

CERTAIN AUTOMOTIVE AND MOTORCYCLE REPAIR MANUALS FROM THE UNITED KINGDOM

**Determination of "A Reasonable
Indication of Injury" in
Inquiry No. AA1921-Inq.-19,
Under the Antidumping Act,
1921, as Amended**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-19]

AUTOMOTIVE AND MOTORCYCLE REPAIR MANUALS FROM THE UNITED KINGDOM

Commission Determines "A Reasonable
Indication of Injury"

On August 7, 1978, the United States International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c)(1) of the Antidumping Act of 1921, as amended, an antidumping investigation was being initiated with respect to automotive and motorcycle repair manuals from the United Kingdom and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of such merchandise into the United States. Accordingly, the Commission, on August 10, 1978, instituted inquiry No. AA1921-Inq.-19 under section 201(c)(2) of the act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on August 24, 1978, in Washington, D.C. Public notice of both the institution of the inquiry and of the hearing was duly given by posting copies of the notice at the Secretary's office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of August 16, 1978 (43 F.R. 36335).

The Treasury Department instituted its investigation after receiving a properly filed complaint on June 30, 1978, from counsel acting on behalf of Clymer Publications Inc., Los Angeles, Calif. Treasury's notice of its antidumping proceeding was published in the Federal Register of August 8, 1978 (43 F.R. 35139).

On the basis of information developed during the course of the inquiry the Commission determines that there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of automotive and motorcycle repair manuals into the United States from the United Kingdom allegedly sold at less than fair value as indicated by the Department of the Treasury. 1/

1/ Commissioners George M. Moore and Catherine Bedell determine that, on the basis of information developed during the course of this inquiry, there is a reasonable indication that an industry in the United States is being, or is likely to be injured by reason of the importation of automotive and motorcycle repair manuals from the United Kingdom, allegedly sold at less than fair value, as indicated by the Department of the Treasury. Chairman Joseph O. Parker, voting to continue the investigation, does not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of automotive and motorcycle repair manuals from the United Kingdom, allegedly sold at less than fair value, as indicated by the Department of the Treasury. Vice Chairman Bill Alberger and Commissioner Italo H. Ablondi determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of automotive and motorcycle repair manuals from the United Kingdom, allegedly sold at less than fair value as indicated by the Department of the Treasury. Commissioner Daniel Minchew did not participate in the determination.

Views of Chairman Joseph O. Parker and
Commissioners George M. Moore and Catherine Bedell

On August 7, 1978, the United States International Trade Commission received advice from the Secretary of the Treasury that, during the course of a preliminary investigation with respect to automotive and motorcycle repair manuals from the United Kingdom, he had concluded on the basis of the information available that there is substantial doubt whether an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States. Acting upon this advice, the Commission, on August 10, 1978, instituted inquiry No. AA1921-Inq.-19 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States allegedly sold at less than fair value (LTFV). Inquiries involving issues under this section of the Antidumping Act are required to be completed within 30 days.

Determination

On the basis of information developed during the course of this inquiry, we determine that the standards set forth in section 201(c)(2) of the Antidumping Act, 1921, as amended, for continuing the investigation have been met.

Discussion

The petition to the Department of the Treasury which resulted in the advice from the Secretary of the Treasury which was the basis for this inquiry was filed by Clymer Publications, Los Angeles, Calif. Clymer alleges that the subject merchandise is being sold in the United States at LTFV margins ranging from approximately 27 to 29 percent. Information developed during the Commission's

inquiry indicates that U.S. imports of automotive and motorcycle repair manuals from the United Kingdom, all of which are alleged to be sold in the United States at LTFV, rose by 276 percent between 1974 and 1977. The ratio of such imports to apparent U.S. consumption rose by two-thirds during 1975-77 and continued to increase substantially during January-June 1978.

U.S. producers' shipments decreased 5 percent from January-June 1977, to January-June 1978, while the volume of imports from the United Kingdom increased 27 percent.

Although the value of U.S. producers' net sales of automotive and motorcycle repair manuals grew annually from 1975 to 1977, data submitted by the domestic producers indicate net operating profit on those sales in 1977 was about a third lower than operating profit in 1974 or 1975. The ratio of net operating profit to net sales in 1977 was only about half that experienced in 1975.

Specific pricing data for automotive and motorcycle repair manuals are not available. Data on average unit values of shipments, however, indicate that since 1976, imported manuals have been generally valued about 9 percent less than manuals produced in the United States. The LTFV margin alleged is large enough to account for the difference in value.

The suggested retail prices of the imported product and the U.S. produced product are virtually identical. Generally, U.S. producers provide a variety of discounts to their major customers, based on the volume of each title purchased. The U.S. producers' discounts range from 40 percent of the list price for the smallest customers to 65 percent for those purchasing more than 5,000 volumes. The importer, however, often offers discounts of 62½ percent on initial orders regardless of the volume purchased. Information was submitted to support the contention that a higher proportion of the importers' sales than of the U.S. producers' sales

are subject to discounts greater than 60 percent.

A continuation of discounting policies, as alleged, of LTFV automative and motorcycle repair manuals from the United Kingdom may result in their making greater inroads into the U.S. market. Such LTFV pricing may result in the enhancement of the competitive position of imported manuals over domestically produced manuals and contribute to increased market penetration. In addition, there appears to be no limitation on the ability to produce the alleged LTFV merchandise for export to the United States.

Conclusion

We determine that, on the basis of the indications of injury described above, the investigation should be continued to determine whether the Antidumping Act is being violated.

Statement of Reasons of Commissioner Bill Alberger 1/Statutory criteria of section 201(c)(2)

If the Secretary of the Treasury concludes, during a preliminary investigation under the Antidumping Act, 1921, as amended, that there is substantial doubt regarding possible injury to an industry in the United States, he shall forward to the U.S. International Trade Commission (Commission) his reasons for such doubt. Within 30 days of receipt of the Secretary's reasons, the Commission shall determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 2/ by reason of the importation of merchandise allegedly sold in the United States at less than fair value (LTFV). This inquiry, instituted on August 10, 1978, concerns automotive and motorcycle repair manuals from the United States.

Determination

On the basis of information developed during the course of this inquiry, I determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of automotive and motorcycle repair manuals into the United States from the United Kingdom allegedly sold at less than fair value as indicated by the Department of the Treasury (Treasury).

1/ Commissioner Italo H. Ablondi concurs in the result.

2/ Prevention of establishment of and industry in this inquiry is not in question and will not be discussed further in these views.

The imported article and the domestic industry

Automotive and motorcycle repair manuals are technical, illustrated "do it yourself" type work manuals used to maintain and repair machines. In this inquiry, the majority are paperback publications. There are currently six firms publishing automotive repair manuals in the United States, with two of the firms accounting for the majority of publications.

Information regarding alleged margins of LTFV sales

Treasury advised the Commission that the petition alleged margins of LTFV sales of 26.9 to 28.6 percent of the prices in the home market.

A reasonable indication of injury

Imports from the United Kingdom -- Since 1974, U.S. imports of automotive and motorcycle repair manuals have nearly quadrupled. For the first six months of 1978, imports increased 27 percent over the corresponding period for 1977.

U.S. production and shipments -- Since 1975, U.S. production of automotive and motorcycle repair manuals has increased annually. For January-June 1978, production is up 10 percent over the same period in 1977. Shipments by U.S. producers declined very slightly from 1975 to 1976 before climbing nearly 30 percent in 1977. The value of shipments rose by nearly 20 percent from 1975 to 1977.

Inventories -- Year end inventories for U.S. producers rose slightly from 1975 to 1976, but dropped sharply during 1977.

Profitability -- The value of net sales of reporting U.S. producers automotive and motorcycle repair manuals rose annually from 1974 through 1977, with an overall increase of 18 percent, most of the increase occurring between 1976 and 1977, the year of the greatest increase in imports from the United Kingdom. Net profits on sales of automotive and motorcycle repair manuals increased by nearly half between 1976 and 1977, resulting in a substantial increase in the ratio of profits to sales. Profit margins for reporting U.S. producers, in the aggregate, have been above the level for most U.S. industries throughout the period covered by the inquiry. One U.S. producer that responded to the Commission's questionnaires appeared to be in substantial financial difficulty in 1974, 1975, and 1976, but has improved its financial position significantly in 1977 and in January-June 1978, the period when the alleged LTFV imports were increasing most rapidly.

Prices -- Comparative price data are available only for the first two quarters of 1978. These data indicate that, for the three leading customers of the U.S. importer, the weighted average price of automotive and motorcycle repair manuals was about 15 percent higher than the reporting U.S. producers' prices to their three leading customers. The differential between U.S. producers' and the U.S. importers' prices arises from variations in their discount policy to similar classes of customers. The greatest discount offered by the leading U.S. importer of alleged LTFV automotive and motorcycle repair manuals is 62½ percent, whereas the greatest discount offered by the U.S. producer is 65 percent. In addition, the importer of alleged LTFV manuals concentrates on smaller customers that may not be eligible for the maximum 62½ percent discount.

Likelihood of injury -- In view of the current health of the domestic industry -- with production and profits increasing, and inventories declining -- concurrent with increasing imports of alleged LTFV automotive and motorcycle repair manuals from the United Kingdom, we find no indication of injury to the domestic industry in the foreseeable future as a result of the alleged LTFV imports.

Employment -- This category is difficult to measure since printing is contracted out by the publishing houses and, therefore, the publishers' number of employees do not necessarily reflect changes in production levels. The small number of employees in the publishing houses has slightly increased in the 1975-77 period.

Conclusion

Based on increased production and shipments by U.S. producers, reduced inventories, good profits and prices by domestic producers below those of the imported product, I find no reasonable indication of injury to the domestic industry that may be attributed to imports of automotive and motorcycle repair manuals from Great Britain.

INFORMATION OBTAINED IN THE INQUIRY

Summary

On August 7, 1978, the United States International Trade Commission received advice from the Department of the Treasury (Treasury) that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to Automotive and Motorcycle Repair Manuals from the United Kingdom, and that information developed from its preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Accordingly, the Commission, on August 10, 1978, instituted inquiry No. AA1921-Inq.-19 under section 201(c)(2) of the Antidumping Act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. An affirmative determination by the Commission will result in Treasury's terminating its investigation of less than fair value sales, while a negative determination will result in Treasury's continuing its investigation.

This inquiry resulted from a petition filed on June 30, 1978, by Clymer Publications, Los Angeles, California, alleging that automotive and motorcycle repair manuals are being, or are likely to be, imported from the United Kingdom and sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. The margins of dumping alleged range from 26.9 to 28.6 percent of the prices in the home market.

Automotive and motorcycle repair manuals are technical, illustrated, "do it yourself" work manuals used to maintain, tune up, troubleshoot, and repair motor vehicles and their parts. The manuals are predominantly softcovered although in some cases they may be hardcovered.

The publication of these manuals requires the researching, writing and editing of manuscript material as well as the printing of the completed manuscript. The printing is usually subcontracted to printing establishments located, in most cases, in the general geographical area of distribution.

At least six firms currently publish automotive and motorcycle repair manuals in the United States. Production of these types of manuals by four of these firms represents a significant share of their total output of all types of books.

U.S. production, inventories, and profit and loss data are shown in the following tabulation.

Item	1974	1975	1976	1977	Jan.-June--	
					1977	1978
U.S. production-----1,000 units ---	<u>1/</u> ***	***	***	***	***	***
U.S. producers' inventories 1,000 units---	<u>1/</u> ***	***	***	***	<u>2/</u>	<u>2/</u>
U.S. producers' net sales of automotive and motorcycle repair manuals <u>1/</u> -----1,000 dollars--	***	***	***	***	***	<u>2/</u>
U.S. producers' net operating profit on automotive and motor- cycle manuals <u>1/</u> ----1,000 dollars--	***	***	***	***	***	<u>2/</u>
Ratio of U.S. producers' net operating profits on automotive and motorcycle repair manuals to net sales <u>1/</u> -----percent--	***	***	***	***	***	<u>2/</u>

1/ Does not include Chilton, which accounts for * * * percent of U.S. production.

2/ Not available.

Data on U.S. producers' shipments, U.S. exports, U.S. shipments of imports, and apparent U.S. consumption are shown in the following tabulation.

(In thousands of units)

Period	Producers' shipments	Exports	Domestic shipments of imports <u>1/</u>	Apparent consump- tion	Ratio of imports to consumption
1974-----	<u>2/</u> ***	***	***	<u>2/</u> ***	<u>2/</u> ***
1975-----	***	***	***	***	***
1976-----	***	***	***	***	***
1977-----	***	***	***	***	***
January-June--					
1977-----	***	***	***	***	***
1978-----	***	***	***	***	***

1/ All known imports are from the United Kingdom and all are alleged to have been sold in the United States at less than fair value.

2/ Does not include Chilton, which accounts for * * * percent of U.S. producers' shipments.

Introduction

On August 7, 1978, the United States International Trade Commission received advice from the Department of the Treasury (Treasury) that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an anti-dumping investigation was being initiated with respect to automotive and motorcycle repair manuals from the United Kingdom and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. 1/ Treasury defined the merchandise in question as automotive and motorcycle repair manuals provided for in item 270.25 of the Tariff Schedules of the United States (TSUS). Accordingly, the Commission, on August 10, 1978, instituted inquiry No. AA1921-Inq.-19 under section 201(c)(2) of the Antidumping Act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held in connection with the inquiry on August 24, 1978, in Washington, D.C. Notice of the institution of the inquiry and the hearing was duly given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of August 16, 1978 (43 F.R. 36335).

1/ Treasury's letter is presented in app. A.

2/ A copy of the Commission's notice of inquiry and hearing is presented in app. B.

Treasury instituted its investigation after receiving a petition in proper form on June 30, 1978, from Clymer Publications, Los Angeles, Calif. 1/ Treasury's advice to the Commission was published in the Federal Register on August 8, 1978 (43 F.R. 35139).

An affirmative determination by the Commission--that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of automotive and motorcycle repair manuals from the United Kingdom--will result in Treasury's terminating its investigation of sales at less than fair value (LTFV). A negative determination will result in Treasury's continuing its investigation. The Commission's determination in this inquiry is to be reported to the Secretary of the Treasury no later than Wednesday, September 6, 1978.

The Product

Description and uses

Automotive and motorcycle repair manuals are technical, illustrated, "do it yourself" work manuals used in order to maintain, tune up, troubleshoot, and repair motor vehicles and their parts. The manuals as defined in this report are predominantly softcovered, but may be hardcovered. The printing of these manuals is similar to that of other mass produced books which, although covering different subject matter, are generally similar in appearance.

1/ A copy of Treasury's notice of its antidumping proceeding is presented in app. C.

The automotive and motorcycle repair manuals described here are specific copyright titles supplied to publishing houses, and contain technical information on specific series, models, and model year(s) of automobiles or motorcycles. Certain other types of manuals, although covering automotive or motorcycle subject matter, are either more general in coverage and do not contain title reference to a specific automobile or motorcycle, or do contain specific titles, but are highly technical work manuals and service type publications. The latter are published by the automobile and motorcycle manufacturers with limited distribution, primarily to authorized dealerships, garages, and other institutions for professional use. They receive relatively limited distribution to the domestic consumer except by mail order or special order through dealerships.

Manufacturing process

The production (publication) of automotive and motorcycle manuals is similar to the publication of other mass produced books. The initial tasks involved in the preparation of such a manual include deciding on the subject and title; assigning a writer; researching the contents; disassembling and photographing the automobile or motorcycle involved; text preparation; editing the manuscript; laying out each page; designing the cover, and finally delivering the materials, "camera ready," to the printer. The printing may be done by a large publishing firm as a continuing process, or it may be subcontracted to various printing establishments, as the small domestic publishers do. The printing usually takes place in the geographical area of distribution. Since nonprinting costs are fixed at the outset, the cost of production per book declines as the number of books sold increases.

U.S. tariff treatment

Automotive and motorcycle repair manuals enter the United States duty-free under TSUS item 270.25. Included under this general category are all other books not specially provided for under other provisions for books in the TSUS. This provision became effective February 1, 1967, by virtue of Public Law 89-651 and Presidential Proclamation 3754, which implemented the United Nations Agreement on the Importation of Educational, Scientific and Cultural Materials (commonly referred to as the Florence Agreement). The duty-free status for item 270.25 was bound as a concession granted under the General Agreement on Tariffs and Trade (GATT) in the sixth (Kennedy) round of trade negotiations.

Nature and Extent of Alleged LTFV Sales

According to Clymer, in its petition to Treasury, the home-market price for standard automotive repair manuals in the United Kingdom is \$2.70 per manual, the exporters' sales price to the U.S. market is \$1.975 per manual; the LTFV margin is therefore \$0.725 per manual. As calculated by Treasury, the alleged LTFV margin (when divided by the price to the U.S. market) would be 36.7 percent; as calculated by the U.S. International Trade Commission, the LTFV margin (when divided by the home-market price) would be 26.9 percent. According to Clymer, the home-market price for standard motorcycle repair manuals in the United Kingdom is \$2.025 per manual, the exporters' sales price to the U.S. market is \$1.445 per manual, and the LTFV margin is, therefore, \$0.58 per manual. As calculated by Treasury, the alleged LTFV margin would be 40.1 percent; as calculated by the U.S. International Trade Commission, it would be 28.6 percent.

The home-market price for automotive repair manuals is based by Clymer on the U.K. list price of \$6.83 per manual less a 60-percent wholesale discount, or \$2.70 per manual, including freight to the customer. The home-market price for motorcycle repair manuals is based on the list price of \$4.55 per manual less a 55-percent

wholesale discount, or \$2.025 per manual, including freight to the customer. The exporters' sales price to the U.S. market is based on the price at which the exporter sells the manuals plus costs of packing less (1) costs of shipping and U.S. import duties, (2) commissions for selling in the United States, (3) expenses incurred by the exporter in selling in the United States, (4) export taxes imposed, (5) the amount of increased value resulting from manufacture or assembly after importation before sale, and (6) tax adjustments. Base prices are based on invoices. Deductions are estimated by Clymer on the basis of its own business experience. All prices compared are for J.H. Haynes and Co. Ltd. (United Kingdom), and its wholly owned U.S. subsidiary, Haynes Publications, Inc. (U.S.). All of Haynes sales to the United States are alleged to be at LTFV prices. All sales by Haynes to the United States are alleged to be made through Haynes Publications, Inc. (U.S.), Newbury Park, Calif.

The Domestic Industry

At least six U.S. firms currently publish automotive and motorcycle repair manuals. The * * * publisher of such manuals, Clymer Publications -- the complainant in the instant inquiry--is located in Los Angeles, Calif. Clymer accounts for * * * percent of the manuals published in the United States. The other leading producer, Chilton Books, Inc., is located near Philadelphia, Pennsylvania. Chilton accounts for * * * percent of the manuals produced in the United States. 1/

The other U.S. producers of automotive and motorcycle repair manuals include: Hearst Corp. and Crown Publications, Inc., both of New York City; Bentley, Inc. of Cambridge, Mass.; and Contemporary Books, Inc., of Chicago, Ill. Only Chilton, Inc., and Hearst Corp. are large corporations producing a wide variety of publications in addition to automotive and motorcycle repair manuals. The other firms are smaller in physical structure and in terms of sales and employment.

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1/ See letter from Chilton in app. G.

Channels of Distribution

An estimated * * * percent of domestic shipments of automotive and motorcycle repair manuals are distributed through wholesaler-distributors; * * * percent are sold directly to mass merchandisers; * * * percent are sold directly to independent outlets, and the remaining * * * percent are sold by the publishers through mail order.

Generally, U.S. publishers maintain inventories of completed manuals in their warehouses ready for shipment to their prospective customers. In addition to completed manuals, a copy of each title is held in storage in a ready to print format for immediate delivery to a printer in case there is a need for additional copies.

Wholesaler-distributors maintain inventories of the more popular titles and receive shipments of additional manuals from publishers. Mass merchandisers and independent outlets usually order manuals in smaller quantities and do not maintain standard inventories. Distribution through mass merchandisers and independent outlets results in higher costs for both the publishers and the customers than distribution through wholesaler-distributors. Distribution by mail order outlet is relatively small and requires no special labor handling other than that required for procedural documentation.

U.S. Consumption

Apparent U.S. consumption of automotive and motorcycle repair manuals increased from * * * manuals in 1975 to * * * manuals in 1977. Consumption increased further in January-June 1978 to a level slightly above that reached in the first half of 1977, as shown below and in table 1.

<u>Period</u>	<u>Apparent consumption</u> (1,000 units)
1975-----	***
1976-----	***
1977-----	***
January-June--	
1977-----	***
1978-----	***

U.S. Production

U.S. production of automotive and motorcycle repair manuals has increased annually since 1975. Production in 1977 was * * * percent above the 1976 level and * * * percent above the 1975 level; during the first six months of 1978, production was * * * percent above the level reached in the corresponding period of 1977, as shown below.

<u>Period</u>	<u>U.S. production</u> (1,000 units)
1975-----	***
1976-----	***
1977-----	***
January-June--	
1977-----	***
1978-----	***

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U.S. Producers' Shipments

U.S. producers' shipments of automotive and motorcycle repair manuals declined slightly in 1976 from the 1975 level, rising sharply thereafter, to a level in 1977 * * * percent higher than the 1976 level, as shown below and in table 1.

<u>Period</u>	<u>U.S. producers'</u> <u>shipments</u> <u>(1,000 units)</u>
1975-----	***
1976-----	***
1977-----	***
January-June--	
1977-----	***
1978-----	***

U.S. producers' shipments rose in value from * * * in 1975 to * * * in 1977.

U.S. Exports

U.S. exports of automotive and motorcycle repair manuals are small in relation to U.S. production, amounting to less than * * * percent of U.S. production in each of the years 1974-77. Exports never exceeded imports in volume at any time during the period. Export data are shown below and in table 1.

<u>Period</u>	<u>U.S. exports</u> <u>(1,000 units)</u>
1974-----	***
1975-----	***
1976-----	***
1977-----	***
January-June--	
1977-----	***
1978-----	***

Table 1.--Automotive and motorcycle repair manuals: U.S. producers' shipments, exports, domestic shipments of imports, and apparent consumption, 1974-77, January-June 1977, and January-June 1978.

Period	U.S. producers' shipments	U.S. exports	Domestic shipments of imports	Apparent U.S. consumption	Ratio (percent) of imports to consumption
Quantity (number of units)					
1974-----	<u>1/</u> ***	***	***	<u>1/</u> ***	<u>1/</u> ***
1975-----	***	***	***	***	***
1976-----	***	***	***	***	***
1977-----	***	***	***	***	***
Jan.-June--					
1977-----	***	***	***	***	***
1978-----	***	***	***	***	***
Value (1,000 dollars)					
1974-----	<u>1/</u> ***	***	<u>3/</u>	<u>3/</u>	<u>3/</u>
1975-----	***	***	<u>3/</u>	<u>3/</u>	<u>3/</u>
1976-----	***	***	***	***	***
1977-----	***	***	***	***	***
Jan.-June--					
1977-----	***	***	***	***	***
1978-----	***	***	***	***	***
Unit value (per unit)					
1974-----	***	***	<u>3/</u>	<u>3/</u>	-
1975-----	***	***	<u>3/</u>	<u>3/</u>	-
1976-----	***	***	***	***	-
1977-----	***	***	***	***	-
Jan.-June--					
1977-----	***	***	***	***	-
1978-----	***	***	***	***	-

1/ Does not include Chilton, which is estimated to account for * * * percent of U.S. producers shipments.

2/ All imports are from the United Kingdom, and all are alleged to be sold at LTFV.

3/ Not available.

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

U.S. Producers' Inventories

The yearend inventories for U.S. producers of automotive and motorcycle repair manuals are shown in table 2. The data show that as a share of shipments, inventories increased slightly from 1974 to 1976, but declined sharply from 1976 to 1977.

Table 2.--Automotive and motorcycle repair manuals: U.S. producers' inventories as of December 31 of 1974-77, June 30, 1977, and June 30, 1978

Date	Inventories	Inventories as a share of shipments during the preceding 12-month or 6-month period
	<u>Number of units</u>	<u>Percent</u>
December 31 of --		
1974-----	1/ ***	1/ ***
1975-----	***	***
1976-----	***	***
1977-----	***	***
January-June--		
1977-----	2/	2/
1978-----	2/	2/

1/ Does not include Chilton, which accounts for * * * of U.S. producers' inventories

2/ Not available.

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

U.S. Employment

Employment trends for the U.S. publishers do not generally reflect changes in production levels, since printing often is contracted out to other firms that print a wide variety of other publications for other firms. In addition, publishing operations for the six U.S. producers require a minimum number of workers to complete preliminary work before sending a finished manuscript (title) to the printer. In many cases free-lance writers often are employed to produce new titles. Free-lance writers may be employed on a part-time or full-time basis and are not physically located at the publishers' offices. They are considered to be production and related workers. Table 3 shows employment in the industry during the period under review.

Table 3.--Automotive and motorcycle repair manuals: Average employment in the publication of automotive and motorcycle repair manuals, 1974-77, January-June 1977, and January-June 1978

Period	Production and related workers <u>1/</u>
	<u>Number of workers</u>
1974-----	***
1975-----	***
1976-----	***
1977-----	***
January-June--	:
1977-----	***
1978-----	***

1/ Includes only those employed by the U.S. publishers. Does not include any workers connected with printing operations if publishing firms have printing facilities. Does not include data for Chilton, which accounts for * * * percent of U.S. production.

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

U.S. Imports

All known U.S. imports of automotive and motorcycle repair manuals are from the United Kingdom. Such imports increased annually from 1974 through 1977, and increased again between January-June 1977 and January-June 1978. Overall, imports nearly * * * between 1974 and 1977, and increased by * * * percent in the first six months of 1978 as compared with imports in the corresponding period of 1977, as shown in Table 4.

Table 4.--Automotive and motorcycle repair manuals: U.S. imports for consumption, 1974-77, January-June 1977 and January-June 1978

Period	Quantity	Foreign value	Unit value
	(1,000 units)	(1,000 dollars)	(Per manual)
1974-----	***	***	***
1975-----	***	***	***
1976-----	***	***	***
1977-----	***	***	***
January-June--			
1977-----	***	***	***
1978-----	***	***	***

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

Note.--All U.S. imports for consumption of automotive and motorcycle repair manuals are from the United Kingdom.

Domestic Shipments of Alleged LTFV Imports and Market
Penetration by Alleged LTFV Imports

Imports of automotive and motorcycle repair manuals from the United Kingdom that are not shipped to customers are returned to the United Kingdom and are not kept in inventory by the U.S. importer. The quantity of domestic shipments of imports, therefore, is the same as that of imports. Data on such shipments are presented in tables 1 and 5.

A-16

All known imports are from the United Kingdom, and all such imports are alleged to have been sold at LTFV prices.

Table 5.--Automotive and motorcycle repair manuals: Domestic shipments of imports and ratio of import shipments to apparent U.S. consumption, 1974-1977, January-June 1977 and January-June 1978

Period	Quantity	Value	Unit value	Ratio of quantity of imports to apparent U.S. consumption
	<u>1,000</u> <u>units</u>	<u>1,000</u> <u>dollars</u>	<u>Per manual</u>	<u>Percent</u>
1974-----	***	<u>1/</u>	<u>1/</u>	***
1975-----	***	<u>1/</u>	<u>1/</u>	***
1976-----	***	***	***	***
1977-----	***	***	***	***
January-June--				
1977-----	***	***	***	***
1978-----	***	***	***	***

1/ Not available.

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

Note.--All U.S. imports of automotive and motorcycle repair manuals are from the United Kingdom and all are alleged to be sold in the United States at less than fair value.

Financial Performance of U.S. Producers

Selected financial data for two U.S. producers of automotive and motorcycle repair manuals on their automotive and motorcycle repair manual operations reveal diminishing net profits from 1975-76 but a slight increase in profits for 1977 (table 6). The two producers account for about * * * of U.S. production and sales of automotive and motorcycle repair manuals.

Table 6.--U.S. producers' operations on automotive and motorcycle repair manuals:
Selected financial data for two reporting U.S. producers, 1974-77, January-
June 1977, and January-June 1978.

Period and firm	Net sales	Net operating profit (or loss)	Ratio of net operating profit (or loss) to net sales
	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>Percent</u>
1974:			
Clymer-----	***	***	***
Bentley-----	***	***	***
Total-----	***	***	***
1975:			
Clymer-----	***	***	***
Bentley-----	***	***	***
Total-----	***	***	***
1976:			
Clymer-----	***	***	***
Bentley-----	***	***	***
Total-----	***	***	***
1977:			
Clymer-----	***	***	***
Bentley-----	***	***	***
Total-----	***	***	***
January-June 1977:			
Clymer-----	***	***	***
Bentley-----	***	***	***
Total-----	***	***	***
January-June 1978:			
Clymer-----	<u>1/</u>	<u>1/</u>	<u>1/</u>
Bentley-----	***	***	***
Total-----	<u>1/</u>	<u>1/</u>	<u>1/</u>

1/ Not available.

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

Prices

List prices for automotive and motorcycle repair manuals are maintained by the importer and by U.S. producers, but are heavily discounted at the wholesale level. Discounts offered by Clymer range upward to 65 percent of the publisher's list price, while discounts offered by Haynes reach only 62-1/2 percent of the list price. Clymer's discounts generally are dependent upon the volume of the order or orders, while Haynes may offer its largest discounts to some first-time customers in order to solicit new business.

The retail prices for automotive and motorcycle repair manuals for specific titles are nearly identical for the U.S. producers and the importer, however, the prices may vary from outlet to outlet.

U.S. producers and importers were requested to supply their prices to their three leading customers for each calendar quarter during the period January 1974-June 1978. The price data obtained is presented in table 7.

Table 7.--Automotive and motorcycle repair manuals: Prices received by U.S. producers and importers for their three leading customers, by quarter, by firm, January 1974-June 1978

Period	(Price per unit)			
	Clymer		U.S. importer's prices (Haynes)	
	Weighted average	Range	Weighted average	Range
1974:	:	:	:	:
January-March-----	***	***	1/	1/
April-June-----	***	***	1/	1/
July-September-----	***	***	1/	1/
October-December-----	***	***	1/	1/
1975:	:	:	:	:
January-March-----	***	***	1/	1/
April-June-----	***	***	1/	1/
July-September-----	***	***	1/	1/
October-December-----	***	***	1/	1/
1976:	:	:	:	:
January-March-----	***	***	1/	1/
April-June-----	***	***	1/	1/
July-September-----	***	***	1/	1/
October-December-----	***	***	1/	1/
1977:	:	:	:	:
January-March-----	***	***	1/	1/
April-June-----	***	***	1/	1/
July-September-----	***	***	1/	1/
October-December-----	***	***	1/	1/
1978:	:	:	:	:
January-March-----	***	***	***	***
April-June-----	***	***	***	***

1/ Not available.

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

Despite the lack of specific price data for imports prior to 1978, a comparison of the average unit values of import shipments with shipments by U.S. producers as shown in Table 1, indicates that in 1976 the average manual imported from the United Kingdom was valued at * * * per manual, or * * * percent below the average unit value of manuals shipped by U.S. producers (* * * per manual). In 1977, the average unit value of the imported manuals fell to * * * per manual, but the average unit value of the U.S. product fell to * * * per manual, resulting in a * * * percent differential favorable to the imports. During January-June 1978, both the imports and the domestic product rose substantially in average unit values, to * * * and * * * per manual, respectively. As a result the imported manuals were valued * * * percent under the domestic product. In view of the alleged margins of sales at less than fair value (27-29 percent of the home market price, or \$0.58-\$0.72 per manual), virtually all of the underselling that may have occurred in the U.S. market could be accounted for by the alleged less-than-fair value pricing.

Evidence of Lost Sales

* * * * *

Other Factors

* * * * *

APPENDIX A

TREASURY DEPARTMENT'S LETTER OF NOTIFICATION TO
THE U.S. INTERNATIONAL TRADE COMMISSION



A-22
THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

AUG 1 1978

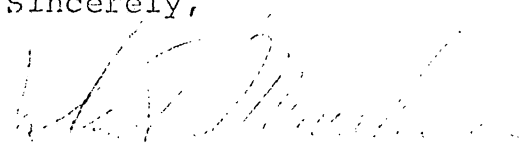
Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to automotive and motorcycle repair manuals from the United Kingdom. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Additional information will be provided by the U.S. Customs Service.

Some of the information involved in this case is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the information provided for its investigation to be for the official use of the ITC only and not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely,


Robert H. Mundheim

The Honorable
Joseph O. Parker, Chairman
U.S. International Trade
Commission
Washington, D.C. 20436

Enclosure

LOCKET NUMBER
7/5/78
U.S. ITC
SECRET
INT. TRADE COMMISSION

APPENDIX B

NOTICE OF COMMISSION'S INQUIRY AND HEARING

A-24
UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-19]

CERTAIN AUTOMOTIVE AND MOTORCYCLE REPAIR MANUALS FROM THE UNITED KINGDOM

Notice of Inquiry and Hearing

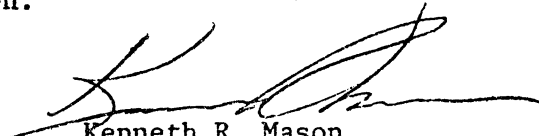
The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on August 7, 1978, that during the course of determining whether to institute an investigation with respect to automotive and motorcycle repair manuals provided for in item 270.25 of the Tariff Schedules of the United States from the United Kingdom in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)), Treasury had concluded from the information developed during its preliminary investigation that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Therefore, the Commission on August 10, 1978, instituted inquiry AA1921-Inq.-19, under section 201(c)(2) of that act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Treasury's advice to the Commission was published in the Federal Register on August 8, 1978 (43 F.R. 35139).

Public Hearing. A public hearing in connection with the inquiry will be held in Washington, D.C. on Thursday, August 24, 1978, at 10:00 a.m., e.d.t. The hearing will be held in the Hearing Room, United States International Trade Commission Building, 701 E Street, NW., Washington, D.C. All parties will be given an opportunity to be present, to produce evidence, and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary of the Commission not later than noon Monday, August 21, 1978.

Written statements. Interested parties may submit statements in writing in lieu of, and in addition to appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received not later than August 24, 1978.

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: August 11, 1978

APPENDIX C

TREASURY DEPARTMENT'S NOTICE OF ANTIDUMPING PROCEEDING

4810-22

DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARYAUTOMOTIVE AND MOTORCYCLE REPAIR MANUALS
FROM THE UNITED KINGDOM

ANTIDUMPING PROCEEDING NOTICE

AGENCY: U.S. Treasury Department

ACTION: Initiation of Antidumping Investigation

SUMMARY:

This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of automotive and motorcycle repair manuals from the United Kingdom are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended. There is substantial doubt that imports of the subject merchandise, allegedly at less than fair value, are the cause of present, or likely future, injury to an industry in the United States. Therefore, the case is being referred to the U.S. International Trade Commission for a determination as to whether there is no reasonable indication of injury.

EFFECTIVE DATE:

(Date of publication in the Federal Register).

FOR FURTHER INFORMATION CONTACT:

Mary S. Clapp, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229, telephone (202) 566-5492.

SUPPLEMENTARY INFORMATION:

On June 30, 1978, a petition in proper form was received pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel on behalf of Clymer Publications, Los Angeles, California, alleging that automotive and motorcycle repair manuals from the United Kingdom are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended (19 U.S.C. 160 et seq.) (referred to in this notice as the "Act").

Automotive and motorcycle repair manuals are books which describe maintenance and repair procedures to be followed by the reader in connection with repairs to automobiles and motorcycles. They are classified under item number 270.25 of the Tariff Schedules of the United States, Annotated (TSUSA).

There appears to be a relationship between the exporter and a purchaser in the United States, which would require the use of exporter's sales price to establish the price of the merchandise in the U.S. market.

Margins of dumping alleged, based on a comparison of exporter's sales price with prices in the home market, range from 37 to 40 percent.

There is evidence on record concerning injury or likelihood of injury to the U.S. industry from the alleged less than fair value imports. Evidence of lost sales has been provided. The data given in the petition shows a decrease in sales of petitioner's motorcycle repair manuals, but also indicates an increase in sales of automotive repair manuals. Statements of earnings indicate no loss of total sales revenue in the last several years.

Clymer performs all the tasks related to the preparation of a book, but subcontracts the actual printing. Non-printing costs are fixed for books with a given title; therefore, petitioner's costs of production per book decline as the number of books printed increases. The petition asserts that the lower average press run (i.e., number of books printed) for motorcycle repair manuals due to sales of the alleged less than fair value imports has resulted in higher per unit production costs. This should lead to lower profit levels which, in fact, have been claimed by the petitioner. However, information contained in statements of earnings ^{does} / not permit equal comparison for all years and it is not evident that changes in profit figures are due to imports of the subject merchandise.

The petitioner is unable to provide information regarding market share or volume of imports on a year-by-year basis; figures that are provided for the most recent year appear to be based on conjecture. No data are presented that indicate levels of capital investment, price suppression, or margins of underselling.

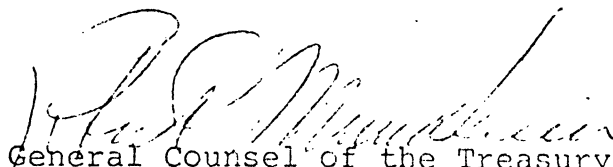
Moreover, the petitioner, a small private company, has increased the number of its employees over the past several years.

On the basis of such evidence, it has been concluded that there is substantial doubt of injury or likelihood of injury to an industry in the United States by virtue of such imports from the United Kingdom. Accordingly, the U.S. International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act (19 U.S.C. 160(c)(2)).

Having conducted a summary investigation as required by section 153.29 of the Customs Regulations (19 CFR 153.29), and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or

likelihood of sales at less than fair value. Should the International Trade Commission, within 30 days of receipt of the information cited in the preceding paragraph, advise the Secretary that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of such merchandise into the United States, this investigation will be terminated. Otherwise, the investigation will continue to conclusion.

This notice is published pursuant to section 153.30 of the Customs Regulations (19 CFR 153.30).


General Counsel of the Treasury
Robert H. Mundheim

AUG 1 1978

APPENDIX D

TREASURY DEPARTMENT'S LETTER TO PETITIONER'S LEGAL COUNSEL

* * * * *

APPENDIX E
FRONT AND BACK COVERS OF A TYPICAL AUTOMOTIVE
REPAIR MANUAL

A-36

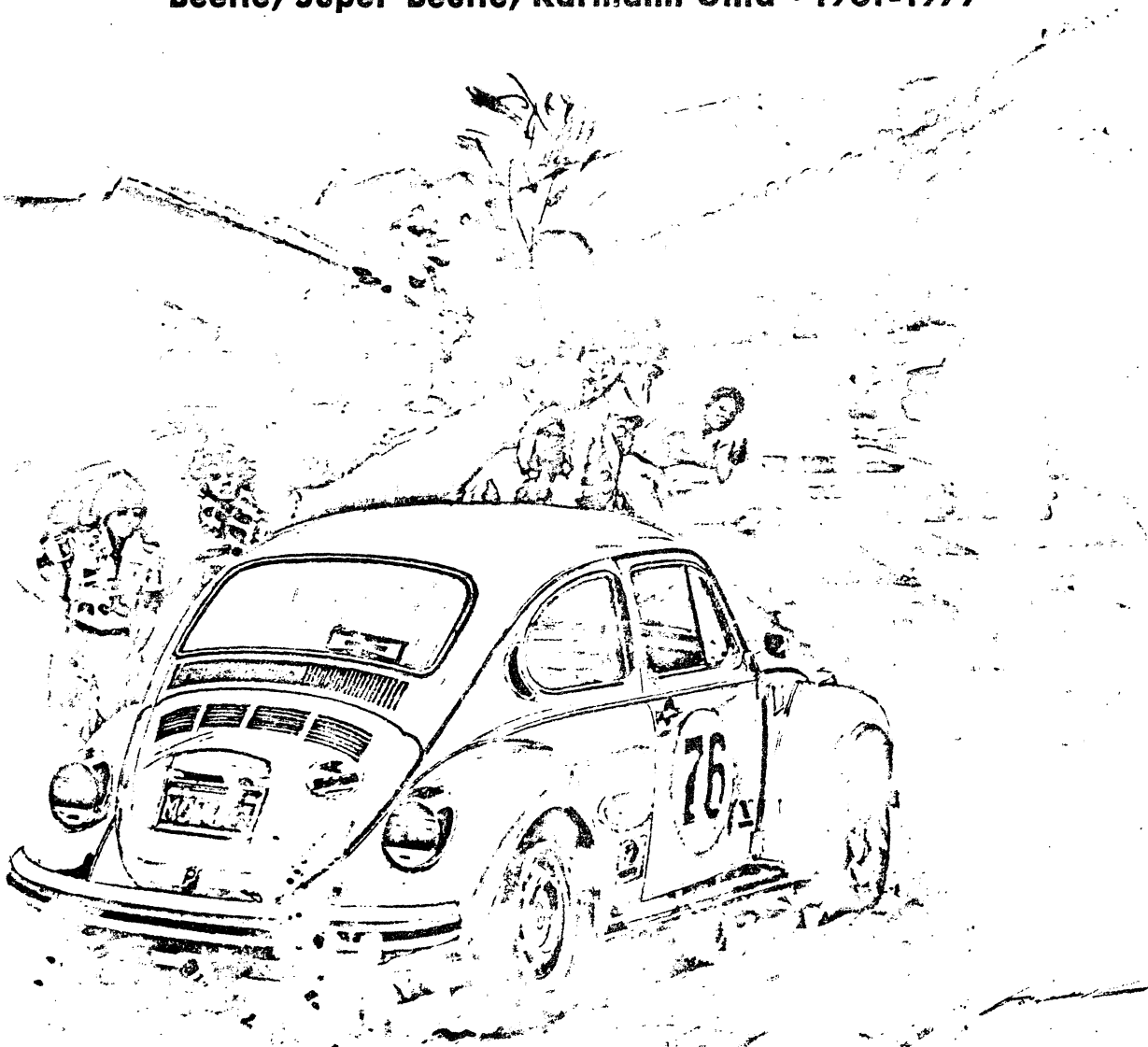


**CLYMER
PUBLICATIONS**

VOLKSWAGEN

SERVICE • REPAIR HANDBOOK

Beetle, Super Beetle, Karmann Ghia • 1961-1977



VOLKSWAGEN SERVICE • REPAIR HANDBOOK**BEETLE, SUPER BEETLE, KARMANN GHIA • 1961-1977****COMPLETE MAINTENANCE • REPAIR • TROUBLESHOOTING**

This newly revised and updated handbook gives complete maintenance, troubleshooting, and repair information for the millions of Beetles and Karmann Ghias on the road. All models from 1961 through 1977 are covered in detail. Like the VW itself, this new edition delivers more, at lower cost, than anything else in its class.

This is Clymer's 16th edition devoted to the VW Type I. Detailed procedures by an expert technical writer are illustrated by hundreds of photos and drawings, all keyed to the appropriate operation. Even the cover painting is special—done just for this book by Walter Gotschke, one of the world's leading automotive artists.

All operations are covered in thorough step-by-step sequence. Wherever year-to-year changes apply, a full explanation is given. The use of special tools and test equipment is avoided wherever possible. When necessary, these items are illustrated either in actual use or alone.

Major headings include: Lubrication and Maintenance; Troubleshooting; Engine; Cooling, Heating, and Exhaust Systems; Fuel Systems; Electrical System; Clutch; Transaxles; Rear Axle and Suspension; Front Suspension and Steering; Brakes; and Body.

Where repairs are practical for the owner / mechanic, complete procedures are given. Equally important, difficult jobs are pointed out. Such operations are usually more economically performed by a dealer or service center.

As in all Clymer service handbooks, the goal has been to help owners understand their equipment, lower repair costs, and generally improve operating satisfaction. Clymer auto, motorcycle, and marine maintenance books are sold worldwide. Look for them at your local auto supplier, motorcycle shop, marine outlet, or bookstore.

CLYMER PUBLICATIONS • LOS ANGELES

APPENDIX F

CHILTON BOOK COMPANY LETTER TO C. B. STAHER
OF THE COMMISSION STAFF

* * * * *

APPENDIX G

PROBABLE ECONOMIC EFFECTS OF TARIFF CHANGES UNDER TITLE I
AND TITLE V OF THE TRADE ACT OF 1974 FOR TRADE
AGREEMENT DIGEST NO. 20124, JULY 1975

* * * * *

