	***
2000:					
Jan.-Mar.	6.6	8.62	***	***	***
Apr.-June	28.8	8.84	***	***	***
July-Sept.	10.4	10.29	***	***	***
Oct.-Dec.	***	***	***	***	***
2001:					
Jan.-Mar.	9.8	9.54	103.4	\$3.89	59.2
Apr.-June	53.0	7.54	179.5	3.31	56.0
July-Sept.	24.5	8.54	***	***	***
Oct.-Dec.	17.4	8.54	***	***	***
2002:					
Jan.-Mar.	44.4	6.80	***	***	***
Apr.-June	113.8	6.02	53.1	3.19	45.8
July-Sept.	85.8	6.37	***	***	***
Oct.-Dec.	32.6	7.16	***	***	***
Product 2.— Frozen crawfish tail meat.					
Source: Compiled from data submitted in response to Commission questionnaires.					

**Table V-3**

**Crawfish tail meat: Weighted-average selling prices and quantities to retailers as reported by U.S. producers of product 1, by quarters and destination, January 1997- December 2002**

\* \* \* \* \*

**Table V-4**

**Crawfish tail meat: Weighted-average selling prices and quantities to distributors as reported by U.S. producers of product 1, by quarters and destination, January 1997- December 2002**

\* \* \* \* \*

**Table V-5**

**Crawfish tail meat: Weighted-average selling prices and quantities to retailers in Louisiana as reported by U.S. producers of product 2, by quarters, January 1997- December 2002**

\* \* \* \* \*

**Table V-6**

**Crawfish tail meat: Weighted-average selling prices and quantities to retailers in Arkansas, Mississippi, and Texas, as reported by U.S. producers and importers of product 2 from China, and margins of underselling, by quarters, January 1997- December 2002**

\* \* \* \* \*

**Table V-7**

**Crawfish tail meat: Weighted-average selling prices and quantities to U.S. retailers not in Louisiana, Arkansas, Mississippi, or Texas, as reported by U.S. producers and importers of product 2 from China, and margins of underselling (overselling), by quarters, January 1997- December 2002**

\* \* \* \* \*

**Table V-8**

**Crawfish tail meat: Weighted-average selling prices and quantities to distributors in Louisiana, as reported by U.S. producers and importers of product 2 from China, and margins of underselling (overselling), by quarters, January 1997- December 2002**

\* \* \* \* \*

**Table V-9**

**Crawfish tail meat: Weighted-average selling prices and quantities to distributors in Arkansas, Mississippi, and Texas, as reported by U.S. producers and importers of product 2, and margins of underselling (overselling), by quarters, January 1997- December 2002**

\* \* \* \* \*

**Table V-10**

**Crawfish tail meat: Weighted-average selling prices and quantities to distributors not in Louisiana, Arkansas, Mississippi, or Texas, as reported by U.S. producers and importers of product 2 from China, and margins of underselling (overselling), by quarters, January 1997-December 2002**

\* \* \* \* \*

**Figure V-1**

**Weighted-average selling prices as reported by U.S. producers of product 1, by quarters, January 1997-December 2002**

\* \* \* \* \*

**Figure V-2**

**Quantities as reported by U.S. producers of product 1, by quarters, January 1997-December 2002**

\* \* \* \* \*

**Figure V-3**

**Weighted-average selling prices as reported by U.S. producers and importers of product 2 from China, by quarters, January 1997-December 2002**

\* \* \* \* \*

**Figure V-4**

**Quantities as reported by U.S. producers and importers of product 2 from China, by quarters, January 1997-December 2002**

\* \* \* \* \*

**APPENDIX A**  
***FEDERAL REGISTER* NOTICES**  
**AND THE COMMISSION'S STATEMENT ON ADEQUACY**



The following *Federal Register* notices are presented in this appendix, in addition to the Commission's determination on adequacy of the domestic and respondent interested party group responses to the notice of institution:

**The Commission's notice of institution of the five-year review (67 FR 50459, August 2, 2002)**

**The Commission's notice to conduct a full five-year review (67 FR 69557, November 18, 2002)**

**Commerce's notice of final results of its expedited sunset review (67 FR 72645, December 6, 2002)**

**The Commission's notice of scheduling of a full five-year review (68 FR 5046, January 31, 2003).**

**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-752 Review]

**Crawfish Tail Meat From China****AGENCY:** United States International Trade Commission.**ACTION:** Institution of a five-year review concerning the antidumping duty order on crawfish tail meat from China.

**SUMMARY:** The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;<sup>1</sup> to be assured of consideration, the deadline for responses is September 20, 2002. Comments on the adequacy of responses may be filed with the Commission by October 15, 2002. For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** August 1, 2002.

**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), 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 this investigation may be viewed on the Commission's electronic docket (EDIS-

<sup>1</sup> No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 02-5-072, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

ON-LINE) at <http://dockets.usitc.gov/eol/public>.**SUPPLEMENTARY INFORMATION:****Background**

On September 15, 1997, the Department of Commerce issued an antidumping duty order on imports of crawfish tail meat from China (62 FR 48218). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

**Definitions.**—The following definitions apply to this review:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The Subject Country in this review is China.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination, the Commission defined the Domestic Like Product as crawfish tail meat, whether peeled or "shell-on."

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the Domestic Industry as tail meat processors.

(5) The Order Date is the date that the antidumping duty order under review became effective. In this review, the Order Date is September 15, 1997.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

**Participation in the Review 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 review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

**Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and APO Service List.**

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Certification**

Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise

specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

**Written Submissions**

Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is September 20, 2002. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is October 15, 2002. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

**Inability To Provide Requested Information**

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to

section 776(b) of the Act in making its determination in the review.

**Information To Be Provided in Response to This Notice of Institution:** As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries since 1996.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2001 (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of

total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2001 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2001 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject

Merchandise from the Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: July 25, 2002.

By order of the Commission.

Marilyn R. Abbott,

*Secretary to the Commission.*

[FR Doc. 02-19544 Filed 8-1-02; 8:45 am]

BILLING CODE 7020-02-P

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**INTERNATIONAL TRADE  
COMMISSION****[Investigation No. 731-TA-752 (Review)]****Crawfish Tail Meat From China****AGENCY:** United States International Trade Commission.**ACTION:** Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on crawfish tail meat from China.**SUMMARY:** The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207).**EFFECTIVE DATE:** November 4, 2002.**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), 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 this review may be viewed on the Commission's electronic docket (EDISON-LINE) at <http://dockets.usitc.gov/eol/public>.**SUPPLEMENTARY INFORMATION:** On November 4, 2002, the Commission determined that it should proceed to a full review in the subject five-year

review pursuant to section 751(c)(5) of the Act. The Commission found that both the domestic and respondent interested party group responses to its notice of institution (67 FR 50459, August 2, 2002) were adequate. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

By order of the Commission.

Issued: November 13, 2002.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 02-29221 Filed 11-15-02; 8:45 am]

**BILLING CODE 7020-02-P**

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## DEPARTMENT OF COMMERCE

## International Trade Administration

[A-570-848]

**Final Results of Expedited Sunset Review: Freshwater Crawfish Tail Meat From the People's Republic of China**

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

**ACTION:** Notice of Final Results of Expedited Sunset Review: Freshwater Crawfish Tail Meat From the People's Republic of China.

**SUMMARY:** On August 2, 2002, the Department of Commerce ("the Department") published the notice of initiation of a five-year sunset review of the antidumping duty order on freshwater crawfish tail meat from the People's Republic of China ("PRC"), pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act").<sup>1</sup> On the basis of a notice of intent to participate and adequate substantive comments filed on behalf of domestic interested parties, and inadequate response (in this case no response) from respondent interested parties, the Department determined to conduct an expedited sunset review of this antidumping duty order. As a result of this review, the Department finds that revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping at the levels indicated in the "Final Results of Review" section of this notice.

**EFFECTIVE DATE:** December 6, 2002.

**FOR FURTHER INFORMATION CONTACT:** Amir R. Eftekhari or James P. Maeder, Jr., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-5331 or (202) 482-3330.

<sup>1</sup> Notice of Initiation of Five Year "Sunset" Review of Antidumping Duty Order on Freshwater Crawfish Tail Meat from the People's Republic of China, 67 FR 50420 (August 2, 2002).

## SUPPLEMENTARY INFORMATION:

## Statute and Regulations

This review is conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders, 63 FR 13516 (March 20, 1998) ("Sunset Regulations") and in 19 CFR part 351 (2002) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3 Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

## Scope of Review

The product covered by this review is freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Excluded from the scope of the investigation and order are live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any type, and parts thereof. Freshwater crawfish tail meat is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under HTSUS subheading 0306.19.00.10 and 0306.29.00.00. The HTSUS subheadings are provided for convenience and Customs purposes only. The written description of the scope of this proceeding is dispositive.

## Background

On August 2, 2002, the Department published the notice of initiation of the five-year sunset review of the antidumping duty order on freshwater crawfish tail meat from the PRC in accordance with section 751(c) of the Act.<sup>2</sup> On August 16, 2002, the Department received a Notice of Intent to Participate on behalf of the Crawfish Processors Alliance ("CPA") and its members; the Louisiana Department of Agriculture and Forestry ("LDAF"); Bob Odom, Commissioner; and the Domestic Parties<sup>3</sup> (collectively, "the domestic

<sup>2</sup> Notice of Initiation of Five Year "Sunset" Review of Antidumping Duty Order on Freshwater Crawfish Tail Meat from the People's Republic of China, 67 FR 50420 (August 2, 2002).

<sup>3</sup> The "Domestic Parties" are an ad hoc association comprising the CPA, LDAF,

interested parties") as specified in section 351.218(d)(1)(i) of the Sunset Regulations.

On September 3, 2002, the Department received a complete substantive response from the domestic interested parties, as specified in the Sunset Regulations under section 351.218(d)(3)(i).

The Department did not receive a substantive response from any respondent interested party in this proceeding. Consequently, pursuant to section 751(c)(3)(B) of the Act, and 19 CFR 351.218(e)(1)(ii)(C), the Department conducted an expedited (120-day) sunset review of this order.

## Analysis of Comments Received

All issues raised by the domestic interested parties to this sunset review are addressed in the Issues and Decision Memorandum ("Decision Memorandum") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Faryar Shirzad, Assistant Secretary for Import Administration, dated November 29, 2002, which is adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the order revoked. Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B-099, of the Department's main building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the internet at <http://ia.ita.doc.gov/frn>, under the heading "November 2002." The paper copy and electronic version of the Decision Memorandum are identical in content.

## Final Results of Review

We determine that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the following percentage weighted-average margins:

Commissioner Odom, and each of the individual members of the CPA listed in Exhibit A of the Petitioner's Substantive Response dated September 2, 2002. The Domestic Parties are "an association, a majority of whose members is composed of interested parties described in subparagraph (C), (D), or (E) of {19 U.S.C. 1677(9)}{771(9)(C)(D)(E) of the Act} with respect to the domestic like product," and are an interested party under 19 U.S.C. 1677(9) {771(9)(F) of the Act}."

Manufacturer/producers/ exporter	Weighted- average margin (percent)
China Everbright Trading Com- pany .....	156.77
Binzhou Prefecture Foodstuffs Import & Export Corp .....	119.39
Huaiyin Foreign Trade Corp .....	91.50
Yancheng Foreign Trade Corp .....	108.05
Jiangsu Cereals, Oils & Food- stuffs Import & Export Corp ..	122.92
Yancheng Baolong Aquatic Foods Co., Ltd .....	122.92
Huaiyin Ningtai Fisheries Co., Ltd .....	122.92
Nantong Delu Aquatic Food Co., Ltd .....	122.92
PRC-wide Rate .....	201.63

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. 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 violation which is subject to sanction.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 27, 2002.

**Faryar Shirzad,**  
*Assistant Secretary for Import  
Administration.*

[FR Doc. 02-30870 Filed 12-5-02; 8:45 am]

BILLING CODE 3510-DS-P

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-752 (Review)]

### Crawfish Tail Meat From China

**AGENCY:** United States International Trade Commission.

**ACTION:** Scheduling of a full five-year review concerning the antidumping duty order on crawfish tail meat from China.

**SUMMARY:** The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty order on crawfish tail meat from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** January 24, 2003.

**FOR FURTHER INFORMATION CONTACT:** Olympia DeRosa Hand (202-205-3182), 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 this review may be viewed on the Commission's electronic docket (EDISON-LINE) at <http://dockets.usitc.gov/eol/public>.

#### SUPPLEMENTARY INFORMATION:

**Background**—On November 4, 2002, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed (67 FR 69557, November 18, 2002). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

**Participation in the review 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 this review 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, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

**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 this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review 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 review will be placed in the nonpublic record on May 14, 2003, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

**Hearing**—The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on June 3, 2003, 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 May 28, 2003. A nonparty who has testimony that may aid the 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 May 30, 2003, 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), 207.24, and 207.66 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 to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is May 23, 2003. 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 207.67 of the Commission's rules. The deadline for filing posthearing briefs is June 12, 2003; 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 review may submit a written statement of information pertinent to the subject of the review on or before June 12, 2003. On July 3, 2003, 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 July 8, 2003, but such final comments must not contain new factual information and must otherwise comply with section 207.68 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 provided 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 review must be served on all other parties to the review (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:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

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Issued: January 27, 2003.

Marilyn R. Abbott,

*Secretary to the Commission.*

[FR Doc. 03-2263 Filed 1-30-03; 8:45 am]

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## DEPARTMENT OF COMMERCE

## International Trade Administration

[A-570-848]

**Freshwater Crawfish Tail Meat from the People's Republic of China; Notice of Final Results of Antidumping Duty Administrative Review**

**AGENCY:** Import Administration, International Trade Administration, U.S. Department of Commerce.

**SUMMARY:** On October 16, 2002, the Department of Commerce (the Department) published the preliminary results of its administrative review of the antidumping duty order on freshwater crawfish tail meat from the People's Republic of China (PRC). See *Freshwater Crawfish Tail Meat from the People's Republic of China: Notice of Preliminary Results of Antidumping Duty Administrative Review*, 67 FR 63877 (October 16, 2002) (*Preliminary Results*). The administrative review covers the period September 1, 2000, through August 31, 2001.

Based on our analysis of the comments received, we have made changes to our analysis. Therefore, the final results differ from the *Preliminary Results*. The final weighted-average dumping margins for the reviewed firms are listed below in the section entitled "Final Results of Review."

**EFFECTIVE DATE:** April 21, 2003.

**FOR FURTHER INFORMATION CONTACT:** Elfi Blum or Doug Campau, Office of Antidumping/Countervailing Duty Enforcement VII, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone (202) 482-0197 or (202) 482-1395, respectively.

**SUPPLEMENTARY INFORMATION:****Background**

On October 16, 2002, the Department published the preliminary results of its administrative review of the antidumping duty order on freshwater crawfish tail meat from the PRC. See *Preliminary Results*. The administrative review covers the period September 1, 2000, through August 31, 2001. The review covers the following companies: China Kingdom Import & Export Co., Ltd. (China Kingdom); Fujian Pelagic Fishery Group Co. (Fujian Pelagic); Qingdao Rirong Foodstuff Co., Ltd., aka Qingdao Rirong Foodstuffs (Qingdao Rirong); Qingdao Zhengri Seafood Co., Ltd./Yancheng Yaou Seafood Co., Ltd. (Qingdao Zhengri/Yancheng Yaou); Shantou SEZ Yangfeng Marine Products

Co. (Shantou SEZ); Suqian Foreign Trade Corp., aka Suqian Foreign Trading (Suqian Foreign Trade); Yancheng Foreign Trade Corp., aka Yancheng Foreign Trading, aka Yang Cheng Foreign Trading (Yancheng Foreign Trade); and Yangzhou Lakebest Foods Co., Ltd. (Yangzhou Lakebest).

Since the publication of the *Preliminary Results*, the following events have occurred. Based on new information obtained by the Department through public sources, the Department issued an additional supplemental questionnaire to Qingdao Rirong on October 24, 2002. Qingdao Rirong responded to the Department's questionnaire on November 4, 2002. On November 15, 2002, we received timely filed case briefs from the Crawfish Processors Alliance, its members (together with the Louisiana Department of Agriculture and Forestry, Bob Odum, Commissioner), and the Domestic Parties (collectively, the Domestic Interested Parties); and China Kingdom and Qingdao Zhengri/Yancheng Yaou, and on November 20, 2002, we received timely filed rebuttal briefs from the Domestic Interested Parties with respect to China Kingdom and Qingdao Zhengri/Yancheng Yaou, and from Qingdao Rirong. On December 31, 2002, the Department released to the interested parties for comment the *Memorandum from Elfi Blum and Scot Fullerton, Case Analysts, through Maureen Flannery, Program Manager, Office of AD/CVD Enforcement VII, to Barbara Tillman, Director, Office of AD/CVD Enforcement VII: Freshwater Crawfish Tail Meat from the People's Republic of China for the period of September 1, 2000, through August 31, 2001 (A-570-848): Analysis of Relationship between Qingdao Rirong Foodstuff Co., Ltd., and Y&Z International Trade Inc.*, dated December 31, 2002 (*Affiliation Memo*). We received comments on the & from Qingdao Rirong on January 14, 2003 and, after approving an extension for rebuttal comments, we received rebuttal comments from the Domestic Interested Parties on January 27, 2003.

On February 7, 2003, the Department extended the time limit for the completion of these final results to April 14, 2003. See *Freshwater Crawfish Tail Meat from the People's Republic of China: Extension of Time Limit for Final Results of Administrative Antidumping Review*, 68 FR 7345 (February 13, 2002). The Department has now completed this review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Due to issues concerning the proprietary treatment of information

placed on the record of this review by the Department and in response to that information submitted by Qingdao Rirong, and concerning new factual information submitted in the Domestic Interested Parties' case brief, the Department requested the Domestic Interested Parties to re-file their case brief with respect to Qingdao Rirong, and Qingdao Rirong to re-file its rebuttal brief. In addition, the Department requested that both parties re-file their comments to the *Affiliation Memo*. Further, due to issues concerning new factual information submitted in China Kingdom's case brief, the Department requested China Kingdom to re-file its case brief. Final corrected versions of the case briefs from the Domestic Interested Parties with respect to Qingdao Rirong, and from China Kingdom were received on April 10, 2003 and February 20, 2003, respectively. A final corrected version of Qingdao Rirong's rebuttal brief was filed on April 10, 2003. A final corrected version of the comments to the *Affiliation Memo* from Domestic Interested Parties was received on April 10, 2003, and amendments to Qingdao Rirong's comments were received on January 24 and February 3, 2003.

#### Scope of the Antidumping Duty Order

The product covered by the antidumping duty order is freshwater crawfish tail meat, in all its forms (whether washed or with fat on, whether purged or unpurged), grades, and sizes; whether frozen, fresh, or chilled; and regardless of how it is packed, preserved, or prepared. Excluded from the scope of the order are live crawfish and other whole crawfish, whether boiled, frozen, fresh, or chilled. Also excluded are saltwater crawfish of any type, and parts thereof. Freshwater crawfish tail meat is currently classifiable in the Harmonized Tariff Schedule of the United States (HTS) under item numbers 1605.40.10.10, 1605.40.10.90, 0306.19.00.10 and 0306.29.00.00. The HTS subheadings are provided for convenience and Customs purposes only. The written description of the scope of this order is dispositive.

#### Duty Absorption

On November 26, 2001, the Crawfish Processors Alliance timely requested that the Department determine whether antidumping duties had been absorbed during the period of review (POR), in accordance with section 751(a)(4) of the Act, and section 351.213(j)(1) of the Department's regulations. Section 751(a)(4) of the Act provides that, upon request during an administrative review

initiated two or four years after the publication of the order, the Department must determine whether antidumping duties have been absorbed by a foreign producer or exporter, if the subject merchandise is sold in the United States through an affiliated importer. Because this review was initiated four years after the publication of the antidumping duty order, and a duty absorption determination was requested by the Crawfish Processors Alliance, we analyzed duty absorption in this segment of the proceeding.

On January 10, 2003, the Department requested the remaining eight companies subject to this review to place on the record evidence that unaffiliated purchasers will ultimately pay the antidumping duties to be assessed on entries during the review period. On January 21, 2003, six of these eight companies responded: Suqian Foreign Trade, Yangzhou Lakebest, Qingdao Zhengri/Yancheng Yaou, Qingdao Rirong, Fujian Pelagic, and China Kingdom. Suqian Foreign Trade, Yangzhou Lakebest, Qingdao Zhengri/Yancheng Yaou and Qingdao Rirong stated that they were not affiliated with their importer of record during the POR and thus had reported export price (EP) sales. Suqian Foreign Trade and Yangzhou Lakebest responded to the Department's initial questionnaire, but then failed to respond to the Department's supplemental questionnaires. Therefore, we are applying adverse facts available (AFA) to these two companies, as discussed in greater detail below in the "Application of Facts Available" section. Qingdao Zhengri/Yancheng Yaou refused to participate in the verification of Qingdao Zhengri, and we applied AFA to the combined entity. See "Application of Facts Available" section below. We have determined that Qingdao Rirong sold to the United States through an importer that is affiliated within the meaning of section 771(33) of the Act, and have applied AFA to Qingdao Rirong. See *Memorandum from Doug Campau to Barbara E. Tillman, Freshwater Crawfish Tail Meat from the People's Republic of China (PRC): Treatment of Qingdao Rirong Foodstuff Co., Ltd. in the Final Results of the Administrative Review for the Period 9/1/00 - 8/31/01*, dated April 9, 2003 (*Qingdao Rirong Memo*).

Two companies, China Kingdom and Fujian Pelagic, stated that they were affiliated with their importer of record during the POR. One of these companies, China Kingdom, reported constructed export price (CEP) sales in its response to the Department. Because

China Kingdom failed to provide total production and factors of production for the relevant POR, we are applying AFA to the company, as discussed below in the "Application of Facts Available" section. Fujian Pelagic did not respond to any other of the Department's requests for information besides the duty absorption inquiry; we therefore are applying AFA to Fujian Pelagic, as discussed below in the "Application of Facts Available" section. On January 22, 2003, one company, Yancheng Foreign Trade, which did not respond at all in this proceeding except to the Department's duty absorption inquiry, stated that it had no shipments. For one company, Shantou SEZ, the Department's request was undeliverable. Yancheng Foreign Trade and Shantou SEZ did not respond to the Department's questionnaires during the POR, and we are applying AFA to both companies, as discussed below in the "Application of Facts Available" section.

None of these companies provided any evidence, nor is there any other evidence on the record, that the unaffiliated purchasers of subject merchandise will ultimately pay the antidumping duties. We are applying AFA to all companies, as explained in the "Application of Facts Available" section below. Accordingly, based on the record, we cannot conclude that the unaffiliated purchaser in the United States will ultimately pay the assessed duty. Therefore, with respect to Qingdao Rirong, China Kingdom, and all exporters that are part of the PRC entity, we conclude that antidumping duties have been absorbed by the producer or exporter during the POR.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this administrative review are addressed in the *Issues and Decision Memorandum from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, Group III, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration: Issues and Decision Memorandum for the Final Results of the Antidumping Duty Administrative Review of Freshwater Crawfish Tail Meat from the People's Republic of China: September 1, 2000 through August 31, 2001*, dated April 14, 2003 (*Decision Memo*), which is hereby adopted by this notice.

A list of the issues which parties have raised and to which we have responded, all of which are in the *Decision Memo*, is attached to this notice as an appendix. Parties can find a complete discussion of all issues raised in this

review 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 Memo* can be accessed directly on the Web at <http://ia.ita.doc.gov>. The paper copy and electronic version of the *Decision Memo* are identical in content.

#### Changes Since the Preliminary Results

Based on our analysis of information obtained after the *Preliminary Results* from public sources and memorialized in the *Affiliation Memo*, comments thereon, information received from interested parties, and briefs and rebuttal briefs submitted by interested parties in response to the *Preliminary Results*, we have changed the margin for Qingdao Rirong. For these final results, we are basing the margin for Qingdao Rirong on AFA. For a discussion of this issue, refer to the *Qingdao Rirong* section under *Application of Facts Available*, below.

#### Application of Facts Available

- Fujian Pelagic, Shantou SEZ, Suqian Foreign Trade, Yancheng Foreign Trade, and Yangzhou Lakebest

The Department received no comments on its preliminary determination to apply facts available to Fujian Pelagic, Shantou SEZ, Suqian Foreign Trade, Yancheng Foreign Trade, and Yangzhou Lakebest. Therefore, we have not altered our decision to apply total AFA to these companies for these final results, in accordance with sections 776(a)(2)(A) and (B), as well as section 776(b) of the Act. For a complete discussion of the Department's decision to apply total AFA, see *Preliminary Results*. Furthermore, Fujian Pelagic, Shantou SEZ, Suqian Foreign Trade, Yancheng Foreign Trade, and Yangzhou Lakebest did not establish that they are eligible for separate rates. As AFA, the Department is assigning these companies the PRC-wide rate of 223.01 percent the highest rate determined in any segment of this proceeding. See *Freshwater Crawfish Tail Meat from the People's Republic of China; Notice of Final Results of Antidumping Duty Administrative Review, and Final Partial Rescission of Antidumping Duty Administrative Review*, 67 FR 19546 (April 22, 2002). As discussed below, this rate has been corroborated.

- China Kingdom

In the *Preliminary Results*, we applied facts available to China Kingdom pursuant to sections 776(a)(2)(A) and (B) of the Act because it failed to provide

total production and factors of production for the relevant POR in a timely manner. Furthermore, we used an adverse inference and applied AFA pursuant to section 776(b) of the Act because we determined that China Kingdom did not act to the best of its ability to comply with the Department's request for information and demonstrated a pattern of non-compliance by reporting figures for total tail meat production and eight factors of production for the wrong production period in all of its responses to the Department's questionnaires. For further details, see the *Memorandum to Joseph A. Spetrini: Freshwater Crawfish Tail Meat from the People's Republic of China (PRC): Application of Total Adverse Facts Available for China Kingdom Import & Export Co., Ltd. in the Preliminary Results of the Administrative Review for the Period 9/1/00 - 8/31/01* (September 30, 2002) (*China Kingdom AFA Memo*). However, China Kingdom received a separate rate in the *Preliminary Results*, and this determination remains unchanged for these final results. After analyzing the comments received, we continue to find that the use of AFA is warranted for exports of subject merchandise to the United States by China Kingdom in these final results. For a complete discussion, see the *Decision Memo*, at Comment 7. As adverse facts available, the Department is assigning China Kingdom the rate of 223.01 percent the highest rate determined in any segment of this proceeding. As discussed further below, this rate has been corroborated.

- Qingdao Zhengri/Yancheng Yaou

In the *Preliminary Results*, we applied facts available to Qingdao Zhengri/Yancheng Yaou pursuant to section 776(a)(2)(D) of the Act because this entity refused to participate fully in verification. Furthermore, we applied AFA pursuant to section 776(b) of the Act because we determined that Qingdao Zhengri/Yancheng Yaou did not act to the best of its ability to comply with the Department's request to verify, because of contradictory responses submitted to the Department, and because it provided certifications that the Department determined to be inaccurate. For further details, see the *Memorandum from Jacqueline Arrowsmith to Joseph A. Spetrini: Freshwater Crawfish Tail Meat from the People's Republic of China (PRC): Application of Total Adverse Facts Available for Qingdao Zhengri Seafood Co., Ltd. and Yancheng Yaou Seafood Co., Ltd. in the Preliminary Results of the Administrative Review for the Period September 1, 2000 through August 31,*

2001, dated September 23, 2002. After analyzing the comments received, we continue to apply AFA to Qingdao Zhengri/Yancheng Yaou in these final results. For details, see the *Decision Memo* at Comment 6. Furthermore, because the respondent refused to participate fully in verification, the Department did not have an opportunity to verify separate rate information submitted by Qingdao Zhengri/Yancheng Yaou. Consequently, Qingdao Zhengri/Yancheng Yaou is not entitled to a separate rate in these final results. As adverse facts available, the Department is assigning Qingdao Zhengri/Yancheng Yaou the rate of 223.01 percent the highest rate determined in any segment of this proceeding. As discussed further below, this rate has been corroborated.

- Qingdao Rirong

As discussed in detail in the *Qingdao Rirong Memo*, we determine that, in accordance with section 776(a)(2)(A), the use of facts otherwise available is warranted in reaching these final results. Furthermore, in accordance with section 776(b) of the Act, and for the reasons discussed below, the Department is applying an inference that is adverse to the interests of Qingdao Rirong in selecting from among the facts otherwise available.

Throughout the course of this administrative review, Qingdao Rirong reported that it made U.S. sales, on an EP basis, to an unaffiliated U.S. importer. In the *Preliminary Results*, the Department treated all of Qingdao Rirong's U.S. sales as EP sales.

Subsequent to the publication of its *Preliminary Results*, the Department continued to examine the issue of a possible relationship between Qingdao Rirong and its importer. Through research into public records, the Department found previously unreported information concerning the relationship between Qingdao Rirong and Y&Z. Much of this information conflicted with information previously reported to the Department by Qingdao Rirong. This prompted the Department to issue another supplemental questionnaire to Qingdao Rirong on October 24, 2002, and to perform further research on its own. After an analysis of all information on the record concerning the relationship between Qingdao Rirong and Y&Z, the Department determined that, at least through December 16, 2002, Qingdao Rirong was affiliated with its importer, under section 771(33) of the Act. See *Affiliation Memo*. On January 2, 2003, the Department released the *Affiliation Memo* to all parties, along with a cover

letter in which the Department took the additional step of soliciting, from all parties, initial and rebuttal comments on the information and findings contained within the *Affiliation Memo*. Subsequently, the Department took the extraordinary step of accepting new information from Qingdao Rirong, rebutting or clarifying the information and findings contained within the *Affiliation Memo*, as well as new information from the Domestic Interested Parties, rebutting information contained within Qingdao Rirong's comments on *Affiliation Memo*.

After further analysis and consideration of all evidence on the record, the Department has concluded that there is substantial evidence demonstrating Qingdao Rirong and its importer are affiliated in accordance with section 771(33) of the Act. Furthermore, the Department has concluded that the evidence of affiliation on the record outweighs the evidence and arguments provided by Qingdao Rirong in support of its argument that it is not affiliated with its importer. See *Qingdao Rirong Memo*. The Department therefore continues to find that Qingdao Rirong and its importer were both owned and controlled by a common party, and as such, are "affiliated persons" within the meaning of section 771(33) of the Act, through the POR of this administrative review, and at least until December 16, 2002.

Section 776(a)(2)(A) of the Act provides for the use of facts available when an interested party withholds information that has been requested by the Department. As discussed in detail in the *Qingdao Rirong Memo*, Qingdao Rirong withheld essential information concerning the relationship between itself and its importer. Because of this, Qingdao Rirong made it impossible for the Department to perform a timely analysis of the nature of the relationship between Qingdao Rirong and its importer.

Section 782(d) of the Act provides that if the Department determines that a response to a request for information does not comply with the request, the Department shall promptly inform the person submitting the response of the nature of the deficiency, and shall, to the extent practicable, provide that person with an opportunity to remedy or explain the deficiency in light of the time limits established for the completion of the administrative review. Accordingly, and despite the time constraints prescribed by section 351.213(h)(1) of the Department's regulations, when the Department discovered, through its own

independent research, that Qingdao Rirong's responses were deficient with respect to information concerning the relationship between Qingdao Rirong and its importer, the Department issued another supplemental questionnaire on October 24, 2002, affording Qingdao Rirong an opportunity to explain the deficiency. The Department also gave Qingdao Rirong an opportunity to respond to its December 31, 2002 *Affiliation Memo*.

In accordance with section 776(b) of the Act, we find that an adverse inference is warranted because Qingdao Rirong failed to cooperate to the best of its ability in complying with the Department's requests for information. Again, Qingdao Rirong withheld essential information concerning the relationship between itself and its importer, making it impossible for the Department to perform a timely analysis of the nature of the relationship between Qingdao Rirong and its importer, and similarly impossible for the Department to timely determine whether its dumping analysis should have been based on a comparison of NV to EP or CEP.

Information concerning the relationship between an exporter and its importer is fundamental to the Department's antidumping analysis. In order to determine whether dumping has occurred, an EP or CEP (as defined in section 772 of the Act and section 351.401 of the Department's regulations) is compared to an NV (as defined in section 773 of the Act and section 351.401 of the Department's regulations). EP means "the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States," while CEP means "the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter . . ." See sections 772(a) and (b) of the Act. Thus, to determine whether its dumping analysis should be based on a comparison of NV to EP, or NV to CEP, the Department must first determine whether Qingdao Rirong and Y&Z are affiliated under section 771(33) of the Act.

Since the Department has not been provided with complete U.S. sales information concerning Qingdao Rirong's sales to the first unaffiliated

purchaser, the Department is precluded from calculating an accurate dumping margin. Since Qingdao Rirong only reported data concerning its transactions with its importer, the Department does not possess data necessary for calculating an accurate dumping margin. This data includes the sales prices to Qingdao Rirong's first unaffiliated purchaser(s), and may include numerous other U.S. expenses (e.g., U.S. inland shipping, insurance, and re-packing costs). The Department has no way of knowing what the prices to the first unaffiliated customers were, what expenses were incurred, nor even who Qingdao Rirong's first unaffiliated customers were.

Given that this is the third time Qingdao Rirong has been reviewed, the company should have been able to comply with the Department's requests for information in an accurate and timely manner. Furthermore, given that the owner of Qingdao Rirong was also the incorporator, president, chief executive officer, and an owner of the importer, information concerning the sales of each company, the history and ownership of these two companies, as well as the history of the owner's involvement with each company, would have been readily available to both the owner and his company, Qingdao Rirong. Finally, Qingdao Rirong never indicated that it was having any difficulty obtaining any requested information, or in understanding the Department's requests.

Qingdao Rirong gave insufficient attention to its statutory duties, beyond mere inadvertence, by virtue of its failure to provide requested information that is essential to the Department's dumping analysis. As noted above, this is the third review of Qingdao Rirong; as such, the company should have been fully aware of its statutory duties in this regard. Furthermore, the Department requested information relevant to the relationship between Qingdao Rirong and Y&Z in several different questionnaires, issued both prior and subsequent to the *Preliminary Results*. Thus, Qingdao Rirong had multiple opportunities to fulfill its statutory duty to provide such information. Finally, we note that, if a respondent has any question as to the scope of what may be relevant to the Department's analysis of the relationship between a seller and purchaser, that respondent need only contact the Department for clarification, or review the definition of "affiliated persons," contained in Appendix I to the Department's initial questionnaire issued at the beginning of each review. In light of the aforementioned facts, Qingdao Rirong's failures to provide

complete information concerning the relationship between Qingdao Rirong and Y&Z, amount to a pattern of behavior of repeatedly withholding information requested by the Department.

For the reasons described above and in further detail in the *Qingdao Rirong Memo*, we conclude that Qingdao Rirong failed to cooperate to the best of its ability within the meaning of 776(b) of the Act, and that the application of total adverse facts available for Qingdao Rirong is warranted. Qingdao Rirong received a separate rate in the *Preliminary Results*, and this determination remains unchanged for these final results. As adverse facts available, the Department is assigning Qingdao Rirong the rate of 223.01 percent the highest rate determined in any segment of this proceeding. See *Qingdao Rirong Memo*. As discussed further below, this rate has been corroborated.

**Corroboration of Secondary Information Used As AFA**

Section 776(c) of the Act provides that when the Department relies on the facts otherwise available and relies on "secondary information," the Department shall, to the extent practicable, corroborate that information from independent sources reasonably at the Department's disposal. The *Statement of Administrative Action*, H.R. Doc. 103-316 (SAA), states that "corroborate" means to determine that the information used has probative value. See SAA at 870. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used.

With respect to Qingdao Rirong, China Kingdom, Fujian Pelagic, Qingdao Zhengri/Yancheng Yaou, Shantou SEZ, Suqian Foreign Trade,

Yancheng Foreign Trade, and Yangzhou Lakebest, we are applying as AFA the highest rate from any segment of this administrative proceeding, which is a rate calculated in the 1999-2000 review. See *Final Results of Antidumping Duty Administrative Review, and Final Partial Rescission of Antidumping Duty Administrative Review*, 67 FR 19546 (April 22, 2002). However, unlike other types of information, such as input costs or selling expenses, there are no independent sources for calculated dumping margins. The only source for calculated margins is administrative determinations. Thus, in an administrative review, if the Department chooses as total adverse facts available a calculated dumping margin from the current or a prior segment of the proceeding, it is not necessary to question the reliability of the margin for that time period. See, e.g., *Grain-Oriented Electrical Steel From Italy; Preliminary Results of Antidumping Duty Administrative Review*, 61 FR 36551, 36552 (July 11, 1996). With respect to the relevance aspect of corroboration, however, the Department will consider information reasonably at its disposal to determine whether a margin continues to have relevance. Where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin. For example, in *Fresh Cut Flowers from Mexico: Final Results of Antidumping Administrative Review*, 61 FR 6812 (February 22, 1996), the Department disregarded the highest margin in that case as adverse best information available (the predecessor to facts available) because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin. Similarly, the Department does not apply a margin that has been

discredited. See *D & L Supply Co. v. United States*, 113 F.3d 1220, 1221 (Fed. Cir. 1997) (the Department will not use a margin that has been judicially invalidated). None of these unusual circumstances are present here.

Accordingly, we determine that the highest rate from any segment of this administrative proceeding (i.e., the calculated rate of 223.01 percent, which is the current PRC-wide rate) is in accord with section 776(c)'s requirement that secondary information be corroborated (i.e., that it have probative value). The information used in calculating this margin was based on sales and production data of a respondent in a prior review, together with the most appropriate surrogate value information available to the Department, chosen from submissions by the parties in that review, as well as gathered by the Department itself. Furthermore, the calculation of this margin was subject to comment from interested parties in the proceeding. See *Freshwater Crawfish Tail Meat from the People's Republic of China; Notice of Final Results of Antidumping Duty Administrative Review, and Final Partial Rescission of Antidumping Duty Administrative Review*, 67 FR 19546 (April 22, 2002). Moreover, as there is no information on the record of this review that demonstrates that this rate is not appropriately used as adverse facts available for Qingdao Rirong, China Kingdom, Fujian Pelagic, Qingdao Zhengri/Yancheng Yaou, Shantou SEZ, Suqian Foreign Trade, Yancheng Foreign Trade, and Yangzhou Lakebest, we determine that this rate has probative value.

**Final Results of Review**

For these final results we determine that the following dumping margins exist:

Manufacturer/Exporter	Time Period	Margin (percent)
Qingdao Rirong .....	9/1/00-8/31/01	223.01
China Kingdom .....	9/1/00-8/31/01	223.01
PRC-Wide Rate <sup>1</sup> .....	9/1/00-8/31/01	223.01

<sup>1</sup> Fujian Pelagic, Qingdao Zhengri/Yancheng Yaou, Shantou SEZ, Suqian Foreign Trade, Yancheng Foreign Trade, and Yangzhou Lakebest are included in the PRC-wide rate.

**Assessment of Antidumping Duties**

Upon completion of this administrative review, the Department shall determine, and the U.S. Customs Service shall assess, antidumping duties on all appropriate entries. For assessment purposes, for China Kingdom, Qingdao Rirong, and all exporters subject to the PRC-wide rate,

we will direct Customs to assess the *ad valorem* rates against the entered value of each entry of the subject merchandise during the POR. The Department will issue appropriate assessment instructions directly to the Customs Service within 15 days of publication of the final results of review.

**Cash Deposit Requirements**

The following deposit requirements will be effective upon publication of these final results for this administrative review for all shipments of freshwater crawfish tail meat from the PRC entered, or withdrawn from warehouse, for consumption on or after the date of publication, as provided by section

751(a)(2)(C) of the Act: (1) The cash deposit rate for the reviewed companies will be the rate established above; (2) for previously-reviewed PRC and non-PRC exporters with separate rates, the cash deposit rate will be the company-specific rate established for the most recent period; (3) for all other PRC exporters, the cash deposit rate will be the PRC-wide rate, 223.01 percent; and (4) for all other non-PRC exporters of the subject merchandise, the cash deposit rate will be the rate applicable to the PRC exporter that supplied that non-PRC exporter. These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

#### Notification to Importers

This notice serves as a final reminder to importers of their responsibility under section 351.402(f) of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and subsequent assessment of double antidumping duties.

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 section 351.305(a)(3) of the Department's regulations. Timely written notification of the 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 administrative review and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: April 14, 2003.

Joseph A. Spetrini,  
Acting Assistant Secretary for Import  
Administration.

#### APPENDIX

##### List of Issues

*Comment 1:* Valuation of the raw crawfish input  
*Comment 2:* Cash deposit rates for producing and non-producing supplier combinations (Combination Rates)  
*Comment 3:* Application of facts available to Qingdao Rirong Foodstuff Co., Ltd. (Qingdao Rirong) because it withheld information concerning its corporate affiliations

*Comment 4:* Application of facts available to Qingdao Rirong because it engaged in a pattern of noncompliance with regulations governing business proprietary information (BPI)

*Comment 5:* If Qingdao Rirong's margin is not based on adverse facts available, what should be used as partial facts available in calculating Qingdao Rirong's margin

*Comment 6:* Whether the Department improperly applied facts available to Yancheng Yaou Seafood Co., Ltd.

*Comment 7:* Application of Adverse Facts Available to China Kingdom Import & Export Co., Ltd. (China Kingdom)

[FR Doc. 03-9739 Filed 4-18-02; 8:45 am]

BILLING CODE 3510-D3-S

## EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

*Crawfish Tail Meat from China*  
Inv. No. 731-TA-752 (Review)

On November 4, 2002, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)(5)).

The Commission determined that both the domestic and respondent interested party group responses to the notice of institution were adequate and voted to conduct a full review. Regarding domestic interested parties, the Commission received a joint response from the Crawfish Processors Alliance (CPA) and its individual members, who are domestic producers. The response contained company-specific information.<sup>1</sup> The record indicates that these producers accounted for the majority of domestic production of crawfish tail meat in 2001. With respect to respondent interested parties, the Commission received a joint response on behalf of sixteen producers in China accounting for the majority of total exports to the United States from China in 2001.<sup>2 3</sup>

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's website (<http://www.usitc.gov>).

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<sup>1</sup> The response to the notice of institution was filed on behalf of the CPA, its members, and an ad hoc coalition of the CPA, its members, the Louisiana Department of Agriculture and Forestry (LDAF), and Bob Odom, Commissioner of the LDAF. Neither the LDAF nor its Commissioner is an interested party pursuant to 19 U.S.C. § 1677 (9)(A). However, the CPA and its members are interested parties pursuant to 19 U.S.C. § 1677(9)(A).

<sup>2</sup> The response to the notice of institution was filed on behalf of the China Chamber of Commerce for Import & Export of Foodstuffs (CCCNFA) and 16 Chinese producers and/or exporters of crawfish tail meat. The CCCNFA is not an interested party pursuant to 19 U.S.C. § 1677(9)(A). However, the 16 producers and/or exporters of crawfish tail meat are interested parties pursuant to 19 U.S.C. § 1677(9)(A).

<sup>3</sup> Commissioner Bragg found the respondent group response to be adequate notwithstanding the failure of respondent parties to provide certain company-specific production and export data requested by the Commission in its notice of institution, based upon the inference that at least some of the 16 responding Chinese "producers and/or exporters" are in fact "producers" of subject merchandise, and that therefore the Commission will be provided responsive company-specific foreign producer data in a full review investigation.

**APPENDIX B**

**LIST OF WITNESSES WHO APPEARED AT THE COMMISSION'S  
JUNE 3, 2003 HEARING**



## CALENDAR OF PUBLIC HEARING

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

**Subject:** Crawfish Tail Meat from China  
**Inv. No.:** 731-TA-752 (Review)  
**Date and Time:** June 3, 2003 - 9:30 a.m.

Sessions were held in connection with this review in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

### **In Support of the Continuation of Antidumping Duties:**

Adduci, Mastriani & Schaumberg, L.L.P.  
Washington, DC  
on behalf of

The Crawfish Processors Alliance (CPA)

**The Honorable Bob Odom**, Commissioner, Louisiana  
Department of Agriculture and Forestry

**Roy Johnson**, Director, Marketing Development, Louisiana  
Department of Agriculture and Forestry

**Gabriel LeBlanc, Jr.**, Secretary-Treasurer, Acadiana  
Fishermen's Cooperative, and President, CPA

**Terry Guidry**, President, Catahoula Crawfish, Inc.

**Adam J. Johnson**, President, Bayou Land Seafood, LLC

**Frank Randol**, President, Randol, Inc.

**Will E. Leonard** – OF COUNSEL  
**John C. Steinberger**  
**S. Alex Lasher**

**In Opposition to the Continuation of Antidumping Duties:**

Garvey Schubert Barer  
Washington, DC  
on behalf of

Chinese respondents

**Mike Powers**, Director, Seafood Procurement,  
Darden Restaurants, Inc.

**Paul Obirek**, Director, Seafood Procurement,  
King & Prince Seafood Corp.

**James Mullen**, President, Ocean's Catch

**Zhang Wei**, President, Pacific Coast Fisheries  
Corp.

**Rich Marano**, Vice President, Harbor Seafood, Inc.

**Christine Costley**, Sales, Harbor Seafood, Inc.

**James A. Johnson, Jr.**, East Coast Sales Manager,  
Sea Safari, Ltd.

**Matt Fass**, Vice President, Maritime Products  
International, Inc.

**Bob Redar**, Senior Vice President, Sales and Marketing,  
Sea Watch International, Ltd.

**Ronald M. Wisla – OF COUNSEL**

**APPENDIX C**  
**SUMMARY DATA**



Table C-1

Crawfish tail meat: Summary data concerning the U.S. market, using official U.S. import statistics for the volume and value of imports, 1997-2002

Item	Reported data						Period changes					
	1997	1998	1999	2000	2001	2002	1997-2002	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
U.S. consumption quantity:												
Amount	3,784	8,027	4,931	6,830	13,565	10,545	178.7	112.1	-38.6	38.5	98.6	-22.3
Producers' share (1)	38.2	21.5	20.2	4.6	4.6	13.1	-25.1	-16.7	-1.3	-15.6	-0.0	8.5
Importers' share (1):												
China	61.8	74.0	71.1	80.2	92.2	84.2	22.3	12.2	-2.9	9.1	12.0	-8.1
Other sources	0.0	4.5	8.7	15.1	3.2	2.8	2.8	4.5	4.2	6.5	-12.0	-0.4
Total imports	61.8	78.5	79.8	95.4	95.4	86.9	25.1	16.7	1.3	15.6	0.0	-8.5
U.S. consumption value:												
Amount	12,570	21,288	12,992	15,744	51,273	32,860	161.4	69.4	-39.0	21.2	225.7	-35.9
Producers' share (1)	65.7	50.7	51.9	16.6	8.9	25.7	-40.1	-15.0	1.1	-35.3	-7.7	16.8
Importers' share (1):												
China	34.3	45.9	42.8	63.5	88.1	71.9	37.6	11.6	-3.1	20.7	24.6	-16.2
Other sources	0.0	3.4	5.3	19.9	3.1	2.5	2.5	3.4	2.0	14.6	-16.9	-0.6
Total imports	34.3	49.3	48.1	83.4	91.1	74.3	40.1	15.0	-1.1	35.3	7.7	-16.8
U.S. imports from:												
China:												
Quantity	2,340	5,943	3,505	5,480	12,513	8,875	279.3	154.0	-41.0	56.3	128.3	-29.1
Value	4,309	9,769	5,561	9,997	45,167	23,621	448.2	126.7	-43.1	79.8	351.8	-47.7
Unit value	\$1.84	\$1.64	\$1.59	\$1.82	\$3.61	\$2.66	44.5	-10.7	-3.5	15.0	97.9	-26.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Other sources:												
Quantity	0	359	428	1,035	427	290	(2)	(2)	19.4	141.5	-58.7	-32.1
Value	0	719	694	3,137	1,566	808	(2)	(2)	-3.4	352.1	-50.1	-48.4
Unit value	(2)	\$2.00	\$1.62	\$3.03	\$3.66	\$2.78	(2)	(2)	-19.1	67.2	20.8	-24.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	2,340	6,302	3,934	6,515	12,940	9,165	291.7	169.3	-37.6	65.6	98.6	-29.2
Value	4,309	10,487	6,255	13,134	46,733	24,429	467.0	143.4	-40.4	110.0	255.8	-47.7
Unit value	\$1.84	\$1.66	\$1.59	\$2.02	\$3.61	\$2.67	44.8	-9.6	-4.5	26.8	79.1	-26.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers:												
Average capacity quantity	4,175	4,875	4,218	3,861	4,154	4,311	3.2	16.8	-13.5	-8.5	7.6	3.8
Production quantity	1,300	1,548	959	308	573	1,304	0.3	19.1	-38.1	-67.8	85.6	127.7
Capacity utilization (1)	31.1	31.8	22.7	8.0	13.8	30.2	-0.9	0.6	-9.0	-14.7	5.8	16.5
U.S. shipments:												
Quantity	1,444	1,725	997	315	625	1,380	-4.4	19.5	-42.2	-88.4	98.2	120.9
Value	8,262	10,801	6,737	2,609	4,540	8,431	2.1	30.7	-37.6	-61.3	74.0	85.7
Unit value	\$5.72	\$6.26	\$6.76	\$8.28	\$7.27	\$6.11	6.7	9.4	7.9	22.5	-12.2	-15.9
Ending inventory quantity	6	11	9	15	11	11	69.6	75.1	-22.6	74.1	-26.7	-2.1
Inventories/U.S. shipments (1)	0.4	0.7	0.9	4.8	1.8	0.8	0.3	0.2	0.2	3.9	-3.0	-1.0
Production workers	787	940	808	495	673	940	19.5	19.5	-14.1	-38.7	35.9	39.7
Hours worked	436	555	417	201	360	592	35.9	27.4	-24.8	-51.9	79.3	64.7
Wages paid	2,200	2,692	1,884	707	1,438	2,948	34.0	22.4	-30.0	-62.5	103.5	105.0
Hourly wages	\$5.05	\$4.85	\$4.51	\$3.52	\$4.00	\$4.98	-1.4	-3.9	-6.9	-21.9	13.5	24.5
Productivity (pounds per hour)	3.0	3.0	2.3	1.5	1.7	2.3	-23.1	-2.2	-22.3	-33.4	12.4	35.0
Unit labor costs	\$1.65	\$1.60	\$1.92	\$2.27	\$2.23	\$2.09	26.9	-2.6	19.7	18.2	-1.9	-6.1
Net sales:												
Quantity (1,000 pounds)	1,267	1,532	880	296	530	1,278	0.9	20.9	-42.6	-66.3	79.1	141.0
Value (1,000 dollars)	7,098	9,354	5,991	2,477	4,026	7,410	4.4	31.8	-35.9	-58.7	62.5	84.1
Expenses:												
Purchased crawfish	4,495	6,035	4,250	1,754	2,996	4,962	10.4	34.3	-29.6	-58.7	70.8	65.6
Direct labor	1,386	1,863	1,222	388	832	2,049	47.8	34.4	-34.4	-68.2	114.1	146.3
Other costs and expenses	1,365	2,246	1,466	559	978	2,005	46.9	64.6	-34.7	-61.9	75.1	105.1
Interest expense	64	113	86	51	102	129	102.1	77.7	-23.9	-40.2	98.4	26.0
Total expenses	7,309	10,257	7,024	2,753	4,908	9,144	25.1	40.3	-31.5	-60.8	78.3	86.3
Byrd amendment receipts	0	0	0	0	0	2,723	(2)	(2)	(2)	(2)	(2)	(2)
All other income	0	1	15	0	0	0	(2)	(2)	1701.1	-100.0	(2)	(2)
Net income or (loss)	(211)	(902)	(1,017)	(275)	(882)	988	(2)	-327.8	-12.8	72.9	-220.3	(2)
Capital expenditures	121	383	159	103	142	130	7.4	216.5	-58.5	-35.2	37.9	-8.5
Unit values:												
Unit revenue (\$ per pound)	\$5.60	\$6.11	\$6.81	\$8.37	\$7.59	\$5.80	3.5	9.0	11.6	22.8	-9.3	-23.6
Unit purchases crawfish	\$3.55	\$3.94	\$4.83	\$5.93	\$5.65	\$3.88	9.3	11.0	22.6	22.8	-4.7	-31.3
Unit direct labor	\$1.09	\$1.22	\$1.39	\$1.31	\$1.57	\$1.60	46.8	11.9	13.9	-5.8	19.8	1.9
Unit other costs & expenses	\$1.08	\$1.47	\$1.67	\$1.89	\$1.84	\$1.57	45.4	36.1	13.6	13.2	-2.6	-14.7
Unit interest	\$0.05	\$0.07	\$0.10	\$0.17	\$0.19	\$0.10	100.0	40.0	42.9	70.0	11.8	-47.4
Unit total expenses	\$5.77	\$6.70	\$7.99	\$9.30	\$9.25	\$7.15	23.9	16.1	19.3	16.4	-0.5	-22.7
Unit net income or (loss)	(\$0.17)	(\$0.59)	(\$1.16)	(\$0.93)	(\$1.66)	\$0.77	(2)	-247.1	-96.6	19.8	-78.5	(2)
Total expenses/sales (1)	103.0	109.7	117.2	111.1	121.9	123.4	20.4	6.7	7.5	-6.1	10.8	1.5
Net income or (loss)/sales (1)	(3.0)	(9.6)	(17.0)	(11.1)	(21.9)	13.3	16.3	-6.7	-7.3	5.9	-10.8	35.2

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official trade statistics of the U.S. Department of Commerce.

Table C-2

Crawfish tail meat: Summary data concerning the U.S. market, using official export statistics from China's Ministry of Commerce for the volume of U.S. imports and official U.S. import statistics for the unit value of imports from China, 1997-2002

Item	Reported data						Period changes					
	1997	1998	1999	2000	2001	2002	1997-2002	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
U.S. consumption quantity:												
Amount	1,865	9,145	14,935	12,029	14,562	12,998	597.0	390.4	63.3	-19.5	21.1	-10.7
Producers' share (1)	77.4	18.9	6.7	2.6	4.3	10.6	-68.8	-58.8	-12.2	-4.1	1.7	6.3
Importers' share (1):												
China	22.6	77.2	90.5	88.8	82.8	87.1	64.6	54.8	13.2	-1.7	4.0	-5.8
Other sources	0.0	3.9	2.9	8.6	2.9	2.2	2.2	3.9	-1.1	5.7	-5.7	-0.7
Total imports	22.6	81.1	93.3	97.4	95.7	89.4	66.8	58.6	12.2	4.1	-1.7	-6.3
U.S. consumption value:												
Amount	9,037	23,126	28,862	25,227	54,872	39,396	335.8	155.9	24.8	-12.6	117.5	-28.2
Producers' share (1)	91.4	46.7	23.3	10.3	8.3	21.4	-70.0	-44.7	-23.4	-13.0	-2.1	13.1
Importers' share (1):												
China	8.6	50.2	74.3	77.2	88.9	76.5	68.0	41.8	24.1	3.0	11.7	-12.3
Other sources	0.0	3.1	2.4	12.4	2.9	2.1	2.1	3.1	-0.7	10.0	-9.6	-0.8
Total imports	8.6	53.3	76.7	89.7	91.7	78.6	70.0	44.7	23.4	13.0	2.1	-13.1
U.S. imports from:												
China:												
Quantity	421	7,061	13,510	10,679	13,510	11,327	2,590.1	1,577.0	81.3	-21.0	26.5	-16.2
Value	775	11,607	21,431	19,481	48,768	30,147	3,788.4	1,387.1	84.8	-9.1	150.3	-39.2
Unit value	\$1.84	\$1.64	\$1.59	\$1.82	\$3.61	\$2.66	44.5	(10.7)	-3.5	15.0	97.9	-26.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Other sources:												
Quantity	0	359	428	1,035	427	290	(2)	(2)	19.4	141.5	-58.7	-32.1
Value	0	719	694	3,137	1,586	808	(2)	(2)	-3.4	352.1	-50.1	-48.4
Unit value	(2)	\$2.00	\$1.62	\$3.03	\$3.66	\$2.78	(2)	(2)	-19.1	87.2	20.8	-24.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	421	7,420	13,938	11,714	13,937	11,617	2,659.0	1,662.2	87.8	-16.0	19.0	-16.6
Value	775	12,325	22,125	22,617	50,331	30,955	3,692.7	1,489.7	79.5	2.2	122.5	-38.5
Unit value	\$1.84	\$1.66	\$1.59	\$1.93	\$3.61	\$2.66	44.7	(9.8)	-4.4	21.6	87.0	-26.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers:												
Average capacity quantity	4,175	4,875	4,218	3,861	4,154	4,311	3.2	16.8	-13.5	-8.5	7.6	3.8
Production quantity	1,300	1,548	959	308	573	1,304	0.3	19.1	-38.1	-67.8	85.6	127.7
Capacity utilization (1)	31.1	31.8	22.7	8.0	13.8	30.2	-0.9	0.6	-9.0	-14.7	5.8	16.5
U.S. shipments:												
Quantity	1,444	1,725	997	315	625	1,380	-4.4	19.5	-42.2	-88.4	98.2	120.9
Value	8,262	10,801	6,737	2,609	4,540	8,431	2.1	30.7	-37.6	-61.3	74.0	85.7
Unit value	\$5.72	\$8.26	\$6.78	\$8.28	\$7.27	\$6.11	6.7	9.4	7.9	22.5	-12.2	-15.9
Ending inventory quantity	6	11	9	15	11	11	69.6	75.1	-22.6	74.1	-26.7	-2.1
Inventories/U.S. shipments (1)	0.4	0.7	0.9	4.8	1.8	0.8	0.3	0.2	0.2	3.9	-3.0	-1.0
Production workers	787	940	808	495	673	940	19.5	19.5	-14.1	-38.7	35.9	39.7
Hours worked	436	555	417	201	360	592	35.9	27.4	-24.8	-51.9	78.3	64.7
Wages paid	2,200	2,692	1,884	707	1,438	2,948	34.0	22.4	-30.0	-82.5	103.5	105.0
Hourly wages	\$5.05	\$4.85	\$4.51	\$3.52	\$4.00	\$4.96	-1.4	-3.9	-6.9	-21.9	13.5	24.5
Productivity (pounds per hour)	3.0	3.0	2.3	1.5	1.7	2.3	-23.1	-2.2	-22.3	-33.4	12.4	35.0
Unit labor costs	\$1.85	\$1.60	\$1.92	\$2.27	\$2.23	\$2.09	26.9	-2.8	19.7	18.2	-1.9	-6.1
Net sales:												
Quantity (1,000 pounds)	1,267	1,532	880	298	530	1,278	0.9	20.9	-42.6	-66.3	79.1	141.0
Value (1,000 dollars)	7,098	9,354	5,991	2,477	4,026	7,410	4.4	31.8	-35.9	-58.7	62.5	84.1
Expenses:												
Purchased crawfish	4,495	6,035	4,250	1,754	2,996	4,962	10.4	34.3	-29.6	-58.7	70.8	65.6
Direct labor	1,388	1,863	1,222	388	632	2,049	47.8	34.4	-34.4	-66.2	114.1	148.3
Other costs and expenses	1,365	2,248	1,486	559	978	2,005	48.9	64.6	-34.7	-61.9	75.1	105.1
Interest expense	64	113	86	51	102	129	102.1	77.7	-23.9	-40.2	98.4	26.0
Total expenses	7,309	10,257	7,024	2,753	4,908	9,144	25.1	40.3	-31.5	-60.8	78.3	86.3
Byrd amendment receipts	0	0	0	0	0	2,723	(2)	(2)	(2)	(2)	(2)	(2)
All other income	0	1	15	0	0	0	(2)	(2)	1701.1	-100.0	(2)	(2)
Net income or (loss)	(211)	(902)	(1,017)	(275)	(882)	888	(2)	-327.8	-12.8	72.9	-220.3	(2)
Capital expenditures	121	383	159	103	142	130	7.4	216.5	-58.5	-35.2	37.9	-8.5
Unit values:												
Unit revenue (\$ per pound)	\$5.80	\$6.11	\$6.81	\$8.37	\$7.59	\$5.80	3.5	9.0	11.6	22.8	-9.3	-23.6
Unit purchases crawfish	\$3.55	\$3.84	\$4.83	\$5.93	\$5.85	\$3.88	9.3	11.0	22.8	22.8	-4.7	-31.3
Unit direct labor	\$1.09	\$1.22	\$1.39	\$1.31	\$1.57	\$1.60	46.8	11.9	13.9	-5.8	19.8	1.9
Unit other costs & expenses	\$1.08	\$1.47	\$1.67	\$1.89	\$1.84	\$1.57	45.4	36.1	13.6	13.2	-2.6	-14.7
Unit interest	\$0.05	\$0.07	\$0.10	\$0.17	\$0.19	\$0.10	100.0	40.0	42.9	70.0	11.8	-47.4
Unit total expenses	\$5.77	\$6.70	\$7.99	\$9.30	\$9.25	\$7.15	23.9	18.1	19.3	16.4	-0.5	-22.7
Unit net income or (loss)	(\$0.17)	(\$0.59)	(\$1.16)	(\$0.93)	(\$1.66)	\$0.77	(2)	-247.1	-86.6	19.8	-78.5	(2)
Total expenses/sales (1)	103.0	109.7	117.2	111.1	121.9	123.4	20.4	6.7	7.6	-6.1	10.8	1.5
Net income or (loss)/sales (1)	(3.0)	(9.6)	(17.0)	(11.1)	(21.9)	13.3	16.3	-6.7	-7.3	5.9	-10.8	35.2

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

Note.—Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Imports from China are based on the quantity of exports reported by the Ministry of Commerce in China and the unit value of imports from official Commerce statistics.

Source: Compiled from data submitted in response to Commission questionnaires, from official trade statistics of the U.S. Department of Commerce, and from official trade statistics from the Chinese Ministry of Commerce.

**Table C-3**

**Crawfish tail meat: U.S. Imports of crawfish tail meat from China and shares of imports, by ports (states) of entry, 1994-2002**

Item	1994	1995	1996	1997	1998	1999	2000	2001	2002	Percent change		
										1994-1996	1994-2002	1997-2002
	Quantity (1,000 pounds)											
Louisiana	122	81	1,181	312	1,623	401	560	854	396	871.9	225.7	27.1
Arkansas, Mississippi, and Texas	785	1,150	667	642	1,713	855	1,204	2,820	1,172	-15.0	49.3	82.5
Remainder of U.S.	711	1,573	1,000	1,386	2,608	2,249	3,716	8,839	7,307	40.6	927.1	427.1
Total	1,618	2,805	2,849	2,340	5,943	3,505	5,480	12,513	8,875	76.1	448.6	279.3
	Share											
Louisiana	7.5	2.9	41.5	13.3	27.3	11.4	10.2	6.8	4.5	34.0	-3.1	-8.9
Arkansas, Mississippi, and Texas	48.5	41.0	23.4	27.4	28.8	24.4	22.0	22.5	13.2	-25.1	-35.3	-14.2
Remainder of U.S.	44.0	56.1	35.1	59.2	43.9	64.2	67.8	70.6	82.3	-8.9	38.4	23.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0			

Note:--No imports from China through Arkansas and Mississippi were reported for the period 1994-2002.

Source: Official trade statistics of the U.S. Department of Commerce.



**APPENDIX D**

**RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS,  
FOREIGN PRODUCERS, AND U.S. PURCHASERS  
CONCERNING THE SIGNIFICANCE  
OF THE ANTIDUMPING DUTY ORDER AND  
THE LIKELY EFFECTS OF REVOCATION**



**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the production of crawfish tail meat in the future if the antidumping duty order covering imports of crawfish tail meat from China were revoked.

(Question II-4.) The following are quotations from the responses of producers indicating either that they did anticipate changes or that there was an explanation for no changes anticipated.

\*\*\*

Yes.

\*\*\*

Yes. Even though Chinese tail meat is being sold as low as \$3.00/lb., without the tariff duty our future would be very bleak. The tariff is helping to curtail some importers.

\*\*\*

Yes. We would probably have to close all operations (of processing tail meat), since we would not be able to compete with their prices.

\*\*\*

Yes. We would have to downsize production or close our operations.

\*\*\*

Yes. Crawfish tail meat from China is retailing at or around \$3.00/lb. with a tariff. We cannot compete now. We could not compete with cheaper imported product.

\*\*\*

No. We closed as of \*\*\*.

\*\*\*

Yes. We would have to shut down because we cannot compete with prices.

\*\*\*

Yes. Due to the cheap Chinese meat, we would sell less domestic product and have to cut down on labor also.

\*\*\*

Yes. Chinese crawfish are still retailing for \$2.99/lb. with the tariff in place. What would the price be if the tariff were revoked?

\*\*\*

Yes. Would probably quit producing crawfish tail meat because we cannot compete with the price.

\*\*\*

Yes. A decrease in our production due to the increased availability of Chinese tail meat.

\*\*\*

Yes. Continued reduction of sales to major clients.

\*\*\*

Yes. I do not feel we would even have a chance to process due to uncompetitive cheap imported tail meat.

\*\*\*

Yes. We are unable to process and sell crawfish tail meat in a competitive nature due to cheap imported tail meat.

\*\*\*

Yes. If the antidumping order were revoked, we would be forced to lower the prices of Louisiana tail meat in order to compete. This would cause our profits to decrease dramatically.

\*\*\*

Yes. It could well put us out of business. Due to dumping our market share continued to shrink.

\*\*\*

Yes. We cannot compete with Chinese tail meat prices with the tariff in effect. If the tariff were revoked, there would be no possible way to continue tail meat production.

\*\*\*

Yes. Live crawfish sales would experience a glut due to cheap Chinese meat pushing out domestic peeled crawfish, forcing producers to sell most crawfish live.

\*\*\*

Yes. If the duty order is revoked, we assume that the price per pound in the marketplace will decrease significantly. If so, \*\*\* will definitely not process crawfish tail meat.

\*\*\*

Yes. We could not compete with cheap imported crawfish tail meat.

\*\*\*

Yes. If the antidumping duty order on crawfish tail meat from China were revoked, we would probably be forced to close down. We cannot continue at a loss.

\*\*\*

Yes. Forced to stop peeling crawfish; employees terminated.

\*\*\*

Yes. Once again, we feel that we would not be able to produce tail meat at a competitive price.

\*\*\*

Yes. We wouldn't process crawfish tail meat very much at all because it wouldn't be profitable. We would have to stay away from it and just whole cook or break tails on the crawfish that we would normally peel.

\*\*\*

Yes. This plant would have to shut down.

\*\*\*

Yes. Before the Chinese crawfish tail meat arrived on the American market, \*\*\* produced a large quantity of peeled crawfish tails. Once the Chinese product arrived, \*\*\* produced less and less each year. Unless Chinese crawfish is at least \$5.00 per pound, \*\*\* will not get back to its prior production.

\*\*\*

Yes. Our production would be drastically reduced because we could not compete with the price of crawfish from China.

\*\*\*

Yes. We would have to stop buying the live crawfish intended for tail meat production and sell only live product.

\*\*\*

Yes. We would not be able to compete with the price of Chinese crawfish tail meat. Even with the tariff in place, we are still unable to compete with the Chinese crawfish tail meat.

\*\*\*

Yes. If the antidumping duty is revoked, production of crawfish tail meat would come to a halt for Louisiana.

The Commission requested U.S. producers to describe the significance of the existing antidumping order covering imports of crawfish tail meat from China in terms of its effect on their firms' production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-13.) The following are quotations from the responses of producers indicating either that they did acknowledge a significance or that there was an explanation for no significance acknowledged.

\*\*\*

If we can sell mostly a live product we will.

\*\*\*

To be honest, the existing antidumping order has not helped at all, or very little. To my knowledge, customs has not collected or enforced the order and even today—5 years later—tail meat from China is still being retailed for as low as \$2.99/lb. We used to process \*\*\* pounds of tail meat per day; now we process \*\*\* pounds per day.

\*\*\*

We have not seen any progress in production because Chinese tail meat is still being sold in our area at \$2.50 per pound.

\*\*\*

Even with the tariff on the Chinese tail meat, at this time their prices are still at a low price which makes it hard to sell our product at the price we offer.

\*\*\*

Existing tariff is not being enforced like it should be and Chinese tail meat is still at a very low price today.

\*\*\*

The cheap crawfish tail meat from China that is being dumped on our market has limited our ability to process and freeze our product for out of season sales. It has lowered our profit margins in an attempt to compete.

\*\*\*

No significant change—production still went down—still had to cease business at the end of the 2002 year.

\*\*\*

The antidumping duty order has not helped me because I have not been compensated. This is the second questionnaire I have filled out and have not been helped yet.

\*\*\*

Helps create an equal market price.

\*\*\*

A good comparison would be in 2002 compared with other years. Chinese meat was removed from Louisiana store shelves due to an antibiotic found in the meat. Our sales improved dramatically. Domestic shipments were more in quantity than in four years before. Before the antidumping came into effect our sales were worse.

\*\*\*

It helped with the financial aspect of the business. Without the funds received we probably would not have survived another year. Furthermore, we were able to upgrade machines, equipment, and make necessary repairs. It also enables us to increase production this year, which increases employment and purchasing.

\*\*\*

Really not much has changed in the Louisiana tail meat industry. We are still basically selling to grocery stores—except for one restaurant. Retailers and distributors are telling me they are still able to buy Chinese crawfish for \$2.50 per pound.

\*\*\*

The antidumping duty has helped the peeled meat crawfish industry slightly. If the tariffs were enforced, it would be a great help, but only a small portion has been collected.

\*\*\*

Without the tariff on imports my business would have to shut down its operations or do very little business.

\*\*\*

We did not peel crawfish before 1997.

\*\*\*

We need the antidumping duty to be in effect and enforced. The crawfish tail meat from China is still not at a price where we can completely compete.

\*\*\*

Duty has helped only to the extent of the revenues we collect from bond forfeitures. Duty should be more strictly enforced.

\*\*\*

Our firm's main crawfish tail meat sales were directed in the off season (when there was a shortage of tail meat) since the Chinese meat was introduced, we saw a drastic decline for the demand since cheap tail meat was supplied year round.

\*\*\*

Prior to the duty, processing capacity was approximately \*\*\* pounds of tail meat annually. Production is still below previous years' because of imports of Chinese tail meat which are sold as though there were no duty at all.

\*\*\*

The antidumping order enabled us to sell Louisiana crawfish tail meat at a higher price and therefore increase wages paid to laborers. This also increased the amount of tail meat we were able to sell.

\*\*\*

We now may be able to start producing tail meat in the amounts like we did prior to 1997...We made money after the 1997...imports. We could not compete with the imported meat prices.

\*\*\*

With the tariff we are still able to sell to food stores. We no longer freeze tail meat for off season sales. We process what our food stores are able to sell during January-May.

\*\*\*

My firm was mainly a retail operation. When imported meat came into my area most retail stores handled that product at a resale lower than I could produce domestic. The final result was closing down and moving on to soft shell crabs.

\*\*\*

The antidumping order allows us to sell much more crawfish on the live market as our plant is only to peel the oversupply of live crawfish we buy. The antidumping allows more domestic crawfish to be peeled.

\*\*\*

American companies cannot compete with the prices of imported crawfish tail meat from China. We no longer process crawfish because we were losing money. Our business has grown over the years, but we have had to concentrate solely on crab. If it becomes profitable again, we may process crawfish tail meat in the future. This would mean more income and more jobs.

\*\*\*

We cannot process as much crawfish because it is difficult to stay competitive with the price of Chinese crawfish begin dumped on the market.

\*\*\*

It will increase sales and increase employment.

\*\*\*

Until the loopholes are stopped the antidumping duty has no effect. Imports are still selling at close to the same price as before the duty.

\*\*\*

Yes. If they were to be revoked, we would probably be forced to cease operations. Over the last years we have been operating at a net operating loss; we can only continue this for a certain period of time. The tariff would clearly allow us to stay open and make a reasonable profit.

\*\*\*

Keeping us in business.

\*\*\*

Since the antidumping duty order, we have been able to remain competitive and have experienced more market demand.

\*\*\*

As far as I can tell the antidumping order hasn't been enforced yet. If it were, the significance would be great. Tail meat prices on Chinese tail meat haven't changed yet.

\*\*\*

Without the tariff it is not feasible to own a processing plant.

\*\*\*

Detrimental.

\*\*\*

Antidumping is not effective because Chinese crawfish tail meat is still in the stores for \$3.50 per pound.

\*\*\*

The tariff is a good idea only if they would enforce it better.

\*\*\*

Not much has changed. Retailers and distributors can still buy Chinese crawfish for \$2.50 per pound.

\*\*\*

We have had to stop our fishermen from crawfishing, therefore it puts them out of work on that day, and also our peelers are out of work, because we can't sell our tail meat.

\*\*\*

Our firm has not peeled crawfish 1999-2002. We will peel meat in 2003. The cost is much more than the Chinese product. With the gas prices, peelers cost, boiler cost, packers cost (payroll is higher), bags, ice, boxes, electric, and insurance, the U.S. product is much higher.

\*\*\*

Competitive prices. Domestic wholesale prices--\$4.50--up per pound. Chinese import wholesale prices--\$1.50-\$2.25 per pound.

**The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of crawfish tail meat in the future if the existing antidumping duty order was revoked. (Question II-14.) The following are quotations from the responses of producers indicating either that they did anticipate changes or that there was an explanation for no changes anticipated.**

\*\*\*

Since the antidumping duty came into effect, importers have found loopholes and to my knowledge have not paid any of the tariffs imposed on them. Granted, the duty has possibly slowed down some importers. Without the antidumping order our industry, as we know it, would possibly not survive.

\*\*\*

We would not be able to produce crawfish tail meat and sell at a low price like the Chinese tail meat which would cause us to close all operations on processing tail meat.

\*\*\*

Without the tariff, we would have to downsize production or close all operations.

\*\*\*

We are currently upgrading our facility. If the duty were revoked, we could not justify the current upgrade and any future improvements. I was told of a study that Chinese domestic consumption would increase over the next 5-7 years. Five years may give us the time needed.

\*\*\*

It really would not help because I have not been able to peel and compete with Chinese prices and production. I have not received any compensation.

\*\*\*

Yes. If prices were not controlled.

\*\*\*

Even with the antidumping duty order, companies still managed to bypass this. My production on the previous pages shows reduced amounts of quantity my company produced compared to the capacity I can produce in my establishment.

\*\*\*

We would not be able to keep a large inventory on hand which would cut production and limit employment as before.

\*\*\*

If the tariff were revoked—I think it would destroy what's left of our industry. They are selling for \$2.50 a pound now with Customs chasing them around. What would be the price without a tariff? We are hearing from industry people that China should start consuming more of its own crawfish and maybe in 5-7 years will not need to dump on us.

\*\*\*

We have seen some increase in the price of peeled tail meat due to the tariffs. If it were revoked, peeling crawfish tail meat would not be profitable.

\*\*\*

We would consider decreasing or eliminating the production of processed meat.

\*\*\*

Our production would decrease because Chinese tails would flood the market.

\*\*\*

Revoking the antidumping duty would force closure of many processing plants in our area.

\*\*\*

It would affect our firm's ability to buy whole live crawfish because when the market is full, we toll or sell to other processors to peel the live crawfish. If duties on imports were to be revoked, our tailmeat processing, tolling, and sales would not be able to compete with the Chinese market prices.

\*\*\*

If the duty on imports is revoked, domestic processors could not compete with cheaper Chinese imports.

\*\*\*

If the antidumping order were revoked, we would be forced to lower the prices of Louisiana tail meat in order to compete. This would cause our revenues to decrease dramatically.

\*\*\*

This would be the end of processing plant, more than likely.

\*\*\*

I think our food stores would sell a lot less domestic tail meat without a tariff.

\*\*\*

This would significantly reduce our ability to profitably sell live crawfish as most domestic crawfish would be forced on the live market and prices would collapse. This would devastate our operation and force layoffs of employees and possibly closure of our operation.

\*\*\*

No. We stopped processing crawfish tail meat in 2000. If the order were revoked, it would be highly unlikely that we would ever process crawfish again.

\*\*\*

Will hire more employees and add more modernized equipment.

\*\*\*

If they were to be revoked, we would probably be forced to cease operations. Over the last years we have been operating at a net operating loss; we can only continue this for a certain period of time. The tariff would clearly allow us to stay open and make a reasonable profit.

\*\*\*

We can never compete with the Chinese.

\*\*\*

I believe that we would see a slump in market demand.

\*\*\*

On the time frame we are on now if the tariff is not enforced there won't be any plants left to process tail meat in a couple of years. That's why \*\*\*.

\*\*\*

This plant would have to shut down.

\*\*\*

Reduced--all categories.

\*\*\*

No. It has a limited effect because the tariff is not being enforced.

\*\*\*

Could not compete.

\*\*\*

It would destroy what is left of the market for domestic tail meat.

\*\*\*

It will put people out of work.

\*\*\*

Yes, if revoked the Chinese tail meat could come into the U.S. at lower prices and would force more U.S. plants to go out of business.

\*\*\*

The production capacity would fall over \*\*\* percent, employment would be down, profits and cash flow would diminish, research and development expenditures would stop, all because of the importation of Chinese tail meat.

\*\*\*

Cannot compete with imported prices. Product, labor, overhead, insurance, taxes, and general expenses cause domestic pricing to be too high to compete with imports.

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY  
EFFECTS OF REVOCATION**

**The Commission requested importers to describe any anticipated changes to the character of their operations or organization relating to the importation of crawfish tail meat in the future if the antidumping duty order covering imports of crawfish tail meat from China were revoked. (Question II-4.) The following are quotations from the responses of importers indicating either that they did anticipate any changes or that there was an explanation for no changes anticipated.**

\*\*\*

Yes, within four months we would anticipate inventorying and selling Chinese crawfish. We estimate sales around \*\*\* per year at approximately \*\*\* gross.

\*\*\*

Yes. We will look to the market environment at that time. If given a fair market environment, where there is no high duty, or some importers have zero duty and some do not, we will consider importing more directly from China.

\*\*\*

Yes, increase quantity and get a share of the market.

\*\*\*

Yes, we would start importing and selling crawfish tail meat if the duty was revoked because we would know our costs.

\*\*\*

Yes, a processor in the U.S. cannot compete with imported prices using domestic product.

\*\*\*

Yes, we would buy more quantity.

**The Commission requested importers to describe the significance of the existing antidumping duty order covering imports of crawfish tail meat from China in terms of its effect on their imports, U.S. shipments of imports, and inventories. (Question II-8.) The following are quotations from the responses of importers indicating either that they did acknowledge a significance or that there was an explanation for no significance acknowledged.**

\*\*\*

Not applicable. When we started the crawfish business, the antidumping order already existed.

\*\*\*

Reduced total imports 100 percent. The duty put us out of the crawfish tail meat business. With the initial \*\*\* percent duty, our cost went from \$\*\*\* per pound to \$\*\*\* per pound, on a product with a market value of approximately \$\*\*\* per pound.

\*\*\*

See Part II-3. The effect is that from 1999 to 2002, we gradually reduced our concentration in the crawfish business. But we still buy occasionally from other importers to meet our customers' needs, but the inventory storing is largely reduced, therefore, from time to time we have difficulty meeting our customers' needs, hence we have to pay a higher price to get the product to satisfy our customers.

\*\*\*

Hurting my imports.

\*\*\*

It has stopped our importing crawfish tail meat for sales.

\*\*\*

No necessary. Increase cost.

\*\*\*

Unknown--never imported from China.

\*\*\*

Imports bring in more quantity.

**The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of crawfish tail meat in the future if the existing antidumping duty order was revoked. (Question II-9.) The following are quotations from the responses of importers indicating either that they did anticipate changes or that there was an explanation for no changes anticipated.**

\*\*\*

Yes. Within four months we would anticipate inventorying and selling Chinese crawfish tail meat. We estimate sales at \*\*\* per annum with a gross profit margin around \*\*\* percent.

\*\*\*

Yes. We think that if the antidumping duty was revoked, the price and the supply in the U.S. market will be more stabilized. The zero-import duty will not be granted to only a few importers but to all of the importers. Competition will be in a fairer environment, and the crawfish price in the U.S. will be more stable and less expensive to the consumers.

\*\*\*

Yes. We would plan to start buying, importing, and selling crawfish tail meat again.

\*\*\*

Yes. Have no interest in importing said product. If order is removed, it will cause economic hardship for domestic products for processors and fishermen.

\*\*\*

Yes, purchase more quantity.

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested foreign producers to describe any anticipated changes to the character of their operations or organization relating to the production of crawfish tail meat in the future if the antidumping order covering imports of crawfish tail meat from China were revoked. (Question II-3.)**

**\*\*\***

**The Commission requested foreign producers to identify export markets other than the United States that have been developed as a result of the antidumping duty order from China. (Question II-13.)**

**\*\*\***

**As a result of the antidumping duty order, more crawfish products are kept out of the U.S. market and exporters began to focus more on Europe and Japan.**

**\*\*\***

**Europe and Japan.**

**\*\*\***

**EU market.**

**\*\*\***

**EU market.**

**The Commission requested foreign producers to describe the significance of the existing antidumping duty order covering imports of crawfish tail meat from China in terms of its effect on their firms' production capacity, production, home market shipments, exports to the United States and other markets, and inventories. (Question II-14.) The following are quotations from the responses of foreign producers indicating either that they did acknowledge a significance or that there was an explanation for no significance acknowledged.**

**\*\*\***

**Our firm stopped exporting the crawfish to the U.S.**

**\*\*\***

**As the U.S. market is one of the main markets of crawfish products, the existing antidumping duty order greatly influenced our firm's exports to the U.S. Before the imposition of the order, our annual export quantity to the U.S. market was around \*\*\* metric tons, while after the imposition, the quantity decreased to \*\*\* metric tons and then to \*\*\* owing to the high tariff.**

\*\*\*

Maintain the current circumstances.

\*\*\*

Since 1997, our product to the U.S. market has been decreased. Now our goods cannot be exported to the U.S., which affected the total output of our company. We hope the antidumping order could be revoked.

\*\*\*

If the antidumping duty order was revoked, we will reconsider the business plan according to the needs of the market.

\*\*\*

Since 1997, our product to the U.S. market has decreased. Now our goods cannot export to the U.S., which affected the total volume of output in our company. We hope the antidumping order could be revoked.

\*\*\*

Since 1997, our product to the U.S. market has decreased. Now our goods cannot export to the U.S., which affected the total volume of output in our company. We hope the antidumping order could be revoked.

**The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of crawfish tail meat in the future if the existing antidumping duty order was revoked. (Question II-15.) The following are quotations from the responses of foreign producers indicating either that they did anticipate changes or that there was an explanation for no changes anticipated.**

\*\*\*

Yes. If the antidumping duty order were to be revoked, exports to the U.S. will increase. Since the total production in China cannot increase greatly, the price and quantity between the E.U. market and the U.S. market will be kept in balance.

\*\*\*

Yes. If the antidumping duty order on crawfish tail meat from China were revoked, we will export our products to the U.S. market to meet the market demand there.

\*\*\*

Yes. If the antidumping duty order on crawfish tail meat from China were to be revoked, will change our sales plan. Increase the sales to the U.S. market.

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

**Effects of Revocation on Future Activities of the Firms and the U.S. Market as a Whole (Question III-10). The Commission requested U.S. purchasers to comment on the likely effects of revocation of the antidumping duty order on imports of crawfish tail meat from China on (1) the future activities of their firms and (2) the U.S. market as a whole. Their responses follow.**

\*\*\*

(1) None. (2) May create competitions.

\*\*\*

(1) & (2) This will make crawfish less expensive and stimulate the consumption and development of new menus using crawfish.

\*\*\*

(1) As long as China product is chemical free, we need this product to keep Louisiana producers in line.

\*\*\*

(1) & (2) None.

\*\*\*

(1) Louisiana has not been able to supply the demand in the past few years. (2) I don't know.

\*\*\*

(1) We will use whatever meat is available with an affordable price. (2) The market for domestic fresh live crawfish is making tail meat almost a by-product.

\*\*\*

(1) n/a (2) Could increase amounts based on lower pricing from China.

\*\*\*

(1) Prices will go down and consumption should increase.

\*\*\*

(1) We will continue to buy only Louisiana crawfish. (2) None.

\*\*\*

(1) Unknown- only buy American.

\*\*\*

\(1) We will sell less domestic product if we cannot compete with China tail meat prices. (2) Unknown.

\*\*\*

(1) Import more. (2) Price will be down but we need a quota to solve this problem.

\*\*\*

(1) Revocation of antidumping order will allow imported product at extremely low prices. This will be devastating to our industry. (2) While it exposes crawfish tail meat (imported) to a wider market at low prices, it damages domestic market because of low quality.

\*\*\*

(1) In a one to two year time horizon, we would expect to purchase more crawfish tail meat. (2) We would also expect demand for this product to increase if the tariff uncertainty is removed.

\*\*\*

(1) We would buy more Chinese crawfish due to lower price. (2) Chinese meat consumption would increase due to lower prices.

\*\*\*

(1) & (2) Most firms are already going around tariff so tariff is not enforced. U.S. product cannot compete at current price level.

\*\*\*

(1) If the product is priced more favorably, usage will increase.

\*\*\*

(1) Customers will demand more of the Chinese crawfish and less of the domestic. It would wipe out the Louisiana fresh crawfish industry. (2) Eliminate fresh crawfish production and shift to re-selling imported crawfish.