Fresh and Chilled Atlantic Salmon from Norway

Investigation Nos. 701-TA-302 and 731-TA-454

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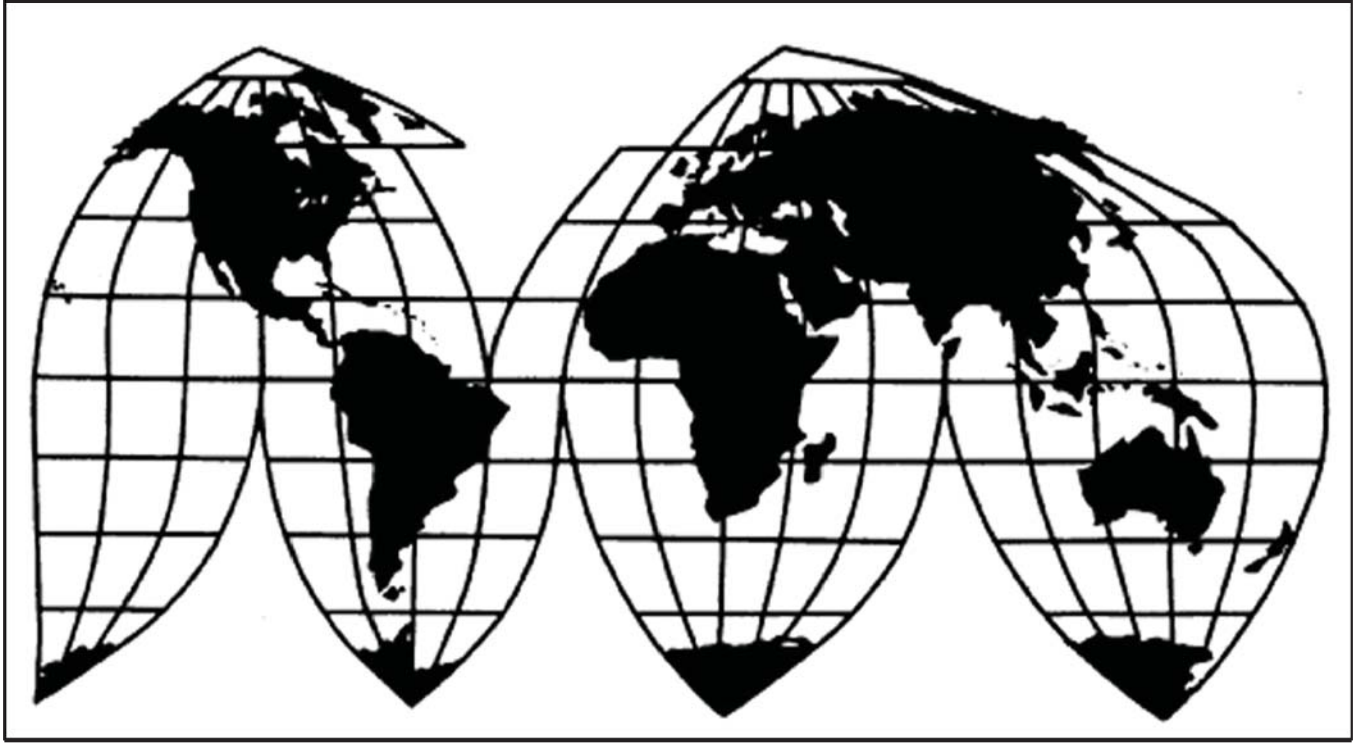
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-302 and 731-TA-454 (Third Review)

FRESH AND CHILLED ATLANTIC SALMON FROM NORWAY

DETERMINATION

On the basis of the record[1] developed in the subject five-year reviews, 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)), that revocation of the countervailing duty order and antidumping duty order on fresh and chilled Atlantic salmon from Norway would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission instituted these reviews on January 3, 2011 (76 F.R. 166) and determined on April 8, 2011 that it would conduct full reviews (76 F.R. 22422, April 21, 2011). Notice of the scheduling of the Commission's reviews 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 July 1, 2011 (76 F.R. 38698). The hearing was held in Washington, DC, on November 30, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner David S. Johanson did not participate in these five-year reviews.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the countervailing duty order and the antidumping duty order on fresh and chilled Atlantic salmon ("fresh Atlantic salmon") from Norway would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. BACKGROUND

In March 1991, the U.S. International Trade Commission ("Commission") determined that an industry in the United States was being materially injured by reason of imports of fresh Atlantic salmon from Norway that the Department of Commerce ("Commerce") had determined to be subsidized and sold in the United States at less than fair value.[2] On April 12, 1991, Commerce issued antidumping and countervailing duty orders on imports of fresh Atlantic salmon from Norway.[3]

The Commission reached affirmative determinations in its first five-year reviews of the orders pursuant to section 751(c) of the Act.[4] The Commission also reached affirmative determinations in its second five-year reviews.[5]

On January 3, 2011, the Commission instituted these third reviews to determine whether revocation of the orders would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.[6] The Commission received responses to the notice of institution from domestic and respondent interested parties. On April 8, 2011, the Commission determined that the domestic and respondent interested party group responses to the notice of institution were adequate and that therefore it would conduct full reviews pursuant to section 751(c)(5) of the Act.[7]

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[1] Commissioner David S. Johanson did not participate in these five-year review investigations.

[2] Fresh and Chilled Atlantic Salmon from Norway, Inv. Nos. 701-TA-302 and 731-TA-454 (Final), USITC Pub. 2371 (April 1991) ("Original Determinations"). The Commission's final determinations were challenged by respondent interested parties in an action before the U.S. Court of International Trade ("CIT"). The court remanded with respect to two aspects of the determinations. Chr. Bjelland Seafoods A/S v. United States, 16 CIT 945 (1992); see also Chr. Bjelland Seafoods A/S v. U.S. International Trade Commission, 1 F.3d 1253 (Fed. Cir. 1993) (Court of Appeals for the Federal Circuit dismissing appeal of CIT's remand order in the absence of a final judgment). On remand, the Commission again concluded that the domestic industry was experiencing material injury by reason of the subject imports. Fresh and Chilled Atlantic Salmon from Norway, Inv. Nos. 701-TA-302, 731-TA-454 (Remand), USITC Pub. 2589 (Dec. 1992) ("Remand Determinations"). The determinations on remand were affirmed by the court. Chr. Bjelland Seafoods A/S v. United States, 19 CIT 35 (Ct Int'l Trade 1995).

The Commission's determinations were also challenged by the Government of Norway before GATT panels. The panels found no inconsistency with U.S. obligations under the GATT.

[3] 56 Fed. Reg. 14920 (April 12, 1991).

[4] Fresh and Chilled Atlantic Salmon from Norway, Inv. Nos. 701-TA-302 (Review) and 731-TA-454 (Review), USITC Pub. 3282 (Feb. 2000)) ("First Review Determinations"). The Commission conducted expedited reviews after finding that the domestic interested party group response to the notice of institution was adequate, the respondent interested party group response was inadequate, and no other circumstances warranted conducting full reviews. 64 Fed. Reg. 55957 (Oct. 15, 1999).

[5] Fresh and Chilled Atlantic Salmon from Norway, Inv. Nos. 701-TA-302 and 731-TA-454 (Second Review Determinations), USITC Pub. 3835 (Jan. 2006). The Commission conducted full reviews after determining that both the domestic interested party group response and the respondent interested party group response to the notice of institution were adequate. 70 Fed. Reg. 29364 (May 20, 2005).

[6] 76 Fed. Reg. 166 (Jan. 3, 2011).

[7] 76 Fed. Reg. 38698 (July 1, 2011).

The Commission received prehearing and posthearing submissions from Cooke Aquaculture USA, Inc. ("Cooke") (formerly Phoenix Salmon U.S., Inc.), a U.S. producer of the domestic like product, advocating continuation of the orders. Representatives of Cooke, True North Salmon, USA, and Icicle Seafoods appeared at the hearing accompanied by counsel. The Commission also received prehearing and posthearing submissions from the Norwegian Seafood Federation ("NSF") and the Aquaculture Division of the Norwegian Seafood Association ("ADNSA") (collectively "respondents") arguing for revocation of the orders. Representatives of the Norwegian Ministry of Fisheries, Norwegian Seafood Export Council, Coast Seafood AS, Grieg Seafood ASA, and Marine Harvest USA appeared at the hearing accompanied by counsel.

The Commission received questionnaire responses from the two domestic producers of fresh Atlantic salmon. These producers are believed to have accounted for 100 percent of U.S. production of fresh Atlantic salmon in 2010.[8]

Importer data in the Commission Staff Report in these reviews are based primarily on official Commerce import statistics.[9] The Commission received questionnaires responses from 11 importers, which accounted for 52.7 percent of subject imports in 2010.[10]

The Commission received foreign producer questionnaire responses from 15 producers of Norwegian fresh Atlantic salmon, which are believed to have accounted for 64.9 percent of fresh Atlantic salmon production in Norway and 79.5 percent of Norwegian exports of fresh Atlantic salmon during the period of review.[11] The Commission received purchaser questionnaire responses from 11 firms.[12]

Commerce conducted full sunset reviews of the countervailing duty and antidumping duty orders and issued its final results in those reviews on November 14, 2011.[13]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission defines "the domestic like product" and the "industry."[14] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[15] The Commission's practice in five-year reviews is to look to the

[8] CR at I-10-11, PR at I-10; CR/PR at III-1.

[9] CR at I-11, PR at I-10.

[10] CR at I-21, PR at I-17.

[11] CR at IV-6, PR at IV-4.

[12] CR at I-23, PR at I-18.

[13] 76 Fed. Reg. 70409 (Nov. 14, 2011) (countervailing duty), 76 Fed. Reg. 70411 (Nov. 14, 2011) (antidumping duty).

[14] 19 U.S.C. § 1677(4)(A).

[15] 19 U.S.C. § 1677(10); see, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); 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, 96th Cong., 1st Sess. 90-91 (1979).

domestic like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.[16]

> In these five-year reviews, Commerce has defined the subject merchandise as Atlantic salmon ("Salmo salar") marketed as specified herein; the order excludes all other species of salmon: Danube salmon; Chinook (also called "king" or "quinnat"); Coho ("silver"); Sockeye ("redfish" or "blueback"); Humpback ("pink"); and Chum ("dog"). Atlantic salmon is whole or nearly whole fish, typically (but not necessarily) marketed gutted, bled, and cleaned, with the head on. The subject merchandise is typically packed in fresh water ice ("chilled"). Excluded from the subject merchandise are fillets, steaks, and other cuts of Atlantic salmon. Also excluded are frozen, canned, smoked or otherwise processed Atlantic salmon.[17]

Farming of fresh Atlantic salmon occurs in three stages: a freshwater stage in which salmon eggs are hatched and raised in tanks into smolt; a saltwater stage in which the smolt are raised in ocean pens to market-size salmon; and a harvesting/processing stage in which the salmon are killed, bled, cleaned, and gutted. The period from egg to harvestable salmon is generally about three years. Once harvested, fresh Atlantic salmon are highly perishable and, therefore, are usually packed in ice, refrigerated, or otherwise chilled (but not frozen). The subject Atlantic salmon are generally marketed as chilled fresh whole adult fish, in "dressed" (gutted and cleaned) form, with the head and tail left on.[18]

In the original investigations, the Commission defined the domestic like product as fresh Atlantic salmon, including salmon smolt.[19] The Commission adhered to that domestic like product definition in the first and second five-year reviews.[20]

The record here contains no information that would warrant reconsideration of the Commission's prior domestic like product definition and no party has argued for any such reconsideration. We therefore define the domestic like product in this review as fresh Atlantic salmon, including salmon smolt, co-extensive with Commerce's definition of the subject merchandise.

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[16] See, e.g., Stainless Steel Sheet and Strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan, Inv. Nos. 701-TA-382 and 731-TA-798-803 (Second Review), USITC Pub. 4244 (July 2011) at 6; Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom, Inv. Nos. AA1921-197 (Second Review), 701-TA-319, 320, 325-27, 348, and 350 (Second Review), and 731-TA-573-74, 576, 578, 582-87, 612, and 614-618 (Second Review), USITC Pub. 3899 (January 2007) at 31, n. 117; Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 (December 2005) at 8-9; Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 (July 2003) at 4; Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 (February 2003) at 4.

[17] See 76 Fed. Reg. 70409, 70411 (Nov. 14, 2011). Currently, the subject merchandise is classifiable in the Harmonized Tariff Schedule of the United States statistical reporting numbers 0302.12.0003 and 0302.12.0004. Id.

[18] CR at I-15-16, PR at I-13.

[19] Original Determinations at 5, 10. Smolt are the juvenile salmon end-product of the freshwater stage of salmon farming. Original Determinations at 8. The definitions of the domestic like product and domestic industry were not at issue in the court challenge of the original determinations and were reaffirmed in the remand determinations. Remand Determinations at 3.

[20] First Review Determinations at 5.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[21] In the original determinations the Commission defined the domestic industry, in accordance with its like product definition, as U.S. producers of fresh Atlantic salmon, including Atlantic salmon smolt.[22] It did so again in the first and second five-year reviews.[23] No party argues for a definition of the domestic industry that differs from the Commission's definition in the original investigations and the prior reviews. Given our prior findings with respect to the domestic industry, and because there is no new information obtained during these third reviews that suggests a reason to revisit them, we again define the domestic industry as all U.S. producers of fresh Atlantic salmon, including Atlantic salmon smolt.[24]

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE COUNTERVAILING AND ANTIDUMPING DUTY ORDERS ARE 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 an antidumping or countervailing duty order unless (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[25] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[26] Thus, the likelihood standard is prospective in nature.[27] The U.S. Court of International Trade has found that

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[21] 19 U.S.C. § 1677(4)(A). 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. 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).

[22] Original Determinations at 10.

[23] First Review Determinations at 5.

[24] There are no related party issues in these reviews.

[25] 19 U.S.C. § 1675a(a).

[26] SAA at 883-84. 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." Id. at 883.

[27] 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.

"likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[28] [29]

The Act 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."[30] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[31]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, 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 orders are revoked or the suspended investigation is terminated."[32] 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 orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C.§ 1675(a)(4).[33] 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.[34]

B. Conditions of Competition and the Business Cycle

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."[35]

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[28] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[29] For a complete statement of Chairman Okun's interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[30] 19 U.S.C. § 1675a(a)(5).

[31] 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.

[32] 19 U.S.C. § 1675a(a)(1).

[33] 19 U.S.C. § 1675a(a)(1). We note that Commerce made no duty absorption findings.

[34] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[35] 19 U.S.C. § 1675a(a)(4).

1. The Commission's Original Determinations and Prior Reviews

General Conditions of Competition. In the original investigations and the first two five-year reviews, the Commission explained that it viewed the three-year growth cycle for production of fresh Atlantic salmon and its 10 to 14 day shelf life to be important conditions of competition. As a result of the three-year production cycle, producers incur costs for several years before any return on their investment is realized. The short shelf life limits producers' flexibility in marketing salmon.[36] The Commission explained in the prior reviews that its consideration of what was likely to occur within a reasonably foreseeable time if the orders were revoked was informed by the growth cycle.[37]

Demand. In the original investigations, the highest level of apparent U.S. consumption of fresh Atlantic salmon was 41.7 million pounds in 1989. Apparent U.S. consumption was substantially higher in the first five-year review period, reaching 144.1 million pounds in 1999, and ranged in the second review period between 149.1 million pounds in 2004 to a high of 172.2 million pounds in 2001.[38]

Supply. In the original investigations, the Commission observed that the U.S. industry was new and emerging. In the first and second five-year reviews, the Commission found that the domestic industry had matured and that domestic producers' capacity, production, shipments, and market share had increased significantly since the original investigations. The Commission noted in the reviews that subject imports from Norway had virtually exited the market after issuance of the orders, with the market supplied largely by nonsubject imports, but that Norway continued to be the world's largest fresh Atlantic salmon producer.[39] The Commission observed in the second reviews that there had been numerous ownership changes in the domestic industry since the original investigations and the first reviews.[40]

In the second five-year reviews, the Commission noted that a number of factors had hampered the operations of the domestic industry during the period, including the fallowing of some saltwater grow-out sites under a court order and a consent decree, eradication of nearly 2.4 million salmon forced by an outbreak of infectious salmon anemia in Maine, and the death of a number of smolt as a result of "superchill" conditions (a sudden drop in water temperature) in Maine.[41]

Substitutability. The Commission observed in the prior reviews that "whole fresh Atlantic salmon remain[ed] a commodity product," that "Norwegian and U.S. product [were] largely interchangeable," that "price was an important factor in [purchasers'] purchasing decisions," and that "no basis exist[ed] for concluding that the subject merchandise would not continue to compete directly with the domestic like product if the order were revoked."[42]

2. The Current Reviews

General Conditions of Competition. As in the original investigations and the first and second reviews, we view the three-year growth cycle for production and the 10 to 14 day shelf life of fresh Atlantic salmon to be important conditions of competition. As a result of the three-year production cycle,

[36] Remand Determinations at 4-5, First Review Determinations at 8-10, Second Review Determinations at 9-10.

[37] E.g., Second Review Determinations at 10.

[38] E.g., Second Review Determinations at 10, Table I-3.

[39] First Review Determinations at 9, Second Review Determinations at 11.

[40] Second Review Determinations at 11.

[41] Second Review Determinations at 11.

[42] Second Review Determinations at 17.

producers incur costs for several years before any return on their investment is realized.[43] The growth cycle also defines a timeframe within which salmon that has reached the desired weight must be harvested – once salmon have reached maturity, producers have only limited means, such as reducing feed, to temporarily delay harvest.[44] Thus, the limited time frame for harvesting and the short shelf life following harvesting limit producers' flexibility in marketing their fresh salmon production. Our consideration of what is likely to occur within a reasonably foreseeable time if the orders are revoked continues to be informed by the growth cycle. In particular, actions to increase production – e.g., hatching additional eggs or releasing additional smolt – do not result in actual production of whole fish for several years because of the length of the growth cycle.

Demand. Apparent U.S. consumption of fresh chilled Atlantic salmon increased each year of the period of review. Overall, it increased from 151.6 million pounds in 2005 to 217.1 million pounds in 2010; it was *** pounds in interim (January-June) 2010 and *** pounds in interim 2011.[45] Although market participants' perceptions of changes in U.S. demand for fresh Atlantic salmon over the period of review were somewhat mixed, most firms reported that demand had increased.[46] Similarly, market participants' perception of changes in demand in the future were mixed but the majority reported that they expected U.S. demand to increase.[47]

Published data indicates that global demand for fresh Atlantic salmon increased over the period of review from 1.27 million metric tons (2.78 billion pounds) in 2005 to 1.44 million metric tons (3.17 billion pounds) in 2009.[48] Market participants' perceptions of changes in demand outside the United States during the period of review were also mixed, but most firms reported that non-U.S. demand had increased.[49] An independent analysis published by RS Platou Markets indicates that global demand for fresh Atlantic salmon was higher in the second six months of 2011 than in the second six months of 2010, and it projects substantial further growth in global demand in 2012 and 2013.[50]

All fresh Atlantic salmon is sold for human consumption, with reported end uses including sushi, sashimi, and processing into smoked salmon, fillets, and other value-added products.[51] The record indicates that fresh Atlantic salmon of different size ranges may be preferable for different uses. For instance, salmon sold in the retail channel and salmon used in the production of fillets tend to be below 12 pounds, sushi production tends to use fish of greater than 12 pounds, and restaurants tend to purchase a variety of sizes, but are more likely to purchase fish weighing 10 pounds or more.[52]

Supply. The domestic industry has consolidated with numerous ownership changes since the original investigations. Currently, there are only two U.S. firms that produce fresh Atlantic salmon,

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[43] CR at I-17, PR at I-14. Although three years is generally recognized as the length of the growth cycle, we note that the cycle can extend to four years. Id.

[44] CR at II-3-4, PR at II-3; Hearing Transcript at 43-44, 266-267 (Ruettgers and Vike).

[45] CR/PR at Table I-7.

[46] CR/PR at Table II-4. Factors reported for increased demand include: more health-conscious consumers, the trend toward eating more sushi, year round salmon availability, more chefs including salmon on menus, no recent bad press, good word of mouth recommendations, better marketing, salmon generally considered to be a relatively inexpensive marine protein, increased seafood consumption generally, and price stability. CR at II-12-13, PR at II-9.

[47] CR/PR at Table II-4.

[48] CR/PR at Table IV-6.

[49] CR/PR at Table II-4.

[50] Respondents' Additional Material (Jan. 6, 2012), Attachment A at 12 (RS Platou Markets, Salmon Quarterly Sector Report (Jan. 2012)).

[51] CR at II-11, PR at II-8.

[52] CR/PR at Table II-6; CR at II-18, PR at II-11.

compared with 20 in the original investigations. Cooke Aquaculture USA, Inc. (previously Phoenix), located in Maine, is a subsidiary of the Canada-based Cooke Aquaculture, Inc.; and American Gold, located in Washington state, is a subsidiary of Icicle Seafoods, Inc., a U.S. corporation.[53] Domestic producers' share of apparent U.S. consumption in the current period of review fluctuated between *** and *** percent on a quantity basis; their market share was *** percent in interim 2010 and *** percent in interim 2011.[54]

Norway remains the world's largest producer of Atlantic salmon, accounting for 59.9 percent of world production in 2009.[55] However, subject imports' U.S. market share remains well below the share in the original period of investigation,[56] fluctuating between *** and *** percent on a quantity basis over the current period of review; it was *** percent in interim 2010 and *** percent in 2011.[57]

Nonsubject imports' market share is considerably greater in the current period of review than in the original period of investigation;[58] from 2005 to 2010 it fluctuated between *** percent and *** percent on a quantity basis and was *** percent in interim 2010 and *** percent in interim 2011. Canada remained the predominant source of nonsubject imports during the review period, although its market share fell from *** percent in 2005 to *** percent in 2010. The United Kingdom was the next most significant source of nonsubject imports, with a market share increasing irregularly from 6.1 percent in 2005 to 10.7 percent in 2010.[59]

The great majority of domestic producers' shipments and the great majority of shipments by importers of subject or nonsubject salmon are to distributors, with the remainder going to processors or retailers.[60]

Substitutability. Fresh Atlantic salmon remains a commodity product, with Norwegian, U.S., and nonsubject product being largely interchangeable.[61] A majority of purchasers reported that the domestic like product, subject imports, and nonsubject imports were generally comparable with regard to a range of factors.[62] Price remains an important factor in purchasers' purchasing decisions. Eight of eleven responding purchasers identified price as the first or second most important factor in their purchasing decisions.[63]

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in

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[53] CR/PR at Table I-5 (CR/PR at Table IV-8 incorrectly identifies Icicle Seafoods as a Canadian corporation).

[54] CR/PR at Table I-8.

[55] CR/PR at Table IV-6.

[56] Subject imports' market share was *** in 1987, 72.9 percent in 1988, and 60.2 percent in 1989. CR/PR at Table I-1.

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

[58] Nonsubject imports' market share was *** in 1987, 20.1 percent in 1988, and 32.3 percent in 1989. CR/PR at Table I-1.

[59] CR/PR at Table I-8.

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

[61] CR/PR a Tables II-7, II-8, II-10, II-12.

[62] CR/PR at Tables II-10, II-11.

[63] CR/PR at Table II-7.

absolute terms or relative to production or consumption in the United States.[64] 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.[65]

1. The Commission's Original Determinations and Prior Reviews

In the original investigations, the Commission found that the volume of subject imports from Norway surged over the period of investigation and that the volume increases from 1987 to 1989 were significant. In view of the precipitous nature of the drop in subject imports from record levels in 1989 to the end of 1990, the Commission found it likely that the pendency of the countervailing and antidumping duty proceedings played a role in the decline in subject imports.[66] On remand from the Court of International Trade in 1992, the Commission again found the volume of imports to be significant, that other factors did not account wholly for the drop in imports in 1990, and that, notwithstanding the 1990 decline, the volume of subject imports from Norway was four times greater than domestic producer shipments in 1990. The Commission noted that, in each year over the period of investigation, subject imports' market share exceeded that of the domestic industry and any other nonsubject producer.[67]

In the first five-year reviews, the Commission found that the orders had had a restraining effect on subject imports, such that there had been virtually no subject imports during the review period. It found that Norwegian production was at high levels, that there was significant unused capacity, and that government policies would allow issuance of permits to increase hatchery production of sea-ready smolt by 150 percent annually. The Commission observed that Norwegian capacity was expected to grow annually for several years. The Commission also noted that the Norwegian industry was highly export-oriented, that Norwegian exports worldwide in 1998 were double those in 1989, and that the Norwegian producers faced volume and price restrictions in the European Union ("EU"). The Commission concluded, therefore, that the Norwegian producers would likely export significant volumes of fresh salmon to the United States if the orders were revoked.[68]

In the second five-year reviews, the Commission observed that the orders continued to have a restraining effect on subject imports from Norway. It found that Norway remained the world's largest producer of fresh Atlantic salmon and that, by any measure, Norwegian producers' capacity and production were large and growing and that substantial excess capacity existed in Norway. The Commission observed that recent increases in the number of eggs introduced into fresh Atlantic salmon production in Norway, coupled with dramatic improvements in producer yields, would likely result in a significant increase in the number of salmon harvested in the reasonably foreseeable future.[69]

The Commission noted in the second reviews that the Norwegian industry continued to be highly export-oriented, exporting over 60 percent of its production in 2004, and that the volume of Norwegian salmon exports had increased substantially since the prior reviews, with the EU and Russia being

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[64] 19 U.S.C. § 1675a(a)(2).

[65] 19 U.S.C. § 1675a(a)(2)(A-D).

[66] Original Determinations at 16-17. The Commission observed that factors other than the countervailing and antidumping duty investigation may also have played a role in the decreased volume of subject imports in 1990.

[67] Remand Determinations at 9-10.

[68] First Review Determinations at 10-12.

[69] Second Review Determinations at 13.

Norway's largest export markets. The Commission found that prices in the United States for fresh Atlantic salmon from Norway were, on average, higher than those in the EU, suggesting that, all else being equal, the United States would be a more attractive market than the EU from a price perspective if the antidumping and countervailing duties on the Norwegian merchandise were removed. The Commission noted that the EU's minimum import price requirements imposed on salmon imports from Norway would make the United States a more attractive market upon revocation. Also, Russia had recently suspended salmon imports from a number of Norwegian farms based on excessive heavy metals content, indicating that Norwegian volumes previously exported to Russia may have needed to find alternative markets.[70]

In the second reviews, the Commission also responded to respondents' argument that higher transportation costs for exports to the United States relative to those on exports to countries nearer to Norway, such as the EU and Russia, would prevent increases in subject imports in the event of revocation. The Commission observed that respondents did not explain how freight costs would be any more prohibitive than they were in the original period of investigation, when they did not prevent significant volumes of subject imports. The Commission found, to the contrary, that the significant and growing volumes of exports of fresh salmon from Norway to Asia, which likely involved transportation costs comparable to or greater than those for exports to the United States, indicated that freight costs were not determinative in export market decisions.[71]

In light of their large and expanding capacity and production and substantial excess capacity over the period, improving production yields, and export orientation, as well as restrictions on their exports to the EU and Russia in the second five-year reviews, the Commission concluded that the Norwegian producers would likely export significant volumes of fresh Atlantic salmon to the United States if the orders were revoked.[72]

2. The Current Reviews

Subject imports of salmon from Norway peaked in the original investigation period at 25.1 million pounds in 1989, then fell after issuance of the orders. They were at 151,000 pounds in 1998,[73] the end of the first review period, and ranged between 469,000 pounds and 1.8 million pounds in the second review period, 1999 to 2004.[74]

The peak subject import volume and market share in the current reviews remained well below the peak subject import volume (25.1 million pounds) and market share (*** percent) in the original investigations.[75] In the current review period, the volume of subject imports of fresh Atlantic salmon from Norway fluctuated between a low of *** pounds in 2009 and a high of *** pounds in 2007, with a market share ranging between *** percent and *** percent.[76]

Norway remains the world's largest producer of fresh Atlantic salmon and has historically held about a 50 percent share of global production, according to the Food and Agriculture Organization of the

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[70] Second Review Determinations at 13.

[71] Second Review Determinations at 13-14. We note, as discussed below, the current record includes more explanation and data on the effect of freight costs than was contained in the record in the second reviews.

[72] Second Review Determinations at 15-16.

[73] First Review Determinations at 11.

[74] CR/PR at Table I-1.

[75] See CR at Table I-1.

[76] CR/PR at Tables I-7, I-8. Subject imports were 327,000 pounds in interim 2010 and 573,000 pounds in interim 2011, with market shares of 0.3 percent and 0.6 percent, respectively. CR/PR at Table IV-1.

United Nations ("FAO").[77] Norwegian producers' questionnaire responses, reflecting 64.9 percent of Norwegian production, show that Norwegian capacity increased from 491.3 million pounds in 2005 to 1.0 billion pounds in 2010.[78] The Norwegian Ministry of Fisheries and Coastal Affairs indicated in 2010 that it would consider whether to issue additional Atlantic salmon farming licenses in 2012 and, thus, may increase capacity in Norway beyond 2012.[79] The questionnaire responses indicate growing production in Norway, as well as growing capacity, over the period of review; Norwegian production increased from 359.8 million pounds in 2005 to 904.4 million pounds in 2010.[80] FAO data also show increases in Norwegian producers' Atlantic salmon production, from 586,512 metric tons (about 1.3 billion pounds) in 2005 to 862,908 metric tons (about 1.9 billion pounds) in 2009.[81]

Accordingly, as production increased more than capacity, Norwegian capacity utilization increased from 73.2 percent in 2005 to 88.0 percent in 2010.[82] Unused capacity based on the questionnaire response data was 131.7 million pounds in 2005 and 199.0 million pounds in 2010, equivalent to nearly *** percent of apparent U.S. consumption of *** pounds in 2005 and more than *** percent of apparent U.S. consumption of *** pounds in 2010.[83]

We find, however, that Norwegian producers are not likely to produce significant volumes of additional fresh Atlantic salmon for export to the United States by engaging unused capacity within a reasonably foreseeable timeframe. Norwegian producers are operating at a high capacity utilization rate,

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[77] CR/PR at Table IV-6, Second Review Determinations at Table IV-3. During the period of review, Norway's share of global production was 46.3 percent in 2005, 47.8 percent in 2006, 54.0 percent in 2007, 50.8 percent in 2008 and 59.9 percent in 2009. Norway's increase in the share of production from 2008 to 2009 was due in part to the substantial decline in Chile's share of global production from 26.8 percent in 2008 to 16.2 percent in 2009, largely due to disease issues. Chile, United Kingdom, and Canada are the other leading global producers. Id. Global production increased during the current period of review from 1.3 million metric tons in 2005 to 1.4 million metric tons in 2009. Id.

[78] CR/PR at Table IV-3. Norwegian producers' capacity was 498.8 million pounds in interim 2010 and 525.6 million pounds in interim 2011.

[79] Respondents' Prehearing Brief at 39.

[80] CR/PR at Table IV-3. Norwegian producers' production was 411.5 million pounds in interim 2010 and 453.5 million pounds in interim 2011. We note that total shipments includes shipments reported by both Norwegian producers and Norwegian exporters. Some of these shipments were purchased by these exporters from these producers which explains why total shipments exceeds reported production.

[81] CR/PR at Table IV-6.

[82] CR/PR at Table IV-3. Norwegian producers' capacity utilization was 73.2 percent in 2005, 71.3 percent in 2006, 78.5 percent in 2007, 77.7 percent in 2008, 85.5 percent in 2009, 88.0 percent in 2010, 82.5 percent in interim 2010, and 86.3 percent in interim 2011. Id.

[83] CR/PR at Tables I-7, IV-3. Respondents provided alternative calculations of capacity using three methods in their prehearing brief. The first method relies on the relatively constant relationship between salmon biomass in the water and salmon harvest. The second and third methods rely on the average harvest per license and maximum allowable biomass ("MAB") per license, respectively. The capacity and utilization estimates from the three different approaches are very similar. Each approach yielded an estimated capacity between 728,000 and 738,000 metric tons in 2005, declining to between 686,000 and 705,000 metric tons in 2010. Capacity utilization under the three methods ranged between 60.1 percent and 61.8 percent in 2005 and between 88.0 percent and 91.2 percent in 2010. We note that MAB provides an upper limit on salmon capacity at any point in time but does not itself provide a basis for measuring total annual capacity. Respondents' Prehearing Brief at 38-40. Moreover, cages are required to remain fallow for two months at the end of each growing cycle according to Norwegian regulations, which also limits the volume of fresh Atlantic salmon that may be produced. Respondents' Prehearing Brief at 40.

88.0 percent in 2010, higher than previously in the period of review.[84] Any efforts to increase production to use this theoretically available capacity could not bear results for at least three years, given the growth cycle for this product, as discussed above. Therefore, it appears that Norwegian farmers may not have substantial unused capacity, in practical terms, that could be used to increase production in the reasonably foreseeable future. This conclusion is buttressed by a recent projection by industry analyst RS Platou Markets that Norwegian producers' harvests will grow by only five percent in 2012 and one percent in 2013, suggesting that any expansion of production would be gradual in the near term, in contrast to the growth in production during the period of review.[85]

While a substantial share of the Norwegian industry's shipments are to the home market,[86] it continues to be export-oriented. Questionnaire data indicate that exports' share of Norway's total shipments of fresh Atlantic salmon increased from 70.9 percent in 2005 to 80.0 percent in 2010.[87]

Norway's exports, however, are highly concentrated in long-standing markets in close proximity – the EU, Russia, and Ukraine. To the extent practical unused capacity exists in Norway, we find that Norwegian producers likely would not use it to serve the U.S. market instead of continuing to meet increasing demand in these export markets. We also find it unlikely that these producers would significantly shift shipments from long-standing, geographically proximate markets in order to seek sales in the United States.

The European market historically, and throughout the period of review, has been the principal market for the greatest share of Norwegian shipments of salmon,[88] and the top ten markets for exports from Norway in 2010 were all in Europe and Russia.[89] The growth in the Norwegian industry's capacity, production, and capacity utilization have been consistent with demand increases in these markets, and the industry's shipments to these markets increased substantially over the period of review. According to the Global Trade Atlas, exports of fresh Atlantic salmon from Norway to Europe (other than Russia)

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[84] CR/PR at Table IV-3. Compare CR/PR at Table III-2 (U.S. producers' highest capacity utilization level was *** percent in 2010, substantially higher than the range of *** for the 2005 to 2009 period).

[85] Respondents' Additional Material (Jan. 6, 2012) Attachment A at 10.

[86] According to questionnaire data, the home market share ranged between 19.9 percent and 32.3 percent over the full years of the period of review; it was 18.8 percent in interim 2011. CR/PR at Table IV-3.

[87] CR/PR at Table IV-3. According to public data, the volume of Norway's whole fresh salmon exports increased from 843.6 million pounds in 2005 to 1.26 billion pounds in 2009 and 1.36 billion pounds in 2010, and exports of fresh salmon accounted for 72.5 percent of Norway's total Atlantic salmon production (fresh, frozen, cuts, and fillets) in 2005 and 73.4 percent in 2009. CR/PR at Tables IV-4, IV-6. In calculating exports as a share of total salmon production, data from Table IV-6 (data from FAO on whole, "round" (un-gutted) salmon) were adjusted to account for yield loss. Dressed fish are approximately 90 percent of the pre-gutting weight. Respondents' Prehearing Brief at Exhibit 11. FAO data is available only through 2009.

[88] Based on the questionnaire response data, Norwegian producers' shipments to the EU market as a share of its total shipments ranged from 45.3 percent to 55.7 percent for the 2005-2010 period; exports to the Norwegian home market ranged from 19.9 percent to 32.3 percent of total shipments; exports to Russia/Ukraine ranged from 2.7 percent to 10.5 percent of total shipments; exports to Asia ranged from 4.0 percent to 5.6 percent of total shipments; exports to the U.S. market ranged from *** of total shipments; exports to all other markets ranged from 1.4 percent to 2.4 percent of total shipments; and exports to affiliated companies ranged from *** of total shipments. CR/PR at Table IV-3. Historically, the Europe/Russian market has accounted for the majority of Norwegian exports; their share of Norway's fresh Atlantic salmon exports increased from 78.8 percent in 1989 to 88.8 percent in 2010, and was 88.2 percent in January to September 2011. Respondent's Posthearing Brief at Exhibit 9.

[89] CR/PR at Table IV-4. The top ten markets for exports of Fresh Atlantic Salmon from Norway in 2010 were, in descending order, France, Poland, Russia, Denmark, Spain, United Kingdom, Netherlands, Germany, Finland, and Sweden. CR/PR at Table IV-4.

increased from 720.0 million pounds in 2005 to 1.10 billion pounds in 2010.[90] Exports of fresh Atlantic salmon from Norway to Russia increased from 61.0 million pounds in 2005 to 166.4 million pounds in 2010.[91]

Responding Norwegian producers report that the EU, Russia, and Ukraine together accounted for 88.7 percent of Norwegian producers' total commercial exports in 2010 (the shares over the period of review were 89.6 percent in 2005, 91.1 in 2006, 90.0 percent in 2007, 90.0 percent in 2008, and 89.6 percent in 2009).[92] Exports to the EU, Russia, and Ukraine as a share of the industry's total shipments were 60.6 percent in 2005, 58.4 percent 2006, 56.0 percent in 2007, 54.0 percent in 2008, 58.3 percent in 2009, and 63.5 percent in 2010. In 2010, only *** percent of total shipments were to unaffiliated companies in markets outside Norway, the EU, Russia, and Ukraine.[93]

The record indicates that demand in both Europe and Russia was strong and increased throughout the period of review.[94] Demand growth in these markets has been sufficient to absorb Norwegian producers' increased supply over the period of review, and these markets' share of total Norwegian remained fairly constant, in a range of 88.8 percent to 90.4 percent between 2007 and 2010.[95] According to the most recent data, demand in those countries is continuing to increase and is forecast to increase further in the future. Exports of fresh Atlantic salmon from Norway to all Europe, including Russia, were higher in each month of 2011 through November 2011 (the limit of available data) than in each corresponding month of 2010,[96] indicating continued growth in European demand. RS Platou Markets reports that apparent consumption in the EU probably grew by 17 percent in the fourth quarter of 2011 alone, while apparent consumption in Russia grew by more than 30 percent in that quarter.[97] Demand in the EU and Russia is forecast by RS Platou Markets to remain solid or increase through 2013.[98]

We do not find significant barriers to Norway's continued high level of exports to these long-standing markets. Since the second reviews, the EU's minimum import price restrictions on Norwegian salmon have been removed, thus eliminating that potential barrier to Norwegian producers' exports to the EU.[99] With respect to Russia, Cooke argues that Russia's suspension of salmon imports from certain

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[90] Calculated from CR/PR at Table IV-4.

[91] Calculated from CR/PR at Table IV-4.

[92] CR/PR at Table IV-3. The Norwegian producers exported 717.5 million pounds of fresh Atlantic salmon to the EU in 2010, accounting for 66.3 percent of Norwegian producers' total exports that year, and exported 398.0 million pounds to Russia and Ukraine, accounting for 13.1 percent of total exports. Id. The Norwegian producers exported 327.7 million pounds in interim 2010 and 331.5 million pounds in interim 2011 to the EU, and exported 57.3 million pounds in interim 2010 and 71.4 million pounds in interim 2011 to Russia and Ukraine. Id.

[93] CR/PR at Table IV-3. Based on Global Trade Atlas data, only 14.4 percent of Norwegian exports of fresh Atlantic salmon in 2010 were to markets outside Europe/Russia/Ukraine. See CR/PR at Table IV-4 (85.6 percent of exports from Norway to Europe/Russia/Ukraine and the other 14.4 percent to Japan, Hong Kong, China, Taiwan, the United States, and other markets). See also Respondent's Posthearing Brief at Exhibit 9 (88.8 percent of Norway's exports were to Europe/Russia and 11.2 percent to U.S./Canada, Asia, and other markets in 2010).

[94] Whereas Cooke contends that demand for Atlantic salmon is declining in Europe and Russia, and that such declines will require Norwegian producers to find alternative markets in the reasonably foreseeable time frame (e.g., Cooke's Prehearing Brief at 35-37 and Exhibit 17), the evidence does not support that those markets are declining.

[95] Respondents' Posthearing Brief at Exhibit 9, p.1.

[96] Respondent's Posthearing Brief at Exhibit 4.

[97] Respondents' Additional Material (Jan. 6, 2012), Attachment A (RS Platou Markets, Salmon Quarterly Sector Report (Jan. 2012)) at 12-13.

[98] Id.

[99] CR at IV-13, PR at IV-11.

Norwegian farms based on excessive heavy metal content, as was noted in the Commission's second five-year review determinations, continues to limit the volume Norwegian producers may export to Russia.[100] Those limitations, however, apparently affect only three Norwegian farms; 35 Norwegian farms are currently approved to export salmon (or trout) to Russia.[101] Cooke also maintains that demand for fresh Atlantic salmon from Norway will be dampened by new Atlantic salmon farming operations in Russia and by the large wild salmon catch in Russia in 2011. The record indicates however that *** in the reasonably foreseeable future.[102] Moreover, fishing for wild salmon occurs in Eastern Russia, where the Norwegian salmon does not compete and, therefore, such catches do not substantially affect demand for Norwegian farmed salmon in Russia, which is concentrated in Moscow and St. Petersburg.[103] In any event, as noted above, Norwegian producers' exports of fresh Atlantic salmon to Russia increased by 173 percent over the review period, and are forecast to increase further in the foreseeable future.[104] Accordingly, we find no basis to conclude that Russian limitations on imports from certain Norwegian farms, reports of interest in commencing Atlantic salmon farming in Russia, or wild salmon fishing in Russia represent significant barriers to Russian imports of Norwegian salmon.[105]

We find that Norwegian producers would not be likely to shift a substantial volume of exports from their current export markets, predominantly the EU and Russia, to the United States if the orders were revoked. The record establishes that, in light of fresh Atlantic salmon's relatively short shelf life, air freight is required for shipments from Norway to more distant markets, such as the United States and Asia, whereas Norwegian producers are able to ship to their European and Russian markets using lower-cost overland methods, such as truck and rail. To limit transportation costs and meet customer demands for shorter lead times, therefore, the evidence demonstrates that Norwegian producers focus on their home and European/Russian markets.[106]

The Norwegian producers' focus on the EU/Russia region is consistent with global trade patterns generally. For instance, although Chile also is a major producer of whole fresh Atlantic salmon, exports of whole fresh Atlantic salmon from Chile are, like those from Norway, largely to nearby countries and are not exported in large quantities to the United States, for which air freight would be required.[107] Chile ships over 90 percent of its whole fresh Atlantic salmon exports to South and Central American countries and does not export significant volumes to the United States.[108] Rather, Chile's exports to the United

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[100] Second Review Determinations at 15.

[101] CR at IV-14, PR at IV-12; Respondents' Posthearing Brief at Exhibit 36.

[102] Respondents' Posthearing Brief at Exhibit 36 (***).

[103] Respondents' Posthearing Brief at A-87. Hearing Transcript at 194 (Sundheim).

[104] CR/PR at Table IV-3 (Russian imports of the Norwegian product increased from 60.9 million pounds in 2005 to 166.4 million pounds in 2010).

[105] China has imposed inspection and quarantine regime on salmon from Norway that has caused a drop in imports from Norway. CR at IV-14-15. We note, however, that the volume previously exported from Norway to China was small. CR/PR at Table IV-4.

[106] E.g., Respondents' Posthearing Brief at A-33.

[107] Respondents' Posthearing Brief at Exhibit 9, p. 2.

[108] Respondents' Posthearing Brief at Exhibit 9, p. 2. Chile was the second largest producer of whole fresh salmon during the period of review. CR/PR at Table IV-6. According to the Global Trade Atlas data, 82.2 percent of Chile's exports of fresh Atlantic salmon in 2010 were to Brazil, 10.0 percent were to Argentina, and 6.0 percent were to the United States in 2010. CR at IV-17, PR at IV-14. Chile's exports of fresh Atlantic salmon to the United States and Canada accounted for between 5.1 percent and 8.3 percent for the 2007-2010 period, whereas exports to the other Americas accounted for between 91.6 percent and 94.9 percent of Chile's exports. Respondents' Posthearing Brief at Exhibit 9, p. 2.

States are predominantly salmon cuts,[109] which are less expensive to ship by air freight.[110] Canada, on the other hand, in closest proximity to the United States, ships virtually all of its fresh Atlantic salmon to the United States, ships all sizes of salmon, and is the dominant supplier of the U.S. market.[111]

Although U.S. imports of whole fresh salmon from the United Kingdom and the Faroe Islands increased during this third review period, these imports were heavily concentrated in fish of larger sizes, which typically command a higher price per pound.[112] Consistent with this pattern, the small share of Norway's exports to markets not in close proximity are generally at higher average unit values, compensating for high air freight costs.[113]

Corroborating our finding that Norwegian producers are not likely to increase exports to the United States substantially in the event of revocation is the fact that imports from Norway played only a supplemental role when imports of Chilean cuts (e.g., fillets and steaks) decreased during the review period. When the volume of salmon cuts from Chile dramatically declined following an outbreak of infectious salmon anemia in Chile in 2009, the volume of cuts imported from Norway (which are nonsubject product) increased to fill only part of the supply gap in 2009 and 2010, and Norway's volume dropped steeply when imports of the Chilean product resumed in interim 2011.[114] If the Norwegian salmon industry's capacity and production compels it to seek sales in the U.S. market, as Cooke asserts, it would be expected to have had a larger presence in the nonsubject salmon cut market and not just the minor share it had through most of the period of review.[115] Norwegian producers' failure to fill a significant gap in U.S. supply of salmon cuts when Chile's exports temporarily fell, and their limited exports of nonsubject salmon cuts to the United States at other points over the period of review, provide

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[109] Respondents' Posthearing Brief at Exhibit 9, p. 2. Chile's exports of salmon cuts to the U.S. market as a share of its total salmon cut exports ranged from 94 percent to 98.1 percent for the 2007-2010 period. Id.

[110] The record shows lower transportation costs for Chilean cuts than whole salmon. Respondents' Posthearing Brief at Exhibit 8 (air freight accounting for a smaller share of cost for cuts than for whole fish). The record also includes allegations that labor costs for production of cuts in Chile are lower than those in Norway, Canada, and the United States. E.g., Hearing Transcript at 23 (Cooke), 96 (Coursey). We note that AUVs for imports of Atlantic salmon cuts from Chile were lower than AUVs for salmon cuts from Norway and "all other" sources in all but one comparison, and lower than AUVs for salmon cuts from Canada in all but two comparisons, during the review period. CR/PR at Table II-5.

[111] Respondents' Posthearing Brief at Exhibit 9, p. 3; CR/PR at Tables IV-1, IV-2.

[112] Over *** of the whole fresh salmon imports from each country were of fish more than 14 pounds in 2010; just *** percent of shipments of the domestic like product consisted of fish over 14 pounds. CR/PR at Tables IV-1 and IV-2.

[113] See CR/PR at Table IV-4 (comparing 2010 average unit values for exports to Asian markets to those for European markets). We note that a relatively small share of Norway's shipments of fresh Atlantic salmon are to Asia (the share ranged between 4.0 and 5.6 percent from 2005 to 2010). CR/PR at Table IV-3. Unlike the situation in the U.S. market, however, Norwegian exporters to Asian markets do not face competition from any large, geographically proximate producing nations. See CR/PR at Table IV-6.

[114] CR/PR at Table II-5, CR at IV-16; PR at IV-13 to IV-14. U.S. imports of salmon cuts from Norway increased by 36.1 million pounds from 2008 to 2009, while imports of salmon cuts from Chile decreased by 77.2 million pounds. CR/PR at Table II-5. Imports of salmon cuts from Norway increased further in 2010, but only by 8.8 million pounds, while imports of salmon cuts from Chile fell by a much greater amount, 43.9 million pounds. Imports of cuts from Norway declined as those from Chile increased in interim 2011. Imports of cuts from Chile were 33.8 million pounds in interim (January to September) 2010 and 64.9 million pounds in interim 2011, while imports of cuts from Norway were 41.5 million pounds in interim 2010 and only 13.9 million pounds in interim 2011. Id.

[115] From 2005 to 2008, Norway's share of total salmon cut imports ranged between 1.4 percent and 3.2 percent. See CR/PR at Table II-5.

further evidence that Norwegian producers do not have substantial excess capacity or an incentive to shift exports from Europe to the U.S. market. Thus, it appears that the main driver for the Norwegian industry's export marketing decisions is its competitive position in various export markets rather than a need to offload excess supply. Canada is the principal U.S. supplier of whole fresh Atlantic salmon and Chile is the principal U.S. supplier of salmon cuts.[116] Producers in Norway would have to compete with these imports to reenter the U.S. market and have only done so when supply is not available and unit values were at relatively high levels.

We have also considered whether the U.S. market would be an attractive alternative in terms of price such that Norwegian producers would have an incentive to shift exports from their current, long-standing markets to the United States in the event of revocation. Cooke argues that a price-to-price comparison shows that the U.S. price for Atlantic salmon is higher than prices in Europe and Russia and that, therefore, Norwegian producers will likely shift exports from their longstanding markets to the United States if the orders were revoked. Respondents argue that a "net back analysis," reflecting the actual likely returns to the Norwegian producers on exports to the United States and other markets, after handling and transportation cost differences are accounted for, shows that the U.S. market would be less attractive than the Norwegian producers' current export markets.

Using public data, we have performed a price-to-price comparison, comparing the U.S. market price (Urner Barry prices) to French market prices (Rungis prices) for similar sized salmon over the period of review.[117] The comparison shows that U.S. prices were lower than French prices for 6 to 8 pound salmon in most comparisons over the period of review, being higher than the French price only in some of the later months of 2011.[118] Comparisons for the U.S. market price for 12 to 14 pound fish were mixed, both slightly lower and slightly higher than French market prices.[119]

Given the strong local supply strategies of the Norwegian producers, it is unwarranted to conclude, based on these mixed data on the comparative attractiveness of the pricing of the two markets, that U.S. prices would provide a significant incentive for Norwegian producers to shift exports substantially from their longstanding markets to the United States if the orders were revoked. Although we find it unnecessary, therefore, to assess the reasonableness or accuracy of the net back analysis proffered by respondents, we acknowledge that the additional air freight and other handling costs inherent in air shipping to the United States, as compared to ground transportation and handling costs on exports to

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[116] CR/PR at Tables I-7, II-5.

[117] See CR/PR at Figure V-5; CR at V-2; PR at V-1-2. France was the destination for the largest volume of Norway's Atlantic salmon exports during the period of review. CR/PR at Table IV-4. Rungis is the wholesale food market of greater Paris. CR/PR at V-2. Urner Barry publishes prices of fresh whole Atlantic salmon in three U.S. regional markets. CR at V-2, PR at V-1-2. Both Urner Barry and Rungis are *market* prices; thus, they include prices in the stated market for all suppliers. Urner Barry and Rungis, therefore, are widely recognized (and used by both Cooke and respondents) as reliable published sources in the trade, providing credible monthly pricing series data for fresh Atlantic salmon sales by fish weight. Those are the data summarized at Figure V-5 of the staff report (CR/PR at Figure V-5). The unit value data upon which Cooke relies are average unit values at Table IV-4 of the staff report (CR/PR at Table IV-4) and from Global Trade Information Service, which are average unit values of Norwegian producers' exports. Cooke's Prehearing Report at 41, 51-52. Norwegian export prices, however, are not the same as prevailing market prices in the countries to which Norwegian salmon is exported. Moreover, unlike the Urner Barry and Rungis data, the Norwegian export price data are not specific to salmon weight ranges.

[118] CR/PR at Figure V-5.

[119] CR/PR at Figure V-5. We note that, although prices for larger fish were only sometimes higher in the United States than in the Rungis series, larger fish did typically command a higher price per pound. U.S. imports of fresh Atlantic salmon from the UK and Faroe Islands tend to be larger fish, and imports from these sources had average unit values well above those for the domestic like product for the larger fish. Id., CR/PR at Table IV-2.

Europe or Russia, would be a relevant factor in Norwegian producers' decision whether to export to the United States in the event of revocation.[120]

In conclusion, although we recognize that Norwegian capacity is substantial and Norwegian producers are export-oriented, we find that Norwegian producers would not likely shift exports from their longstanding export markets to the United States in the event of revocation. The Norwegian industry's consistent focus on the European/Russian market, which has been and likely will continue to be an area of further growth, and the absence of any consistent U.S. price advantage support our conclusion. We find, therefore, that although the volume of fresh Atlantic salmon imports from Norway may increase if the orders were revoked, the likely volume would not be significant either in absolute terms or relative to production or consumption in the United States.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the orders under review were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product 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 the domestic like product.[121]

1. The Commission's Original Determinations and Prior Reviews

In the original investigations, the Commission found that subject imports generally oversold the domestic like product during the period of investigation. However, it also found that when subject imports flooded the market in 1989 and the first half of 1990, domestic producers were forced to sell at reduced prices due to the substantial volume of subject imports and the high degree of substitutability

[120] We recognize that the Commission found in the second reviews, based on the evidence in those reviews, that the U.S. market would be attractive for subject imports if the orders on fresh Atlantic salmon were revoked. However, material injury investigations and determinations, even when they involve the same products and issues, are *sui generis* and not precedents to be followed in subsequent investigations involving different or more comprehensive evidence. *Nucor Corp. v. United States*, 414 F.3d 1331, 1340 (Fed. Cir. 2005). Thus, Congress intends the Commission to make its determinations based on the record of each investigation, including the arguments made by the parties. Nippon Steel Corp. v. United States, 19 CIT 450, 454-55 (1995); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075,1087-88 (CIT 1988). We note that, in any event, the record in the second five-year reviews did not include the extensive documentation and analysis on the record here regarding price differences in the U.S. and other markets, or the information on differences between the cost of ground freight in Europe compared with the cost of air freight for shipping salmon from Norway to the United States. A good deal of that evidence was placed on the record with respondents' argument that the U.S. market would not be attractive for Norwegian producers on a net back basis, and Cooke's response to that argument and proposed use of an alternative net back analysis using different transportation cost and market price data. E.g., Respondents' Posthearing Brief at Exhibits 30-33, Cooke's Posthearing Brief at 6 and Exhibits 6 and 25; see also CR at V-17-18, PR at V-8-9. As noted, we do not find it necessary to calculate exact transportation costs to conclude that U.S. market prices are not higher than the prices in Europe (based on direct market price comparisons) with a frequency and regularity that would render it attractive for the Norwegian producers to shift away from current longstanding export markets.

[121] See 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.

between domestic and Norwegian salmon. The Commission found that the depression and suppression of domestic producers' prices eased with the imposition of preliminary duties.[122]

In the first five-year reviews, the Commission observed that Norwegian production and capacity had increased since the original investigations and that increased quantities of Norwegian salmon would undersell the domestic product to regain market share and would again suppress or depress prices for the domestic like product.[123]

In the second reviews, the Commission noted that the Norwegian merchandise oversold the domestic like product in the majority of comparisons but undersold the domestic like product in those quarters in which the largest volumes of Norwegian merchandise were recorded.[124] The Commission explained that fresh Atlantic salmon was viewed as a commodity product and that the likely significant volume of subject imports in the event of revocation could not continue to be marketed solely as a "niche" product.[125] If the orders were removed, the Norwegian producers would have to use lower prices to reenter the U.S. market, in contrast with the original investigation, in which domestic producers were unknown newcomers and therefore needed to offer discounts to win sales. The Commission concluded that the subject imports would likely undersell the U.S. product in order to gain U.S. market share and the significant increase in subject imports at prices that would likely undersell the U.S. product would likely have significant adverse price effects on U.S. producers.[126]

2. The Current Reviews

As noted above, fresh Atlantic salmon remains essentially a commodity product and price remains an important consideration in purchasing decisions. In these reviews, the Commission collected pricing data on four fresh Atlantic salmon products. By quantity, pricing data by responding firms accounted for *** percent of reported U.S. producers' shipments during the period of review and *** percent of reported U.S. shipments of imports from Norway. The subject imports oversold the domestic like product in 49 of 50 comparisons at margins of overselling ranging between *** percent and *** percent. In the single instance of underselling, the margin was *** percent.[127]

Prices of the U.S. product tended to follow an annual cycle, with the lowest price typically in the fourth quarter. Domestic prices for all four products increased by about 90 percent from January 2005 to June 2010. Prices in 2005 tended to be slightly lower than in 2006 and 2007. In 2008, prices of product 1 and 2 were higher than in prior years. In 2009, prices increased for all four products and all product prices were the highest in the third quarter of 2009. Thereafter, prices declined, although they generally remained above 2005 to 2008 price levels.[128] The record includes indications that global prices may have declined somewhat in the second half of 2011 but that recent smolt release levels suggest future global supply levels that could result in increased prices in the next few years.[129]

Similar to price data collected by the Commission, publicly available price data from Urner Barry for whole fresh salmon f.o.b. Northeast United States also follow an annual cycle with the lowest prices

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[122] Remand Determinations at 14-17.

[123] First Review Determinations at 12-13.

[124] Second Review Determinations at 18.

[125] Second Review Determinations at 18.

[126] Second Review Determinations at 18.

[127] CR/PR at Tables V-1 - V-4; CR at V-16, PR at V-7.

[128] CR/PR at Tables V-1 - V-4; CR at V-15, PR at V-7.

[129] E.g., Respondents' Additional Material (Jan 6, 2012) at Attachment B.

typically in the fourth quarter.[130] Prices generally increased in 2006 over 2005, and increased further in 2009 and 2010. From January 2005 to June 2010, prices for larger-size fish nearly doubled, and prices for smaller-size fish more than doubled. Prices in January-May 2011 were higher than prices in the corresponding month in 2010 for every size fish. The highest prices for all sizes were observed in May 2011. Prices for all sizes then declined in the third and fourth quarters of 2011.

Even if subject imports were to increase modestly in the event of revocation, the limited volume of imports would not likely result in substantial underselling even if the imports were priced in the same manner as the imports from Norway during the original period of investigation. As the Commission noted in the original determinations, there was no significant underselling during the original period of investigation.[131] There has been no significant underselling in the prior five-year reviews or the current review either. In light of the likely modest volume of subject imports from Norway[132] and the likely absence of significant underselling, such imports would not be likely to affect U.S. producers' price, production, or shipment levels.

Therefore, if the orders were revoked, the likely volume of subject imports would not be significant, those imports would not likely undersell the U.S. product in order to gain U.S. market share, and would not have significant price-suppressing or price-depressing effects. We conclude, therefore, that if the orders were revoked subject imports would not be likely to have significant adverse effects on the price of the domestic like product.

E. Likely Impact of Subject Imports[133]

In evaluating the likely impact of imports of subject merchandise if the orders under review were 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 the following: (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.[134] 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. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is

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[130] Respondents' Posthearing Brief at Exhibit 10. As noted above, Urmer Barry is a widely recognized source of market price data, relied upon by both Cooke and respondent parties in these reviews. Urner Barry prices for 6-8 pound, 8-10 pound, 10-12 pound, and 12-14 pound whole fresh salmon, f.o.b. Northeast United States. The timing of the annual cycle can vary somewhat. For instance, the low point of the fourth quarter 2007 extended into the first quarter of 2008. Respondents' Posthearing Brief at Exhibit 10.

[131] Original Investigation Determinations at 14.

[132] As noted above, unlike here, the Commission found in the second reviews that the volume of subject imports from Norway would likely be significant if the orders were revoked.

[133] In its final determination in its third review of the countervailing duty order, Commerce determined that revocation of the order would likely result in a net countervailable subsidy of 2.20 percent. 76 Fed. Reg. 70409 (Nov. 14, 2011). In its final determination in the third review of the antidumping duty order, Commerce determined that revocation of the order would likely result in dumping margins of 18.39 for Salmonar A/S; 24.61 Sea Start International A/S; 15.65 for Kinn Salmon A/S (formerly Skaarfish); 21.51 for Frenstad Group A/S; 31.81 for Domstein and Co.; 26.55 for Saga A/S; 19.96 for Chr. Bjelland A/S; 31.81 for Hallvard Leroy A/S; and 23.80 for all others. 76 Fed. Reg. 70411 (Nov. 14, 2011)

[134] 19 U.S.C. § 1675a(a)(4).

related to the order at issue and whether the industry is vulnerable to material injury if the order were revoked.[135]

1. The Commission's Original Determinations and Prior Reviews

In the original investigations the Commission found that apparent U.S. consumption and domestic producers' capacity, production, and employment had increased over the period. However, the financial performance of the industry, after improving in 1988 relative to 1987, declined precipitously in 1989 as net sales decreased and cost of goods sold and general, selling, and administrative costs increased. Lower prices for the domestic product led to a leveling of juvenile salmon production and lower sales revenues. The industry's operating losses were large in 1989, and producers experienced a severe negative cash flow. The industry continued to record a significant operating loss and negative cash flow for the period of January-September 1990, even though net sales were well above the level in the same period in 1989.[136] The largest domestic producer ceased operation in August 1990, and other producers indicated difficulties obtaining working capital and credit.[137]

In the first five-year reviews, the Commission found that the record did not include sufficient information to permit it to determine whether the domestic industry was vulnerable. It found, however, that the likely increased volume of subject imports and downward price pressures would have significant adverse effects on the domestic industry's production, shipments, sales, and revenue levels, which in turn would adversely impact the industry's profitability and its ability to raise capital and make and maintain necessary capital investments.[138]

In the second five-year reviews, the Commission found that the domestic industry was vulnerable to the continuation or recurrence of material injury. The Commission noted that the industry's operations in Maine had been hampered during the period examined by fallowing of saltwater grow-out sites by court order and consent decree, an outbreak of infectious salmon anemia that forced eradication of nearly 2.4 million salmon, and "superchill" conditions that killed a number of smolt. These events restricted U.S. production and shipments and contributed to the operating losses suffered by the domestic industry in 2002, 2003, and 2004. The Commission observed that other indicators of the industry's condition were similarly weak.[139] The Commission also found that material injury was likely to continue or recur if the orders were revoked. The Commission found that the significant volume of subject imports and the price depressing/suppressing effect of subject import were likely to negatively impact the industry, which was poised to recover as the court ordered fallowing was ending. The Commission therefore concluded in the second reviews that revocation of the antidumping duty order would be likely to lead to significant declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise

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[135] 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 885, 19 U.S.C. § 1675a(a)(4).

[136] Original Determinations at 14-15.

[137] Remand Determinations at 7.

[138] First Review Determinations at 15.

[139] Second Review Determinations at 19-20.

capital, and investment, and negative effects on the domestic industry's development and production efforts within a reasonably foreseeable time.[140]

2. The Current Reviews

In the current reviews, we find that the domestic industry is not vulnerable to the continuation or recurrence of material injury. The domestic industry has undergone significant consolidation since the original investigations, with the number of domestic producers falling from 20 to two.[141] The industry is now far more productive and profitable than in the past, as reflected in its operating margins and substantial investments in new capacity and equipment during the period of review. The industry's current positive performance, coupled with forecasts of stable or increased demand, indicates continued positive prospects for the industry in the reasonably foreseeable future.

Domestic capacity increased irregularly from *** pounds in 2005 to *** pounds in 2010, a *** percent increase over the period of review.[142] Domestic industry production increased irregularly from *** pounds 2005 to *** pounds in 2010, a *** percent increase over the period of review.[143] The domestic industry's rate of capacity utilization increased irregularly over the period from *** percent in 2005 to *** percent in 2010 due to the domestic industry's greater increase in production than capacity.[144]

Domestic industry employment and hours worked increased somewhat irregularly during the period, while compensation and productivity increased. Domestic industry employment increased from *** production and related workers ("PRWs") in 2005 to *** PRWs in 2010, a level *** percent higher than in 2005.[145] Domestic industry hours worked increased from *** hours in 2005 to *** hours in 2010, a level *** percent higher than in 2005.[146] Domestic industry wages paid increased from $*** in 2005 to $*** in 2010, an increase of *** percent.[147]

Additionally, unit labor costs, after increasing from $*** in 2005 to $*** in 2007, declined irregularly to $*** in 2010, a decrease of *** percent, while domestic industry productivity increased irregularly from *** pounds per hour in 2005 to *** pounds per hour in 2010.[148]

The industry's net sales quantity tracked production, increasing irregularly from *** pounds in 2005 to *** pounds in 2010, an increase of *** percent.[149] Similarly, the domestic industry's U.S. shipments increased irregularly from *** pounds in 2005 to *** pounds in 2010, an increase of ***

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[140] Second Review Determinations at 20-21.

[141] CR at I-19, PR at I-16. Whereas two producers currently account for 100 percent of domestic production, 20 firms responded to the Commission's domestic producer questionnaire in the original investigations.

[142] CR/PR at Table III-2. The domestic industry's production capacity was *** pounds in interim 2010 and *** pounds in interim 2011.

[143] Id. The domestic industry's production was 18.2 million pounds in interim 2010 and 11.6 million pounds in interim 2011.

[144] Id. The domestic industry's capacity utilization was 96.2 percent in interim 2010 and 49.1 percent in interim 2011.

[145] CR/PR at Table III-4. PRWs were *** in interim 2010 and *** in interim 2011.

[146] Id. Hours worked were *** in interim 2010 and *** in interim 2011.

[147] Id. Wages paid were $*** in interim 2010 and $*** in interim 2011.

[148] Id. The domestic industry's unit labor costs were $*** in interim 2010 and $*** in interim 2011. Productivity was *** pounds per hour in interim 2010 and *** pounds per hour in interim 2011.

[149] CR/PR at Table III-5. The domestic industry's net sales were *** pounds in interim 2010 and *** pounds in interim 2011.

percent.[150] The domestic industry's share of apparent U.S. consumption fluctuated during the period of review, increasing overall from *** percent on a value basis in 2005 to *** percent in 2010, a level *** percentage points higher than in 2005.[151]

The industry's cost of goods sold ("COGS") as a share of net sales fluctuated over the period but declined overall from *** percent in 2005 to *** percent in 2010.[152] The industry's operating income increased irregularly from $*** in 2005 to $*** in 2010, while its operating margin increased from *** percent in 2005 to *** percent in 2010.[153]

The domestic industry's robust performance over the period of review reflects the fundamental health of the industry's operations. Capital expenditures fluctuated and increased overall during the period from $*** in 2005 to a period high of $*** in 2006; they were $*** in 2007, $*** in 2007, $*** in 2008, $*** in 2009, and $*** in 2010.[154] Domestic producers reported *** R&D expenses during the period.[155] That COGS as a share of net sales declined to *** percent in 2010, lower than in any year of the prior reviews, indicates that the industry has been better able to recoup its costs.[156]

We note that one domestic producer's operations were recently affected by sea lice, which required premature harvesting of certain of its fresh Atlantic salmon. While it is not clear whether that early harvesting ultimately had an adverse or a positive effect on the industry's financial performance in the immediate and near term,[157] it appears that risk of sea lice and other hazards, such as those occurring in the prior reviews and in the recent past in Chile, is inherent in all Atlantic salmon farming operations.

The substantial presence of nonsubject imports in the U.S. market is important to our analysis. Nonsubject imports accounted for *** percent of apparent U.S. consumption on a quantity basis in 2010 and *** percent in interim 2011.[158] The mature Canadian industry, which is immediately proximate to the United States, supplied *** of the increasing apparent U.S. consumption of whole fresh Atlantic salmon in all sizes from 2005 to 2010.[159] Norway would have to compete with nonsubject imports, particularly Canadian whole salmon in addition to U.S. product, to reenter the U.S. market. As noted above, Canada transports its exports to the United States by land freight, and thus its AUVs generally have been lower than all other imports in all size ranges during the period of review.[160] Given the limited attractiveness of the U.S. market to Norwegian producers, given what is at best mixed evidence on pricing levels vis-à-vis other markets, and the need to recoup air freight costs, we find the dominant presence of nonsubject

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[150] CR/PR at Table III-3. The domestic industry's U.S. shipments were *** pounds in interim 2010 and *** pounds in 2011. Id. The domestic industry's export shipments increased from *** pounds in 2005 to *** pounds in 2010. The industry's export shipments were *** pounds in interim 2010 and *** pounds in interim 2011. Id.

[151] CR/PR at Table I-8. The domestic industry's share of apparent U.S. consumption was *** percent in interim 2010 and *** percent in interim 2011.

[152] CR/PR at Table III-5. COGS/net sales was *** percent in interim 2010 and *** percent in interim 2011. Id.

[153] CR/PR at Table III-5. Operating income was $*** in interim 2010 and $*** in interim 2011. The operating margin was *** percent in interim 2010 and *** percent in interim 2011. Id.

[154] CR/PR at Table III-10. The domestic industry's capital expenditures were $*** in interim 2010 and $*** in interim 2011. Capital expenditures by ***. CR at III-20, PR at III-8.

[155] CR at III-19, PR at III-8. The U.S. industry's return on investment increased irregularly over the period; it increased from *** percent in 2005 to *** percent in 2006, declined to *** percent in 2009, before increasing to *** percent in 2010. CR/PR at Table III-9.

[156] See CR/PR at Table C-1, Second Review Determinations at Table C-1.

[157] Cooke's Prehearing Brief at 56-58 and Exhibit 23.

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

[159] CR/PR at Table I-8.

[160] CR/PR at Tables IV-1 and IV-2.

imports to be a significant competitive impediment to any increased exports by Norway to the U.S. if the orders were lifted.

In view of our findings regarding the likely volume and price effects of subject imports from Norway and the health of the domestic industry throughout the period of review, we conclude that subject imports from Norway would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investments if the orders were revoked. In light of projected demand growth, the relatively small additional volumes of subject imports from Norway that would be likely upon revocation should be insufficient to take any significant market share from the domestic industry. Moreover, because these subject imports would not be likely to significantly undersell the domestic like product or have other significant price effects, they would not be likely to cause any significant declines in the domestic industry' revenues or financial performance. Accordingly, we determine that revocation of the antidumping duty and countervailing duty orders on subject imports from Norway would not be likely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the countervailing and antidumping duty order on fresh and chilled salmon from Norway would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

PART I: INTRODUCTION

BACKGROUND

On January 3, 2011, the U.S. International Trade Commission ("USITC" or "Commission") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"), [1] that it had instituted reviews to determine whether revocation of the countervailing duty and/or antidumping duty orders on fresh Atlantic salmon ("fresh Atlantic salmon") from Norway would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On April 8, 2011, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. [4] The tabulation on the following page presents information relating to the schedule of this proceeding.[5]

[1] 19 U.S.C. 1675(c)

[2] *Fresh and Chilled Atlantic Salmon From Norway*, 76 FR 166, January 3, 2011. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review*, 76 FR 89, January 3, 2011.

[4] *Determinations to Conduct Full Five-Year Reviews Concerning the Countervailing Duty and Antidumping Duty Orders; Fresh and Chilled Atlantic Salmon from Norway*, 76 FR 22422, April 21, 2011. On April 8, 2011, the Commission determined that it should proceed to full reviews in the subject five-year reviews 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 (76 FR 166, January 3, 2011) were adequate.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents the witnesses appearing at the Commission's hearing.

Effective date	Action
April 12, 1991	Commerce's antidumping and countervailing duty orders on Salmon from Norway (56 FR 14920 and 14921)
March 13, 2000	Commerce's continuation of antidumping and countervailing duty orders after first five-year reviews (65 FR 13358)
February 13, 2006	Commerce's continuation of antidumping and countervailing duty orders after second five-year reviews (71 FR 7512)
June 8, 2010	Commerce's final results of antidumping duty changed circumstances review (75 FR 32370)
January 3, 2011	Commission's institution of five-year reviews (76 FR 166)
	Commerce's initiation of five-year reviews (76 FR 89)
April 8, 2011	Commission's determinations to conduct full five-year reviews (76 FR 22422, April 21, 2011)
June 23, 2011	Commission's scheduling of the reviews (76 FR 38698, July 1, 2011)
November 14, 2011	Commerce's final results of full five-year review of the countervailing and antidumping duty orders on Salmon from Norway (76 FR 70409 and 70411)
November 30, 2011	Commission's hearing
January 26, 2012	Commission's vote
February 8, 2012	Commission's determinations transmitted to Commerce

The Original Investigations

The original investigations resulted from petitions filed by the Coalition for Fair Atlantic Salmon Trade ("FAST"), on February 28, 1990, alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of fresh Atlantic salmon from Norway. Following notification of a final determination by Commerce that imports of fresh Atlantic salmon from Norway were being subsidized and sold at LTFV, the Commission determined on April 2, 1991 that a domestic industry was materially injured by reason of subsidized and LTFV imports of fresh Atlantic salmon from Norway.[6] Commerce published the countervailing duty and antidumping duty orders on subject imports of fresh Atlantic salmon from Norway on April 12, 1991.[7] [8]

Subsequent Five-Year Reviews

In February 2000, the Commission completed expedited five-year reviews of the subject orders and determined that revocation of the antidumping and countervailing duty orders on fresh Atlantic salmon from Norway would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[9] Consequently, Commerce issued a

[6] *Fresh and Chilled Atlantic Salmon from Norway, Investigation Nos. 701-TA-302 and 731-TA-454 (Final),* USITC Publication 2371, April 1991.

[7] *Countervailing Duty Order: Fresh and Chilled Atlantic Salmon from Norway*, 56 FR 14921, April 12, 1991.

[8] *Antidumping Duty Order: Fresh and Chilled Atlantic Salmon from Norway*, 56 FR 14920, April 12, 1991.

[9] *Fresh and Chilled Atlantic Salmon from Norway*, Inv. Nos. 701-TA-302 and 731-TA-454 (Review), USITC Publication 3282 (February 2000).

continuation of the antidumping and countervailing duty orders on imports of fresh Atlantic salmon from Norway, effective March 13, 2000.[10]

In January 2006, the Commission completed full five-year reviews of the subject order and determined that revocation of the antidumping and countervailing duty orders on fresh Atlantic salmon from Norway would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[11] Consequently, Commerce issued a continuation of the antidumping and countervailing duty orders on imports of fresh Atlantic salmon from Norway, effective February 13, 2006.[12]

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations, second five-year reviews, and the current full five-year reviews.

[10] *Continuation of Antidumping Duty and Countervailing Duty Orders: Fresh and Chilled Atlantic Salmon from Norway*, 65 FR 13358, March 13, 2000.

[11] *Fresh and Chilled Atlantic Salmon from Norway*, Inv. Nos. 701-TA-302 and 731-TA-454 (Second Review), USITC Publication 3835 (January 2006).

[12] *Continuation of Antidumping Duty and Countervailing Duty Orders: Fresh and Chilled Atlantic Salmon from Norway*, 71 FR 7512, February 13, 2006.

Table I-1
Fresh Atlantic salmon: Comparative data from the original investigations and the second and third reviews, 1987-89 and 1996-2010

(Quantity in 1,000 pounds, value in 1,000 dollars, shares/ratios in percent)

Item	1987	1988	1989		1999	2000	2001
U.S. consumption quantity:							
Amount	***	26,916	41,705		144,100	158,571	172,205
U.S. producers' share	***	7.1	7.5		21.4	26.2	24.8
U.S. importers' share:							
Norway	***	72.9	60.2		0.7	0.4	0.6
All other sources	***	20.1	32.3		77.9	73.4	74.5
Total imports	97.6	92.9	92.5		78.6	73.8	75.2
U.S. consumption value:							
Amount	104,454	134,349	165,505		355,511	378,239	351,679
U.S. producers' share	2.2	6.5	6.2		19.0	24.1	18.0
U.S. importers' share:							
Norway	78.7	74.0	62.5		0.8	0.5	0.8
All other sources	19.1	19.5	31.3		80.2	75.5	81.1
Total imports	97.8	93.5	93.8		81.0	75.9	82.0
U.S. imports from:							
Norway:							
Quantity	16,843	19,688	25,124		980	651	1,067
Value	74,703	90,348	93,672		2,977	1,776	2,943
Unit Value	$4.90	$5.07	$4.12		$3.04	$2.73	$2.76
All other sources:							
Quantity	3,808	6,850	13,468		112,280	116,319	128,366
Value	16,396	29,627	46,881		284,982	285,428	285,381
Unit Value	$4.54	$4.85	$3.85		$2.54	$2.45	$2.22
Total:							
Quantity	21,177	25,016	38,591		113,259	116,970	129,433
Value	91,099	119,975	140,553		287,959	287,204	288,323
Unit Value	$4.83	$5.02	$4.02		$2.54	$2.46	$2.23

Table I-1—*Continued*

(Quantity in 1,000 pounds, value in 1,000 dollars, shares/ratios in percent)

2002	2003	2004		2005	2006	2007	2008	2009	2010
170,298	163,744	149,104		***	***	***	***	***	***
14.2	19.9	19.4		***	***	***	***	***	***
1.0	1.1	0.3		***	***	***	***	***	***
84.8	79.0	80.3		***	***	***	***	***	***
85.8	80.1	80.6		***	***	***	***	***	***
343,324	357,476	316,493		***	***	***	***	***	***
10.3	15.4	15.7		***	***	***	***	***	***
1.3	1.4	0.5		***	***	***	***	***	***
88.5	83.1	83.9		***	***	***	***	***	***
89.7	84.6	84.3		***	***	***	***	***	***
1,691	1,817	469		595	476	4,576	311	299	900
4,316	5,082	1,456		2,057	1,964	15,135	1,354	1,134	3,852
$2.55	$2.80	$3.10		3.46	4.13	3.31	4.35	3.80	4.28
144,425	129,331	119,699		***	***	***	***	***	***
303,759	297,174	265,436		***	***	***	***	***	***
$2.10	$2.30	$2.22		***	***	***	***	***	***
146,116	131,148	120,169		***	***	***	***	***	***
308,076	302,256	266,892		***	***	***	***	***	***
$2.11	$2.30	$2.22		***	***	***	***	***	***

Table I-1—*Continued*
Fresh Atlantic salmon: Comparative data from the original investigations and the second and third reviews, 1987-89 and 1996-2010

(Quantity in 1,000 pounds, value in 1,000 dollars, shares/ratios in percent)

Item	1987	1988	1989		1999	2000	2001
U.S. producers:							
Capacity quantity	([1])	([1])	([1])		58,970	66,490	66,490
Production quantity	([1])	([1])	([1])		30,879	41,962	41,323
Capacity Utilization	29.2	46.8	33.0		52.4	63.1	62.1
U.S. shipments:							
Quantity	***	1,900	3,114		30,841	41,601	42,772
Value	***	8,670	10,193		67,552	91,035	63,356
Unit Value	$***	$4.56	$3.27		$2.19	$2.19	$1.48
Export shipments:							
Quantity	([1])	([1])	([1])		38	0	0
Value	([1])	([1])	([1])		118	0	0
Unit Value	([1])	([1])	([1])		$3.11	([2])	([2])
Ending inventory quantity	([1])	([1])	([1])		([1])	([1])	([1])
Inventory/total shipments	([1])	([1])	([1])		([1])	([1])	([1])
Production workers	117	196	265		237	243	252
Hours worked (*1,000*)	194	345	514		314	342	300
Wages paid (*1,000 dollars*)	1,395	2,702	4,082		2,817	2,814	2,692
Hourly wages	$7.51	$8.05	$8.10		$8.97	$8.23	$8.97
Productivity (*pounds per hour*)	([1])	([1])	([1])		61.6	67.6	66.4
Net sales:							
Quantity	***	***	***		32,651	42,543	44,926
Value	***	***	***		71,920	92,972	67,218
Unit Value	$***	$***	$***		$2.20	$2.19	$1.50
Cost of goods sold	***	***	***		58,648	67,309	81,369
Gross profit or (loss)	***	***	***		13,272	25,663	(14,151)
SG&A	([1])	([1])	([1])		([1])	([1])	([1])
Operating income or (loss) (*value*)	***	***	***		8,947	20,096	(20,392)
Unit cost of goods sold	$***	$***	$***		$1.80	$1.58	$1.81
Unit operating income or (loss)	$***	$***	$***		$0.27	$0.47	$(0.45)
Cost of goods sold/sales (percent)	***	***	***		81.5	72.4	121.1
Operating income or (loss)/sales	***	***	***		12.4	21.6	(30.3)

[1] Not Available.
[2] Not Applicable.

Table I-1—*Continued*

(Quantity in 1,000 pounds, value in 1,000 dollars, shares/ratios in percent)

2002	2003	2004		2005	2006	2007	2008	2009	2010
66,490	71,490	66,810		***	***	***	***	***	***
30,628	28,376	28,865		***	***	***	***	***	***
46.1	39.7	43.2		***	***	***	***	***	***
24,182	32,596	28,935		***	***	***	***	***	***
35,248	55,220	49,601		***	***	***	***	***	***
$1.46	$1.69	$1.71		$***	$***	$***	$***	$***	$***
725	474	344		***	***	***	***	***	***
1,443	740	462		***	***	***	***	***	***
$1.99	$1.56	$1.34		***	***	***	***	***	***
([1])	([1])	([1])		***	***	***	***	***	***
([1])	([1])	([1])		([2])	([2])	([2])	([2])	([2])	([2])
140	102	68		***	***	***	***	***	***
230	159	96		***	***	***	***	***	***
1,986	1,217	631		***	***	***	***	***	***
$8.63	$7.65	$6.57		$***	$***	$***	$***	$***	$***
65.9	64.2	114.5		***	***	***	***	***	***
27,297	34,156	29,667		***	***	***	***	***	***
40,555	57,693	50,805		***	***	***	***	***	***
$1.49	$1.69	$1.71		$***	$***	$***	$***	$***	$***
42,368	61,939	53,500		***	***	***	***	***	***
(1,813)	(4,246)	(2,695)		***	***	***	***	***	***
([1])	([1])	([1])		***	***	***	***	***	***
(5,698)	(9,142)	(6,432)		***	***	***	***	***	***
$1.55	$1.81	$1.80		$***	$***	$***	$***	$***	$***
$(0.21)	$(0.27)	$(0.22)		$***	$***	$***	$***	$***	$***
104.5	107.4	105.3		***	***	***	***	***	***
(14.1)	(15.8)	(12.7)		***	***	***	***	***	***

Note.-- The first reviews for fresh Atlantic salmon (covering years 1994-1999) were expedited with extremely limited data, and therefore are not included in this table. The reported data from 1999 was gathered during the second review.

Source: Compiled from official Commerce statistics (0302.12.0003 and .0004) adjusted for Canada. Data for 1987-1989 and 1999-2004 are compiled from *Fresh and Chilled Atlantic Salmon from Norway,* Inv. Nos. 701-TA-302 and 731-TA-454 (Second Review), USITC Publication 3835 (January 2006), table I-1.

PREVIOUS AND RELATED INVESTIGATIONS

Subsequent to the original investigations for Norway, FAST filed a petition on June 12, 1997, alleging material injury or threat of material injury resulting from LTFV imports of fresh Atlantic salmon from Chile.[13] In July 1998, the Commission found that an industry in the United States was materially injured or threatened with material injury due to the LTFV imports of fresh Atlantic salmon from Chile.[14] Commerce issued an antidumping duty order covering the imports from Chile on July 30, 1998, which was revoked July 25, 2003.[15]

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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,*

---

[13] The petition also alleged injury due to subsidization of imported fresh and chilled Atlantic salmon from Chile. However, Commerce issued a negative final countervailing duty determination in that matter.

[14] *Fresh Atlantic Salmon from Chile, Investigation No. 731-TA-768 (Final),* USITC Publication 3116, July 1998, p. 1. The scope of the product subject to the investigation regarding fresh Atlantic salmon from Chile was broader than the original investigations concerning Norway in that it included cuts of fresh Atlantic salmon along with whole "dressed" Atlantic salmon (which is salmon that has been bled, gutted, and cleaned). The cuts included, but were not limited to: steaks, fillets, butterfly cuts, combination packages, and product that was minced, shredded, or ground. Ibid., p. I- 1. The Commission found that both whole and cut fresh Atlantic salmon constituted one like product, concluding that "{b}ecause all salmon is available in a variety of sizes and salmon cuts are available in a variety of forms, all salmon can be said to consist of a continuum of products." Ibid, pp. 5-7. In addition, in defining the domestic industry, the Commission excluded firms that merely processed whole salmon into cuts. Ibid, p. 8.

[15] Commerce revoked the antidumping duty order, retroactive to July 1, 2001, based on the fact that domestic parties (Heritage Salmon Inc., Maine Nordic Salmon, Stolt Sea Farms Inc., Cypress Island Inc., and Atlantic Salmon of Maine) had expressed no interest in the continuation of the order. *Fresh Atlantic Salmon from Chile: Final Results of Antidumping Duty Changed Circumstances Review, Revocation of Order, and Rescission of Administrative Review,* 68 FR 44043, July 25, 2003.

(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. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of the Report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for fresh Atlantic salmon as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of two U.S. producers[16] of fresh Atlantic salmon that are believed to have accounted for 100.0 percent of domestic production of fresh Atlantic salmon in 2010. U.S. import data and related information are based on Commerce's official import statistics[17] and the questionnaire responses of eleven U.S. importers of fresh Atlantic salmon that are believed to have accounted for 52.7 percent of the total subject U.S. imports during 2010 and for 41.0 percent of total U.S. imports of fresh Atlantic salmon from other sources. Foreign industry data and related information are based on the questionnaire responses of 15 producers and exporters of fresh Atlantic salmon in Norway, accounting for 49.5 percent of total production. Responses by U.S. producers, importers, purchasers, and foreign producers of fresh Atlantic salmon to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D.

COMMERCE'S REVIEWS

Administrative Reviews

Commerce has completed five administrative reviews of the outstanding antidumping duty order on fresh Atlantic salmon from Norway.[18] No administrative reviews of the countervailing duty order have been conducted by Commerce. The results of the administrative reviews are shown in table I-2.

[16] The two U.S. producers of fresh Atlantic salmon are Phoenix Salmon USA ("Phoenix"), a subsidiary of Cooke Aquaculture, and American Gold Seafoods ("American Gold"), a subsidiary of Icicle Seafoods Inc. In November of 2011 the legal name of Phoenix Salmon USA was changed to Cooke Aquaculture USA, Inc. For purposes of this report, this producer will be referred to as Phoenix.

[17] ***.

[18] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-2
Fresh Atlantic salmon: Administrative reviews of the antidumping duty order for Norway

Date results published	Period of review	Producer or exporter	Margin (*percent*)
July 14, 1993 (58 FR 37912) amended March 1, 1995 (60 FR 11070)	October 3, 1990 – March 31, 1992	Skaarfish A/S	2.15
March 16, 1994 (59 FR 12242)	April 1, 1992 – March 31, 1993	ABA A/S	*31.81
		Arctic Group	**31.81
		Arctic Products Norway A/S	*31.81
		Brodrene Sirevag A/S	*23.80
		Cocoon Ltd A/S	*31.81
		Delfa Norge A/S	*31.81
		Delimar A/S	***
		Deli-Nor A/S	***
		Fjord Trading Ltd A/S	*23.80
		Fresh Marine Co. Ltd.	**31.81
		Greig Norwegian Salmon	**31.81
		Harald Mowinckel A/S	*23.80
		Imperator de Norvegia	*31.81
		More Seafood A/S	*31.81
		Nils Wilkensen A/S	*31.81
		North Cape Fish A/S	*31.81
		Norwegian Salmon A/S	18.65
		Norwegian Taste Company A/S	**31.81
		Olsen & Kvalheim A/S	*23.80
		Sekkingstad A/S	*23.80
		Skaarfish-Mowi A/S	2.30
		Timar Seafood A/S	*31.81
		Victoria Seafood A/S	**31.81
		West Fish Ltd. A/S	*23.80
		Other	31.81
December 13, 1996 (61 FR 65522) amended August 20, 1997 (62 FR 44255)	April 1, 1993 – March 31, 1994	Skaarfish[1]	2.28
		Norwegian Salmon A/S	13.88
January 10, 1997 (62 FR 1430)	May 1, 1995 – October 31, 1995	Nordic Group A/L[2]	0.00
April 12, 1999 (64 FR 17616)	April 1, 1997 – March 31, 1998	Nornir Group A/S	31.81

[1] Commerce determined that Kinn Salmon A/S was the successor-in-interest to Skaarfish because the management and organizational structure of the former Skaarfish remained intact under Kinn, and there were no changes in the production facilities, supplier relationships, or customer base. Kinn was assigned the Skaarfish antidumping cash deposit rate (64 FR 9979, March 1, 1999).

[2] Commerce determined that Nordic Group AS was the successor-in-interest to Nordic Group AL (75 FR 32370, June 8, 2010).

* No shipments during the period; margin from the last administrative review.
** No response; highest margin from the original LTFV investigation.
*** No shipments or sales subject to this review; the firm had no individual rate from any segment of this proceeding.

Source: Cited *Federal Register* notices.

Five-Year Reviews

Commerce has issued the preliminary results of its full reviews with respect to Norway. Table I-3 presents the coutervailable subsidy margins and table I-4 presents the antidumping duty margins calculated by Commerce in its original investigations, first and second reviews, and the preliminary results of its third reviews.[19]

Table I-3
Fresh Atlantic salmon: Commerce's original, first five-year, second five-year, and preliminary third five-year countervailable subsidy margins for producers/exporters in Norway[1]

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)	Third five-year review margin (*percent*)
All producers/exporters from Norway	2.27	2.27	2.27	2.20

[1] Countervailing duty order, 56 FR 7678, February 25,1991; final results of Commerce's review, 65 FR 5857, February 7, 2000; final results of Commerce's second review, 70 FR 53345, September 8, 2005; preliminary results of Commerce's third review, 76 FR 37786, June 28, 2011.

Source: Cited *Federal Register* notices.

Table I-4
Fresh Atlantic salmon: Commerce's original, first five-year, second five-year, and preliminary third five-year antidumping duty margins for producers/exporters in Norway[1]

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)	Third five-year review margin (*percent*)
Chr. Bjelland Seafoods A/S	19.96	19.96	19.96	19.96
Domstein and Co.	31.81	31.81	31.81	31.81
Fremstad Group A/S	21.51	21.51	21.51	21.51
Hallvard Leroy A/S	31.81	31.81	31.81	31.81
Saga A/S	26.55	26.55	26.55	26.55
Salmonor A/S	18.39	18.39	18.39	18.39
Sea Star International A/S	24.61	24.61	24.61	24.61
Skaarfish Mowi A/S	15.65	15.65	15.65	15.65
All others	23.80	23.80	23.80	23.80

[1] Antidumping duty order, 56 FR 7661, February 25,1991; final results of Commerce's review, 65 FR 5584, February 4, 2000; final results of Commerce's second review, 70 FR 77378, December 30, 2005; preliminary results of Commerce's third review, 76 FR 45513, July 29, 2011.

Source: Cited *Federal Register* notices.

[19] With respect to countervailable subsidies, Commerce identified the following government programs in Norway:

- (1) Regional Development Fund Loans and Grants;
- (2) National Fishery Bank of Norway Loans;
- (3) Regional Capital Tax Incentive;
- (4) Reduced Payroll Taxes;
- (5) Advance Depreciation of Business Assets;
- (6) Government Bank of Agricultural Grants.

THE SUBJECT MERCHANDISE

Commerce's scope

The imported product subject to the antidumping and countervailing duty orders under review, as defined by Commerce, is as follows:

> *The species Atlantic salmon (Salmon Salar) marketed as specified herein; the order excludes all other species of salmon: Danube salmon, Chinook (also called ''king'' or ''quinnat''), Coho (''silver''), Sockeye (''redfish'' or ''blueback''), Humpback (''pink'') and Chum (''dog''). Atlantic salmon is a whole or nearly-whole fish, typically (but not necessarily) marketed gutted, bled, and cleaned, with the head on. The subject merchandise is typically packed in fresh-water ice (''chilled''). Excluded from the subject merchandise are fillets, steaks and other cuts of Atlantic salmon. Also excluded are frozen, canned, smoked or otherwise processed Atlantic salmon. Atlantic salmon was classifiable under item number 110.2045 of the Tariff Schedules of the United States Annotated (''TSUSA''). Atlantic salmon is currently provided for under the Harmonized Tariff Schedule of the United States (''HTSUS'') statistical reporting numbers 0302.12.0003 and 0302.12.0004. The HTSUS statistical reporting numbers are provided for convenience and customs purposes. The written description remains dispositive as to the scope of the product coverage.*[20]

Tariff treatment

Fresh or chilled Atlantic salmon is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 0302.12.00 and is imported under statistical reporting numbers 0302.12.0003 (fresh Atlantic salmon, except cuts, farmed) and 0302.12.0004 (fresh Atlantic salmon, except cuts, not farmed). The current rate of duty for fresh Atlantic salmon is free.

THE PRODUCT

Description and Uses

Atlantic salmon is generally marketed by producers as a chilled fresh whole adult fish, in "dressed" (gutted and cleaned) form, with the head and tail left on. The scope of the duty orders also includes fresh ungutted ("round") Atlantic salmon, as well as fresh Atlantic salmon that has had its head and/or tail removed. Once harvested, the product is highly perishable and is, therefore, usually packed in freshwater ice, refrigerated, or otherwise chilled. The term "fresh and chilled" refers to fresh fish, whether or not chilled, as distinct from frozen or otherwise further processed fish. The term "further processed" as used here, refers to any and all treatment of the product beyond gutting, cleaning, removal of the head, tail, and/or fins, chilling, and packaging. Excluded from the scope of these reviews are Atlantic salmon fillets, steaks, or other cuts; Atlantic salmon that is frozen, canned, smoked, or otherwise further processed; and other species of fish, including other species of salmon.

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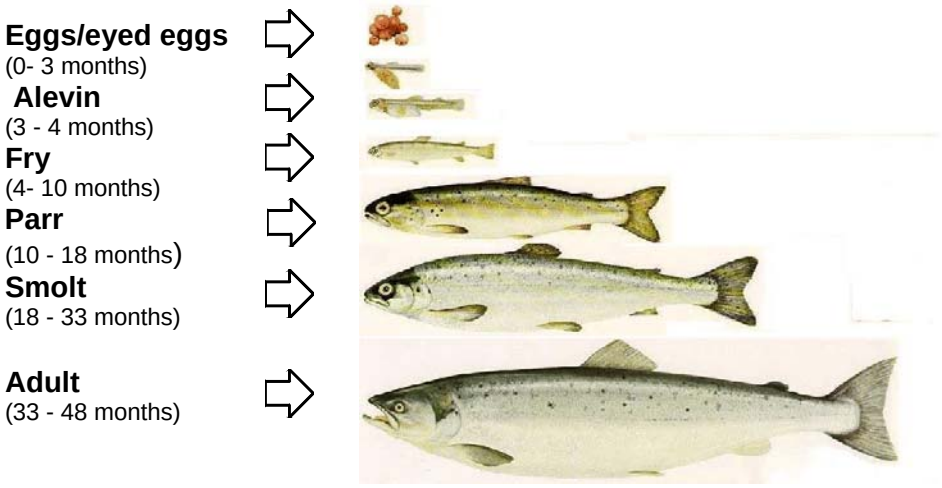
[20] *Fresh and Chilled Atlantic Salmon From Norway: Preliminary Results of Full Third Sunset Review of Antidumping Duty Order*, 76 FR 45513, July 29, 2011)

Atlantic salmon are native to the Northern Atlantic Ocean and to various freshwater bodies in North America and Europe. In the wild state, females spawn in freshwater lakes and rivers where the juvenile salmon remain until they reach the smolt stage, during which they migrate to salt water.[21] During their adult life, wild Atlantic salmon may return three or four times to their freshwater birthplace to spawn, and return to the ocean afterwards. The commercial harvest of wild Atlantic salmon is banned in the United States and in most other countries to conserve the wild resource. Thus, all of the subject product and the domestic like product are produced through commercial production methods or fish farming ("aquaculture").

Production Process

All commercial production of fresh Atlantic salmon in the United States and by all major foreign suppliers, including Norway, is farmed using three stages of production: freshwater stage where salmon eggs are hatched and raised in tanks into smolt; the saltwater stage where the smolt is raised in ocean pens to market-size salmon; and the harvesting/processing stage where the salmon is killed, bled, cleaned, gutted, and sometimes further processed into cuts. In commercial production, juvenile salmon reach the smolt stage at a weight of 60–100 grams 6 to 12 months after the eggs are fertilized. Smolt may be used by vertically integrated producers or sold to a third party. Fish are transferred to seawater facilities for a further 14 to 22 months and harvested at 4.5–5.5 kg.[22] It generally takes a total of about three years for an Atlantic salmon to grow from the egg stage to a harvestable-size salmon. Figure 1-1 presents a graphic depiction of the life stages of salmon.

Figure I-1
Fresh whole Atlantic Salmon: Life stages



Source: Fish Creek Atlantic Salmon Club, Inc., retrieved at http://www.dreamscape.com/flyman/Life_cycle.jpg.

[21] Very young salmon are called "fry." Juvenile salmon are then referred to as "parr" until they reach the smolt stage of development and become adapted to saltwater. Wild salmon can spend 2-3 years in the parr stage before smoltification (NMFS "FishWatch - Wild Atlantic Salmon," http://www.nmfs.noaa.gov/fishwatch/species/atl_salmon.htm, accessed October 19, 2011).

[22] Marine Harvest, *Salmon Farming Industry Handbook 2010*, 34-35. Information is for production in Norway. Commercial production in Chile reportedly takes less time.

For farmed juvenile salmon to develop properly and yield a flesh quality similar to wild salmon, the environment experienced by farmed salmon must simulate a natural environment. For that reason, the hatchery and freshwater grow-out tanks are set up with cold, quickly circulating fresh water, like a natural river current. Oxygen levels, water temperature, and biomass are monitored closely to avoid impairing the health or growth of the young fish. The diet of the fish changes as it grows; as a parr its diet prepares it for the transfer to salt water. At each stage of the development process, fish of inferior size and/or health are culled.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations and its first and second review investigations, the Commission defined the domestic like product as fresh and chilled Atlantic salmon, including Atlantic salmon smolt.[23] It also found the relevant domestic industry to consist of producers of that like product (including firms that engage only in the freshwater production of smolt). It followed the Commerce Department's scope in the original investigations and excluded salmon cuts such as fillets and steaks.[24] [25]

In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[26] The domestic interested party commented that it agreed with the domestic like product and industry definitions in its response to the notice of institution and again in its prehearing brief. In response to the notice of institution, respondent interested parties indicated that the definition of the domestic like product should be reexamined in this review given that a different like product definition was used in the

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[23] The Commission considered and rejected the argument by Norwegian respondents that the like product should be broadened to include fresh Pacific salmon along with Atlantic salmon. It stated that "... (1) Atlantic and Pacific salmon belong to a different species and genera ***; (2) Atlantic and Pacific salmon are produced to a large extent in an entirely distinct manner using different equipment and workforces; (3) Atlantic and Pacific salmon, as a whole, have limited interchangeability; (4) Atlantic salmon passes through separate channels of distribution than most Pacific salmon; and (5) the prices for Atlantic and Pacific salmon differ appreciably..." The Commission also decided that steelhead trout should not be part of the like product since "... (1) steelhead trout and Atlantic salmon differ in genus and species, (2) prices of Atlantic salmon and steelhead trout differ significantly, (3) few purchasers listed steelhead trout as a substitute for Atlantic salmon, and (4) steelhead trout is also captured wild ..." Lastly, the Commission indicated that it agreed with petitioner that the "semifinished" product like product analysis supported including smolt in its like product definition. According to the Commission, "(s)molts are destined to become adult salmon. Smolts have no independent use other than to become adult salmon. Smolts, as salmon, clearly embody the essential characteristics of the adult salmon." *Fresh and Chilled Atlantic Salmon from Norway, Investigation Nos. 701-TA-302 and 731-TA-454 (Final),* USITC Publication 2371, April 1991, pp. 4-9.

[24] *Fresh and Chilled Atlantic Salmon from Norway, Investigation Nos. 701-TA-302 and 731-TA-454 (Final),* USITC Publication 2371, April 1991.

[25] As noted previously, subsequent to the original investigations on Norway, the same petitioner filed a petition on June 12, 1997 alleging material injury or threat of material injury by reason of LTFV imports of fresh Atlantic salmon from Chile. *Fresh Atlantic Salmon from Chile, Investigation No. 731-TA-768 (Final),* USITC Publication 3116, July 1998. Commerce defined the scope of the subject imported product to include cuts such as fillets and steaks, along with the whole salmon that was the subject product in the Norway investigations. The Commission in *Chile*, beginning its domestic like product analysis with regard to Commerce's definition of the scope, found the domestic like product to include both whole and cut fresh Atlantic salmon, concluding that "(b)ecause all salmon is available in a variety of sizes and salmon cuts are available in a variety of forms, all salmon can be said to consist of a continuum of products." *Fresh Atlantic Salmon from Chile, Investigation No. 731-TA-768 (Final),* USITC Publication 3116, July 1998, pp. 5-7. It further found that there was no clear dividing line between the products that would warrant treating them as separate domestic like products.

[26] *Fresh and Chilled Atlantic Salmon from Norway***,** 76 FR 166, January 3, 2011.

Commission's investigation of salmon products from Chile.[27] However, in their prehearing brief respondent interested parties say that they "do not ask the Commission to amend the like product definition that it has used in this proceeding for twenty years… however, in its consideration of likely volume, pricing, and impact of subject imports in the event of revocation, the Commission should take into account that the relationship between the markets for whole fresh Atlantic salmon and for fresh salmon cuts is a significant condition of competition."[28]

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, 20 firms supplied the Commission with information on their U.S. operations with respect to fresh Atlantic salmon. These firms accounted for the majority of U.S. production of fresh Atlantic salmon in 1989. In these current proceedings, the Commission issued producers' questionnaires to three firms, two of which provided the Commission with information on their fresh Atlantic salmon operations.[29] These firms are believed to account for 100.0 percent of U.S. production of fresh Atlantic salmon in 2010. Presented in table I-5 is a list of current domestic producers of fresh Atlantic salmon and each company's position on continuation of the orders, production location(s), related and/or affiliated firms, and share of reported production of fresh Atlantic salmon in 2010.

Table I-5
Fresh Atlantic salmon: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on continuation of the orders	U.S. production location(s)	Related and/or affiliated firms	Share of production *(percent)*
American Gold	***	Seattle, WA	Icicle Seafoods, Inc.[1]	***
Phoenix	Support	Oquossoc, ME Bingham, ME Gardner Lake, ME	Kelly Cove Salmon Ltd. Cold Ocean Salmon Inc. Aqua Fish Farms Salmones Cupquelan S.A.[2] True North Maine U.S. True North Salmon Co., Ltd Cooke Aquaculture [3]	***

[1] American Gold is ***.
[2] Kelly Cove Salmon, Cold Ocean Salmon, and Aqua Fish Farms are related producers in New Brunswick. Salmones Cupquelan S.A. is a related producer in Chile.
[3] Phoenix Salmon USA is ***.

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

[27] *Substantive Response* of Phoenix p. 13; *Substantive Response* of Norwegian Seafood Federation ("NSF"), the Aquaculture Division of the Norwegian Seafood Association ("ADNSA"), and the Government of Norway, pp. 22-23.
[28] Respondent Interested Party's prehearing brief, pp. 4-5.
[29] ***.

As indicated in the table above, one U.S. producer is related to foreign producers of fresh Atlantic salmon in Canada and Chile; It is also related to U.S. importers of fresh Atlantic salmon from nonsubject sources. Neither U.S. producer is related to a producer of the subject merchandise nor has either directly imported the subject merchandise or purchased the subject merchandise from U.S. importers.

U.S. Importers

In the original investigations, 26 U.S. importing firms, accounting for slightly over one-half of U.S. imports of fresh Atlantic salmon during 1989, supplied the Commission with usable information on their operations involving the importation of fresh Atlantic salmon.

In these current proceedings, the Commission issued importers' questionnaires to 21 firms believed to be importers of fresh Atlantic salmon, as well as to all U.S. producers of fresh Atlantic salmon. Usable questionnaire responses were received from 11 companies, representing 52.7 percent of total imports from Norway during 2010. Table I-6 lists all responding U.S. importers of fresh Atlantic salmon from Norway and other sources, their locations, and their shares of U.S. imports in 2010.

Table I-6
Fresh Atlantic salmon: U.S. importers, source(s) of imports, U.S. headquarters, and share of imports in 2010

Firm	Headquarters	Source of imports	Share of imports (*percent*)		
			Norway	Other	Total
Aquagold Seafood Company	Weston, FL	Canada Chile United Kingdom	***	***	***
Calkins & Burke Ltd.	Vancouver, Canada	Canada	***	***	***
CleanFish, Inc.	San Francisco, CA	Ireland Tasmania United Kingdom	***	***	***
Coast Seafood USA	Boston, MA	Canada Chile Faroe Islands Norway United Kingdom	***	***	***
allvard Leroy	Chapel Hill, NC	Canada Chile Faroe Islands Norway United Kingdom	***	***	***
Lewis Mills & Co, LLC	Gloucester, MA	Canada Chile Faroe Islands United Kingdom	***	***	***
Marine Harvest USA	Doral, FL	Canada Chile Faroe Islands Ireland Norway United Kingdom	***	***	***

Table continued on the next page.

Table I-6--*Continued*
Fresh Atlantic salmon: U.S. importers, source(s) of imports, U.S. headquarters, and share of Imports in 2010

Firm	Headquarters	Source of imports	Share of imports (*percent*)		
			Norway	Other	Total
Montreal Fish	Montreal, Canada	Chile Faroe Islands Norway United Kingdom	***	***	***
Nordic Fresh Inc.	Boston, MA	Norway	***	***	***
Nordic Group Inc.	Boston, MA	Faroe Islands United Kingdom	***	***	***
True North Salmon	Blacks Harbour, New Brunswick	Canada Chile	***	***	***
Total			100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. Purchasers

Eleven purchasers responded to the purchaser questionnaire.[30] Only one of these purchasers reported purchasing any U.S. produced salmon between 2008 and June 2011.[31] Five purchased from Norway, seven from Canada, three from Chile, four from the Faroe Islands, five from the United Kingdom, and none from other countries.[32] The largest responding purchasers were *** distributor that purchased from Norway, Canada, Chile, the Faroe Islands, and the UK, and ***, a distributor that purchased from Norway, Canada, Chile, and the UK.

[30] Six firms identified themselves as distributors, and ***.

[31] *** located on the West Coast was the only purchaser reporting purchases of U.S. product. It was not listed as a purchaser by Phoenix and reported purchasing product from ***. Staff made multiple attempts to contact the 10 largest purchasers listed on Phoenix's mailing list for these investigations. ***. Two of these purchasers, ***, submitted purchaser questionnaires. Both reported that they had purchased no U.S. product in 2008 through 2010. In the follow-up question, however, *** reported that it had increased its purchases of product from the United States. This firm has been contacted both by email and phone for clarification of its questionnaire answers regarding the country of origin of its purchases but has not responded. ***. ***.

[32] One purchaser did not report the source of the fish it purchased, but reported it purchased no U.S. and no Norwegian product.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of fresh Atlantic salmon during January 2005 to June 2011 are shown in table I-7.

Table I-7
Fresh Atlantic salmon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-10, January-June 2010, and January-June 2011

Item	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
Quantity (*1,000 pounds*)								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from--								
Subject Source:								
Norway	595	476	4,576	311	299	900	327	573
Nonsubject Sources:								
Canada	***	***	***	***	***	***	***	***
United Kingdom	9,189	15,187	21,602	19,519	26,784	23,322	13,419	12,489
Faroe Islands	1,186	374	2,969	5,947	21,464	20,020	8,817	9,750
Chile	3,529	1,386	1,880	1,737	1,254	3,406	2,600	2,533
All others	1,043	1,680	919	836	1,700	2,166	1,515	534
Nonsubject imports	***	***	***	***	***	***	***	***
Total U.S. imports	***	***	***	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***	***	***	***
Value (*1,000 dollars*)								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from.--								
Subject Source:								
Norway	2,057	1,964	15,135	1,354	1,134	3,852	1,373	2,729
Nonsubject Sources:								
Canada	***	***	***	***	***	***	***	***
United Kingdom	37,765	56,204	84,208	77,113	98,036	92,737	51,660	52,157
Faroe Islands	2,321	1,137	8,487	18,528	75,191	83,035	36,659	42,931
Chile	8,723	3,848	5,571	6,728	4,274	12,122	9,120	11,053
All others	3,103	5,298	4,170	4,940	9,349	10,571	7,056	3,177
Nonsubject imports	***	***	***	***	***	***	***	***
Total U.S. imports	***	***	***	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***	***	***	***

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

Source: Compiled from official import statistics, adjusted, and data submitted in response to Commission questionnaires.

U.S. MARKET SHARES

U.S. market share data are presented in table I-8.

Table I-8
Fresh Atlantic salmon: U.S. consumption and market shares, 2005-10, January-June 2010, and January-June 2011

Item	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
Quantity (*1,000 pounds*)								
Apparent U.S. consumption	***	***	***	***	***	***	***	***
Value (*1,000 dollars*)								
Apparent U.S. consumption	***	***	***	***	***	***	***	***
Share of quantity (*percent*)								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from--								
Subject Source:								
Norway	0.4	0.3	2.4	0.2	0.1	0.4	0.3	0.6
Nonsubject Sources:								
Canada	***	***	***	***	***	***	***	***
United Kingdom	6.1	8.3	11.4	10.2	12.9	10.7	12.1	12.7
Faroe Islands	0.8	0.2	1.6	3.1	10.3	9.2	8.0	9.9
Chile	2.3	0.8	1.0	0.9	0.6	1.6	2.3	2.6
All others	0.7	0.9	0.5	0.4	0.8	1.0	1.4	0.5
Nonsubject imports	***	***	***	***	***	***	***	***
Total U.S. imports	***	***	***	***	***	***	***	***
Share of value (*percent*)								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from--								
Subject Source:								
Norway	0.6	0.4	2.9	0.3	0.2	0.6	0.4	0.8
Nonsubject Sources:								
Canada	***	***	***	***	***	***	***	***
United Kingdom	11.0	11.9	16.1	14.7	16.3	13.9	15.2	15.1
Faroe Islands	0.7	0.2	1.6	3.5	12.5	12.4	10.8	12.4
Chile	2.5	0.8	1.1	1.3	0.7	1.8	2.7	3.2
All others	0.9	1.1	0.8	0.9	1.6	1.6	2.1	0.9
Nonsubject imports	***	***	***	***	***	***	***	***
Total U.S. imports	***	***	***	***	***	***	***	***

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

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

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

U.S. MARKET CHARACTERISTICS

U.S. production accounts for a small share of the U.S. market for fresh Atlantic salmon. The U.S. market is predominantly supplied by imports from nonsubject countries such as Canada and the United Kingdom. Although imports from Norway represent a small share of total imports, Norway is nonetheless one of the world's main producers of fresh Atlantic salmon. Both U.S. and global consumption of fresh Atlantic salmon has been growing for the last 20 years.

There are two U.S. salmon producers; Phoenix,[1] which farms salmon off the coast of Maine, and American Gold, which farms salmon off the coast of the state of Washington. The U.S. industry reported that while capacity is growing in Maine, no new aquaculture site permit has been granted in 20 years in Washington State.[2] Producers report that that Maine and Washington State are globally among the most highly regulated locations for fish farming.[3]

Respondents characterize the fresh Atlantic salmon market as divided into commodity sector in which whole salmon are processed into cuts that are ultimately sold to consumers by retailers and highly differentiated segments made up of a restaurant sector that purchases pieces from specialty distributor who fillet the fish and a restaurant sector that purchases whole salmon.[4] The U.S. producers report that respondents overstate the amount of segmentation in the U.S. market.[5]

CHANNELS OF DISTRIBUTION

Domestic and imported fresh Atlantic salmon are predominantly sold to distributors, who in turn sell to restaurants, retailers, and other wholesalers. Channels of distribution by country of origin for the United States, Norway, Canada, Chile, the Faroe Islands, the United Kingdom, and other nonsubject sources are presented in table II-1.

[1] As noted previously, in November of 2011 the legal name of Phoenix Salmon USA was changed to Cooke Aquaculture USA, Inc. For purposes of this report, this producer will be referred to as Phoenix.

[2] Hearing transcript, p. 74 (Cook).

[3] Hearing transcript, p. 77 (Cooke).

[4] Hearing transcript, pp. 177-180 (Taylor).

[5] Domestic interested parties' posthearing brief, Exhibit 1, pp. 53-54.

Table II-1
Fresh Atlantic salmon: U.S. producers' and importers' U.S. shipments of fresh Atlantic salmon, by sources and channels of distribution, 2005-10, and January-September 2011

Item	Period						
	2005	2006	2007	2008	2009	2010	Jan.-Sept. 2011
	Share of reported shipments (percent)						
Domestic producers' U.S. shipments:							
Distributors	***	***	***	***	***	***	***
Processors	***	***	***	***	***	***	***
Retailers	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of product from Norway:							
Distributors	100.0	97.6	100.0	70.4	100.0	84.4	97.9
Processors	0.0	2.4	0.0	1.0	0.0	15.6	2.1
Retailers	0.0	0.0	0.0	28.6	0.0	0.0	0.0
U.S. importers' U.S. shipments of product from Canada:							
Distributors	86.5	95.6	93.9	90.3	89.6	89.4	89.1
Processors	6.0	0.0	0.1	0.3	1.2	1.4	0.1
Retailers	7.5	4.4	6.0	9.4	9.2	9.2	10.7
U.S. importers' U.S. shipments of product from Chile:							
Distributors	89.7	100.0	100.0	78.6	85.8	91.9	91.6
Processors	0.0	0.0	0.0	21.4	6.5	8.1	0.0
Retailers	10.3	0.0	0.0	0.0	7.8	0.0	8.4
U.S. importers' U.S. shipments of product from the Faroe Islands:							
Distributors	79.3	80.0	80.0	92.0	91.5	95.1	83.7
Processors	20.7	20.0	20.0	7.8	8.4	4.9	4.7
Retailers	0.0	0.0	0.0	0.3	0.0	0.0	11.6
U.S. importers' U.S. shipments of product from the UK:							
Distributors	98.8	97.9	96.5	94.2	97.4	97.4	94.1
Processors	1.0	2.1	2.7	4.2	2.0	2.6	2.3
Retailers	0.2	0.0	0.8	1.6	0.6	0.0	3.6
U.S. importers' U.S. shipments of product from all other nonsubject countries:							
Distributors	73.0	79.7	100.0	100.0	98.8	98.3	96.8
Processors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retailers	27.0	20.3	0.0	0.0	1.2	1.7	3.2

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

GEOGRAPHIC DISTRIBUTION

U.S. producers reported sales of fresh whole salmon to all regions in the contiguous United States, although both producers sold concurrently in only two regions (table II-2). Four importers of product from Norway reported selling in the Northeast region, and at least one importer reported selling

Table II-2
Fresh Atlantic salmon: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers	
		Norway	Nonsubject countries
	Number of firms		
Northeast	***	4	9
Midwest	***	3	7
Southeast	***	2	8
Central Southwest	***	2	8
Mountains	***	1	7
Pacific Coast	***	2	7
Other	***	1	3

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

in each region. For the two U.S. producers, *** and *** percent of sales were within 100 miles of their production facility, *** and *** percent were between 101 and 1,000 miles, and *** and *** percent were over 1,000 miles. Of the five importers of Norwegian salmon, four sold *** percent or more within 100 miles of their U.S. point of shipment, and one sold most of its product, *** percent, between 101 and 1,000 miles.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

In the short run, fresh Atlantic salmon producers have a very limited ability to change supply in response to changes in price. The supply of harvestable salmon is limited by the biological life cycle of Atlantic salmon. The supply of mature fish is limited by the number of fry raised 2-3 years before. Those producers that purchase smolt are limited by the number of smolt purchased 1-2 years before harvest. Once salmon have reached maturity, producers have limited ability to restrict supply by keeping fish off the market, and fish must continue to be fed.[67] Various problems affect salmon yield including natural attrition (not all the smolt will mature), and low water temperatures (superchill),[8] and predation. In addition farmed Atlantic salmon are vulnerable to a range of biological threats that affect yield and marketability, including infectious salmon anemia virus (ISA),[9] sea lice,[10] kudoa,[11] and others. For example, global and U.S. supply has been affected by a major outbreak of ISA in Chile. This outbreak reduced Chile's production of salmon in 2010 to one fourth of its 2005 levels.[12] Biosecurity measures,

[6] Hearing transcript, pp. 43-44 and 266-267, (Ruettgers and Vike)

[7] Salmon develop from eggs to larvae (which have hatched but still have yoke sacks attached), to fry, to smolt which are mature enough to be put in sea pens.

[8] Superchill is a sudden drop in water temperature that can kill smolt. Confidential staff report for the second review (memorandum INV-CC-209, December 12, 2005), p. II-4.

[9] ISA is a viral disease that can infect the whole farm and cause deaths of close to 100 percent of the fish. http://en.wikipedia.org/wiki/Infectious_salmon_anemia_virus, retrieved October 28, 2011.

[10] U.S. producers report having a sea lice problem which began in 2010. Hearing transcript p. 21 (Cooke). The Norwegian government is concerned about the level of sea lice in the Norwegian industry and report that there are virtually no lice on farmed fish in the Finnmark and Troms districts; for this reason, it allowed an increase in the maximum permitted biomass in these areas in 2011. Respondent interested party's prehearing brief, Exhibit 28.

[11] Kudoa is a fish parasite that makes fish unmarketable. Confidential staff report for the second review (memorandum INV-CC-209, December 12, 2005) p. II-4. http://en.wikipedia.org/wiki/Kudoa_thyrsites, retrieved November 4, 2011.

[12] In 2011, Chilean sales to the U.S. market began to increase from the low levels of 2010.

which offer some protection against, ISA have since been implemented in Chile and U.S. imports from Chile have increased since 2010.

The overall supply of farmed Atlantic salmon is inelastic. Marine Harvest (a Norwegian producer) reported that supply is very inelastic in the short run (which it defined as 24 to 36 months depending on the country). In Chile, the "short-run" is somewhat shorter than in the other major producing countries because warmer sea water reduces the maturation period.[13] Although producers have more flexibility in the longer run, the number and size of the fish pens is limited by the number of appropriate locations and by legal permits. Although overall global supply is inelastic, supply with respect to the U.S. market is more elastic as product can be shifted between the United States and other countries, and between types of product (e.g., whole versus cuts or fillets).

Domestic production

Based on available information, U.S. fresh Atlantic salmon producers have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of U.S.-produced fresh Atlantic salmon to the U.S. market. Factors causing the low degree of supply responsiveness include the time required for salmon to mature, legal barriers to increasing capacity, the lack of inventories, and the fact that most U.S. farmed salmon is sold as whole fresh salmon. However, some ability to shift production from exports to the domestic market and from pieces and frozen salmon give U.S. producers some ability to increase U.S. shipments in the short run and in the longer run responsiveness is increased by the ability to increase the number of sites where salmon are raised.

Industry capacity

U.S. capacity increased from *** million pounds in 2005 to *** million pounds in 2008 and then declined to *** million pounds in 2010. American Gold reported that it expects to ***. Phoenix reported that ***.[14]

Export markets

Export markets are a relatively large share of overall shipments of U.S. product. Exports ranged from a low of *** percent in 2006 to a high of *** percent in 2008. All exports ***.

Inventory levels

U.S. producers reported no inventories and as a result have no ability to increase U.S. shipments from inventories due to the fresh and perishable nature of the product.

Production alternatives

One U.S. producer reported that it *** to fresh Atlantic salmon. U.S. producers' ability to shift to these production alternatives in the short run is limited by their current capacity to produce downstream products.

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[13] Marine Harvest "Salmon Farming Industry Handbook 2010" http://marineharvest.com/PageFiles/1296/Handbook%202010.pdf, retrieved September 19, 2011, pp. 19, 34.

[14] Salmon pens are sometimes fallowed because when they are used, the salmon creates large amounts of animal waste which build up in the area if currents are not strong enough to flush them out. Phoenix reported that it typically fallowed whole bays at a time, and sites were fallowed for more than a year. American Gold, in contrast reported fallowing for two-month periods, similar to the Norwegian producers' method. Hearing transcript, pp. 139-140 (Cooke and Cook).

Subject Imports

Based on available information, Norwegian producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of fresh Atlantic salmon to the U.S. market in two to three years with larger changes for longer periods. The main contributing factors to the moderate degree of responsiveness of supply in the short run is the ability to shift product from other markets to the U.S. market and shift production from downstream fish products to subject product. In the longer term, there is more flexibility as the number of fish raised may be increased and better distribution in the U.S. market can be created.

Industry capacity

Norway is the world's largest producer and exporter of farmed Atlantic salmon. Licenses are required. Norwegian licenses are for a maximum amount of biomass that can be in the water in any site at any time, which in turn determines the capacity limit per license.[15] Marine Harvest estimated Norwegian production to be 915,000 tons in 2010,[16] the average per license harvest in 2008 to be 986 short tons, and a per-license potential of 1,102 short tons.[17]

Capacity data for Norwegian producers depend on the method of measurement; these issues are discussed in more detail in part IV of this report.

Alternative markets

The largest export market for Norwegian salmon is the EU (Norway is not part of the EU), followed by Japan and Russia. Norwegian producers/exporters report that their transportation costs to the United States are higher than those of Canadian and Chilean producers, while their transportation costs to the EU and Russia are relatively low because these exports are transported by truck or train.[18] ***, a Norwegian producer, processor, and exporter, which exports salmon products not covered by the orders to the United States, noted that if the orders ended, it could become a one-stop source for all salmon products, and that the advantages of this option might outweigh the additional transportation costs.

Norwegian producers/exporters reported a number of constraints that limit shifting of sales for fresh Atlantic salmon between the U.S. and other markets. These include: selling most of their product to (non-U.S.) customers with which they have a long-term relationship; a Canadian affiliate already serving the U.S. market; higher profits for fillets than whole Atlantic salmon; Norwegian production close to its maximum level; larger fish already committed to the Russian market and it is unlikely that it would export small fish to the U.S. market; shipping costs limit sales; and no long-term relationship with U.S. customers. However, 5 of the 15 responding Norwegian producers/exporters reported that they would be able to shift to the U.S. market relatively easily within a year if it were economically viable. Some Norwegian producers/exporters reported that shifting sales of larger salmon for sushi might be economically viable. Norwegian government sources reported that Norway was able to shift its sales from China to other Asian markets when Chinese quarantine procedures reduced exports; thus shifting some product between markets may not be difficult.[19]

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[15] Hearing transcript, pp. 170-172 (Nerheim).

[16] Marine Harvest "Salmon Farming Industry Handbook 2010" http://marineharvest.com/PageFiles/1296/Handbook%202010.pdf; retrieved September 19, 2011, p. 16. Converted from tonne in the original to short tons.

[17] Marine Harvest "Salmon Farming Industry Handbook 2010" http://marineharvest.com/PageFiles/1296/Handbook%202010.pdf; retrieved September 19, 2011, p. 16.

[18] Hearing transcript, pp. 184 and 194 (Vike and Sundheim).

[19] However, Norwegian exports to China have never accounted for more than 1.6 percent of total Norwegian exports. Hearing transcript, p. 175 (Nerheim).

Although 8 of 15 responding Norwegian producers/exporters reported that the U.S. market and Norwegian export markets differed in terms of the product range, mix, or marketing of fresh Atlantic salmon, none identified specific differences.

Norwegian market

All 15 Norwegian producers/exporters reported no import competition in their home market. Six of 11 Norwegian producers/exporters reported that domestically consumed and exported fish were not always interchangeable. Several firms reported that 2 to 5 percent of the salmon produced in Norway were not of export quality and could only be sold in the Norwegian market. They also reported that different markets preferred different sizes. Specifically, processors in the EU typically require 3 to 6 kilogram (6.6 lbs. to 13.2 lbs.) fish, while fish sold to the U.S. market typically weigh over 6 kilograms; other markets such as Russia, Ukraine, China, Hong Kong, and South Korea also typically prefer larger fish.

Inventory levels

Norwegian producers have very low levels of inventories because of the perishable nature of salmon. Only one producer/exporter, ***, reported inventories, which were the equivalent of less than 1 percent of its annual production in each year.

Production alternatives

Eight of the 13 responding Norwegian producers/exporters reported substitutes in the production of fresh Atlantic salmon. Specifically, seven firms identified downstream products of frozen and further processed salmon and one reported trout. While some producers/exporters reported shifting regularly between further processed salmon and whole fresh Atlantic salmon in response to relative prices, others reported that shifting was difficult either because they had made large investments in processing plants and expected to continue to produce value-added product,[20] or because they would have to invest in processing equipment in order to shift production.

Supply constraints

Norwegian producers/exporters reported that the most important constraints on production were the "Maximum Allowed Biomass" in the licenses, and the number of licenses available. In addition to these regulatory constraints and other new regulations, they report that practical capacity was limited by the life cycle of salmon, temperature, biological issues (diseases), and availability of smolt.

Nonsubject imports

While Norway is the world's largest producer of fresh Atlantic salmon, the supply in the U.S. market comes predominantly from nonsubject countries. Nonsubject imports accounted for *** percent of total U.S. apparent consumption in 2010 while U.S. supply accounted for *** percent. The largest sources of nonsubject imports during 2005-10 were Canada, followed by the UK, the Faroe Islands, and Chile.[21] Combined, these countries accounted for *** percent of 2010 imports. Salmon production in Chile fell substantially in the second half of 2008 and in 2009 because of a disease outbreak (ISA) and is

[20] Some processors also reported being reluctance to shift to whole Atlantic salmon from value-added product because this would reduce employment.

[21] Other sources reported by importers were Ireland and Tasmania, Australia.

now beginning to recover, as noted earlier.[22] Although Chile was never a large supplier of fresh Atlantic salmon in the U.S. market, the loss of its salmon products, including fresh and frozen salmon fillets, caused shifts in production and demand for all salmon products which subsequently increased fresh Atlantic salmon prices.

Producers and importers were asked if the availability of fresh Atlantic salmon from nonsubject countries had changed since January 1, 2005. *** responded that nonsubject supply was increasing due to growth in the Chilean supply.[23] Nine of 10 responding importers reported changes in nonsubject supply, reporting that ISA in Chile had created shortages, and that the imports from Canada, Faroe Islands, and the UK had increased.[24]

Purchasers were asked if there had been any changes in overall supply (not limited to nonsubject sources). Six of the 10 responding purchasers reported changes, including: shortages because of ISA disease; changes in costs due to the price of jet-fuel; increases in the availability of air transportation; Norwegian exchange rates that caused changes in prices; and better marketing of salmon that resulted in increased demand.

When asked about new suppliers in the U.S. fresh Atlantic salmon market, eight purchasers answered no and two answered yes (one of these attributed it to normal business turnover and the other identified Nordic Fresh as a new supplier). Six purchasers reported that they did not expect any new entrants to the market, but three did, with one elaborating that firms "come and go."

All 10 responding importers reported changes in U.S. market supply, including: reduced availability because of increased demand outside the United States; reduced production in 2009 through mid-2011 due to the Chilean ISA outbreak; cyclical changes in availability; increased world production since 2005; increased costs of shipping, packaging, and warehousing due to high energy costs; rising feed and labor costs; increased prices due to shortages; and volatility in exchange rates that have created opportunities.

Nine of 10 responding importers reported changes in nonsubject supply including: a decrease in Chilean production in 2009, 2010, and part of 2011; and an increase in imports from Canada, the Faroe Islands, and the UK.

U.S. Demand

Based on available information, the overall demand for fresh Atlantic salmon is likely to have a moderate to high response to changes in price. The main factors contributing to price sensitivity are the availability of substitutes (such as other types of meat, fish, other species of salmon, fresh salmon pieces, and frozen Atlantic salmon), and the relatively high cost of fresh Atlantic salmon as part of a meal compared to other meats. However, factors reducing the responsiveness of demand include reduced availability of other types of fish as a result of overfishing, and the inability to use frozen fish in sushi.

Although a research report describes consumer demand for salmon as very elastic, it does not specifically examine fresh Atlantic salmon.[25]

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[22] Marine Harvest "Salmon Farming Industry Handbook 2010." http://marineharvest.com/PageFiles/1296/Handbook%202010.pdf ; retrieved September 19, 2011, p. 18.

[23] ***. Over the whole period, Chilean production fell, however, its production began to increase between 2010 and 2011 as Chile began to recovery from the ISA outbreak.

[24] In addition, one importer reported that its Tasmanian supplier had exited the U.S. market. UK imports are typically from Scotland and most responses report Scotland rather than the UK as the source; UK is used for convenience.

[25] Andersen, Trude, Kristin Roll, and Sigbjorn Tveteras "Price Responsiveness of Salmon Supply in the Short and Long Run," *Marine Resources Economics*, Volume 23, 2008, pp. 425-437.

End Uses

U.S. producers and importers agreed that nearly all fresh Atlantic salmon is sold for human consumption. *** reported that 99.9 percent of fresh Atlantic salmon is used for human consumption, while 0.1 percent is used for fish meal. Reported sales for consumption were to retailers, re-processors, distributors, and restaurants, including sushi restaurants and high-end restaurants.

*** changes in end uses since 2005. Six of 10 responding importers identified end-use changes including: greater demand for fillets; greater demand for sushi and from "white table cloth" restaurants; and increased raw fish consumption. U.S. producers also report that, although raw consumption has been increasing, it is not a large part of consumption.[26] Although most firms (***, all purchasers, and most importers), expected no changes in end uses, two importers expected more product to be sold as value-added products, and more demand for use in sushi and at "white table cloth" restaurants.

Norwegian producers/exporters reported that end uses included sushi, sashimi, smoked salmon, and processing into fillets and other value-added products. They also report that larger, more expensive fish are used for sushi, that Norwegian consumers are more likely to cook salmon at home while U.S. consumers are more likely to eat it at restaurants, and that both new eating habits (sushi) and the focus on the health benefits of eating salmon have increased demand. Ten of 15 responding Norwegian producers/exporters reported changes in end uses since 2005 including: increased use in sushi; increased demand for larger sizes; increased demand for health reasons; increased use of salmon as a convenience food for everyday use; and increased sales in value-added products rather than whole salmon. Nine of 15 responding Norwegian producers/exporters reported that they anticipated a continuation of the demand trends of the last five years.

Business Cycles

Most purchasers (6 of 10) indicated that the fresh Atlantic salmon market was subject to business cycles or distinctive conditions of competition. They reported: natural growth cycles; cycles affected by disease or overproduction; decreased demand due to a poor economy; seasonal business; preorders from big box stores limited availability in other markets and therefore increased prices; and that when salmon reach maturity it must be harvested regardless of the current price. Five of 10 purchasers reported changes in business cycles since 2005 including: that "catastrophic" problems in the Chilean salmon industry forced customers to shift to European supply; that the market is moving from a period of record high prices that limited consumption into a period of overproduction; that the market is constantly changing; that there was reduced demand for higher quality fish; and that there are fewer Canadian exporters due to consolidation.

Researchers report "substantial cycles in prices" since, due to the salmon lifecycle, producers have little ability to change production in the short run in response to demand changes.[27]

Apparent Consumption

Apparent U.S. consumption of fresh Atlantic salmon increased steadily from *** pounds in 2005 to *** pounds in 2010.

[26] Hearing transcript, p. 125 (Ruettgers).

[27] Andersen, Trude, Kristin Roll, and Sigbjorn Tveteras "Price Responsiveness of Salmon Supply in the Short and Long Run," *Marine Resources Economics*, Volume 23, 2008, pp. 425-437.

Demand Trends

Firms' perceptions of changes in U.S. demand during 2005-10 were mixed, with most firms reporting that demand had increased (table II-4). ***, 5 of 10 responding importers, 6 of 9 responding purchasers, and 7 of 11 responding foreign producers/exporters described demand as increasing between 2005 and 2011. Factors reported for increased demand include: more health-conscious consumers, the "sushi trend," year-round availability of fresh fish, that the availability of premium product was drawing more chefs to include fresh Atlantic salmon in their menus, no bad press (unlike in 2003-05), good word of mouth/recommendations, better marketing, that salmon is a relatively inexpensive marine protein, increased consumption of seafood, and price stability.[28]

Table II-4
Fresh Atlantic salmon: Firms' perceptions regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	Decrease	Fluctuate	No Change
U.S. demand since 2005				
U.S. producers	***	***	***	***
Importers	5	1	2	2
Purchasers	6	0	3	0
Foreign producers	7	0	0	4
U.S. demand in future				
U.S. producers	***	***	***	***
Importers	7	0	2	1
Purchasers	7	0	2	2
Foreign producers	7	4	0	3
Non-U.S. demand since 2005				
U.S. producers	***	***	***	***
Importers	7	1	0	0
Purchasers	3	0	1	0
Foreign producers	15	0	0	0
Non-U.S. demand in future				
U.S. producers	***	***	***	***
Importers	9	0	0	0
Purchasers	4	0	0	3
Foreign producers	14	0	1	0

Source: Compiled from data submitted in response to Commission questionnaires

*** and one importer reported that demand had declined because of the 2008 recession, slow economic growth, and "high prices." Two importers reported demand fluctuations resulting from fluctuations in price or availability. Two importers and four foreign producers/exporters reported demand was unchanged. One importer reported that, while demand for salmon was rising, it was mainly for fillets and portions, not fresh Atlantic salmon.

Thirteen of the 15 responding Norwegian producers/exporters reported that demand in Norway had increased since 2005, while one reported it was unchanged, and one reported it had fluctuated. All 15 reported that demand outside the United States and Norway had increased since 2005. Firms cited a number of factors for the reported increased demand including increased healthy eating, increased sushi consumption, economic growth, a growing middle class in a number of countries, a growing population, new markets, and better distribution, "price," and "availability."

[28] One purchaser reported that demand was greater than supply because of low availability caused by the high tariffs on product from Norway and lack of supply from Chile caused by disease.

Norwegian producers estimate that worldwide demand is growing 6 to 7 percent per year and that supply can grow at this rate with stable prices.[29]

Expected Future Demand

*** while ***. Seven of ten responding importers anticipated further increases in U.S. demand mainly because of perceived health benefits from eating salmon. Seven purchasers anticipated increased future U.S. demand citing: increased retail marketing, an ageing population needing a low fat diet, increased seafood consumption, and "better" prices. Most Norwegian producers/exporters anticipated increases in U.S. demand and almost all expected that demand in the rest of the world, especially Asia and Eastern Europe, would increase. Reasons reported for the expected increase in demand outside the United States included: increasing middle class in Russia, Brazil, and Asia; China becoming a large market for seafood; the expectation that salmon will continue to be competitively priced; and year-round availability. Two Norwegian producers/exporters anticipated declining demand as buyers shift from whole fish to pieces, even as overall salmon consumption rises due to health benefits.

Substitute Products

Substitutes for fresh Atlantic salmon include other seafood and other proteins such as various types of meat. Firms were asked if fresh salmon pieces (from farmed salmon), fresh wild caught salmon (from four Pacific species), or frozen salmon (either whole or in pieces (farmed)) were substitutes and if there were other substitutes. ***. In contrast, 6 of 11 responding purchasers, 7 of 10 responding importers, and all 14 responding foreign producers/exporters reported substitutes for Fresh Atlantic salmon as noted below.

Cuts vs. whole fish

Four purchasers, 7 importers, and 14 foreign producers/exporters reported that fresh salmon cuts were substitutes for whole salmon. They noted that the products were interchangeable depending on end use; that firms selling fillets and portions can either process the whole fish or purchase pieces; and that consumers typically eat fillets, smoked fish, or portions and not whole fish and thus much of the salmon will be processed before it is sold to the consumers. No purchasers, four importers, and seven foreign producers/exporters reported that the price of fresh salmon cuts affects the price of fresh Atlantic salmon. Some added that the price of pieces mainly affects the price of smaller fish, that importing pieces reduces freight and labor costs, and that prices of whole and cut salmon are comparable or move in tandem.

U.S. imports of Norwegian fresh salmon pieces are not covered by the dumping duty orders. When the Chilean salmon production fell because of the ISA virus,[30] the availability of fresh pieces in the U.S. market fell because Chile had been the largest source of salmon pieces in the U.S. market. As the price of fresh fillets in the United States increased, Norway exported more fillets to the U.S. market.[31] Table II-5 illustrates the decline in imports from Chile in 2009 and 2010, the increase in unit value, and nearly ten-fold increase in imports from Norway between 2008 and 2010.

[29] Hearing transcript, p. 202 (Klett).

[30] ISA was first reported in Chile in 2007. Chile' salmon production fell from 417,772 tons in 2007 to an estimated 108,025 tons in 2010. Asche, Frank, Håvard Hansen, Ragnar Tveteras, and Sigbjørn Tveterås, "Thalassorama the Salmon Disease Crisis in Chile," *Marine Resources Economics*, Volume 24, 2010, p. 405. Quantities have been converted from tonne to short ton.

[31] Hearing transcript, p. 228 (Klett).

Table II-5
Atlantic salmon fillets and pieces: quantity (in 1,000 pounds) and unit value (per pound) of fresh and frozen salmon fillets and pieces imported into the U.S. market by source and year (2005 to January-September 2010 and 2011)

	2005	2006	2007	2008	2009	2010	2010 Jan.-Sept.	2011 Jan.-Sept.
Norway								
Quantity	2,918	5,816	4,789	4,851	40,977	49,746	41,479	13,934
Unit value	$4.59	4.86	5.05	5.28	4.85	5.44	5.38	6.00
Chile								
Quantity	183,785	158,205	175,046	168,275	91,118	47,172	33,827	64,866
Unit value	$3.09	4.16	4.17	4.29	4.39	5.41	5.45	5.54
Canada								
Quantity	21,280	12,816	8,307	11,816	10,022	13,971	11,390	7,782
Unit value	$3.40	3.69	4.66	5.20	5.34	5.43	5.44	6.10
All other								
Quantity	2,400	2,766	5,398	5,131	14,734	10,436	8,785	15,818
Unit value	$4.48	4.90	4.31	4.76	4.97	5.58	5.59	4.65

Source: Data from USITC data web. HTS 0304.10.4093 for 2005-2006 and HTS 0304.19.0064 for 2007-interium 2011. Retrieved December 6, 2011.

Wild vs. farmed salmon

Three purchasers, four importers, and four foreign producers/exporters reported that wild-caught salmon was a substitute for farmed salmon. All four of these importers reported that wild salmon is, however, not always available. In addition, one importer reported that some consumers preferred wild salmon, and two reported seasonal substitution of wild salmon for farmed salmon. Two purchasers, one importer, and four foreign producers/exporters reported that the price of fresh wild salmon affected the price of fresh Atlantic salmon, and that this was mainly driven by the volume of wild salmon caught. Foreign producers/exporters also reported that wild salmon was not available in Europe.

Purchasers were asked how often they or their customers preferred wild salmon to farmed salmon (see the following tabulation).

	Always	Frequently	Sometimes	Rarely	Never
Number of purchasers preferring wild salmon	0	2	4	3	2

Purchasers' explanations for why their customers preferred farmed salmon included: farmed salmon come with the heads on allowing customers to inspect the gill plate for color and smell to determine freshness, while wild-caught salmon rarely come with the heads on; fresh wild salmon is seasonal, and not available for most of the year; and wild salmon cost more. Purchasers' explanations for why their customers preferred wild-caught salmon included: some customers do not want to eat farmed fish when wild fish is available; customers look forward to wild season opening because it is different; wild salmon taste different; high-end customers will pay more for wild salmon; and some customers will not eat farmed salmon.

U.S. producers report that a very large catch of Russian wild salmon in 2011 will reduce the demand for Norwegian fresh Atlantic salmon.[32] The Norwegians report that, since the wild salmon catch referred to are from Eastern Russia, very little of this will be available fresh to Western Russia.[33]

[32] Domestic interested parties' posthearing brief, Russia: "Wild salmon glut will force Norway from market" *IntraFish*, Exhibit 10.

[33] Hearing transcript, p. 252 (Sundheim).

Fresh vs. frozen

One purchaser, 6 importers, and 12 foreign producers reported that frozen salmon was a substitute for fresh Atlantic salmon. Firms reported that frozen salmon could be thawed and used like fresh Atlantic salmon; that processors/smokers may use frozen salmon rather than fresh; and that frozen product has a longer shelf life. Four importers and four foreign producers reported that the price of frozen salmon affects the price of fresh Atlantic salmon. Firms reported that when prices for fresh Atlantic salmon are too high, lower-priced frozen fish are more attractive, and that producers can chose between selling fresh or frozen so that prices adjust in line with each other. Marine Harvest reported that frozen salmon from Chile competes with fresh salmon from Norway in the European market, but that only frozen salmon can be "available in large volumes for distant markets."[34] The decline in frozen salmon production in Chile caused by the ISA virus outbreak, reduced sales to Europe and increased the price of Norwegian salmon in Europe.[35] U.S. producers report that the price of frozen salmon is lower than that for fresh fish thus they have little reason to shift production to frozen salmon.[36]

Other substitutes

Two importers reported that trout is a substitute for fresh Atlantic salmon. Both reported steelhead trout competes with Atlantic salmon and that trout prices affect salmon prices. Five foreign producers reported other substitutes including trout and chicken. Four foreign producers reported that these substitutes affect the price of salmon, reporting that the prices move together. One purchaser reported that a number of different species of fish could be used as substitutes for salmon depending on the end use.

Changes in substitutes

***, one purchaser, one importer, and three foreign producers reported changes in substitutes since 2005, reporting the increased use of fillets, portions, and frozen salmon by customers.

Thirteen of 15 responding foreign producers anticipated no changes in substitutes while two expected increased sales of value-added products.

End uses by size

Purchasers were asked which sizes of fresh salmon were used for different end uses (table II-6). Most purchasers reported that fillet production and retail sales tend to use fish below 12 pounds, that sushi production tends to use fish above 12 pounds, and that restaurants tend to purchase a variety of sizes, but are more likely to purchase fish weighing 10 pounds or more.

[34] Marine Harvest "Salmon Farming Industry Handbook 2010," http://marineharvest.com/PageFiles/1296/Handbook%202010.pdf; retrieved September 19, 2011, p. 14.

[35] Hearing transcript, pp. 227-278 (Klett).

[36] Hearing transcript, p. 161 (Ruettgers).

Table II-6
Fresh Atlantic salmon: Sizes of salmon preferred for end use reported by the purchasers

	8 pounds or less	8-10 pounds	10-12 pounds	12-14 pounds	Over 14 pounds
Fillets	5	4	4	1	1
Sushi	0	0	1	2	8
Restaurants	2	4	8	5	6
Retail	4	7	3	2	1
Other[1]	0	0	1	1	0

[1] Other includes smoking.

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

A witness for the respondent party reported that the fresh Atlantic salmon market is segmented, and different segments prefer different sized fish. He identified the largest and most commoditized segment, accounting for 60 to 70 percent of the market, as distributor/processors who sell fresh salmon cuts to retailers who sell to consumers. This segment typically uses fish that weigh less than 12 pounds because these convert into two to four pound fillets that are preferred by consumers. The second segment he identified is specialty seafood distributors who purchase whole fish, which they convert to fillets that they sell to restaurants, hotels, caterers, and institutions who sell the cooked fish to the final consumer. This segment accounts for 20 to 25 percent of the market and also typically purchases salmon weighing less than 12 pounds. The final segment identified is made up of sushi producers and high-end restaurants. These users typically purchase the whole fish, which makes it easier to assess quality and freshness. This segment accounts for 10 to 15 percent of the U.S. market and these purchasers frequently prefer larger fish, more than 12 pounds and often above 14 pounds. This segment has had the greatest demand growth in the last 5 years and is willing to pay a higher price for larger fish.[37]

U.S. producers disagreed with this characterization of the market, reporting that fish of different sizes were not so cleanly segmented into different parts of the market. U.S. producers emphasized that reported U.S. product was sold in all sizes and to all segments of the U.S. market and that Norwegian salmon did currently compete with U.S. product in all segments of the market. If the orders were removed, U.S. producers reported that such competition would increase.[38]

Cost Share

U.S. producers estimated that the cost share of fresh Atlantic salmon in sushi sold in a retail store was *** percent, in sushi in a sushi meal was *** percent, in fillets and pieces was *** percent, and in smoked salmon sold in a retail store was *** percent.[39]

SUBSTITUTABLITY ISSUES

The degree of substitution between domestic and imported salmon depends upon such factors as relative prices, quality (e.g., freshness, appearance, taste, etc.), reliability of supply, and conditions of sale (e.g., lead times between order and delivery, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between U.S. and imported fresh Atlantic salmon.

[37] Hearing transcript, pp. 177-180 (Taylor).
[38] Domestic interested parties' posthearing brief, pp. 8-9 and Exhibit 1, pp. 53-54.
[39] Domestic interested parties' posthearing brief, Exhibit 1, p. 55.

Knowledge of Country Sources

Purchasers were asked to indicate the countries of origin for which they have actual fresh Atlantic salmon marketing/pricing knowledge. Fewer firms reported knowledge of U.S. produced product than from any of the other listed countries (Norway, Canada, Chile, the Faroe Islands, and the UK). Three purchasers were familiar with U.S. product, four were familiar with product from Norway, seven with product from Canada, five with product from Chile, five with product from the Faroe Islands, six with product from the UK, and none reported familiarity with product from other countries.

As shown in the tabulation below, both the producer and the country of origin is an important factor in purchasers' purchase decisions. Their customers tend to be more interested in country of origin than the producer.

Purchaser / customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	5	1	1
Purchaser's customers makes decision based on producer	0	3	4	4
Purchaser makes decision based on country	3	5	1	2
Purchaser's customer makes decision based on country	1	5	3	2

A number of purchasers reported that country preferences were related to product quality. For example, one purchaser reported that Norwegian product was the best quality followed by UK and Canadian product, while product from Chile was "below standards."[40] Another purchaser reported that it preferred product from the UK and the Faroe Islands because of quality. Others purchasers' reasons for making decisions based on countries of origin include: the country's brand sets it apart; and countries were preferred for their price, availability, quality, and flavor. Customers were reported to prefer some countries of origin because of quality and preconceived notions about the quality of product from certain countries.

Nine of 11 responding purchasers "always" or "usually" make purchases based on the producer. Reasons cited for purchasing based on the producer in addition to those listed above include: reliability of the producer; sustainability/leadership in industry; quality of product vendors supply; and the purchaser prefers its supplier because it fills orders when quantities are limited. Purchasers' customers were less likely to consider the producer in purchasing decisions. Eight of 11 purchasers reported that their customers "sometimes" or "never" make purchasing decisions based on the producer.

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

When asked to identify the three main factors considered by their firm in their purchasing decisions for fresh Atlantic salmon, the most often cited factors were price (11 firms, most of which ranked it second), quality (11 firms, most of which ranked it first), and availability (8 firms, most of which ranked it third), as shown in table II-7.

[40] This purchaser added that U.S. production was irrelevant.

Table II-7
Fresh Atlantic salmon: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Number of firms reporting			
	First	Second	Third	Total
Quality (food safety)	7	3	1	11
Price	2	6	3	11
Availability (consistent supply)	2	1	5	8
Reliability	0	1	0	1
Service	0	0	1	1
Traditional supplier	0	0	1	1

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

One of the purchasers reported that it always purchased at the lowest price, four reported that they usually did, five reported that they sometimes did, and one reported that it never purchased at the lowest price.

Six purchasers reported that they purchased fresh Atlantic salmon from one source although a comparable product was available at a lower price from another source. Identified, reasons include availability of a specific size; reputation of the vendor; freshness of fish; quality; reliability of supply; relationship and brand; delivery time from eastern Canada (two days) relative to West Coast (five days) and better flavor of Norwegian/UK product, due to its higher fat/oil content.

Importance of Specified Purchase Factors

Purchasers were asked to rate the importance of 22 factors in their purchasing decisions (table II-8). The factors rated as "very important" by most purchasers were availability, age/freshness, and reliability of supply (11 responses each); smell and taste (10 responses each); appearance, delivery time, price, product consistency, quality meets industry standards, and texture (9 responses each); quality exceeds industry standards and weight accuracy (8 responses each); and delivery terms (7 responses).

Factors Determining Quality

Purchasers reported that numerous factors determine the quality of fresh Atlantic salmon including: factors indicating freshness (kill/pack/harvest-date, visual characteristics of fresh fish {eye clarity and gill plate inspection}, and gill plate smell); texture; appearance (skin and color, no scars or skin indentations); storage/shipping temperature since slaughter; and packing conditions, harvesting method, and feeding of the fish.

Table II-8
Fresh Atlantic salmon: Importance of factors as reported by U.S. purchasers

Factor	Very important	Somewhat important	Not important
	Number for firms responding		
Availability	11	0	0
Appearance	9	2	0
Age/freshness	11	0	0
Branded product	0	8	3
"Chemical free" product	4	5	2
Delivery terms	7	4	0
Delivery time	9	2	0
Discounts offered	1	5	5
Extension of credit	1	5	5
Price[1]	9	2	0
Packaging	3	8	0
Product consistency	9	2	0
Quality meets industry standards	9	1	0
Quality exceeds industry standards	8	3	0
Product range	1	4	5
Reliability of supply	11	0	0
Smell	10	1	0
Technical support/service	2	6	3
Taste	10	1	0
Texture	9	2	0
U.S. transportation costs[1]	3	5	2
Weight accuracy	8	2	0

[1] A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Source: Compiled from data submitted in response to Commission questionnaires

Supplier Certification

Six of the 11 responding purchasers require that all of the fresh Atlantic salmon they purchase be qualified or certified.[41] Four purchasers reported the need for evidence of "Hazard Analysis and Critical Control Points" (HACCP) compliance,[42] one assumed certification of its importers, and one reported qualification based on quality, service, and price. Six purchasers reported that the time to qualify a new supplier ranged from 1 to 180 days, three firms reported 7 days or less, and two reported 15 to 30 days. No domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status, since 2005.

[41] One of these remarked that "some" needed to be certified but in its explanation it reported that all suppliers must be certified.

[42] According to the FDA, "HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product." http://www.fda.gov/food/foodsafety/hazardanalysiscriticalcontrolpointshaccp/default.htm; retrieved, October 28, 2011. One purchaser reported that it did not currently require HACCP certification but it will require it by March 2012.

Lead Times

U.S. producers reported most sales, *** percent, were from "inventories" with lead time of *** days; the remaining product was produced to order with lead time of *** days for Phoenix and *** days for American Gold.[43] Importers of Norwegian product *** reported selling 100 percent of their product from U.S. inventories with a lead time of 2 days; in contrast, *** reported selling 100 percent produced to order with lead times of 5 to 7 days.

Changes in Purchasing Patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2005 (table II-9). One purchaser reported demand for U.S. product had fluctuated, and that large volume increases required larger purchases from bigger vendors. The reason reported for fluctuations in purchases of Norwegian product were price/exchange rates. One purchaser reported that its purchases of Norwegian product had increased because it had started to offer Norwegian product. Reasons for increased purchases of nonsubject product include: increased demand; a consumer request that the purchaser carry whole fish; the increased company size had led it to increase its purchases; increased purchase of Canadian product due to access and pricing; and increased purchase of product from the Faroe Islands and the UK because Norwegian prices increased.

Table II-9
Fresh Atlantic salmon: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchase	Increased	Constant	Decreased	Fluctuated	Did not purchase
U.S.	1	0	0	1	9
Norway	1	0	1	3	6
All other	6	3	1	1	0
Source: Compiled from data submitted in response to Commission questionnaires.					

Importance of Purchasing Domestic Product

Most purchasers (10 of 11) reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions. The remaining firm reported that purchasing U.S. product would be important to it if there were any firms left in the United States, but that most producers are Canadian.

Comparison of the U.S.-produced, Norwegian, and Nonsubject Imports

Purchasers were asked to compare, based on 22 factors, fresh Atlantic salmon produced in the United States, Norway, and nonsubject countries. Tables II-10 and II-11 summarize these comparisons with respect to the United States and Norway, respectively.

U.S. product compared to product from Norway

Four purchasers compared domestic product to product from Norway. Most of these reported that U.S. product and Norwegian product were comparable for 19 of the 22 factors (see table II-10). For the three remaining factors (availability, product range, and reliability of supply), the responses were mixed.

[43] ***.

Table II-10
Fresh Atlantic salmon: Comparisons of product by source country, U.S. vs. Norway and nonsubject countries, as reported by purchasers

	U.S. vs. Norway			U.S. vs. Canada			U.S. vs. Chile			U.S. vs. Faroe Islands			U.S. vs. UK		
Factor	**S**	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**
Availability	2	0	2	0	**3**	2	1	1	2	1	1	**3**	1	0	**4**
Appearance	1	**3**	0	0	**4**	0	1	**3**	0	0	**4**	0	0	**4**	0
Age/freshness	1	**3**	0	0	**4**	0	0	**3**	1	1	**3**	0	1	**3**	0
Branded Product	0	**3**	1	0	**4**	0	0	**4**	0	0	**3**	1	0	**3**	1
"Chemical free" product	1	**3**	0	1	**3**	0	1	**3**	0	1	**3**	0	1	**3**	0
Delivery terms	1	**3**	0	0	**4**	0	1	**3**	0	0	**4**	0	0	**4**	0
Delivery time	1	**3**	1	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0
Discounts offered	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0
Extension of credit	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0
Price[1]	1	**3**	0	0	**4**	0	0	**4**	0	0	**4**	0	1	**3**	0
Packaging	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0
Product consistency	1	**3**	0	1	**3**	0	1	2	1	0	**4**	0	0	**3**	1
Quality meets industry standards	1	**3**	0	0	**4**	0	1	**3**	0	0	**4**	0	0	**4**	0
Quality exceeds industry standards	1	**3**	0	0	**4**	0	1	**3**	0	0	**4**	0	0	**3**	1
Product range	0	2	2	0	**4**	0	0	2	2	0	**4**	0	0	**3**	1
Reliability of supply	1	1	2	0	2	2	1	1	2	2	2	0	1	**3**	0
Smell	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0	0	**3**	0
Technical support/service	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0	0	**4**	0
Taste	0	**3**	1	0	**4**	0	0	**4**	0	1	**3**	0	0	**3**	1
Texture	0	**4**	0	0	**4**	0	1	**3**	0	0	**3**	0	0	**4**	0
U.S. transportation costs[1]	1	**3**	0	0	**3**	0	0	**3**	0	0	**3**	1	0	**3**	1
Weight accuracy	0	**3**	0	0	**3**	0	0	**3**	0	0	**4**	0	0	**4**	0

[1] A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. One firm provided two answers to one of the comparisons and did not provide requested corrections, both answers for the factor/country pair were disregarded. One firm compared U.S. product with Canadian, Faroe Island, and UK only on availability, reporting U.S. product was inferior in availability in all comparisons.

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

Table II-11
Fresh Atlantic salmon: Comparisons of product by source country, Norway vs. nonsubject countries, as reported by purchasers

	Norway vs. Canada			Norway vs. Chile			Norway vs. Faroe Islands			Norway vs. UK		
Factor	**S**	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**
Availability	**3**	1	1	1	**4**	1	3	2	1	2	3	1
Appearance	1	**4**	0	**4**	2	0	1	**5**	0	1	**5**	0
Age/freshness	0	**4**	1	2	**4**	0	1	**5**	0	1	**5**	0
Branded product	1	**4**	0	2	**4**	0	2	**4**	0	0	**6**	0
"Chemical free" product	0	**5**	0	0	**5**	0	0	**5**	0	0	**5**	0
Delivery terms	0	**5**	0	2	**4**	0	0	**6**	0	0	**6**	0
Delivery time	0	**5**	0	2	**4**	0	1	**5**	0	0	**6**	0
Discounts offered	0	**5**	0	0	**5**	0	0	**5**	0	0	**5**	0
Extension of credit	0	**5**	0	0	**6**	0	0	**6**	0	0	**6**	0
Price[1]	0	2	**3**	1	3	2	1	**4**	1	1	**4**	1
Packaging	0	**5**	0	0	**6**	0	0	**6**	0	0	**6**	0
Product consistency	1	**3**	1	3	3	0	1	**5**	0	0	**6**	0
Quality meets industry standards	0	**5**	0	2	**4**	0	1	**5**	0	1	**5**	0
Quality exceeds industry standards	1	**4**	0	3	2	1	2	3	1	1	**4**	1
Product range	1	**4**	0	1	**5**	0	3	3	0	1	**5**	0
Reliability of supply	1	2	2	1	**4**	1	2	3	1	2	3	1
Smell	0	**5**	0	2	**4**	0	1	**5**	0	1	**5**	0
Technical support/service	0	**5**	0	0	**6**	0	1	**5**	0	0	**6**	0
Taste	2	**3**	0	**4**	2	0	2	**4**	0	2	**4**	0
Texture	1	**4**	0	**4**	2	0	2	**4**	0	2	**4**	0
U.S. transportation costs[1]	0	**4**	1	0	**6**	0	0	**6**	0	0	**6**	0
Weight accuracy	0	**4**	0	0	**6**	0	0	**6**	0	0	**6**	0

[1] A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

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

U.S. product compared to product from nonsubject countries

Canada--In comparing domestic and Canadian products, most purchasers reported that they were comparable for 21 of 22 factors. For reliability of supply, two firms reported that Canadian product was superior and two reported that U.S. and Canadian product were comparable.

Chile--In comparing domestic and Chilean products, most purchasers reported that they were comparable for 18 factors. For appearance, product range, and reliability of supply, half reported that U.S. product was inferior, and for product consistency, half reported that U.S. and Chilean product was comparable.

Faroe Islands--In comparing domestic and Faroe Island products, most purchasers reported that they were comparable for 20 factors. Most purchasers reported that Faroe Island product was superior for availability and half reported U.S. product was superior for reliability of supply.

UK--In comparing domestic and UK products, most purchasers reported that they were comparable for 21 factors. The majority reported that UK product was superior for availability.

Norwegian product compared to product from nonsubject countries

Canada--In comparing Norwegian and Canadian products, most purchasers reported that they were comparable for 19 factors. The majority reported that the Norwegian product was superior with regard to availability and the Canadian product was superior for price. Answers were mixed for reliability of supply.

Chile--In comparing Norwegian and Chilean products, most purchasers reported that they were comparable for 16 factors. The majority reported that Norwegian product was superior for appearance, taste, and texture. Half of the responding purchasers reported that Norwegian product was superior for product consistency and quality exceeds industry standards. Half reported that price was comparable for product from Norway and Chile, two reported that Chilean prices were superior, and one reported that Norwegian prices were superior.

Faroe Islands--In comparing Norwegian and Faroe Island products, most purchasers reported that they were comparable for 18 factors. Half of the responding purchasers reported that Norwegian product was superior for availability and product range. For both quality exceeds industry standards and reliability of supply, three reported that products were comparable, two reported that Norwegian product was superior, and one reported that Faroe Island product was superior.

UK--In comparing Norwegian and UK products, most purchasers reported that they were comparable for 20 factors. For availability and reliability of supply, two reported that Norwegian product was superior, three reported that they were comparable, and one reported that UK product was superior.

Interchangeability of U.S., Norwegian, and nonsubject countries' product

With respect to interchangeability, fresh Atlantic salmon from different countries were generally viewed as interchangeable. *** (table II-12).

Five of eight responding importers reported that U.S. and Norwegian products were "sometimes" or "never" interchangeable and most responding importers reported that U.S. and Faroe Islands, and U.S. and UK products were "sometimes" or "never" interchangeable. In contrast, five of eight responding importers reported that U.S. and Canadian products were "always" interchangeable, and six of seven responding importers reported that U.S. and Chilean products were either "frequently" or "sometimes" interchangeable. Most importers reported that Norwegian product was "sometimes" interchangeable with product from Canada and Chile. Half of the responding importers reported that Norwegian product was "always" interchangeable with product from the Faroe Islands and the UK. Half or more of the responding importers reported that product from nonsubject country pairs were "sometimes" interchangeable for all named country pairs except the Faroe Islands and the UK, for which seven of eight reported they were "always" interchangeable.

The majority of purchasers reported that U.S. product was "always" or "frequently" interchangeable with product from all countries except Chile. Most purchasers reported that Chilean product was either "frequently" or "sometimes" interchangeable with U.S. product.

When comparing Norwegian product with that of other countries, most purchasers reported that Canadian product was "sometimes" interchangeable, half reported that Chilean product was "never" interchangeable, and half reported that it was "frequently" interchangeable. Faroe Islands product was reported to be sometimes interchangeable by half of the responding purchasers, and the other half reported "always" and "frequently." UK related responses were evenly divided between "always," "frequently," and "sometimes" interchangeable.

Table II-12
Fresh Atlantic salmon: Perceived interchangeability between fresh Atlantic salmon produced in the United States and in other countries, by country pairs

	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. other countries:												
U.S. vs. Norway	***	***	***	***	2	1	4	1	0	3	1	0
U.S. vs. Canada	***	***	***	***	5	2	1	0	1	4	2	0
U.S. vs. Chile	***	***	***	***	1	3	3	0	1	3	3	1
U.S. vs. Faroe Islands	***	***	***	***	1	1	3	1	2	2	2	0
U.S. vs. UK	***	***	***	***	2	1	3	1	2	2	2	0
U.S. vs. Other nonsubject	***	***	***	***	1	1	1	1	1	1	0	0
Subject vs. nonsubject country comparisons:												
Norway vs. Canada	***	***	***	***	2	1	5	1	0	2	3	0
Norway vs. Chile	***	***	***	***	1	2	5	1	0	3	0	3
Norway vs. Faroe Islands	***	***	***	***	4	2	2	0	2	1	3	0
Norway vs. UK	***	***	***	***	4	2	2	0	2	2	3	0
Norway vs. Other nonsubject	***	***	***	***	1	1	0	0	1	0	0	0
Nonsubject vs. nonsubject country comparisons:												
Canada vs. Chile	***	***	***	***	1	3	5	0	2	4	3	0
Canada vs. Faroe Islands	***	***	***	***	1	2	4	1	3	5	0	0
Canada vs. UK	***	***	***	***	1	2	4	1	2	4	1	0
Canada vs. Other nonsubject	***	***	***	***	1	1	0	0	0	1	0	0
Chile vs. Faroe Islands	***	***	***	***	1	0	5	1	1	3	3	1
Chile vs. UK	***	***	***	***	1	0	5	1	1	2	2	2
Chile vs. Other nonsubject	***	***	***	***	1	0	1	0	0	0	1	0
Faroe Islands vs. UK	***	***	***	***	7	1	0	0	3	3	2	0
Faroe Islands vs. Other nonsubject	***	***	***	***	1	1	0	0	1	0	0	0
UK vs. Other nonsubject	***	***	***	***	1	1	0	0	0	0	2	0

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

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

For nonsubject pairs, the majority of purchasers reported that they were "frequently" or "sometimes" interchangeable except for "other nonsubject" where the small number of answers did not show any particular pattern.

Reasons firms provided for lack of interchangeability tended to focus either on the perceived lower quality of Chilean product or the large size or high quality of either Norwegian or European salmon. A number of firms compared the quality of fresh Atlantic salmon from different sources, reporting that: (1) Norway produces the highest quality fish, UK is about the same as Norway, Canada is next followed by the Faroe Islands, and Chile is last; (2) Chile has a lower quality product with lower prices, Canada produces a good quality fish with fair prices, European producers offer fish that are for higher end markets; country of origin preference is typically driven by the product fat content, general appearance, and overall image; (3) Norway, the Faroe Islands, and the UK produce larger sizes for sushi and "white table cloth" restaurants; and (4) whole salmon from Norway, the Faroe Islands, and the UK are better suited to sushi trade due to fat content and larger sizes while North American salmon are generally smaller than Atlantic salmon from Europe and are therefore less suitable for the whole fish market that serves high-end sushi restaurants, where large fish command a premium. Regarding product from Chile, firms reported that Chilean Atlantic salmon is not perceived as suitable for the whole fish market and that Chile tends to focus production on filets and pieces.

Perceived differences other than price of U.S., Norwegian, and nonsubject countries' product

Firms were also asked if differences other than price between fresh Atlantic salmon produced in the United States and in other countries were a significant factor in their sales or purchases (table II-13). *** significant non-price differences.

Table II-13
Fresh Atlantic salmon: Perceived differences other than price between fresh Atlantic salmon produced in the United States and in other countries, by country pairs

	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. other countries:												
U.S. vs. Norway	***	***	***	***	2	2	1	2	0	1	2	0
U.S. vs. Canada	***	***	***	***	1	0	3	4	2	1	3	0
U.S. vs. Chile	***	***	***	***	1	1	4	1	1	2	3	0
U.S. vs. Faroe Islands	***	***	***	***	2	1	2	1	1	2	0	1
U.S. vs. UK	***	***	***	***	2	2	1	1	0	3	0	1
U.S. vs. Other nonsubject	***	***	***	***	1	0	0	1	0	1	0	0
Subject vs. nonsubject country comparisons:												
Norway vs. Canada	***	***	***	***	1	1	2	2	2	0	2	0
Norway vs. Chile	***	***	***	***	1	2	3	1	2	1	0	2
Norway vs. Faroe Islands	***	***	***	***	2	0	2	3	1	3	0	0
Norway vs. UK	***	***	***	***	2	1	3	3	2	2	0	0
Norway vs. Other nonsubject	***	***	***	***	0	0	0	1	1	0	0	0
Nonsubject vs. nonsubject country comparisons:												
Canada vs. Chile	***	***	***	***	0	0	0	1	3	1	4	1
Canada vs. Faroe Islands	***	***	***	***	1	1	2	1	1	5	2	0
Canada vs. UK	***	***	***	***	1	2	3	1	0	6	1	0
Canada vs. Other nonsubject	***	***	***	***	0	0	0	2	0	1	0	0
Chile vs. Faroe Islands	***	***	***	***	1	1	2	1	2	2	2	2
Chile vs. UK	***	***	***	***	1	2	3	1	1	3	2	2
Chile vs. Other nonsubject	***	***	***	***	0	0	0	1	0	0	1	0
Faroe Islands vs. UK	***	***	***	***	1	0	1	3	3	2	2	1
Faroe Islands vs. Other nonsubject	***	***	***	***	0	0	0	1	0	1	0	0
UK vs. Other nonsubject	***	***	***	***	0	0	0	1	0	1	1	0

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

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

U.S- based comparisons--Most importers reported that there were "always" or "frequently" differences other than price for U.S. product compared to that from Norway and the UK; most firms also noted there were at least "sometimes" differences other than price for the U.S. product compared to that from the Faroe Islands and Chile. In contrast, most importers reported there were either "sometimes" or "never" differences between product from the United States and Canada.

Most purchasers reported that there were "sometimes" differences other than price between products from the United States and Norway. For the United States and Canada, and the United States and Chile, half of the purchasers reported there were "sometimes" differences, and half reported that there were "always" or "frequently" differences. Most purchasers reported that there were "frequently" differences other than price between U.S. product compared to product from the UK, product from the Faroe Islands, and product from other nonsubject countries.

***Norway based comparisons*—**Most importers reported that there were either "sometimes" or "never" differences other than price between Norwegian product and product for all listed nonsubject countries. Purchasers' responses were more varied. Two purchasers reported there were "sometimes" and two that there were "always" differences other than price between Norwegian and Canadian product. All purchasers reported that there were either "always" or "frequently" differences other than price between Norwegian product and product from the Faroe Islands and the UK. Purchaser answers comparing product from Norway and Chile were divided, with two each reporting "always" and "never" and one reporting frequently.

Nonsubject country based-comparisons--For nonsubject-to-nonsubject country comparisons, the majority of responding importers reported that there were at least "sometimes" differences other than price for all country pairs other than those with "other nonsubject" and the UK and the Faroe Islands. For the remaining pairs, the majority reported that there were "never" differences other than price.

U.S., Norwegian, and nonsubject countries' product meet minimum quality specifications

All the responding purchasers reported that product from all sources other than Chile "always" or "usually" meets their minimum quality requirement (table II-14). For Chile, only half the responding purchasers reported that it "always" or "usually" meets their minimum quality requirements.

Table II-14
Fresh Atlantic salmon: Perceived frequency that product meets minimum quality required, as reported by U.S. purchasers

	Always	Usually	Sometimes	Rarely/never
U.S.	1	5	0	1
Norway	4	4	1	0
Canada	5	6	0	0
Chile	2	3	4	1
Faroe Islands	7	3	0	0
UK	5	4	0	0
Other nonsubject	0	1	0	0

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were asked to comment on estimates in their briefs; no comments were received.[44]

U.S. Supply Elasticity

The domestic supply elasticity for fresh Atlantic salmon depends on factors such as the life cycle of salmon, which constrain producers' ability to increase production in a one year time frame, the availability of alternate markets, and the ability to shift production to alternate products. The level of excess capacity would affect supply elasticity in the longer run. Although U.S. capacity utilization was low throughout the period, there are limited alternative production possibilities. On the other hand, exports are a relatively large share of production. Analysis of these factors indicates that the domestic producers of fresh Atlantic salmon have a limited to moderate ability to alter domestic shipments in response to a change in the relative price of fresh Atlantic salmon. An estimate in the range of 1.0 to 1.5 is suggested.

[44] In the preliminary report for this review, U.S. exports were reported to be much lower in section II and thus the U.S. supply elasticity was estimated to be lower.

U.S. Demand Elasticity

The U.S. demand elasticity for fresh Atlantic salmon depends on the availability of substitute products as well as the perceived importance of fresh Atlantic salmon by consumers. There are few substitutes for fresh Atlantic salmon in the same price range, but demand may be somewhat price sensitive in that salmon is frequently considered to be a luxury. Based on the available information, the aggregate demand elasticity for fresh Atlantic salmon is likely to be in the range of -0.5 to -1.5.

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, Norwegian fresh Atlantic salmon is substitutable for domestic fresh Atlantic salmon in most end uses, but there are some differences in reputation. Based on these factors, staff estimates the substitution elasticity between domestic fresh Atlantic salmon and that imported from Norway to be in the range of 3 to 5.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

There are currently two producers of fresh Atlantic salmon in the United States: Phoenix[1] and American Gold. This is a result of considerable consolidation in the U.S. industry since the original investigations when there were 25 producers of the subject product.[2] [3]

Since 2002, consolidation and other changes in the global industry have continued the integration of the U.S. industry into the much larger global one. For instance, in early 2004 Fjord Seafood sold Atlantic Salmon of Maine to Horton's of Maine, Inc., a subsidiary of Canada-based Cooke Aquaculture (the owner of the current U.S. producer, Phoenix). In June 2005, George Weston also announced the sale of its Heritage Salmon subsidiary (which operates farms in eastern Canada as well as the Conner's farms in Maine) to Cooke Aquaculture. Also in 2005, Stolt Sea Farm, Inc. was renamed Marine Harvest US Inc., and all U.S. production operations were sold to Cooke Aquaculture, making Cooke by far the largest owner of U.S. production of fresh Atlantic salmon. Phoenix was incorporated in 2005, combining all of Cooke Aquaculture's U.S. production facilities of fresh Atlantic salmon.

Anticipated Changes in Operations

American Gold reports that it anticipates production being *** of fresh Atlantic salmon in 2011 and 2012, ***. Phoenix Salmon anticipates ***.

ENVIRONMENTAL ISSUES[4]

In Maine, the only state on the eastern seaboard where salmon are farm-grown, only 14 of the 45 permanent ocean pens were in use in June 2005 because of a 2003 federal court ruling that required aquaculture companies to allow the sites to remain fallow as a result of violations of the federal Clean Water Act. The 2005 situation resulted from a lawsuit filed in Maine in July 2000 by two Maine residents and the United States Public Interest Research Group. The suit alleged that Heritage, Stolt, and ASM (all of which are now a part of Phoenix) violated the Clean Water Act by illegally discharging pollutants into the ocean without permits.

In June 2002, Heritage settled the suit with the following stipulations under a Consent Decree:

- *Heritage shall grow neither European salmon nor genetically modified salmon.*
- *Heritage shall take strong measures to prevent fish escapes.*
- *Heritage shall fallow its farm sites to reduce the chance of disease outbreaks and allow the sea floor beneath the sea cages to recover from fish farm wastes.*
- *Heritage shall limit the number of fish it grows by capping the "stocking density" of its cages.*

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[1] As noted previously, in November of 2011 the legal name of Phoenix Salmon USA was changed to Cooke Aquaculture USA, Inc. For purposes of this report, this producer will be referred to as Phoenix.

[2] There were 11 producers at the time of the first reviews in 2000 and four major producers at the time of the second reviews in 2005 (American Gold, Atlantic Salmon of Maine, Heritage, and Marine Harvest).

[3] *Fresh and Chilled Atlantic Salmon from Norway*, Investigation Nos.701-TA-302 and 731-TA-454 (Final), USITC Publication 2371, April 1991, p. A-14.

[4] Unless indicated otherwise, the discussion in this section is based on information contained in *Fresh and Chilled Atlantic Salmon from Norway,* Inv. Nos. 701-TA-302 and 731-TA-454 (Second Review), USITC Publication 3835 (January 2006), pp. III-2-4.

- *Heritage shall not discharge toxic substances in concentrations identified by the State as toxic to aquatic organisms.*
- *Prophylactic antibiotic use is prohibited and Heritage must test for antibiotic residues in local fish and shellfish.*
- *Heritage shall not use experimental drugs and medicines without a prior review and approval by an environmental agency.*
- *Heritage shall not expand its operations to Penobscot Bay during the life of the Consent Decree.*

Many other husbandry practices and disease control measures are specified in the consent decree, as are enhanced monitoring and public reporting requirements. Heritage also paid $375,000 to fund wild Atlantic salmon restoration efforts in Washington County, where most salmon farms in Maine are located.[5]

The case against ASM and Stolt went to trial, and in June 2002, the two companies were found guilty of violating the Clean Water Act. In May 2003, the judge issued the following orders:

- *ASM and Stolt each were to pay a fine of $50,000.00.*
- *ASM and Stolt shall scrupulously follow and strictly comply with all existing regulatory requirements applicable to those pen sites.*
- *ASM and Stolt shall, in a timely fashion, harvest all fish and shall not restock any such pen site for 24 months from the date of completion of the harvest. ASM shall fallow its pen sites at Cross Island for 36 months.*
- *ASM shall fallow its Scragg Island pen sites for 6 months following the removal of the smolt recently stocked.*
- *Neither ASM nor Stolt shall stock or restock any pen site subject to the above until a Maine Pollutant Discharge Elimination System or a National Pollutant Discharge Elimination System permit has been issued to it and shall conduct all subsequent operation in strict compliance with such permit, the requirements imposed by the order and injunction, and all other applicable rules and regulations.*
- *ASM and Stolt shall stock at any pen site in waters adjacent to the Maine coast only a one-year-class of fish at any one time.*
- *ASM and Stolt shall not stock any non-North American stock or genetic strain of Atlantic salmon.*
- *ASM and Stolt shall pay reasonable attorneys' fees for plaintiffs.*[6]

Since the second review, Phoenix has implemented a 3-bay management system at its ocean sites. With this system, ocean sites are grouped in large bay management areas and each area is designated for a particular age of fish. One area is set aside specifically for smolts, another for market-ready fish, and a third area will be fallowed. This system of allowing for fallow periods lets the ocean floor rest between crops. According to Cooke Aquaculture's website, this is a more costly and elaborate way of farming, but it allows for the organic renewal of the sites between crops and minimizes the environmental impact on the ocean floor.[7]

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[5] The full details of the case can be found at, "Settlement of Environmental Lawsuit Points to New Direction for Salmon Farming," June 4, 2002, http://www.commondreams.org/news2002/0604-06.htm, retrieved October 24, 2011.

[6] The full details of the case can be found at: http://www.eswr.com/docs/503/fjordcontemptord.pdf.

[7] "http://www.cookeaqua.com/about-farming-salmon/research-and-innovation," retrieved October 27, 2011.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Production, capacity, and capacity utilization for eggs, fry, smolt, and round Atlantic salmon are shown in table III-1.

Table III-1
Fresh Atlantic salmon: U.S. producers' production, capacity, and capacity utilization for eyed eggs, fry, smolt, and round Atlantic salmon, 2005-10, January-June 2010, and January-June 2011

* * * * * * *

U.S. producers' capacity, production, and capacity utilization data for fresh Atlantic salmon are presented in table III-2. The fluctuations in capacity are a result of the previously mentioned court mandated fallowing period following the 2003 ruling and the new 3-bay management system implemented by Phoenix. The fallowing period caused many of Phoenix's pens to be unused during 2005 and 2006, resulting in reduced capacity. The reduction in capacity in 2009 and 2010 is a result of the 3-bay management system implemented by Phoenix, which also requires fallowing of some of the pens.

Table III-2
Fresh Atlantic salmon: U.S. producers' production, capacity, and capacity utilization, 2005-10, January-June 2010, and January-June 2011

* * * * * * *

U.S. PRODUCERS' SHIPMENTS

Table III-3 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments of fresh Atlantic salmon fluctuated during the period of review, but had almost *** in 2010 when compared with 2005. Exports[8] generally *** from 2005 to 2010 and, similar to U.S. shipments, had approximately *** in 2010 when compared with 2005. Unit values of U.S. shipments fluctuated between 2005 and 2010, but were *** in 2010 than in 2005. ***.[9]

Table III-3
Fresh Atlantic salmon: U.S. producers' U.S. shipments, export shipments, and total shipments, 2005-10, January-June 2010, and January-June 2011

* * * * * * *

[8] ***.
[9] ***.

U.S. PRODUCERS' INVENTORIES

U.S. producers maintain no inventories because the product is so perishable.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers did not report any imports or purchases of fresh Atlantic salmon.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-4 shows U.S. producers' employment-related data during the period examined. Production and related workers increased from 2005 to 2007, decreased in 2008, and increased again from 2008 to 2010. The total hours worked by production and related workers of fresh Atlantic salmon increased from 2005 to 2007, decreased in 2008, and then increased again from 2008 to 2010, to a level 55.9 percent higher than in 2005. The total wages paid increased steadily from 2005 to 2010 increasing by 81.7 percent, but the hourly wages fluctuated throughout the period of review, staying between $15.01 and $19.13. Productivity fluctuated throughout the period of review, but was 31.6 percent higher in 2010 compared with 2005.

Table III-4
Fresh Atlantic salmon: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2005-10, January-June 2010, and January-June 2011

* * * * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

The same two firms, American Gold and Phoenix, that responded to the trade section of the Commission's questionnaire also provided usable financial data on their operations on fresh Atlantic salmon.[10] The data provided by these two firms accounted for all known U.S. production of Atlantic salmon in 2010. The smaller number of reporting U.S. producers, two in 2010 compared with 25 firms that reported producing Atlantic salmon in 1991 or 11 firms in 2000,[11] reflects the considerable consolidation of the industry.[12]

Operations on Atlantic Salmon

Both reporting firms raise Atlantic salmon through the stages of eyed eggs, fry, smolt, and round.[13] Dressed salmon are the output of processing facilities, where the fresh round salmon that have been harvested are bled, slit lengthwise, gutted, and packed.[14] During the full years of 2005 through 2010 fish mortality and other losses affected both firms' production of round Atlantic salmon. These losses

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[10] Each of the firms reported on a ***. American Gold reported *** and Phoenix reported ***. Questionnaire response of ***.

[11] *Fresh and Chilled Atlantic Salmon from Norway*, Investigations Nos. 701-TA-302 and 731-TA-454 (Final), USITC Publication 2371, April 1991, p. A-19.

[12] Since 2002, consolidation and other changes in the global industry have continued the integration of the U.S. industry into the much larger global one, resulting in the two firms that reported in the instant investigation. Changes in the industry were described in depth in *Fresh and Chilled Atlantic Salmon from Norway*, Investigations Nos. 701-TA-302 and 731-TA-454 (Review), USITC Publication number 3835, January 2006, Part III. For example, in May 2005, Pan Fish sold its Washington State subsidiary, Cypress Island, to American Gold Seafoods, at that time a subsidiary of Smoki Foods, Inc., which left Pan Fish with only its British Columbia farms as North American producing sites. Also, in June 2005, Heritage Salmon (which operated farms in eastern Canada as well as the Conner's farms in Maine) was sold to Cooke Aquaculture, making Cooke by far the largest owner of U.S. production of fresh Atlantic salmon. This consolidation also has taken the form of the acquisition of independent fish farms by firms that both farm and perform processing. Reportedly, this consolidation reflects farming-related difficulties, including restrictions on leasing public lands for fish pens, obtaining operating permits under the Clean Water Act, and operating problems, which have driven some independent farmers out of business, such as storm, fish disease (anemia or fish lice), escape, superchill, and the like. These factors led to decline of the Atlantic salmon population and were reflected both in industry consolidation and government actions. Protection of the endangered species and recovery plans were formulated in both the United States and Canada, for example. See, National Marine Fisheries Service and U.S. Fish and Wildlife Service, *Final Recovery Plan for the Gulf of Maine Distinct Population Segment of Atlantic Salmon (Salmo salar)*, 2005, found at http://www .nmfs.noaa.gov/pr, which builds on Maine's conservation plan for seven rivers (published in 1997); and *Report of the Task Force on Fostering a Sustainable Salmon Farming Industry for Atlantic Canada*, April 2005, found at http://www.publications.gc.ca. EDIS document 462725.

[13] American Gold operates two hatcheries near Rochester, Washington and has 120 pens off Bainbridge Island, Port Angeles, Washington. Phoenix operates its hatcheries in *** and pens near ***. There is an approximate two year grow-out cycle for smolt to mature to round. At the smolt stage, when the fish is in its second spring (approximately one year old), it may be transferred to saltwater pens where it matures. At the "round" stage, the fish has reached its second summer (approximately three years old) and is considered mature. Growth stages of Atlantic salmon are discussed in Part I of this report.

[14] American Gold ***. Phoenix harvests its fish in Maine; its salmon are bled *** and gutted at ***. The Commission's questionnaire (sections II-8 and II-9) asked producers to provide data for round as well as for dressed Atlantic salmon.

ranged from ***. Nonetheless, from 2005 to 2010, the reported production of round Atlantic salmon increased by *** and by ***.[15] Production and sales of dressed head-on ("DHON") fresh Atlantic salmon reconcile to reported data for round fresh Atlantic salmon; the difference, by quantity, represents the yield loss from bleeding and gutting.[16]

Results of U.S. firms' operations on Atlantic salmon are briefly summarized here. Total sales quantity increased *** between 2005 and 2010; there were two periods of increase–one from 2005 to 2008 and the other in 2009-10.[17] Total sales quantity fell between January-June 2010 and the same period in 2011. Total sales values followed a similar pattern but reflected an increase in average unit values between each of the full yearly periods except 2006-07; average unit values were higher in January-June 2011 than in January-June 2010. The AUV of the cost of goods sold increased between 2005 and 2008 although to a lesser extent than sales AUV, but increased *** between 2008 and 2009 before declining in 2010; it was higher in January-June 2011 than in January-June 2010. Operating *** between 2005 and 2007; it was lower in 2008 and 2009 than in 2007 but remained *** the level in 2005. Operating income rose *** in 2010 from 2009 but was *** in January-June 2011 than in January-June 2010. These data are shown in table III-5.

Table III-5
Fresh Atlantic salmon: Results of operations of U.S. firms, fiscal years 2005-10, January-June 2010, and January-June 2011

* * * * * * *

U.S. producers were requested to provide a breakdown of their cost of goods sold into the categories of "hatchery and farm costs," "harvesting," "processing," and "other." Within these four categories, two, "hatchery and farm costs" and "processing," together accounted for *** percent of totalCOGS in 2010.[18] "Other" category of COGS includes plant fixed costs, packaging, and transportation and accounted for *** percent of COGS in 2010. These costs reconcile to the each firm's total COGS and are shown in table III-6.

Table III-6
Fresh Atlantic salmon: Cost components of COGS, fiscal years 2005-10, January-June 2010, and January-June 2011

* * * * * * *

Table III-7 provides firm-by-firm data on the results of operations on Atlantic salmon.

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[15] Calculated from the questionnaire responses of ***, section II-8. Although mortality increased in both absolute numbers and as a percentage of production, it does not appear to have affected the overall upward trend in production or sales. In this regard, mortality and other losses differ from the previous review in which certain firms reported either greatly-reduced sales or no sales at all in several years.

[16] The yield loss (reduction in weight) from round to DHON is approximately *** in each of the full-year periods. Compare sections II-8 and II-9 of the questionnaire responses of ***.

[17] ***. E-mail to Commission staff from ***. EDIS document 461498.

[18] As noted earlier, Phoenix's ***. Phoenix tracks the origin of salmon: The firm's "sales and processing system specifically identifies U.S.-origin fish. Each harvest of fish is assigned a lot number. This lot number is carried through our system for traceability purposes. Throughout the harvesting, processing and sales systems we can identify from which site and which cage the fish originate from". E-mails to Commission staff from ***. EDIS documents 461498 and 463155.

Table III-7
Fresh Atlantic salmon: Results of operations of U.S. firms, by firm, fiscal years 2005-10, January-June 2010, and January-June 2011

* * * * * * *

The Commission's questionnaire requested that the responding U.S. producers provide a breakdown of their sales in 2010 by size of fish within five ranges: less than eight pounds, between eight and 10 pounds, between 10 and 12 pounds, between 12 and 14 pounds, and over 14 pounds. The data generally reconcile to U.S. shipments in 2010 (there are differences between sales by size of fish and pricing product data, which are due to the fact that the pricing products do not include Atlantic salmon of a size greater than 14 pounds). A comparison of sales by ***. By weight, ***.[19] This *** is seen in the percentage of U.S. commercial shipments accounted for by the data reported for the four pricing products. The pricing product data together accounted for ***.[20]

Variance Analysis

The variance analysis showing the effects of prices and volume on U.S. producers' net sales of fresh Atlantic salmon, and of costs and volume on their total expenses, is presented in table III-8. The information for this variance analysis is derived from table III-5, but differs in that only total net sales are shown. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume and is summarized at the bottom of the table. This shows that the increase in operating income from 2005 to 2010 is attributable primarily to a favorable price variance (higher unit prices) that was much greater than the unfavorable net cost/expense variance that reflected *** unit costs between the two periods.[21] Price variances were generally favorable while net cost/expense variances were generally unfavorable with the exception of 2006 to 2007. However, operating income rose between those two years. Between 2007 and 2009, a favorable price variance was offset by an unfavorable variance on net cost/expense. Between January-June 2010 and the same period in 2011, ***.

Table III-8
Fresh Atlantic salmon: Variance analysis on U.S. firms' operations, fiscal years 2005-10, and January-June 2010-11

* * * * * * *

[19] Questionnaire responses of ***.

[20] Questionnaire responses of ***.

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

Assets and Return on Investment

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of Atlantic salmon to compute return on investment ("ROI") for 2005 to 2010 (table III-9). The data for operating profit or (losses) are from table III-5. Operating income was divided by total assets, resulting in the ROI ratio and ROI generally followed the trends of operating income. Total assets of both firms together approximately *** from 2005 to 2010. Increased values of *** of both firms led to the increase in total current assets and, in the ***. The values of property, plant, and equipment increased *** in the same 5-year period as did ***.

Table III-9
Fresh Atlantic salmon: Value of assets used in production, warehousing, and sales, and return on investment, fiscal years 2005-10

* * * * * * *

Capital Expenditures and Research and Development Expenses

U.S. producers' data on their capital expenditures for their operations on Atlantic salmon are shown in table III-10. ***.

Table III-10
Fresh Atlantic salmon: U.S. firms' capital expenditures, fiscal years 2005-10, January-June 2010, and January-June 2011

* * * * * * *

American Gold ***.[22] Similarly, Phoenix's capital expenditures were ***.[23]

[22] E-mail to Commission staff from ***. EDIS document 461502.

[23] E-mail to Commission staff from ***. EDIS document 461498.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Overview

The Commission issued questionnaires to 21 firms believed to have imported fresh Atlantic salmon between 2005 and 2010. Eleven firms provided data and information in response to the questionnaires, while two firms indicated that they had not imported fresh Atlantic salmon during the period for which data were collected. Based on official Commerce statistics for imports of fresh Atlantic salmon, importers' questionnaire data accounted for 37.0 percent of total U.S. imports during 2005-10 and 42.0 percent of total subject imports during 2005-10.

In light of the data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics[1] for fresh Atlantic salmon.[2]

Imports from Subject and Nonsubject Countries

Table IV-1 presents data for U.S. imports of fresh Atlantic salmon from Norway and all other sources. Total U.S. imports of fresh Atlantic salmon rose 38.6 percent during the period for which data were collected from *** pounds in 2005 to *** pounds in 2010. The value of imports also rose from $*** in 2005 to $*** in 2010. The unit value of imports generally rose during the period for which data were collected from $*** in 2005 to $*** in 2010. The quantity of imports in January-June 2011 was 8.0 percent lower than in January-June 2010. Conversely, the value of imports in January-June 2011 was 6.9 percent higher than in January-June 2010. This is due to the unit value increasing from $*** in January-June 2010 to $*** in the same period in 2011.

U.S. imports of fresh Atlantic salmon from Norway accounted for between *** and *** percent of total imports by quantity during 2005 to 2010 except for 2007, where they peaked at *** percent. The share of imports from Norway by value followed a similar trend, accounting for *** to *** percent of total imports throughout the period for which data were collected except for 2007, where they were *** percent. The unit values of imports from Norway were higher than the average unit values of total imports during 2005-10, ranging from $*** higher in 2007 to $*** higher in 2008.

Canada was the leading source of imports of fresh Atlantic salmon during the period for which data were collected. Imports of fresh Atlantic salmon from Canada fluctuated throughout the period, ranging from *** pounds in 2005 to a high of *** pounds in 2006. The share of total imports accounted for by imports from Canada fluctuated during the period for which data were collected, but declined from *** percent in 2005 to *** percent in 2010. The unit values of imports of fresh Atlantic salmon from Canada were lower in all periods than the average unit values of all imports.

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[1] As mentioned previously, ***.

[2] Import data were based on the statistical reporting numbers 0302.12.0003 (fresh Atlantic salmon, except cuts, farmed) and 0302.12.0004 (fresh Atlantic salmon, except cuts, not farmed).

Table IV-1
Fresh Atlantic salmon: U.S. imports by source, 2005-10, January-June 2010, and January-June 2011

Source	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
Quantity (*1,000 pounds*)								
Subject Imports: Norway	595	476	4,576	311	299	900	327	573
Nonsubject imports: Canada	***	***	***	***	***	***	***	***
United Kingdom	9,189	15,187	21,602	19,519	26,784	23,322	13,419	12,489
Faroe Islands	1,186	374	2,969	5,947	21,464	20,020	8,817	9,750
Chile	3,529	1,386	1,880	1,737	1,254	3,406	2,600	2,533
All others	1,043	1,680	919	836	1,700	2,166	1,515	534
Nonsubject imports	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
Value (*1,000 dollars*)								
Subject Imports: Norway	2,057	1,964	15,135	1,354	1,134	3,852	1,373	2,729
Nonsubject imports: Canada	***	***	***	***	***	***	***	***
United Kingdom	37,765	56,204	84,208	77,113	98,036	92,737	51,660	52,157
Faroe Islands	2,321	1,137	8,487	18,528	75,191	83,035	36,659	42,931
Chile	8,723	3,848	5,571	6,728	4,274	12,122	9,120	11,053
All others	3,103	5,298	4,170	4,940	9,349	10,571	7,056	3,177
Nonsubject imports	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
Average unit value (*per pound*)								
Subject Imports: Norway	$3.46	$4.13	$3.31	$4.35	$3.80	$4.28	$4.20	$4.77
Nonsubject imports: Canada	***	***	***	***	***	***	***	***
United Kingdom	4.11	3.70	3.90	3.95	3.66	3.98	3.85	4.18
Faroe Islands	1.96	3.04	2.86	3.12	3.50	4.15	4.16	4.40
Chile	2.47	2.78	2.96	3.87	3.41	3.56	3.51	4.36
All others	2.97	3.15	4.54	5.91	5.50	4.88	4.66	5.95
Nonsubject imports	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

Table continued on next page.

Table IV-1--*Continued*
Fresh Atlantic salmon: U.S. imports by source, 2005-10, January-June 2010, and January-June 2011

Source	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
	Share of quantity (*percent*)							
Subject Imports: Norway	***	***	***	***	***	***	***	***
Nonsubject imports: Canada	***	***	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***	***	***
Faroe Islands	***	***	***	***	***	***	***	***
Chile	***	***	***	***	***	***	***	***
All others	***	***	***	***	***	***	***	***
Nonsubject imports	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)							
Subject Imports: Norway	***	***	***	***	***	***	***	***
Nonsubject imports: Canada	***	***	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***	***	***
Faroe Islands	***	***	***	***	***	***	***	***
Chile	***	***	***	***	***	***	***	***
All others	***	***	***	***	***	***	***	***
Nonsubject imports	***	***	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from adjusted Commerce data. *See* discussion on page IV-1 for details.

Table IV-2 presents data of U.S. producers' and U.S. importers' reported U.S. shipments of fresh Atlantic salmon by size in 2010.

Table IV-2
Fresh Atlantic salmon: U.S. producers' and U.S. importers' reported U.S. shipments, by salmon size, 2010

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2011

The Commission requested importers to indicate whether they had imported or arranged for the importation of fresh Atlantic salmon from Norway for delivery after June 30, 2011. No responding importer indicated it had arranged for imports after this date.

U.S. IMPORTERS' INVENTORIES

Only one importer, ***, reported any inventories of fresh Atlantic salmon, which amounted to between *** percent and *** percent of annual imports for *** out of six years. Fresh Atlantic salmon is a perishable product and therefore inventories are not common.

THE INDUSTRY IN NORWAY

Overview

The largest Norwegian firms that produce Atlantic salmon include: Marine Harvest (with the former assets of Stolt Sea Farm, PanFish, and Fjord Seafood), Hallvard Leroy, and Salmar ASA. Foreign producer questionnaires were sent to 50 companies believed to be producers or exporters of fresh Atlantic salmon in Norway. The Commission received 15 responses to its foreign producer questionnaire, and during 2009 the firms accounted for 49.5[3] percent of fresh Atlantic salmon production in Norway, and 79.5 percent of total exports from Norway in 2010.

Product Operations

Table IV-3 presents data provided by the 15 responding Norwegian producers and exporters[4] of fresh Atlantic salmon. Production and capacity more than doubled during the period of review.[5] [6] This is mainly due to acquisitions and expansions of six companies (Marine Harvest Norway, Hallvard Leroy, Salmar, Norway Royal Salmon, Grieg Seafood, and Mainstream Norway). Marine Harvest Norway accounted for the biggest percentage of the increase in capacity (*** percent) and production (*** percent). Marine Harvest merged with Stolt Seafarm Norway effective January 1, 2006. It then merged with Pan Fish Norway and Fjord Seafood Norway (previously two of the five largest producers in

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[3] The coverage number was calculated based on reported production of fresh Atlantic salmon from the questionnaire responses compared with the available data from FAO Fisheries and Aquaculture Information of production of fresh whole Atlantic salmon (before it is gutted), which was adjusted to account for yield loss while gutting (dressed fish are approximately 90 percent of the pre-gutting weight). Respondent Interested Party's prehearing brief, exh. 11.

[4] Five of the responding Norwegian companies are only exporters and therefore did not provide capacity and production numbers.

[5] According to the Norwegian producers, the biggest restraint on capacity is the number of licenses held by the company. The number of production licenses in Norway is limited and new licenses can only be issued by the government. Each license has a maximum allowable biomass limit of 780 tonnes round weight per license at any given time.

Seven out of ten responding producers reported using the same equipment, machinery, or workers to produce Atlantic salmon fillets, other Atlantic salmon products, and trout. Four out of ten responding producers reported using the same equipment, machinery, or workers to produce other frozen products.

Eight out of the ten responding Norwegian producers of fresh Atlantic salmon indicated that they have the capability to shift production from fresh Atlantic salmon to nonsubject product. The majority of producers said they have the capability of shifting production to fillets based on price decisions. It was also reported that a license can be used for both salmon and trout, and therefore production can be shifted from fresh Atlantic salmon to trout, however this requires a minimum of three years due to the lead time from egg to harvest.

[6] Respondents calculated capacity using three different methods in their prehearing brief. The first method relies on the relatively constant relationship between salmon biomass in the water and salmon harvest. The second and third methods rely on the average harvest and MAB per license, respectively. Respondents assert that the capacity utilization estimates from the three different approaches are very similar, and also generally consistent with the capacity utilization rates calculated from the Commission's questionnaire responses.

Norway) effective January 1, 2007. The data submitted in Marine Harvest's foreign producer questionnaire includes consolidated information for all merged companies in 2006, but it did not have complete information for 2005 and therefore the data in 2005 includes consolidated information of Marine Harvest and Stolt Seafarm only.

Home market shipments fluctuated throughout the period of review, accounting for between 19.9 percent and 32.3 percent of total shipments. Total exports fluctuated concomitantly throughout the period of review, accounting for between 67.5 percent and 80.0 percent of total shipments. Exports to the United States remained very low during 2005-2010, never exceeding 0.4 percent of total shipments.

Table IV-3
Fresh Atlantic salmon: Norwegian capacity, production, shipments, and inventories, 2005-10, January-June 2010, and January-June 2011

Items	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
	Quantity (*1,000 pounds*)							
Capacity	491,305	750,660	902,093	947,351	990,102	1,027,296	498,836	525,556
Production	359,774	535,234	708,441	736,146	846,771	904,365	411,516	453,520
End-of-period inventories	***	***	***	***	***	***	***	***
Shipments:								
Internal consumption/ transfers	***	***	***	***	***	***	***	***
Home market	189,564	228,272	332,621	367,731	360,649	268,769	117,843	120,243
Commercial exports to:								
United States	***	***	***	***	***	***	***	***
European Union	372,253	490,287	535,523	516,827	646,276	717,540	327,716	331,527
Asia	36,956	37,437	48,972	46,037	57,484	76,050	37,337	36,671
Russia and Ukraine	36,623	23,705	92,982	99,144	112,095	142,308	57,303	71,430
All other markets	9,763	12,019	16,165	21,985	30,139	33,025	16,023	15,675
Total commercial exports	456,109	564,347	697,823	684,149	846,360	969,793	438,603	455,844
Exports to affiliated companies	***	***	***	***	***	***	***	***
Total exports	478,141	649,777	788,127	769,442	938,068	1,082,756	489,095	516,707
Total shipments	***	***	***	***	***	***	***	***

Table continued on next page.

Table IV-3--Continued
Fresh Atlantic salmon: Norwegian capacity, production, shipments, and inventories, 2005-10, January-June 2010, and January-June 2011

Items	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
					Value (*$1,000*)			
Commercial shipments:								
Home market	330,435	461,815	614,474	705,575	741,541	692,960	296,740	343,314
Commercial exports to—								
United States	***	***	***	***	***	***	***	***
European Union	690,106	1,124,468	1,102,568	1,122,976	1,437,266	1,998,407	890,854	1,033,536
Asia	74,383	95,235	107,108	119,284	152,007	246,494	115,025	129,198
Russia and Ukraine	64,658	49,897	177,540	205,850	247,067	397,976	156,202	217,516
All other markets	18,709	30,545	35,952	52,128	71,965	101,254	47,977	53,830
Total commercial exports	849,231	1,302,491	1,432,424	1,500,612	1,909,106	2,747,222	1,210,651	1,436,296
Exports to affiliated companies	***	***	***	***	***	***	***	***
Total exports	889,819	1,489,426	1,615,320	1,681,202	2,133,163	3,035,683	1,330,773	1,618,182
Total shipments	***	***	***	***	***	***	***	***
					Average unit value (*dollars per 1,000 pounds*)			
Commercial shipments:								
Home market	1.74	2.02	1.85	1.92	2.06	2.58	2.52	2.86
Commercial exports to—								
United States	***	***	***	***	***	***	***	***
European Union	1.85	2.29	2.06	2.17	2.22	2.79	2.72	3.12
Asia	2.01	2.54	2.19	2.59	2.64	3.24	3.08	3.52
Russia and Ukraine	1.77	2.10	1.91	2.08	2.20	2.80	2.73	3.05
All other markets	1.92	2.54	2.22	2.37	2.39	3.07	2.99	3.43
Exports to affiliated companies	***	***	***	***	***	***	***	***

Table continued on next page.

Table IV-3--Continued
Fresh Atlantic salmon: Norwegian capacity, production, shipments, and inventories, 2005-10, January-June 2010, and January-June 2011

Items	Calendar year						January-June	
	2005	2006	2007	2008	2009	2010	2010	2011
	Ratios and shares (*percent*)							
Capacity utilization	73.2	71.3	78.5	77.7	85.5	88.0	82.5	86.3
Inventories/production	***	***	***	***	***	***	***	***
Inventories/shipments	***	***	***	***	***	***	***	***
Share of total quantity of:								
Internal consumption	***	***	***	***	***	***	***	***
Home market	28.1	25.9	29.6	32.3	27.7	19.9	19.4	18.8
Commercial exports to—								
United States	***	***	***	***	***	***	***	***
European Union	55.2	55.7	47.7	45.3	49.7	53.0	53.9	51.9
Asia	5.5	4.3	4.4	4.0	4.4	5.6	6.1	5.7
Russia and Ukraine	5.4	2.7	8.3	8.7	8.6	10.5	9.4	11.2
All other markets	1.4	1.4	1.4	1.9	2.3	2.4	2.6	2.5
Total commercial exports	67.6	64.1	62.1	60.0	65.1	71.6	72.1	71.4
Exports to affiliated companies	***	***	***	***	***	***	***	***
Total exports	70.9	73.9	70.2	67.5	72.1	80.0	80.4	81.0

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

Table IV-4 presents data from Global Trade Atlas and shows Norwegian exports of fresh salmon (assumed all Atlantic) to the world. Norway's largest export markets are France, Poland, Russia, and Denmark. Exports to these countries increased by 46.0, 154.4, 172.9, and 10.3 percent by quantity, respectively, from 2005 to 2010. During the same period, total exports increased by 61.5 percent.

Table IV-4
Fresh Atlantic salmon: Norwegian exports, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Quantity (*1,000 pounds*)					
France	150,118	168,747	197,188	209,433	219,115	219,170
Poland	73,819	81,982	100,911	148,506	179,265	187,794
Russia	60,962	28,777	89,749	94,136	108,973	166,359
Denmark	124,282	130,285	156,386	118,982	130,078	137,040
Spain	57,020	64,213	66,700	69,568	79,094	76,273
United Kingdom	65,430	74,407	76,892	69,575	80,680	68,574
Netherlands	37,610	48,201	53,611	54,632	54,352	58,259
Germany	47,491	41,537	41,248	45,104	50,959	50,236
Finland	27,445	29,859	42,560	43,733	48,541	50,084
Sweden	28,704	29,822	40,640	42,542	41,799	45,578
Italy	32,613	34,352	36,347	44,275	42,580	40,732
Japan	44,698	37,397	41,389	33,585	41,008	40,459
Lithuania	6,504	7,361	7,441	12,123	21,230	39,233
Hong Kong	16,105	18,748	21,479	23,783	27,397	33,669
China	7,822	7,632	11,446	11,724	16,415	21,259
Ukraine	489	7,172	9,802	12,456	12,641	15,776
Taiwan	4,863	4,123	8,311	7,304	9,550	12,632
Portugal	7,560	8,710	10,968	11,786	12,597	12,405
United States	1,418	928	4,857	758	937	1,312
Other	48,691	53,503	71,233	76,777	80,355	85,838
World	843,643	877,757	1,089,158	1,130,783	1,257,568	1,362,683

Table continued on following page.

Table IV-4--*Continued*
Fresh Atlantic salmon: Norwegian exports, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Share (*percent*)					
France	17.8	19.2	18.1	18.5	17.4	16.1
Poland	8.8	9.3	9.3	13.1	14.3	13.8
Russia	7.2	3.3	8.2	8.3	8.7	12.2
Denmark	14.7	14.8	14.4	10.5	10.3	10.1
Spain	6.8	7.3	6.1	6.2	6.3	5.6
United Kingdom	7.8	8.5	7.1	6.2	6.4	5.0
Netherlands	4.5	5.5	4.9	4.8	4.3	4.3
Germany	5.6	4.7	3.8	4.0	4.1	3.7
Finland	3.3	3.4	3.9	3.9	3.9	3.7
Sweden	3.4	3.4	3.7	3.8	3.3	3.3
Italy	3.9	3.9	3.3	3.9	3.4	3.0
Japan	5.3	4.3	3.8	3.0	3.3	3.0
Lithuania	0.8	0.8	0.7	1.1	1.7	2.9
Hong Kong	1.9	2.1	2.0	2.1	2.2	2.5
China	0.9	0.9	1.1	1.0	1.3	1.6
Ukraine	0.1	0.8	0.9	1.1	1.0	1.2
Taiwan	0.6	0.5	0.8	0.6	0.8	0.9
Portugal	0.9	1.0	1.0	1.0	1.0	0.9
United States	0.2	0.1	0.4	0.1	0.1	0.1
Other	5.8	6.1	6.5	6.8	6.4	6.3
World	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on following page.

Table IV-4--*Continued*
Fresh Atlantic salmon: Norwegian exports, 2005-10

Item	Calendar year					
	2005	2006	2007	2008	2009	2010
	Average unit value (*per pound*)					
France	$1.86	$2.30	$2.11	$2.22	$2.25	$2.74
Poland	1.82	2.21	2.05	2.06	2.10	2.75
Russia	1.78	2.15	1.93	2.10	2.22	2.80
Denmark	1.79	2.19	1.99	2.05	2.19	2.79
Spain	1.87	2.30	2.08	2.17	2.25	2.72
United Kingdom	1.86	2.24	2.11	2.15	2.22	2.69
Netherlands	1.84	2.27	2.12	2.23	2.25	2.70
Germany	1.86	2.26	2.13	2.19	2.24	2.87
Finland	1.78	2.20	1.96	2.00	2.14	2.74
Sweden	1.90	2.32	2.06	2.22	2.31	2.85
Italy	1.86	2.35	2.05	2.21	2.33	2.93
Japan	1.89	2.27	2.18	2.53	2.46	3.10
Lithuania	1.82	2.18	2.09	2.10	2.26	2.76
Hong Kong	1.87	2.32	1.98	2.46	2.48	3.17
China	1.89	2.26	1.98	2.41	2.47	3.13
Ukraine	1.90	2.41	1.88	2.16	2.29	2.99
Taiwan	1.80	2.19	2.01	2.45	2.42	3.10
Portugal	1.92	2.39	2.09	2.29	2.43	3.00
United States	2.01	2.59	2.20	3.06	2.67	2.98
Other	1.89	2.36	2.14	2.29	2.33	2.95
World	1.84	2.26	2.06	2.18	2.24	2.81

Source: GTIS, Global Trade Atlas for HTS 0302.12.

Actions Against Norwegian Salmon

The EU has a history of taking actions against imports of fresh Atlantic salmon from Norway beginning in the early 1990s, as shown on the following page.

December 1989	Irish and Scottish industries complain to EC about salmon imports from Norway.
March 1991	An investigation is begun but terminated in March 1991 after Norwegian Government and industry take steps to reduce exports to EU.[7]
November 1991	EC establishes Minimum Import Prices (MIPs) on Atlantic salmon from Norway, apply until February 1992.[8]
March 1992	MIPs extended until June 1992.[9]
November 1993 – December 1995	MIPs imposed.[10]
1994	EC establishes MIPs on farmed Atlantic salmon from Norway. EC establishes volume restrictions on Atlantic salmon from Norway.
June 1997	EC imposes antidumping and countervailing duties on Atlantic salmon from Norway that would apply if MIPs were broken.[11] EU and Norway enter 5-year agreement to establish volume and price restrictions.
March 1999	EC imposed MIPs. Antidumping and countervailing duties are again assessed on Norwegian salmon.[12]
May 2003	Five-year agreement between EU and Norway expires. Antidumping and countervailing duty proceedings terminated and antidumping and countervailing duties are allowed to expire.[13]
2004	EC imposes temporary safeguard measures: import quotas, with tariffs imposed above the fixed quotas.
February 2005	EC imposes "definitive" safeguard measures consisting of MIPs and tariff rate quotas for farmed salmon from countries outside of the EU. Both Chile and Norway brought the measures to the WTO.[14]
April 2005	EC imposes provisional antidumping duties and revokes the safeguards of February 2005. Provisional antidumping duties are applied. [15]
June 2005	EC replaces antidumping duties with provisional MIPs and extends provisional measures until January 2006. [16]
July 2008	EC repeals the provisional MIP.[17]

[7] 91/142 EEC: commission Decision of March 1991 terminating the antidumping proceeding concerning imports of Atlantic salmon originating in Norway, 1991 OJ L 69.

[8] Council Regulation (EEC) No 3270/91.

[9] European Report, Restrictions on Salmon Imports Extended, March 7, 1992.

[10] Council Regulation (EC) No 1891/97 of September 26, 1997.

[11] Council Regulation (EC) NO 1890/97 of September 26, 1997 imposed an antidumping duty of EUR 032 per kilo net product weight. Council Regulation (EC) No 1891/97 of September 26, 1997 imposed a countervailing duty of 3.8 percent *ad valorem* applicable to the net free-at-Community-frontier price, before duties 1997 OJ L 267.

[12] Council Regulation (EC) No 772/199, March 30, 1999, imposing definitive anti-dumping and countervailing duties on imports of farmed Atlantic salmon originating in Norway and repealing Regulations (EC) no 1890/97 and (EC) No 1891-97.

[13] Council Regulation (EC) No 930/2003, May 26, 2003, 2003 OJ L 133.

[14] Commission Regulation (EC) No 206/2005, February 4, 2005, 2005 OJ L 66.

[15] Commission Regulation (EC) No 628/2005, April 22, 2005, 2005 OJ L 104.

[16] Commission Regulation (EC) No 1010/2005, June 30, 2005, 2005 OJ L 170.

[17] Council Regulation (EC) No 685/2008, July 17, 2008, 2008 OJ L 192.

In July 2008 the European Commission repealed the provisional MIPs for the following reasons:[18]

- Dumping fresh Atlantic salmon from Norway during the review investigation period ("RIP") was at *de minimis* levels.

- There were no reasons to believe that the production volume in Norway would increase above the traditional growth rate.

- The risk of a significant decrease in Norwegian export prices to dumped levels was limited in the foreseeable future.

- The changed situation of the Norwegian aquaculture sector which has become highly profitable and the shares of which are traded at the stock exchange have made the recurrence of dumping practices in the foreseeable future unlikely.

Russia has an established inspection protocol that requires all fisheries to secure permission or approval from the Russian Veterinary Service. A cooperation agreement between the Norwegian and Russian governments has been signed, and allows inspections to be carried out by the Norwegian Food Safety Authority.[19] There are currently 35 approved facilities in Norway, which represent approximately 80 percent of Norwegian production capacity,[20] although in October 2011,Russia banned products from three Norwegian farmed salmon producers, claiming evidence of listeria in the fish.[21]

More recently, China has imposed an inspection and quarantine regime that has slowed exports of fresh Atlantic salmon to China. Under the new requirements, importers of salmon are required to obtain a permit issued by the General Administration for Quality Supervision, Inspection and Quarantine. These new measures also require the salmon from Norway to be quarantined for up to 14 days until tests are conducted.[22] Officials in Norway are currently working with the World Trade Organization's Committee on Sanitary and Phytosanitary Measures to address China's policies, which they believe to be contrary China's WTO obligations.[23]

GLOBAL MARKET

Available information indicates that global salmon production (aquaculture plus commercial catch of all salmon species) increased 21 percent between 2005 and 2009. Aquaculture production expanded slightly faster than the commercial catch, and the share of aquaculture in total salmon production increased slightly from 66 to 67 percent (Table IV-5).

[18] Ibid.
[19] Respondent's prehearing brief, p. 62.
[20] Hearing transcript, p. 261 (Nerheim).
[21] Domestic Interested Party's prehearing brief, exh. 17 p. 4.
[22] Domestic Interested Party's prehearing brief, pp. 37-38.
[23] Hearing transcript, pp. 174-175 (Nerheim).

Table IV-5
Global salmon production of fresh and frozen salmon (metric tons), 2005-09

Measure	2005	2006	2007	2008	2009
Salmon Aquaculture Production	1,994,177	2,135,122	2,235,580	2,312,609	2,458,018
Salmon Catch	1,031,049	930,464	1,103,165	828,163	1,205,966
Total Salmon Production	3,025,226	3,065,586	3,338,745	3,140,772	3,663,984
Aquaculture Share of Total	65.9%	69.6%	67.0%	73.6%	67.1%
Source: National Marine Fisheries Service, *Fisheries of the United States*, various issues					

Although it accounts for a very small share of U.S. imports of the subject product (0.4 percent by quantity in 2010), Norway is by far the world's largest producer of fresh whole Atlantic salmon. During 2009, according to the Food and Agriculture Organization of the United Nations ("FAO"), Norway accounted for 60 percent of world output of farmed Atlantic salmon. U.S. Atlantic salmon production increased 50 percent between 2005 and 2009, but remained less than 2 percent of Norwegian production in that latter year. Table IV-6 presents available data regarding world aquaculture production of fresh whole Atlantic salmon during 2005–09.

Table IV-6
Fresh whole Atlantic salmon: World production, 2005–09

Source	2005	2006	2007	2008	2009
	Quantity (*metric tons*)				
Norway	586,512	629,888	744,222	737,694	862,908
Chile	385,779	376,476	331,042	388,847	233,308
United Kingdom	129,823	131,973	130,104	128,744	133,440
Canada	98,370	118,061	102,509	104,070	100,220
United States	9,401	10,485	11,001	16,714	14,074
Other	57,412	51,837	59,996	75,193	96,775
Global total	1,267,297	1,318,720	1,378,874	1,451,262	1,440,725
	Share of world production (*percent*)				
Norway	46.3	47.8	54.0	50.8	59.9
Chile	30.4	28.5	24.0	26.8	16.2
United Kingdom	10.2	10.0	9.4	8.9	9.3
Canada	7.8	9.0	7.4	7.2	7.0
United States	0.7	0.8	0.8	1.2	1.0
Other	4.5	3.9	4.4	5.2	6.7
Global total	100.0	100.0	100.0	100.0	100.0
Source: FAO Fisheries and Aquaculture Information and Statistics Service					

Norway's share of global Atlantic salmon production increased from 46 percent in 2005 to 60 percent in 2009. This has been partly due to the decline in Chile's salmon production, which decreased by 40 percent between 2005 and 2009, largely because of disease problems. Infectious salmon anemia virus ("ISA") hit Chile in 2007 and worsened in late 2008.[24] Widespread ISA outbreaks and concurrent

[24] Infection salmon anemia is a disease that affects all salmonids, including species such as trout as well as Atlantic salmon and other farmed salmon species such as Coho salmon.

parasite infestation are believed to have largely been the result of prevailing production practices. Salmon production in Chile reportedly has begun to recover as new regulations limit stocking levels, mandate vaccinations, and require comprehensive biosecurity and controls on movement of fish between growing areas.[25] As a consequence, Chile's exports of salmon are anticipated to grow considerably.[26]

Canada was the fourth largest producer of salmon globally (accounting for approximately 7 percent of global production in 2009) during the period of review, but it was the largest source of fresh Atlantic salmon in the U.S. market. Imports of fresh Atlantic salmon from Canada accounted for approximately three-quarters of U.S. imports by quantity in 2010 and approximately two-thirds of U.S. apparent consumption. The United States was Canada's largest market for fresh Atlantic salmon. Exports of fresh Atlantic salmon to the United States accounted for 55.1 percent of Canada's production[27] in 2010 and 94.2 percent of its total exports according to Global Trade Atlas data. Canada also exported limited quantities of fresh Atlantic salmon to Asia (5.5 percent), Europe (0.2 percent), and countries in the Americas other than the United States (0.1 percent).[28] The largest producers of fresh Atlantic salmon in Canada are Cooke Aquaculture, Marine Harvest, Mainstream, and Grieg Seafood, the latter three being owned by Norwegian companies.

Chile was the second largest producer of salmon during the period of review. According to Global Trade Atlas in 2010, 82.2 percent of Chile's exports of fresh Atlantic salmon were to Brazil, 10.0 percent were to Argentina, and 6.0 percent were to the United States. The largest producers of salmon in Chile during the period of review were Empresas AquaChile, Mainstream (Norwegian), Los Fiordos, Marine Harvest (Norwegian), and Multiexport.

Many of the largest producers of salmon globally have operations in multiple countries. The following tables show production and ownership of the largest producers in Norway, North America, the United Kingdom, Chile, and the Faroe Islands.

Table IV-7
Fresh Atlantic salmon: Largest Norwegian producers' production and ownership, 2009

Firm	Production	Ownership	Known Affiliates
Marine Harvest	201,700	Norway	UK, Canada, Chile, Faroe Is.
Lerøy Seafood	108,500	Norway	UK
Salmar	64,400	Norway	UK
Mainstream (Cermaq)	30,700	Norway	Canada
Nova Sea	29,300	Norway (Marine Harvest 42%)	
Nordlaks	27,000	Norway	
Grieg Seafood	26,300	Norway	UK, Canada
Sjotrøll	25,200	Norway (Lerøy 51%)	UK
Alsaker Fjordbruk	20,300	Norway	
Bremnes Seashore	15,300	Norway	(Sales affiliate with Grieg)
Source: Production data from Marine Harvest, Salmon Farming Industry Handbook, 2010, page 26.			

[25] Global Aquaculture Advocate, "Government, Industry Measures Yield Rising Opportunities For Chile's Salmon Farmers," March/April 2011.

[26] Market Watch, "Chile's salmon industry on pace for record sales," http://www.marketwatch.com/Story/story/print?guid=E54ABEAB-8827-4D1B-8BEE-5F7284805FA4, October 6, 2011.

[27] Respondent Interested Party's prehearing brief, Exh. 4 compared with table IV-1.

[28] Ibid.

Table IV-8
Fresh Atlantic salmon: Largest North American producers' production and ownership, 2009

Firm	North American Production	Ownership	Known Affiliates
Cooke Aquaculture	42,300	Canada	
Marine Harvest	36,500	Norway	Norway, UK, Faroe Islands
Mainstream (Cermaq)	22,400	Norway	Norway
Grieg Seafood	10,200	Norway	Norway, UK
Icicle (American Gold)	5,400	Canada	
Source: Production data from Marine Harvest, Salmon Farming Industry Handbook, 2010, page 26.			

Table IV-9
Fresh Atlantic salmon: Largest Scottish producers' production and ownership, 2009

Firm	UK Production	Ownership	Known Affiliates
Marine Harvest	37,700	Norway	Norway, Canada, Faroe Islands
Scottish Seafarms	26,500	Norway (Lerøy 50% /Salmar 50%)	Norway
Lighthouse Caledonia (Scottish Salmon Co.)	20,100	Scotland	
Grieg Seafood (Hjaltland)	12,400	Norway	Norway, Canada, UK
Marine Farms	11,700	Norway (Lakeland)	Norway
Source: Production data from Marine Harvest, Salmon Farming Industry Handbook, 2010, page 26.			

Table IV-10
Fresh Atlantic salmon: Largest Chilean producers' production and ownership, 2009

Firm	Production	Ownership	Known Affiliates
Empresas Aquachile	56,700	Chile	
Mainstream (Cermaq)	44,000	Norway (Cermaq)	Norway, Canada
Los Fiordos (Agrosuper)	36,900	Chile	
Marine Harvest	31,700	Norway	Norway, Canada, UK, Faroe Is.
Multiexport	22,500	Chile	
Salmones Antarctica	20,700	Chile	(Nissui Holding, Japan)
Pesquera Camanchaca	19,800	Chile	(sales offices in Denmark, Japan, United States)
Salmones Cupquelan	17,100	Canada (Cooke)	Canada
Trusal	16,200	Chile	
G.M. Tornagaleones	15,300	Chile	
Source: Production data from Marine Harvest, Salmon Farming Industry Handbook, 2010, page 26.			

Table IV-11
Fresh Atlantic salmon: Largest Faroese producers' production and ownership, 2010

Firm	Production (metric tons)	Ownership	Known Affiliates
Bakkafrost	22,300	Faroe Islands (23% by Salmar, Norway)	Norway
Salmex	7,400	Faroe Islands	
Marine Harvest	6,200	Norway	Norway, Canada, UK
Luna	5,800	Faroe Islands	
Source: Production data from http://salmon-from-the-faroe-islands.com.			

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

U.S. Inland Transportation Costs

One producer and six importers provided estimates of U.S. inland transportation costs ranging from 1 to 6 percent of the total delivered cost of fresh Atlantic salmon. Both producers and five of seven importers reported that they arrange transportation to their customers.

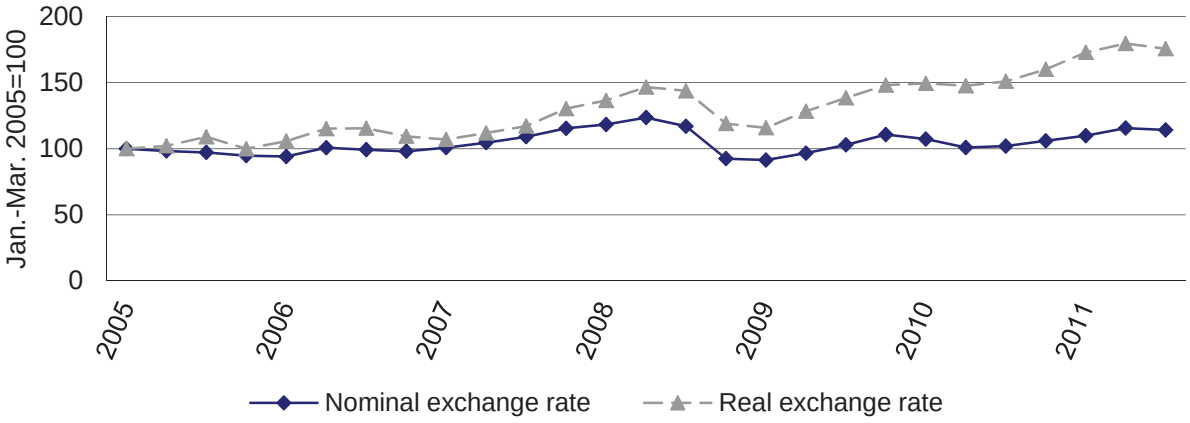
Transportation Costs to the United States

Transportation costs for shipping fresh Atlantic salmon from Norway to the United States represent 18.2 percent, or $0.66 per pound, in 2010.[1] Respondents claim that transportation costs reported in some periods are excessively low and do not reflect actual costs.[2]

Exchange Rates

Norwegian producers report that the appreciation of the Krone reduces their incentive to sell in the U.S. market. Figure V-1 shows quarterly nominal and real exchange rate data for the Norwegian Krone.

Figure V-1
Exchange rate: Indices of the nominal and real exchange rates between the Norwegian Krone and the U.S. dollar, by quarters, January 2005-September 2011



Source: International Monetary Fund, *International Financial Statistics*, retrieved Dec. 6, 2011.

Published Price Data

This section presents data published by Urner Barry, a commodity market news reporting service. Figure V-2 shows prices, in the New York and northeastern U.S. markets, for whole Atlantic salmon from Chile and Canada compared to those from "Europe" and UK/Norway. Prices followed similar trends but the prices of UK/Norway whole fresh salmon tended to be higher than prices of salmon from Canada.

Figure V-3 shows East Coast market prices for 3 to 4 pound salmon fillets from Chile, Europe, and Canada/United States. A comparison of figures V-2 and V-3 indicates that the price per pound for

[1] These estimates are derived from official import data for the HTS numbers for the subject salmon in 2010 and represent the transportation and other charges on imports value on a c.i.f. basis as compared to customs value basis.
[2] Respondent interested party's posthearing brief appendix, p. A 32 and Exhibit 32.

the fillets is higher than for whole salmon. Chilean fillet and whole salmon prices are lower than the prices of salmon from other countries. "European" fillet prices tended to be either less than or equal to the prices of fillets from Canada/U.S.[3]

Figure V-4 shows the prices of three size categories of fresh Atlantic salmon in the Los Angeles market.[4] Generally, the prices of different sized fish followed similar trends. Given that the price per pound tends to be higher for larger fish than for smaller fish, and that fresh Atlantic salmon from Norway sold in the U.S. market tends to be heavier than the average, it is not surprising that the average price per pound of Norwegian product sold in the U.S. market would be higher than that of product from other countries.

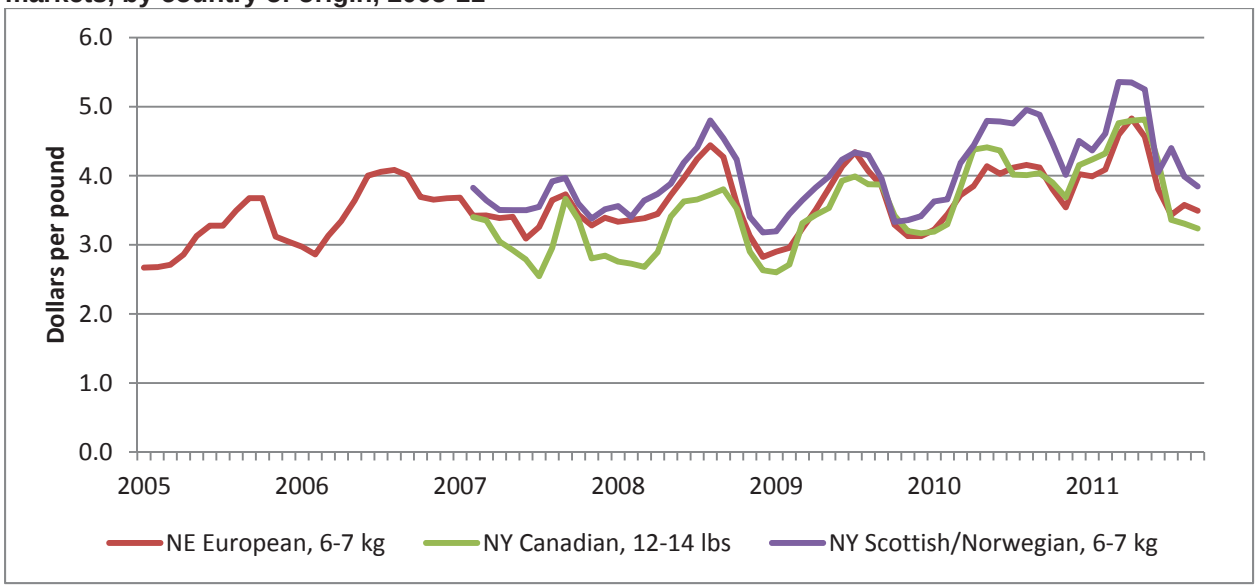
Figure V-5 compares Urner Barry East Coast prices to Rungis prices in France for similar-sized salmon.[5] As can be seen in the figure, salmon prices in France differ less by fish weight than U.S. prices. French prices were typically higher than U.S. prices for 6 to 8 pound fish and sometimes higher than the U.S. price for 12 to 14 pound fish. Occasionally, French prices fell below U.S. prices for 6 to 8 pound fish, most recently in the later months in 2011.

[3] Urner Barry also publishes prices of fresh whole Atlantic salmon for different weight categories in three regional markets (the Northeast, Los Angeles, and Seattle), but these prices are not by country of origin. Prices in these markets tend to be similar to each other.

[4] Los Angeles prices were used because prices were available in more quarters than for the Northeast and because the Los Angeles market is likely larger than the Seattle market.

[5] Rungis is the wholesale food market of greater Paris.

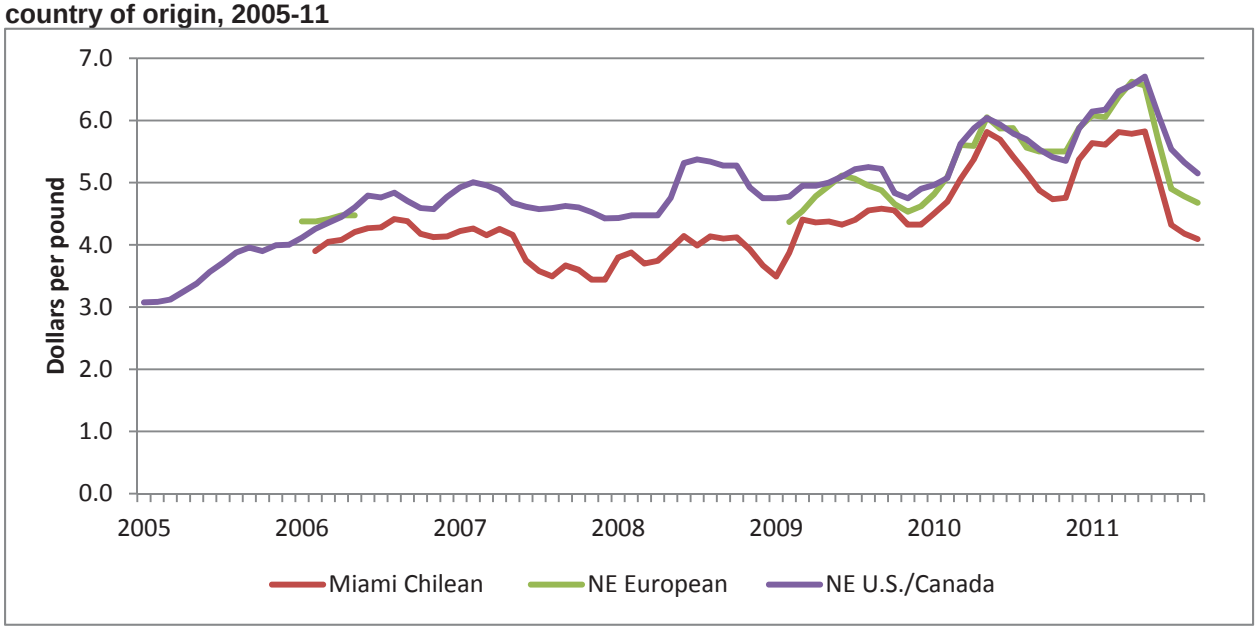
Figure V-2
Urner Barry monthly average prices for fresh whole salmon sold in the New York and Northeast markets, by country of origin, 2005-11



Note: The size of the Canadian product is slightly smaller than the European and UK/Norwegian products. Not all series were available for the full period.

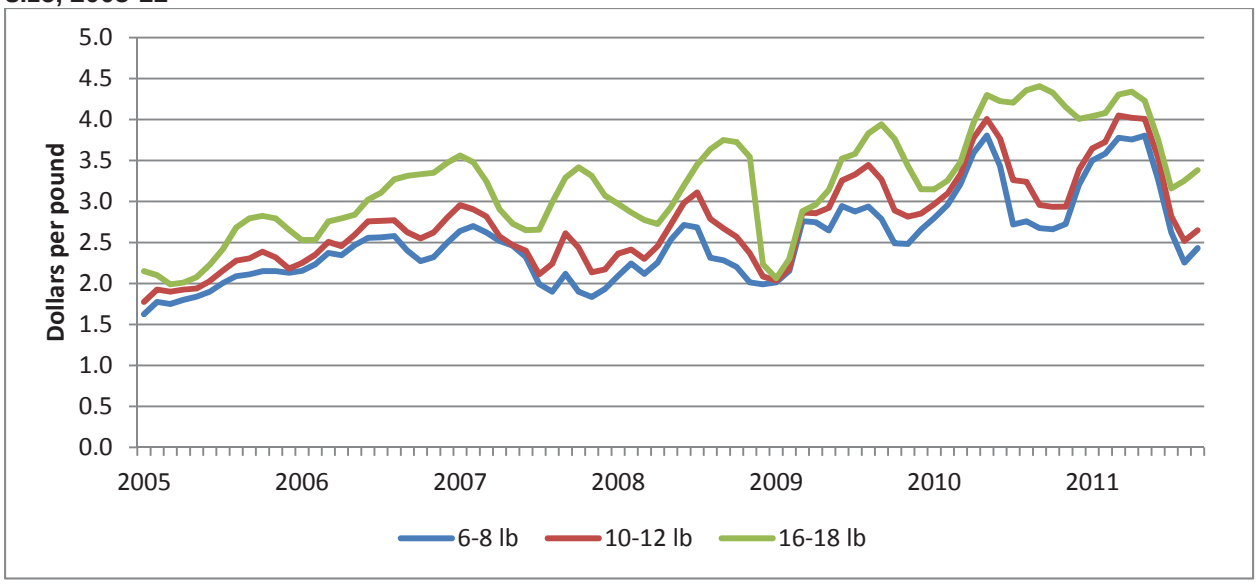
Source: Urner Barry Comtel database.

Figure V-3
Urner Barry monthly average prices for 3-4 pound salmon fillets sold in East Coast markets, by country of origin, 2005-11



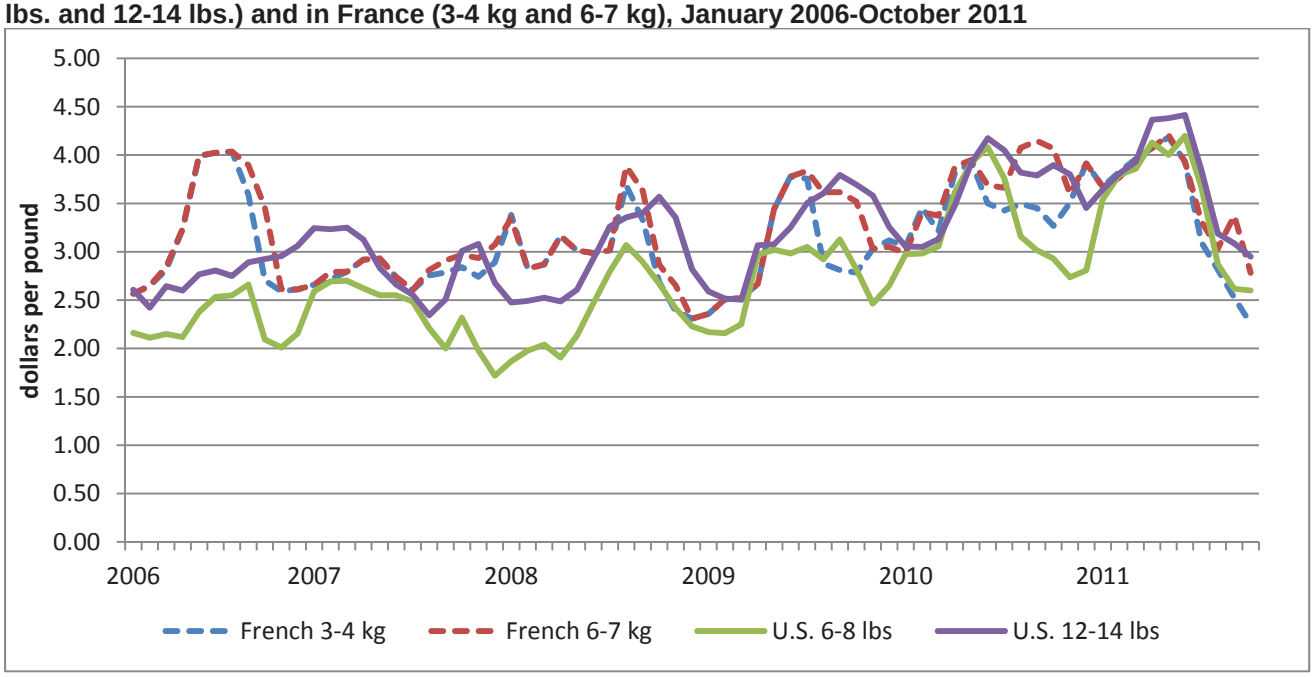
Source: Urner Barry Comtel database.

Figure V-4
Urner Barry monthly average prices for fresh whole salmon sold in the Los Angeles market, by size, 2005-11



Source: Urner Barry Comtel database.

Figure V-5
Urner Barry and Rungis monthly average prices for fresh whole salmon sold in the East Coast (6-8 lbs. and 12-14 lbs.) and in France (3-4 kg and 6-7 kg), January 2006-October 2011



Note: French data were not available for 2005.

Sources: Urner Barry Comtel database, Rungis (weekly price data converted to monthly data, price per kilogram converted to price per pound, and euro prices converted to dollars using USDA agricultural exchange rate data (set nominal monthly exchange rates)). http://www.ers.usda.gov/Data/ExchangeRates/.

PRICING PRACTICES

Pricing Methods

Sales terms and discounts

Both U.S. producers and all nine responding importers reported selling fresh Atlantic salmon using transaction-by-transaction pricing. Two importers also reported selling under contracts and one reported "setting price with some variation based on volume." ***. Nine of 10 responding importers reported no discounts while *** reported that it sometimes gives discounts "out of necessity."

Although U.S. producers and importers sell primarily on a spot basis, some also use short-term contracts.[6] Among producers, *** and *** reported that *** and *** percent of sales, respectively, were via short-term contracts. One importer ***, reported that *** percent of its sales were via short-term contracts; and ***, reported that *** percent of its sales were via short-term contracts.[7] American Gold reported that its contracts ***. Phoenix reported that its contracts ***. *** reported contracts that averaged 190 days (40 percent of its sales) and 60 days (20 percent), with fixed prices and quantities, and no meet-or-release clause.

Three purchasers purchase daily, four purchase weekly, and one purchases biweekly. Seven of eight responding purchasers did not expect their purchasing pattern to change in the next two years and one anticipated increasing its purchases. Purchasers reported contacting 2 to 5 suppliers before making a purchase. Four of eight responding purchasers indicated they had changed suppliers in the last five years, with two adding new suppliers and one adding more Canadian suppliers.[8]

All eight responding purchasers described their purchases of fresh Atlantic salmon as involving negotiations with their suppliers. Six of eight purchasers varied purchases from a given supplier based on the offered price. Specifically, two reported that they change suppliers weekly because of availability, one reported that there were more Canadian suppliers, and one reported that it purchases based on price if quality, relationship, and service are the same.

Three of the seven responding purchasers identified specific firms as price leaders. All three named True North, and one or two also named Marine Harvest and North Landing.

PRICE DATA

The Commission requested U.S. producers and importers of fresh Atlantic salmon to provide quarterly data for the total quantity and f.o.b. value of fresh Atlantic salmon shipped to unrelated U.S. customers during January 2005-June 2011 for the following four pricing products:

> ***Product 1*.–Fresh and chilled Atlantic salmon, dressed (gutted and bled), head and tail on, Superior (or Premium/Superpremium or "A") grade, not over 8 pounds.**
>
> ***Product 2*.--Fresh and chilled Atlantic salmon, dressed (gutted and bled), head and tail on, Superior (or Premium/Superpremium or "A") grade, over 8 pounds but not over 10 pounds.**
>
> ***Product 3*.--Fresh and chilled Atlantic salmon, dressed (gutted and bled), head and tail on, Superior (or Premium/Superpremium or "A") grade, over 10 pounds but not over 12 pounds.**

[6] No firm reported long-term contracts.

[7] *** provided no further details on its contracts.

[8] One did not report what changes it had made.

***Product 4*.--Fresh and chilled Atlantic salmon, dressed (gutted and bled), head and tail on, Superior (or Premium/Superpremium or "A") grade, over 12 pounds but not over 14 pounds.**

The Commission received usable data from two producers (***), and five importers (***). These data accounted for *** percent of reported U.S. producer shipments and *** percent of reported U.S. imports of Norwegian product in 2010. Pricing data are shown in tables V-1 to V-4 and figures V-5 to V-8.

Table V-1
Fresh Atlantic salmon: Weighted-average f.o.b. sales prices and quantities as reported by U.S. producers and importers of product 1, with margins of underselling/(overselling) by quarters, January 2005-June 2011

* * * * * * *

Table V-2
Fresh Atlantic salmon: Weighted-average f.o.b. sales prices and quantities as reported by U.S. producers and importers of product 2, with margins of underselling/(overselling) by quarters, January 2005-June 2011

* * * * * * *

Table V-3
Fresh Atlantic salmon: Weighted-average f.o.b. sales prices and quantities as reported by U.S. producers and importers of product 3, with margins of underselling/(overselling) by quarters, January 2005-June 2011

* * * * * * *

Table V-4
Fresh Atlantic salmon: Weighted-average f.o.b. sales prices and quantities as reported by U.S. producers and importers of product 4, with margins of underselling/(overselling) by quarters, January 2005-June 2011

* * * * * * *

Figure V-5
Fresh Atlantic salmon: Weighted-average prices and quantities as reported by U.S. producers and importers of product 1, by quarters, January 2005-June 2011

* * * * * * *

Figure V-6
Fresh Atlantic salmon: Weighted-average prices and quantities as reported by U.S. producers and importers of product 2, by quarters, January 2005-June 2011

* * * * * * *

Figure V-7
Fresh Atlantic salmon: Weighted-average prices and quantities as reported by U.S. producers and importers of product 3, by quarters, January 2005-June 2011

* * * * * * *

Figure V-8
Fresh Atlantic salmon: Weighted-average prices and quantities as reported by U.S. producers and importers of product 4, by quarters, January 2005-June 2011

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Price Trends and Comparisons

Prices of U.S. product tended to follow an annual cycle, with the lowest price typically in the fourth quarter.[9] Prices in 2005 tended to be slightly lower than in 2006 and 2007. In 2008, prices of products 1 and 2 were higher than in earlier years. In 2009, prices increased for all four products, and all product prices were the highest in the third quarter of 2009. Thereafter, prices declined although they generally remained above 2005 to 2008 price levels. As shown in table V-5, domestic prices for all four products increased by about 90 percent during January 2005 to June 2010.

Table V-5
Fresh Atlantic salmon: Summary of f.o.b. prices for products 1-4, by country

Country	Number of quarters	Highest price *(per pound)*	Lowest price *(per pound)*	Change in price *(percent)*[1]
Product 1				
U.S.	26	$***	$***	88.8
Norway	6	***	***	--
Product 2				
U.S.	26	***	***	87.5
Norway	14	***	***	--
Product 3				
U.S.	26	***	***	88.8
Norway	15	***	***	--
Product 4				
U.S.	26	***	***	90.7
Norway	15	***	***	--

[1] Change from first quarter 2005 to second quarter 2011. Price changes are not shown for Norway since price data for each product were not available for all years and quarters.

As shown in table V-6, prices for salmon imported from Norway were higher than those for U.S.-produced salmon in 49 of 50 instances; margins of overselling were between *** and *** percent.[10] In the single instance of underselling, the margin was *** percent.[11]

[9] Norwegian producers reported that October and November are their peak months in terms of biomass, resulting in increases in the number of salmon harvested regardless of the price. Hearing transcript, p. 171 (Nerheim); Respondent interested party's posthearing brief exh. 19, p. 2. U.S. producers report that lower demand during these months causes lower prices. Domestic interested party's posthearing brief , exh. 1, p. 56.

[10] Norwegian producers reported that their prices are higher because they export to market segments that pay a premium price. Specifically, ***. Respondent interested party's posthearing brief, p. A-61.

[11] In the original investigations, imports from Norway were priced lower than domestic salmon in 14 of 70 comparisons. Underselling margins ranged from 0.2 to 11.1 percent and overselling margins ranged from 0.4 to 51.0 percent. Confidential staff report for the original investigation (memorandum INV-O-043, March 18, 1990), pp. A-92 to A-93, table 20. The first review was expedited and therefore no price data were reported (memorandum INV -X-022, January 27, 2000).

Table V-6
Fresh Atlantic salmon: Instances of underselling/overselling, and the range and average margins, January 2005-June 2011

	Underselling			Overselling		
	Number of instances	Range *(percent)*	Average margin *(percent)*	Number of instances	Range *(percent)*	Average margin *(percent)*
Product 1	0	--	--	6	(12.4-131.1)	65.4
Product 2	0	--	--	14	(32.6-152.2)	71.7
Product 3	0	--	--	15	(24.0-174.7)	49.6
Product 4	1	***	***	14	(19.1-118.9)	41.8
Total	1	***	***	49	(12.4-174.7)	55.6

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

GENERAL PRICE TRENDS AND COMPARISONS

Purchaser and Foreign Producer Perceptions of Relative Price Trends

Half (three) of the responding purchasers reported that since 2005 prices of Norwegian product had increased relative to U.S. prices, one reported that relative prices had decreased and two reported that they were unchanged.

When asked to compare pricing in U.S., Norwegian, and third-country markets, Norwegian producers/exporters generally described Atlantic salmon pricing as comparable across markets with some differences due to timing, contracts, and size ranges. One Norwegian producer quoted prices of $2.00 per pound (Oslo price) to $2.10 per pound (Seattle price). Another Norwegian producer reported that prices for salmon shipped to Russia and Europe are 1 to 2 Norwegian krone higher than Norwegian prices.[12] One Norwegian producer noted that it uses www.fishpool.eu for benchmark prices.[13]

Several Norwegian producers noted that they compare netback prices for various markets on a weekly basis for their spot sales. Firms also noted that transportation and logistical costs vary across markets, with one firm reporting that U.S., Canadian, and Chilean producers have lower transportation costs to the U.S. market than other suppliers. Two Norwegian producers noted that sales to Russia were the most profitable for their Norwegian Atlantic salmon, and one noted that Asia offered high returns, that Europe offered average returns, and that the U.S. market return was "negative." Some producers also noted seasonal variations, for example, higher prices in Europe during Christmas, in the United States during Lent, and in Asia during Chinese New Year.

Netback Prices

Norwegian producers/exporters present a netback analysis in their prehearing and posthearing briefs, which they assert demonstrates that the U.S. market is not as attractive as some other export

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In the second review, imports from Norway were priced lower than domestic product in 3 of 23 comparisons. Underselling margins ranged from 3.8 to 10.0 percent and overselling margins ranged from 4.7 to 125.3 percent. Confidential staff report for the second review (memorandum INV-CC-209, December 12, 2005), pp. V-9 to V-11, tables V-1 to V-3.

[12] In 2010 and 2011, the value of the Norwegian Krone was under $0.20.

[13] Fish Pool is a Norwegian commodity exchange. http://en.wikipedia.org/wiki/File:Fish_Pool_logo.png, retrieved November 2, 2011.

markets. They contend that although U.S. average prices are sometimes higher than other markets, they are relatively less attractive after accounting for shipping costs.[14] In their analysis, the Norwegian producers/exporters use shipping costs reported by two Norwegian exporters (an exporter of whole fresh Atlantic salmon and an exporter of fresh fillets). The Norwegian producers/exporters' estimated air freight costs were $0.78 per pound in 2010 and $0.85 per pound in January-May 2011. They contend that as a result, U.S. market sales are typically limited to segments in which prices are relatively high and therefore able to cover the additional costs of the duties and transportation. They assert that exporting to the U.S. market is only profitable when U.S. prices are significantly higher than prices in the EU and Russia, which is why, for example, relatively few Norwegian fresh filets are usually sold in the U.S. market, in spite of these not being covered by duties. Norwegian fresh fillets were only attracted to the U.S. market when the price increased substantially because Chilean fresh fillets exports declined. According to respondent's netback analysis, between 2005 and the third quarter of 2011, Norwegian producers/exporters would have had incentive (i.e., positive net back values) to export to the U.S. market in 11.4 percent of the months/location/fish size combinations.[15] Based on respondent's analysis, the percentage of months where netbacks values were positive ranged from zero for fish under 10 pounds sold in Los Angeles and Seattle to 33.5 percent for fish over 14 pounds sold in the Northeast.

U.S. producers contend, however, that the Norwegian producers/exporters' netback analysis is flawed. According to U.S. producers, respondent's netback analysis overstates transportation and packing costs.[16] With respect to transportation costs, U.S. producers cite Census data showing that transportation costs for imports were $0.66 per pound in 2010 and $0.56 per pound in interim 2011, much lower than the costs used in the Norwegian producers/exporters' netback analysis.[17] The domestic producers also reported that air freight quotes have been as low as $0.40 per pound.[18] With respect to packing costs, the domestic producers assert that the respondent's data are inflated and that the actual costs are around $0.03 per pound rather than $0.12 per pound.[19] For example, when U.S. producers use Census data for transportation costs, U.S. prices have a higher netback than European prices for all fish sizes in November 2011.[20]

In response, the Norwegian producers/exporters state that Census data include some erroneous values for transportation costs that bias it down.[21] In addition, the low air freight rates reported by the U.S. producers are frequently not available and these shippers do not provide the required quality of service.[22] Finally they report that the prices for Norwegian salmon exports have already increased well above its November low, reducing the incentive to ship to the U.S. market.[23]

[14] Respondent interested party's posthearing brief, Exhibit 30.

[15] The analysis examined monthly data from January 2005 to November 2011, for the three markets reported by Urner Barry (the Northeast, Seattle and Los Angeles), and the five fish sizes reported by Urner Barry (6 to 8 pounds, 8 to 10 pounds, 10 to 12 pounds, 12 to 14 pounds, and over 14 pounds). Price data were not available for salmon larger than 14 pounds in 6 months in the Northeast.

[16] In addition, they report that the prices used in the analysis are outdated. Domestic interested party's posthearing brief, p. 6.

[17] Domestic interested party's posthearing brief, exh. 6. Transportation costs reported by Census ranged from a low of $0.65 per pound in 2005 to a high of $1.76 per pound in 2008, for full year data.

[18] Domestic interested party's posthearing brief, exh. 25.

[19] Domestic interested party's posthearing brief, exh. 25.

[20] ***.

[21] Respondent interested party's posthearing brief, Appendix p. A 32 and exh. 32 and ***.

[22] Respondent interested party's posthearing brief, exh. 3.

[23] ***.

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–302 and 731–TA–454 (Third Review)]

Fresh and Chilled Atlantic Salmon From Norway

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty and antidumping duty orders on fresh and chilled Atlantic salmon from Norway.

SUMMARY: The Commission hereby gives notice that it has instituted reviews 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 countervailing duty and antidumping duty orders on fresh and chilled Atlantic salmon from Norway 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; [1] to be assured of consideration, the deadline for responses is February 2, 2011. Comments on the adequacy of responses may be filed with the Commission by March 18, 2011. For further information concerning the conduct of these reviews 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), as most recently amended at 74 FR 2847 (January 16, 2009).

DATES: *Effective Date:* January 3, 2011.

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 these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On April 12, 1991, the Department of Commerce ("Commerce") issued countervailing duty and antidumping duty orders on imports of fresh and chilled Atlantic salmon from Norway (56 FR 14920, 14921). Following five-year reviews by Commerce and the Commission, effective March 13, 2000, Commerce issued a continuation of the countervailing duty and antidumping duty orders on imports of fresh and chilled Atlantic salmon from Norway (65 FR 13358). Following second five-year reviews by Commerce and the Commission, effective February 13, 2006, Commerce issued a continuation of the countervailing duty order and antidumping duty order on imports of fresh and chilled Atlantic salmon from Norway (71 FR 7512). The Commission is now conducting third reviews to determine whether revocation of the orders 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 full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to these reviews:

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

(2) The *Subject Country* in these reviews is Norway.

(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 determinations, its expedited first five-year review determinations, and its full second five-year review determinations, the Commission defined the *Domestic Like Product* as fresh and chilled Atlantic salmon, including salmon smolts.

(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 determinations, its expedited first five-year review determinations, and its full second five-year review determinations, the Commission defined the *Domestic Industry* as all domestic producers of fresh and chilled Atlantic salmon, including salmon smolts.

(5) 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 reviews and public service list.—Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative

[1] 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. 11–5–236, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 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.

consumer organizations, wishing to participate in the reviews 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 reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b) (19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, 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 these reviews available to authorized applicants under the APO issued in the reviews, 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 reviews. 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 these reviews 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 February 2, 2011. 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 expedited or full reviews. The deadline for filing such comments is March 18, 2011. 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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 reviews 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 determinations in the reviews.

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) 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 these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the countervailing duty order and 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 after 2004.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) 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 2010, except as noted (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) Capacity (quantity) of your firm to produce the *Domestic Like Product* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

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

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

(e) the value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) 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 2010 (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.*

(11) 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 2010 (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;

(b) Capacity (quantity) of your firm to produce the *Subject Merchandise* in the *Subject Country* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) 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.

(12) 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* after 2004, 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.

(13) (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: These reviews are 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.

By order of the Commission.

Issued: December 22, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–32697 Filed 12–30–10; 8:45 am]

BILLING CODE 7020–02–P

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-Year ("Sunset") Review

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

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating a five-year review ("Sunset Review") of the antidumping and countervailing duty orders listed below. The International Trade Commission ("the Commission") is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers the same orders.

DATES: *Effective Date:* January 3, 2011.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). 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).

Initiation of Review

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC Case no.	ITC Case no.	Country	Product	Department contact
A–570–803	731–TA–457–A	PRC	Heavy Forged Hand Tools, Axes & Adzes (3rd Review).	Jennifer Moats (202) 482–5047.
A–570–803	731–TA–457–B	PRC	Heavy Forged Hand Tools, Bars & Wedges (3rd Review).	Jennifer Moats (202) 482–5047.
A–570–803	731–TA–457–C	PRC	Heavy Forged Hand Tools, Hammers & Sledges (3rd Review).	Jennifer Moats (202) 482–5047.
A–570–803	731–TA–457–D	PRC	Heavy Forged Hand Tools, Picks & Mattocks (3rd Review).	Jennifer Moats (202) 482–5047.

DOC Case no.	ITC Case no.	Country	Product	Department contact
A–570–826	731–TA–663	PRC	Paper Clips (3rd Review)	Jennifer Moats (202) 482–5047.
A–403–801	731–TA–454	Norway	Fresh and Chilled Atlantic Salmon (3rd Review)	David Goldberger (202) 482–4136.
C–403–802	701–TA–302	Norway	Fresh and Chilled Atlantic Salmon (3rd Review)	David Goldberger (202) 482–4136.

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department's regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department's Internet Web site at the following address: *http://ia.ita.doc.gov/sunset/.* All submissions in these Sunset Reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103 (d), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

Information Required From Interested Parties

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in a Sunset Review must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. *See* 19 CFR 351.218(d)(1)(i). The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. *See* 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's conduct of Sunset Reviews.[1] Please consult the Department's regulations at 19 CFR part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218 (c).

Dated: December 20, 2010.

Christian Marsh,

Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010–33134 Filed 12–30–10; 8:45 am]

BILLING CODE 3510–DS–P

[1] In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–302 and 731–TA–454 (Third Review)]

Determinations to Conduct Full Five-Year Reviews Concerning the Countervailing Duty and Antidumping Duty Orders; Fresh and Chilled Atlantic Salmon From Norway

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews 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 countervailing duty and antidumping duty orders on fresh and chilled Atlantic salmon from Norway would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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).

DATES: *Effective Date:* April 8, 2011.

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 these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: On April 8, 2011, the Commission determined that it should proceed to full reviews in the subject five-year reviews 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 (76 FR 166, January 3, 2011) 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: These reviews are 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.

Issued: April 15, 2011.

James R. Holbein,

Acting Secretary to the Commission.

[FR Doc. 2011–9595 Filed 4–20–11; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–403–802]

Fresh and Chilled Atlantic Salmon From Norway: Preliminary Results of Full Third Sunset Review of Countervailing Duty Order

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

SUMMARY: On January 3, 2011, the Department of Commerce (the Department) initiated a sunset review of the countervailing duty (CVD) order on fresh and chilled Atlantic salmon from Norway pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). *See Initiation of Five-Year (''Sunset'') Review,* 76 FR 89 (January 3, 2011) (*Sunset Initiation*). On the basis of adequate substantive responses submitted by domestic and respondent interested parties, the Department determined to conduct a full sunset review of this CVD order pursuant to section 751(c) of the Act and 19 CFR 351.218(e)(2). As a result of our analysis, the Department preliminary finds that revocation of the CVD order would likely lead to continuation or recurrence of a countervailable subsidy.

DATES: *Effective Date:* June 28, 2011.

FOR FURTHER INFORMATION CONTACT: Kristen Johnson, AD/CVD Operations, Office 3, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; *telephone:* (202) 482–4793.

SUPPLEMENTARY INFORMATION:

Background

On January 3, 2011, the Department initiated the third sunset review of the CVD order on fresh and chilled Atlantic salmon from Norway pursuant to section 751(c) of the Act. *See Sunset Initiation.* On January 13, 2011, the Government of Norway (GON), Norwegian Seafood Federation (NSF), and Aquaculture Division of the Norwegian Seafood Association (ADNSA) (collectively, the respondents), filed letters of appearance in the review.[1] On January 18, 2011, Phoenix Salmon U.S., Inc. (Phoenix Salmon), a domestic producer of fresh and chilled Atlantic salmon, filed a notice of intent to participate in the review.[2]

On January 21, 2011, NSF and ADNSA supplemented their letter of appearance by submitting to the Department a list of their members. On February 2, 2011, the Department received a substantive response from Phoenix Salmon and a joint substantive response from the respondents within the deadline specified in 19 CFR 351.218(d)(3)(i). The Department received rebuttal comments from Phoenix Salmon and the GON on February 14, 2011. On February 25, 2011, the GON submitted a surrebuttal to Phoenix Salmon's rebuttal responding to the company's claims that NSF and ADNSA are not interested parties.

On March 3, 2011, Department officials met with Phoenix Salmon, who reiterated statements made in its submissions regarding the interested party status of NSF and ADNSA. *See* Memorandum to the File, through Melissa Skinner, Director, AD/CVD Operations, Office 3, from Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding ''Meeting with Counsel for the Domestic Interested Party,'' (March 3, 2011). On March 4, 2011, the Department issued a letter to NSF and ADNSA requesting that each association identify their members that are producers or exporters of the subject merchandise. On March 11, 2011, NSF and ADNSA submitted annotated membership lists, which identify the members of each association that are producers or exporters of subject merchandise. On March 16, 2011, Phoenix Salmon submitted comments on the membership lists submitted by NSF and ADNSA.

On April 6, 2011, the Department issued its adequacy determination memorandum. The Department found that the domestic and respondent parties submitted adequate substantive responses and that NSF and ADNSA have standing as interested parties in this review. The Department, therefore, determined to conduct a full sunset review of this CVD order. *See* Memorandum to Gary Taverman, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Melissa Skinner, Director, Antidumping and Countervailing Duty Operations, Office 3, regarding ''Adequacy Determination: Third Sunset Reviews of the Antidumping and Countervailing Duty Orders on Fresh and Chilled Atlantic Salmon From Norway,'' (April 6, 2011). On April 12, 2011, the Department extended the deadline for the preliminary and final results of this sunset review. *See Fresh and Chilled Atlantic Salmon From Norway: Extension of Time Limits for Preliminary and Final Results of Full Third Antidumping and Countervailing Duty Sunset Reviews,* 76 FR 20312 (April 12, 2011) (*Salmon Extension Notice*). The Department did not receive comments on the adequacy determination memorandum from any party to this review.

Scope of the Order

The product covered by the order is the species Atlantic salmon (Salmo Salar) marketed as specified herein; the order excludes all other species of salmon: Danube salmon, Chinook (also called ''king'' or ''quinnat''), Coho (''silver''), Sockeye (''redfish'' or ''blueback''), Humpback (''pink'') and Chum (''dog'').[3] Atlantic salmon is a whole or nearly-whole fish, typically (but not necessarily) marketed gutted, bled, and cleaned, with the head on. The subject merchandise is typically packed in fresh-water ice (''chilled''). Excluded from the subject merchandise are fillets, steaks and other cuts of Atlantic salmon. Also excluded are frozen, canned, smoked or otherwise processed Atlantic salmon. Atlantic salmon is currently provided for under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 0302.12.0003 and 0302.12.0004.

The HTSUS subheadings are provided for convenience and customs purposes. The written description remains dispositive as to the scope of the product coverage.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum for the Preliminary Results of Full Third Sunset Review of the Countervailing Duty Order on Fresh and Chilled Atlantic Salmon from Norway (Decision Memorandum) from Edward C. Yang, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated concurrently with this preliminary notice, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this full sunset review and the corresponding recommendations in this public memorandum, which is on file in the Department's Central Records Unit. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://trade.gov/ia.* The paper copy and electronic version of the Decision Memorandum are identical in content.

Preliminary Results of Review

The Department preliminarily determines that revocation of the CVD order on fresh and chilled Atlantic salmon would likely lead to continuation or recurrence of a countervailable subsidy at the rate of 2.20 percent *ad valorem* for all producers/exporters of subject merchandise from Norway. Interested parties may submit case briefs no later than 50 days after the date of publication of the preliminary results of this full sunset review, in accordance with 19 CFR 351.309(c)(1)(i). Any interested party may request a hearing within 30 days of publication of this notice in accordance with 19 CFR 351.310(c). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than the five days after the time limit for filing case briefs in accordance with 19 CFR 351.309(d).

A hearing if requested will be held two days after the date the rebuttal briefs are due. The Department will issue a notice of final results of this full sunset review, which will include the results of its analysis of issues raised in any such comments, no later than November 29, 2011. *See Salmon Extension Notice.*

We are issuing and publishing the results and notice in accordance with

[1] These public documents and all other public documents and public versions of proprietary documents with regard to this third full sunset review are available on the public record located in the Department's Central Records Unit at room 7046 of the main Department of Commerce building.

[2] Phoenix Salmon claimed to be the successor to the two domestic producers who participated in the prior sunset review—Atlantic Salmon of Maine and Heritage Salmon Company, Inc.

[3] On August 5, 2009, the Department made a final scope ruling determining that whole salmon steaks are within the scope of the order. *See Notice of Scope Rulings,* 75 FR 14138 (March 24, 2010).

sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 21, 2011.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–16217 Filed 6–27–11; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–403–801]

Fresh and Chilled Atlantic Salmon From Norway: Preliminary Results of Full Third Sunset Review of Antidumping Duty Order

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

SUMMARY: On January 3, 2011, the Department of Commerce (the Department) initiated a sunset review of the antidumping duty (AD) order on fresh and chilled Atlantic salmon from Norway pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). *See Initiation of Five-Year (''Sunset'') Review,* 76 FR 89 (January 3, 2011) (*Sunset Initiation*). On the basis of adequate substantive responses submitted by domestic and respondent interested parties, the Department determined to conduct a full sunset review of this AD order pursuant to section 751(c) of the Act and 19 CFR 351.218(e)(2). As a result of our analysis, the Department preliminarily finds that revocation of the AD order would likely lead to continuation or recurrence of a dumping.

DATES: *Effective Date:* July 29, 2011.

FOR FURTHER INFORMATION CONTACT: John Conniff, AD/CVD Operations, Office 3, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; *telephone:* (202) 482–1009.

SUPPLEMENTARY INFORMATION:

Background

On January 3, 2011, the Department initiated the third sunset review of the AD order on fresh and chilled Atlantic salmon from Norway pursuant to section 751(c) of the Act. *See Sunset Initiation.* On January 13, 2011, the Government of Norway (GON), Norwegian Seafood Federation (NSF), and Aquaculture Division of the Norwegian Seafood Association (ADNSA) (collectively, the respondents), filed letters of appearance in the review.[1] On January 18, 2011, Phoenix Salmon U.S., Inc. (Phoenix Salmon), a domestic producer of fresh and chilled Atlantic salmon, filed a notice of intent to participate in the review.[2]

On January 21, 2011, NSF and ADNSA supplemented their letter of appearance by submitting to the Department a list of their members. On February 2, 2011, the Department received a substantive response from Phoenix Salmon and a joint substantive response from the respondents within the deadline specified in 19 CFR 351.218(d)(3)(i). The Department received rebuttal comments from Phoenix Salmon and the GON on February 14, 2011. On February 25, 2011, the GON submitted a surrebuttal to Phoenix Salmon's rebuttal responding to the company's claims that NSF and ADNSA are not interested parties.

On March 3, 2011, Department officials met with Phoenix Salmon, who reiterated statements made in its submissions regarding the interested party status of NSF and ADNSA. *See* Memorandum to the File, through Melissa Skinner, Director, AD/CVD Operations, Office 3, from Kristen Johnson, Trade Analyst, AD/CVD Operations, Office 3, regarding ''Meeting with Counsel for the Domestic Interested Party'' (March 3, 2011). On March 4, 2011, the Department issued a letter to NSF and ADNSA requesting that each association identify their members that are producers or exporters of the subject merchandise. On March 11, 2011, NSF and ADNSA submitted annotated membership lists, which identify the members of each association that are producers or exporters of subject merchandise. On March 16, 2011, Phoenix Salmon submitted comments on the membership lists submitted by NSF and ADNSA.

On April 6, 2011, the Department issued its adequacy determination memorandum. The Department found that the domestic and respondent parties submitted adequate substantive responses and that NSF and ADNSA have standing as interested parties in this review. The Department, therefore, determined to conduct a full sunset review of this AD order. *See* Memorandum to Gary Taverman, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Melissa Skinner, Director, Antidumping and Countervailing Duty Operations, Office 3, regarding ''Adequacy Determination: Third Sunset Reviews of the Antidumping and Countervailing Duty Orders on Fresh and Chilled Atlantic Salmon From Norway'' (April 6, 2011). On April 12, 2011, the Department extended the deadline for the preliminary and final results of this sunset review. *See Fresh and Chilled Atlantic Salmon From Norway: Extension of Time Limits for Preliminary and Final Results of Full Third Antidumping and Countervailing Duty Sunset Reviews,* 76 FR 20312 (April 12, 2011) (*Salmon Extension Notice*). The Department did not receive comments on the adequacy determination memorandum from any party to this review.

Scope of the Order

The product covered by the order is the species Atlantic salmon (Salmo Salar) marketed as specified herein; the order excludes all other species of salmon: Danube salmon, Chinook (also called ''king'' or ''quinnat''), Coho (''silver''), Sockeye (''redfish'' or ''blueback''), Humpback (''pink'') and Chum (''dog'').[3] Atlantic salmon is a whole or nearly-whole fish, typically (but not necessarily) marketed gutted, bled, and cleaned, with the head on.

[1] These public documents and all other public documents and public versions of proprietary documents with regard to this third full sunset review are available on the public record located in the Department's Central Records Unit at room 7046 of the main Department of Commerce building.

[2] Phoenix Salmon claimed to be the successor to the two domestic producers who participated in the prior sunset review—Atlantic Salmon of Maine and Heritage Salmon Company, Inc.

[3] On August 5, 2009, the Department made a final scope ruling determining that whole salmon steaks are within the scope of the order. *See Notice of Scope Rulings,* 75 FR 14138 (March 24, 2010).

The subject merchandise is typically packed in fresh-water ice (''chilled''). Excluded from the subject merchandise are fillets, steaks and other cuts of Atlantic salmon. Also excluded are frozen, canned, smoked or otherwise processed Atlantic salmon. Atlantic salmon is currently provided for under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 0302.12.0003 and 0302.12.0004.

The HTSUS subheadings are provided for convenience and customs purposes. The written description remains dispositive as to the scope of the product coverage.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum for the Preliminary Results of Full Third Sunset Review of the Antidumping Duty Order on Fresh and Chilled Atlantic Salmon from Norway (Decision Memorandum) from Gary Taverman, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated concurrently with this preliminary notice, which is hereby adopted by this notice. The issues discussed in the accompanying Decision Memorandum include the likelihood of the continuation of dumping, the magnitude of the margin likely to prevail, and good cause to examine other factors. Parties can find a complete discussion of all issues raised in this full sunset review and the corresponding recommendations in this public memorandum, which is on file in the Department's Central Records Unit. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at *http://trade.gov/ia.* The paper copy and electronic version of the Decision Memorandum are identical in content.

Preliminary Results of Review

We preliminarily determine that revocation of the antidumping duty order on fresh and chilled Atlantic salmon from Norway would be likely to lead to continuation or recurrence of dumping at the following weighted-average margins:

Manufacturer/exporter	Margin (percent)
Salmonor A/S	18.39
Sea Star International A/S	24.61
Skaarfish Mowi A/S	15.65
Fremstad Group A/S	21.51
Domstein and Co.	31.81
Saga A/S	26.55
Chr. Bjelland Seafood A/S	19.96
Hallvard Leroy A/S	31.81
All Others	23.80

Interested parties may submit case briefs no later than 50 days after the date of publication of the preliminary results of this full sunset review, in accordance with 19 CFR 351.309(c)(1)(i). Any interested party may request a hearing within 30 days of publication of this notice in accordance with 19 CFR 351.310(c). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than the five days after the time limit for filing case briefs in accordance with 19 CFR 351.309(d).

A hearing, if requested, will be held two days after the date the rebuttal briefs are due. The Department will issue a notice of final results of this full sunset review, which will include the results of its analysis of issues raised in any such comments, no later than November 29, 2011. *See Salmon Extension Notice.*

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 22, 2011.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–19301 Filed 7–28–11; 8:45 am]

BILLING CODE 3510–DS–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–302 and 731–TA–454;Third Review]

Fresh and Chilled Atlantic Salmon From Norway; Scheduling of Full Five-Year Reviews Concerning the Countervailing Duty Order and Antidumping Duty Order on Fresh and Chilled Atlantic Salmon From Norway

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews 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 countervailing duty order or revocation of the antidumping duty order on fresh and chilled Atlantic salmon from Norway would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B). For further information concerning the conduct of these reviews 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).

DATES: Effective Date: June 23, 2011

FOR FURTHER INFORMATION CONTACT: Jennifer Merrill (202–205–3188), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On April 8, 2011, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (76 FR 22422, April 21, 2011). 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 reviews 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 these reviews 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 reviews 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 reviews.

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 these reviews available to authorized applicants under the APO issued in the reviews, 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 reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews 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 reviews will be placed in the nonpublic record on November 7, 2011, 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 reviews beginning at 9:30 a.m. on November 30, 2011, 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 November 21, 2011. 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 November 23, 2011, 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 business days prior to the date of the hearing.

Written submissions.—Each party to the reviews 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 November 17, 2011. 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; witness testimony must be filed no later than three days before the hearing. The deadline for filing posthearing briefs is December 9, 2011. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before December 9, 2011. On January 13, 2011, 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 January 17, 2011, 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 permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 Fed. Reg. 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

Authority: These reviews are 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.

Issued: June 27, 2011.

James R. Holbein,

Secretary to the Commission.

[FR Doc. 2011–16445 Filed 6–30–11; 8:45 am]

BILLING CODE 7020–02–P

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Fresh and Chilled Atlantic Salmon from Norway, Inv. Nos. 701-TA-302, 731-TA-454 (Third Review)

On April 8, 2011, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. §1675(c)(5)).

The Commission received an adequate response from domestic producer Phoenix Salmon U.S., Inc. Because the Commission received an adequate response from a domestic producer accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

The Commission also received an adequate joint response from the Norwegian Seafood Federation ("NSF"), the Aquaculture Division of the Norwegian Seafood Association ("ADNSA"), and the Government of Norway. Because this response contained data, in the aggregate, for producers accounting for a substantial percentage of subject production in Norway, the Commission determined that the respondent interested party group response was adequate.

Because the domestic and respondent interested party group responses were adequate, the Commission determined to conduct full reviews in this proceeding.

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (www.usitc.gov).

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Fresh and Chilled Atlantic Salmon from Norway

Inv. Nos.: 701-TA-302 and 731-TA-454 (Second Review)

Date and Time: November 30, 2011 - 9:30 a.m.

The session in connection with these investigations was held in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

In Support of Continuation of Orders (**Michael J. Coursey**,
Kelley Drye & Warren LLP)
In Opposition to Continuation of Orders (**Valerie A. Slater**,
Akin Gump Strauss Hauer & Feld LLP)

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

Kelley Drye & Warren LLP
Washington, D.C.
on behalf of

The Domestic Industry

Glenn Cooke, Chief Executive Officer, Cooke Aquaculture, Inc.

Dave Morang, Sr., Cobscook Bay Area Manager, Cooke Aquaculture USA, Inc.

Charles Papas, Midwest Regional Sales Manager, True North Salmon USA

In Support of the Continuation of the
Antidumping and Countervailing Duty Orders (continued):

Alan Cook, Vice President Aquaculture, Icicle Seafoods, Icicle Seafoods (parent company of American Gold Seafoods)

Christopher M. Ruettgers, V.P. Business Development, Icicle Seafoods (parent company of American Gold Seafoods)

Gina Beck, Economist, Georgetown Economic Services

Michael J. Coursey)
Kathleen W. Cannon) – OF COUNSEL
Grace W. Kim)

In Opposition to the Continuation of the
Antidumping and Countervailing Duty Orders:

Akin Gump Strauss Hauer & Feld LLP
Washington, D.C.
on behalf of

Norwegian Seafood Federation ("NSF")
Aquaculture Division of the Norwegian Seafood Association ("ADNSA")

Magnor Nerheim, Director General, Norwegian Ministry of Fisheries and Coastal Affairs, Department of Aquaculture, Seafood and Markets

Egil Ove Sundheim, Director, Market Information and Market Access, Norwegian Seafood Export Council

Andreas Dynefors-Hallberg, Legal Counsel, Norwegian Seafood Export Council

Sverre Soraa, President & CEO, Coast Seafood, AS

Morten Vike, CEO, Grieg Seafood ASA

Ken Taylor, Sales Director, Marine Harvest USA, LLC

In Opposition to the Continuation of the
Antidumping and Countervailing Duty Orders:

Daniel W. Klett, Economic Consultant, Capital Trade, Inc.

Brian W. Westenbroek, Economic Consultant, Capital Trade, Inc.

Valerie A. Slater)
J. David Park)
) – OF COUNSEL
Jarrod M. Goldfeder)
Sally S. Laing)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Michael J. Coursey**, Kelley Drye & Warren LLP)
In Opposition to Continuation of Orders (**Valerie A. Slater**, Akin Gump Strauss Hauer & Feld LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Fresh Atlantic salmon: Summary data concerning the U.S. market, 2005-10, January-June 2010, and January-June 2011

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data								Period changes						
							January-June								Jan.-June
Item	2005	2006	2007	2008	2009	2010	2010	2011	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Norway	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Norway	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:															
Norway:															
Quantity	595	476	4,576	311	299	900	327	573	51.4	-19.9	861.4	-93.2	-3.9	201.5	75.3
Value	2,057	1,964	15,135	1,354	1,134	3,852	1,373	2,729	87.3	-4.5	670.7	-91.1	-16.2	239.7	98.8
Unit value	$3.46	$4.13	$3.31	$4.35	$3.80	$4.28	$4.20	$4.77	23.7	19.3	-19.8	31.6	-12.8	12.7	13.4
Ending inventory quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All other sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers':															
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

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 Commerce statistics.

APPENDIX D

RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

All responses in appendix D contain information that would reveal confidential operations and, therefore, have been deleted from the public version of this report.