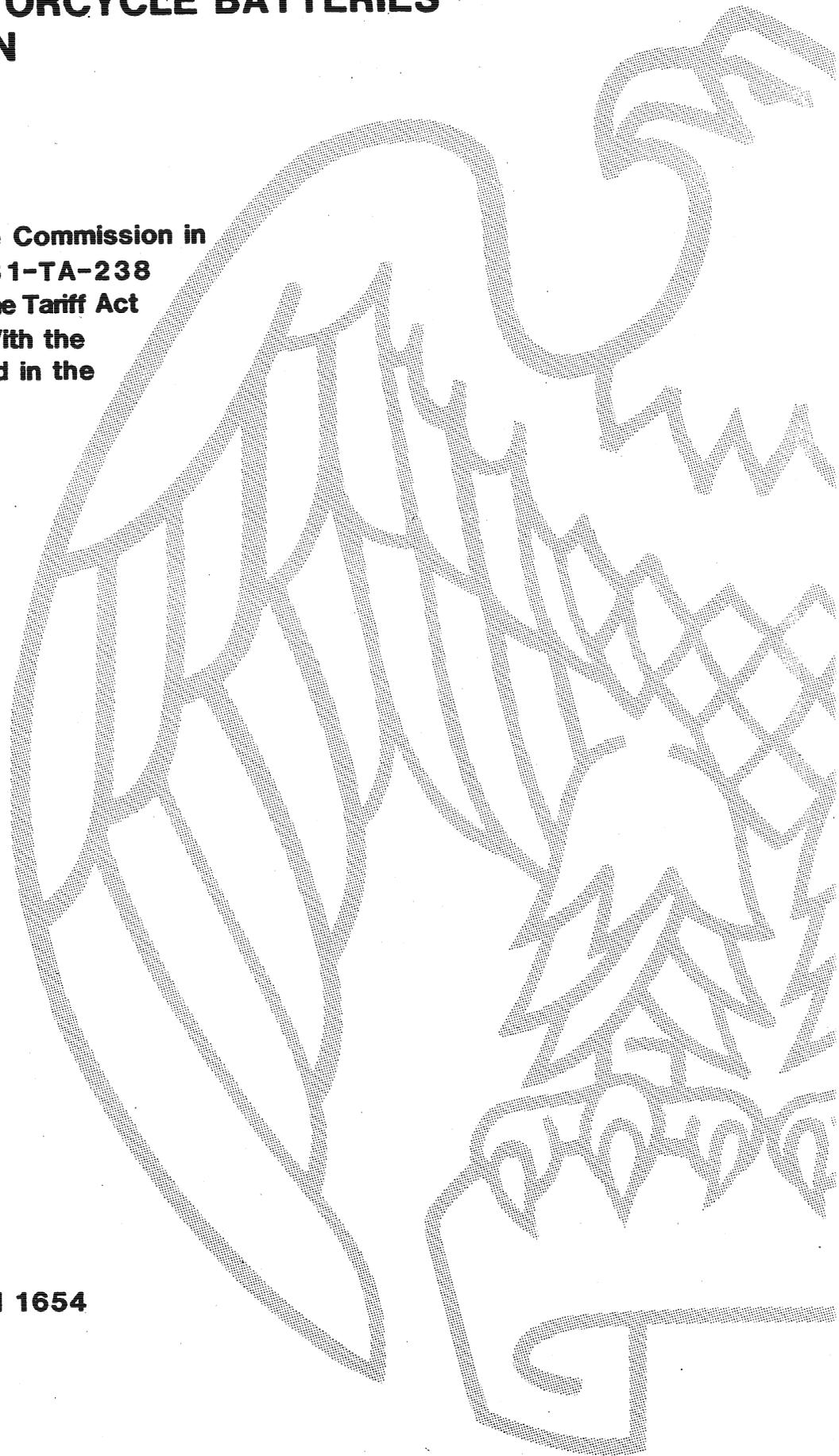


12-VOLT MOTORCYCLE BATTERIES FROM TAIWAN

**Determination of the Commission in
Investigation No. 731-TA-238
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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
Washington, DC

Investigation No. 731-TA-238 (Preliminary)

12-VOLT MOTORCYCLE BATTERIES FROM TAIWAN

Determination

On the basis of the record ^{1/} developed in the subject investigation the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan of 12-volt motorcycle batteries, provided for in item 683.05 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On January 11, 1985, a petition was filed with the Commission and the Department of Commerce by General Battery Corp., Reading, PA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of 12-volt motorcycle batteries from Taiwan. Accordingly, effective January 11, 1985, the Commission instituted preliminary antidumping investigation No. 731-TA-238 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of January 23, 1985 (50 FR 3038). The conference was held in Washington, DC, on February 1, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

^{1/} The record is defined in section 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR. § 207.2(i)).

VIEWS OF THE COMMISSION

These views explain our unanimous determination that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry is being materially retarded, 1/ by reason of allegedly less than fair value (LTFV) imports of 12-volt motorcycle batteries from Taiwan.

We base our determination on our finding that there is no reasonable indication that the domestic industry is currently experiencing material injury. In particular, our determination is based on the generally improving condition of the domestic industry. The performance of one of the two firms in the industry has been good throughout the period under investigation, while the problems of the other firm are not related to competition from allegedly LTFV imports from Taiwan. In addition, the record indicates that the industry has improved and that allegedly LTFV imports from Taiwan will not increase in the near future to the extent that such imports will constitute a real threat of imminent material injury to the industry. 2/

Like product and the domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as the "[d]omestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of

1/ Since there is an established domestic industry, "material retardation" was not raised as an issue in this investigation and will not be discussed further.

2/ Chairwoman Stern does not regard it as analytically useful to consider the question of material injury completely separately from the question of causation. In general, she believes it to be appropriate to examine causal issues even when an industry is apparently in good condition to determine whether its performance had been materially worsened by the subject imports. In the present case, she has based her determination principally on the strong performance of the domestic industry and the lack of any indication that the subject imports are related to any difficulties that may exist.

the total domestic production of that product." 3/ "Like product" is, in turn, defined 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" 4/

The imported articles subject to this investigation are lead-acid storage batteries having a nominal output of 12 volts and rated from 2 to 32 ampere-hours at a 10 hour discharge rate. These batteries are primarily used in motorcycles; however, they are also used to a lesser extent in riding lawnmowers, garden tractors, and other applications. 5/

There are no discernible differences between the characteristics and uses of the imported batteries and those of 12-volt motorcycle batteries manufactured in the United States. Furthermore, no party objected to the definition of the like product as 12-volt motorcycle batteries, or the concomitant definition of the domestic industry as the domestic producers of 12-volt motorcycle batteries. We therefore determine that the like product is 12-volt motorcycle batteries, and the domestic industry is the U.S. producers of 12-volt motorcycle batteries. There are two domestic producers of 12-volt motorcycle batteries, petitioner Yuasa-General Battery Corporation (YGB), of Reading, Pennsylvania, and Exide Corporation (Exide), of Horsham, Pennsylvania. 6/

3/ 19 U.S.C. § 1677(4)(A).

4/ Section 771(10); 19 U.S.C. § 1677(10).

5/ Report of the Commission (Report) at A-2.

6/ This investigation was instituted in response to a petition filed on behalf of General Battery Corporation of Reading, Pennsylvania, YGB's parent company. On Jan. 15, 1985, the petition was amended to include YGB as co-petitioner. Exide reportedly supports the petition, but has not joined it. Petitioner YGB and Exide together have previously sought relief under the antidumping laws from imports of motorcycle batteries from Taiwan. See Motorcycle Batteries from Taiwan, Inv. No. 731-TA-42 (Preliminary), USITC Pub. 1157 (1981) and (Final), USITC Pub. 1228 (1982).

Related parties

Both domestic producers, YGB and Exide, are importers of 12-volt motorcycle batteries from Taiwan. 7/ In addition, YGB is related to a Taiwanese producer of 12-volt motorcycle batteries, Yuasa Taiwan, through common ownership by a parent corporation, Yuasa Japan. 8/ Thus, the question arises whether either or both producers should be excluded from our definition of the domestic industry under the related parties provision of title VII.

That section provides:

When some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term "industry" may be applied in appropriate circumstances by excluding such producers from those included in that industry. 9/

Consideration of the related parties question involves two steps. The first is to determine whether the domestic producers are importers of the product under investigation or have a corporate relationship to exporters or importers. This condition is satisfied in the instant investigation. The second step is the determination of whether "appropriate circumstances" exist for excluding the related parties from the definition of the domestic industry. This determination is within the Commission's discretion.

Among the factors the Commission has considered in previous investigations in determining whether appropriate circumstances for the exclusion of related parties exists are:

7/ Report at A-18. Both companies also import 12-volt motorcycle batteries from Japan. Id.

8/ YGB is a joint venture between Yuasa America, Inc., a wholly-owned subsidiary of Yuasa Japan, and General Battery Corporation. Yuasa America owns 51 percent of YGB. Yuasa Japan owns 49 percent of Yuasa Taiwan.

9/ 19 U.S.C. § 1677(4)(B).

1. the percentage of domestic production attributable to the related producers; 10/
2. the reasons the domestic producers have chosen to import the product under investigation, i.e., to benefit from the dumping or subsidization or in order to enable them to continue production and compete in the domestic market; 11/ and,
3. the position of the related producers vis-a-vis the rest of the domestic industry. 12/

This issue was raised in the previous investigation of motorcycle batteries. 13/ In that investigation the Commission determined that appropriate circumstances did not exist to exclude the related domestic producers from the domestic industry. 14/ In this investigation, inclusion of these firms does not skew the data on the domestic industry. 15/ There is nothing in the record to indicate that one company benefits from imports to any greater degree than the other. YGB maintains that it imports batteries both to complete the line of batteries it offers to its customers, and to

10/ Unlasted Leather Footwear from India, Inv. No. 701-TA-1 (Final), USITC Pub. 1045 (1980); Melamine in Crystal Form from Austria and Italy, Inv. No. 731-TA-13 (Final), USITC Pub. 1065 (1980); Motorcycle Batteries from Taiwan, Inv. No. 731-TA-42 (Final), USITC Pub. 1228 (1982); Certain Iron-Metal Castings from India, Inv. No. 303-TA-13, USITC Pub. 1098 (1980).

11/ Snow Grooming Vehicles, Parts Thereof and Accessories Therefor from the Federal Republic of Germany, Inv. No. 731-TA-36 (Preliminary), USITC Pub. 1117 (1980).

12/ Television Receiving Sets from Japan, Inv. No. 751-TA-2, USITC Pub. 1153 (1981); Sugars and Sirups from Canada, Inv. No. 731-TA-3 (Final), USITC Pub. 1047 (1980).

13/ Motorcycle Batteries from Taiwan, Inv. No. 731-TA-42 (Final), USITC Pub. 1228 at 6-7 (1982) (hereinafter 1982 Report).

14/ That determination was based in large part on the fact that both of the major U.S. producers were importers, and their exclusion would have left only an insignificant U.S. producer representing the domestic industry. Id. Currently, there are only two domestic producers, YGB and Exide; both are importers.

15/ Chairwoman Stern and Commissioner Rohr also note that the importing operations of the two domestic producers do not bias the data regarding the domestic operations of this industry. In particular, the profitability data, which is susceptible to bias through the inclusion of data relating to imports, has been obtained from both firms in a manner to isolate domestic manufacturing operations.

offer a lower priced alternative to batteries it produces in the United States, in order to compete with the allegedly lower priced imports from Taiwan. Exide similarly imports batteries to complete the line of batteries it offers to its customers. 16/ We therefore have concluded that it is not appropriate to apply the related parties provision and exclude either company from the domestic industry in this investigation. 17/ 18/

Condition of the domestic industry

In this investigation the Commission considered information concerning the condition of the domestic industry covering the period 1982 through 1984. In addition, the Commission considered the present condition of the industry in comparison with its condition at the time of our previous investigation of this industry. 19/

The record on the whole demonstrates that, while there has been some fluctuation in the fortunes of the industry as a whole, and particularly with respect to the individual firms, there is no reasonable indication that the domestic industry is being materially injured. 20/ 21/ Production of 12-volt motorcycle batteries declined slightly from 1982 to 1983, but then increased

16/ Report at A-5.

17/ See also n.34, infra.

18/ Vice Chairman Liebeler and Commissioner Lodwick did not participate in the earlier investigation of Motorcycle Batteries from Taiwan, Inv. No. 731-TA-12 (Final), USITC Pub. 1065 (1980). Thus, prior to the present preliminary investigation, they had not been faced with a situation in which application of the related parties provision could result in a finding of no domestic industry. Although logically this issue should be resolved first, because this is a preliminary investigation and there are other grounds for our determination, we have assumed arguendo that the related parties provision does not apply in this case.

19/ See 1982 Report. We have found it useful to consider whether conditions have changed since that determination.

20/ Because the domestic industry comprises only two producers, almost all of the information obtained by the Commission is confidential. Discussion is only possible in general terms.

21/ See n.2, supra.

in 1984 to above the 1982 level. 22/ This increase occurred despite Exide's cessation of production in September 1984. 23/ Exide resumed production in January 1985 in a new location. 24/ Capacity was steady in 1982 and 1983, and declined in 1984 solely due to the closing of Exide's plant. 25/ Overall capacity utilization declined marginally in 1983, then increased substantially in 1984. 26/ Domestic shipments increased during each year of the period under investigation. 27/ In addition, domestic producers' inventories declined during each year of the period under investigation. In 1984, they were 41.0 percent lower than in 1982, indicating that increases in production and shipments are not being reflected in increased inventories. 28/

Average employment and hours worked increased from 1982 to 1983, but then decreased somewhat in 1984. 29/ Again, this decrease is due to Exide's discontinuance of motorcycle battery production after the third quarter of 1984. 30/ Average hourly compensation also increased during the period. 31/

The data regarding profitability in this industry are particularly difficult to discuss in detail because all of the financial information is confidential. In addition, the domestic producers do not employ the same accounting year. Thus, it is not possible to aggregate the financial information for the domestic producers and discuss it in general terms. One

22/ Report at A-7. 1984 production levels are also above the levels achieved at any time during the Commission's 1982 investigation. Compare Report at A-7, with 1982 Report at A-12.

23/ Report at A-7.

24/ Id.

25/ Id. YGB's capacity was unchanged. Id.

26/ Id.

27/ Id. at A-8.

28/ Id. at A-9.

29/ Id. at A-9-A-10.

30/ Id. at A-9.

31/ Id. at A-10.

of the two firms comprising the domestic industry performed well throughout the period under investigation. Although its net operating profits as a percentage of sales in 1984 were slightly below the 1983 mark, profits were nonetheless significantly better than in 1982. 32/ As for the other firm in the industry, the financial information before the Commission indicates that it is experiencing difficulties. 33/ However, the financial performance of that firm improved in 1984. Moreover, as discussed further below, allegedly LTFV imports from Taiwan are not a cause of those difficulties.

No material injury by reason of allegedly LTFV imports 34/

Even if we had concluded that there was a reasonable indication of material injury to the domestic industry, we would not have concluded that there is a reasonable indication that any such injury is by reason of the allegedly LTFV imports. 35/ Imports from Taiwan more than doubled during the

32/ Id. at A-11.

33/ Id. Commissioner Rohr also notes that the financial data of this firm may not fully reflect the true economic performance and worth of the firm because of the unusual circumstances reflected in the data.

34/ Commissioner Lodwick and Commissioner Rohr note that where, as here, they determine that an industry is not experiencing material injury, the question of causation, i.e., whether material injury is by reason of particular imports, cannot logically arise. However "material injury" is a legal conclusion which the Commission applies based on its analysis of the condition of the industry. It is possible to look at the condition of the industry and conclude that imports are having no material effect on that condition. Hence, had they concluded that the condition of the domestic industry did warrant the conclusion "material injury," they would not have found there to be a reasonable indication that injury was by reason of imports. It is in that context in which they join in this discussion of causation.

35/ Section 771(7)(B) of the Tariff Act of 1930 requires the Commission to determine whether there is a reasonable indication of material injury by reason of allegedly unfair imports by considering, among other factors; (1) the volume of allegedly LTFV imports, (2) the effect of such imports on prices in the United States for the like product, and (3) the impact of such imports on domestic producers of the like product. 19 U.S.C. § 1677(7)(B).

period under investigation, to 620,000 units in 1984. 36/ We note, however, that imports in 1982 were substantially less than the levels recorded in 1979 and 1980, and did not again reach a comparable level until 1984. 37/ Similarly, the ratio of imports to U.S. consumption during each year of the period under investigation was considerably lower than those recorded during the previous investigation, 38/ while domestic production and shipments increased. 39/ Furthermore, it is clear that the performance of the industry has not deteriorated, and in the case of one firm, has significantly improved during the period under investigation. 40/ Finally, the information before the Commission demonstrates that the other firm's difficulties are due to several unusual events during 1983 and 1984, as well as internal factors, rather than by reason of the allegedly LTFV imports. 41/

Information gathered by the Commission indicates that the price of imports from Taiwan was roughly comparable to domestic producer prices during 1983, but that imports tended to undersell the domestic product during 1984. 42/ Investigation by the Commission did not reveal a significant

36/ Report at A-18. Respondent Taiwan Electric Appliance Manufacturers' Association (TEAMA) argued that if the Commission determined not to exclude the related domestic producers from the industry, it should exclude the imports by YGB and Exide from its consideration of injury and causation. Respondent's Post-Conference Brief at 9. We believe the fact that a percentage of the imports is "captive" may be relevant in analyzing the condition of the industry and causation. In this investigation, the result would have been unchanged even if we had excluded "captive" imports.

37/ Compare Report at A-19, with 1982 Report at A-24. The substantial decline in imports from Taiwan between 1980 and 1982 may be accounted for by the removal of 12-volt batteries imported from Taiwan from the list of products eligible for duty-free treatment under the Generalized System of Preferences. See Exec. Order No. 12,354, 3 C.F.R. 140 (1982 Compilation).

38/ Compare Report at A-21, with 1982 Report at A-26.

39/ Compare Report at A-7-A-8, with 1982 Report at A-12-A-13.

40/ Report at A-21.

41/ Data for the most recent period indicate that this firm's performance has improved. Id.

42/ Id. at A-22. We note that a substantial proportion of the imports were "captive" imports.

pattern of sales lost by the domestic producers to allegedly LTFV imports on the basis of price. ^{43/} Therefore, we have determined that the allegedly LTFV imports from Taiwan are not a cause of material injury to the domestic industry.

No threat of material injury by reason of allegedly LTFV imports

The "threat of material injury" standard "[i]s intended to permit import relief under the . . . antidumping laws before actual material injury occurs." ^{44/} Section 612(a)(2)(b) of the Trade and Tariff Act of 1984 amends title VII of the Tariff Act of 1930 by adding a new subparagraph, § 771(7)(F), which lists a series of factors which "[t]he Commission shall consider, among other relevant economic factors" in making a determination of threat of material injury. The factors set forth in the Act are generally those which the Commission has traditionally considered in making determinations on threat of material injury. In addition, the Act provides that a determination of threat of material injury "[s]hall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition." ^{45/}

Imports from Taiwan increased during the period of investigation. However, a significant percentage of imports from Taiwan is accounted for by

^{43/} *Id.* at A-26. Of four firms reported as lost customers, one reported that it no longer deals in motorcycle batteries, and two others cited better service, specifically a better return policy for defective batteries, as a reason for purchasing imports, in addition to price. The fourth firm indicated that it purchases imported batteries both for reasons of price and quality, but was unable to confirm that it had recently switched suppliers.

^{44/} S. Rep. No. 249, 96th Cong., 1st Sess. 89 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

^{45/} Section 612(a)(2)(b)(ii), Pub. L. No. 98-573 (Oct. 30, 1984), to be codified at 19 U.S.C. § 1677(7)(F).

the imports of the two domestic producers, which increased 81 percent between 1982 and 1984. 46/ Although importers' inventories increased annually from 1982 to 1984, inventories as a share of shipments of the responding firms declined each year during the period under investigation. 47/ Taiwanese production has increased only slightly during each year of the period under investigation. 48/ Exports to the United States have accounted for a relatively stable percentage of Taiwanese production during the period under investigation. 49/ An increasing percentage of Taiwanese production was sold in Taiwan during each year of the period under investigation. There is nothing on the record which would indicate that there is likely to be a marked increase in the share of Taiwanese exports directed at the U.S. market in the near future. 50/

In light of the condition of the domestic industry, and the fact that the trend of the industry's performance is positive, we conclude that there is no reasonable indication that allegedly LTFV imports are a threat of material injury to the U.S. industry producing 12-volt motorcycle batteries.

46/ Report at A-18. Imports accounted for by the domestic producers increased somewhat more rapidly than did imports from Taiwan overall. Id.

47/ Id. at A-17.

48/ Id. We note that the apparently large increase in capacity between 1983 and 1984 is at least in part accounted for by the fact that two firms did not provide information concerning capacity and capacity utilization for 1982 and 1983, but did provide such information for 1984.

49/ Id.

50/ While it is true that a continuation of current import trends over some extended period of time might begin to have an adverse affect on the domestic industry, no information has been presented which would provide us with a reasonable indication that the threat of material injury is real or that actual injury is imminent.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 11, 1985, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for General Battery Corp., Reading, PA, on behalf of the U.S. motorcycle battery industry, 1/ alleging that 12-volt motorcycle batteries from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV). 2/ Accordingly, effective January 11, 1985, the Commission instituted investigation No. 731-TA-238 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)). The purpose of the Commission's investigation is to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan of 12-volt motorcycle batteries which are allegedly sold at LTFV.

The statute directs the Commission to make its determination within 45 days of the receipt of a petition, or in this case, by February 25, 1985. Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of January 23, 1985 (50 FR 3038). 3/ The Commission held a public conference in Washington, DC, on February 1, 1985, at which all interested parties were allowed to present information and data for consideration by the Commission. 4/ The Commission's determination in this investigation was made in an open "Government in the Sunshine" meeting held on February 20, 1985.

Previous Investigations

Motorcycle batteries from Taiwan have been the subject of previous antidumping investigations by the Commission and Commerce. 5/ Following a final investigation, the Commission, on March 28, 1982, notified Commerce of

1/ Two firms currently produce motorcycle batteries in the United States, Yuasa-General Battery Corp., Reading, PA, and Exide Corp., Horsham, PA. Yuasa-General Battery Corp., which is 49 percent owned by General Battery Corp. (a U.S. company) and 51 percent owned by Yuasa Battery Co. (a Japanese company), notified the Commission by letter on Jan. 15, 1985, that it is a co-petitioner for this investigation. The remaining U.S. producer, Exide Corp., reportedly supports the petition; petition, p.4.

2/ 12-volt motorcycle batteries are provided for in item 683.05 of the Tariff Schedules of the United States (TSUS). For the purposes of this investigation 12-volt motorcycle batteries are defined as lead-acid storage batteries having a nominal output of 12 volts and rated from 2 to 32 ampere-hours at a 10-hour discharge rate.

3/ A copy of the Commission's Federal Register notice is presented in app. A.

4/ A list of witnesses who appeared at the public conference is presented in app. B.

5/ The previous investigations included both 6-volt and 12-volt motorcycle batteries.

its unanimous determination that an industry in the United States was not materially injured or threatened with material injury, and that the establishment of an industry in the United States was not materially retarded, by reason of LTFV imports of motorcycle batteries from Taiwan. 1/

Nature and Extent of the Allegedly LTFV Sales

The petition alleges that 12-volt motorcycle batteries from Taiwan are selling in the United States at LTFV margins of approximately 31.0 percent. The margin is based on the unweighted-average price of the 12N12A-4A-1 battery, reportedly the most popular motorcycle battery sold in the United States. 2/ Petitioner states that price comparisons were made on the best information available. Petitioner obtained current prices at which 12-volt motorcycle batteries from Taiwan are sold in the United States, but was unable to obtain home market prices in Taiwan. Petitioner therefore used the home-market price of motorcycle batteries in Taiwan during the second quarter of 1980, 3/ the same home-market-pricing information used in its May 1, 1981, petition that initiated the previous antidumping investigation. 4/

The Product

Description and uses

The motorcycle batteries which are the subject of this investigation are lead-acid storage batteries having a nominal output of 12 volts and rated from 2 to 32 ampere-hours (at a 10-hour discharge rate). Such batteries are principally used for motorcycles, but are also used to a lesser extent for riding lawnmowers, garden tractors, and other applications. For purposes of this report, these batteries are collectively referred to as motorcycle batteries.

A storage battery is a device which is capable of converting chemical energy into electrical energy through a chemical reaction. The chemical reaction can be effectively reversed, and thus the battery recharged, by passing an electric current in the opposite direction of the discharge current. Storage batteries differ from primary batteries in that primary batteries cannot be efficiently recharged by the reversal of the discharge current.

Motorcycle batteries are constructed of cells, each of which has a nominal output of 2 volts. Each cell consists of cast antimonial-lead or

1/ Motorcycle Batteries From Taiwan: Determination of the Commission in investigation No. 731-TA-42 (Final). . . , USITC Publication 1228, March 1982.

2/ Petition, p. 22.

3/ Id., p. 23.

4/ See the preceding section of this report for information on the previous investigation. During its previous investigation, Commerce examined exports from Taiwan by six producers during the 6-month period Dec. 1, 1980, to May 31, 1981. Commerce found LTFV margins ranging from 0.02 percent to 32.2 percent on 59 percent of the sales compared. The weighted-average margin on all sales compared was 7.4 percent.

calcium-lead grids (or "plates") coated with baked lead oxide. The plates are alternately given negative and positive charges and are separated by insulators. Negative and positive plates are then connected separately to provide the necessary voltage. Motorcycle batteries can be stored indefinitely in their dry condition and must be activated by the addition of sulphuric acid prior to use.

The ampere-hour rating for motorcycle batteries is well below the rating of lead-acid storage batteries used in automobiles. Automobile-starting currents and electrical systems usually require a battery rated at a minimum of 35 ampere-hours. The physical characteristics of motorcycle batteries (i.e., dimensions, location of positive and negative terminals, placement of the pressure relief vent, and so forth) are dependent upon specifications of the particular motorcycle. The electrical and physical specifications of virtually all motorcycle batteries sold in the United States are identified by Japanese Industrial Standards (JIS) numbers. For example, a JIS 12N14-3A battery is a 12-volt, 14-ampere model, with top terminals.

The market for 12-volt batteries includes motorcycles over 300cc with electrical starting systems. Most road motorcycles produced today have electrical starting systems only, although a Yamaha model has both an electric and a kick start, and Honda has a model with a kick start only. Motorcycle manufacturers began phasing out kick starters in the late 1970's and early 1980's, and began concentrating on commuting models, which have electric starters.

Motorcycle batteries are used to a lesser extent in garden tractors, riding lawnmowers, snowmobiles, and related equipment. This market is limited however, by several factors, such as the power requirements and charging systems of this equipment, space available for the location of the battery, and the high cost of motorcycle batteries relative to their automotive counterparts.

U.S. tariff treatment

Imports of 12-volt motorcycle batteries are currently classified in TSUS item 683.05, which covers all 12-volt lead-acid storage batteries. This tariff item was established by Executive Order 12354, effective March 31, 1982, as the result of a petition filed with the Office of the U.S. Trade Representative by the Yuasa-General Battery Corp. Yuasa-General requested that 12-volt lead-acid batteries from Taiwan be removed from eligibility for duty-free treatment under the Generalized System of Preferences (GSP) program. The Republic of Korea was also removed from GSP eligibility status with respect to TSUS item 683.05 by Executive Order 12413, effective on March 31, 1983, as the result of a second Yuasa-General petition. Imports of batteries under TSUS item 683.05 from all other designated beneficiary developing countries are currently eligible for duty-free treatment under the GSP. Prior to April 1, 1982, all lead-acid storage batteries and parts thereof were classified in TSUS item 683.10.

Batteries classified in TSUS item 683.05 from countries afforded most-favored-nation (MFN) treatment are currently dutiable at the column 1

rate of 6.1 percent ad valorem. Batteries imported from countries with MFN status and which have been designated as least developed developing countries (LDDC's) are dutiable at a rate of 5.3 percent ad valorem. The LDDC rate also represents the final staged rate negotiated under the Tokyo round of Multilateral Trade Negotiations (MTN) for column 1 rates. The concessions made during this MTN round for 1980-87 are shown in table 1.

Table 1.--Lead-acid batteries, 12-volt: Pre-MTN rate of duty and staged-rate modifications, 1980-87

(In percent ad valorem)										
TSUS item No.	Pre-MTN : col. 1 : rate of : duty 1/	Rate of duty effective with respect to motorcycle batteries entered on and after Jan. 1--								
		1980	1981	1982	1983	1984	1985	1986	1987	
683.05	8.5	8.1	7.7	7.3	6.9	6.5	6.1	5.7	5.3	

1/ Rate effective prior to Jan. 1, 1980.

Batteries imported under TSUS item 683.05 from certain countries which the President has designated as being under Communist control or domination are dutiable at the TSUS column 2 rate of 40 percent ad valorem. Finally, such articles if imported from designated beneficiary countries are eligible for duty-free entry under the Caribbean Basin Initiative (CBI).

U.S. Producers

Virtually all U.S. production of motorcycle batteries is accounted for by two domestic producers, Exide Corp. and Yuasa-General Battery Corp. Exide was owned by Inco Electro Energy, Inc. (Inco) (formerly the International Nickel Co.), of Toronto, Canada, until 1983. The company subsequently moved the production of 12-volt motorcycle batteries from its Raleigh, NC, plant to Sumter, SC. Exide ceased production of motorcycle batteries in Raleigh in September 1984 and began producing them in Sumter in January 1985. Exide's corporate headquarters are located in Horsham, PA. In January 1983, Inco sold the business to the Spectrum Group, citing large and recurring losses. Exide's motorcycle batteries are marketed under the brand names Wisco and Exide. Exide also owns and operates other plants which produce automobile batteries that are sold under both the Exide name and private-label names * * *. Exide produces small battery cells for lanterns and flashlights under the Ray-O-Vac name.

Yuasa-General Battery Corp. began production of motorcycle batteries in Reading, PA, in 1979. Yuasa Battery Co. of Japan owns 51 percent of the plant and equipment, 1/ and the remaining 49 percent is owned by the General Battery

1/ Yuasa Battery Co. of Japan owns or is affiliated with firms that produce motorcycle batteries in the United States, Japan, Taiwan, Korea, Thailand, Indonesia, Malaysia, and Sri Lanka; transcript, p. 20.

Corp., which shares headquarters in Reading, PA, with Yuasa-General. General Battery is responsible for much of Yuasa-General's day-to-day operations. The Yuasa-General facilities are considered modern by industry standards and were financed in part by loans made available by the city of Reading.

U.S. Importers

Importers of motorcycle batteries are largely motorcycle parts distributors, motorcycle battery producers, and U.S. affiliates of Japanese motorcycle producers. The largest importers of motorcycle batteries are motorcycle parts distributors, which import directly from foreign (principally Taiwan) battery producers. These distributors are located in all regions of the United States, but are concentrated in California, Ohio, Tennessee, and Oregon. The two largest distributors are wholesale suppliers owned by * * *. * * *. Yuasa-General and Exide import batteries primarily to complete their lines of motorcycle batteries. They accounted for * * * percent of total imports in 1984. Japanese motorcycle producers operate two assembly plants in the United States and import batteries (principally from Japan) for both original equipment manufacturers (OEM) installation and after-market replacement.

The U.S. Market

Channels of distribution

The vast majority of 12-volt motorcycle batteries sold in the United States are accounted for by original equipment manufacturers, which incorporate them in new motorcycles, and by sales to consumers through various channels of distribution for the replacement of expended batteries in used motorcycles. At present, sales to OEM customers are principally for use in U.S.-produced motorcycles; new imported motorcycles generally enter the United States with batteries already installed. This OEM market segment is consequently small in comparison with the replacement segment of the market.

Three channels of distribution are used to market 12-volt motorcycle batteries in the replacement segment of the U.S. market. The traditional and largest channel is through OEM's and independent motorcycle warehouse distributors (MWD's). OEM's such as Honda, Kawasaki, and Harley-Davidson, purchase batteries for resale to consumers through the replacement parts programs of their respective motorcycle dealerships. The MWD's carry replacement motorcycle parts and accessories for numerous OEM product lines. The fullest lines of motorcycle battery models are sold in this channel, through which the petitioner estimates that 43 percent of all replacement battery sales are made.

The second channel of distribution involves sales of batteries to automotive parts distributors and small retailers. Fewer models of motorcycle batteries are sold through this channel, which accounts for approximately 19 percent of current replacement sales.

The third channel of distribution for replacement sales of motorcycle batteries is through large retail chains (such as Sears, Montgomery Wards,

J.C. Penny, and K-Mart) and automotive and motorcycle accessory discount chains (such as Western Auto, Penn Jersey, and Trak Auto). This is the newest and fastest growing distribution channel for 12-volt motorcycle batteries, accounting for the estimated 38 percent remainder of replacement sales. Only the higher volume motorcycle battery models are carried by the merchants in this marketing channel.

Annual demand for 12-volt motorcycle batteries for replacement applications is directly related to the total U.S. motorcycle population. The five leading States in terms of motorcycle registrations are California, Texas, Illinois, Ohio, and Iowa, which together accounted for one-third of the estimated 5.5 million registered motorcycles in 1983. By region, 1983 motorcycle registrations were most concentrated in the midwest (33.5 percent), followed by the west (25.3 percent), the south (24.4 percent), and the east (16.8 percent). Assuming an approximate 2-year average product life for a motorcycle battery, the estimated 1984 replacement demand for motorcycle batteries would have ranged from 2,200,000 to 2,750,000 units.

Apparent consumption

Apparent U.S. consumption of 12-volt motorcycle batteries increased from an estimated * * * units in 1982 to * * * units in 1983, or by 28.9 percent. Consumption continued to climb in 1984, reaching * * * units, representing an increase of 15.4 percent from consumption in 1983 (table 2).

Table 2.--Motorcycle batteries, 12-volt: U.S. producers' shipments, imports for consumption, and apparent consumption, 1982-84

Year	Producers' shipments ^{1/}	Imports	Apparent consumption	Ratio to consumption of	
				Producers' shipments	Imports
	1,000 units			Percent	
1982	***	2/ 976	2/ ***	***	***
1983	***	1,565	***	***	***
1984	***	1,997	***	***	***

^{1/} Domestic shipments of 12-volt motorcycle batteries produced in the reporting establishments.

^{2/} Partly estimated by the Commission's staff on the basis of imports during April-December 1982.

Source: Producers' shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce, except as noted.

Consideration of Alleged Material Injury to an
Industry in the United States

U.S. production, capacity, and capacity utilization

In the aggregate, U.S. production of 12-volt motorcycle batteries was stable at * * * units in 1982 and 1983, then increased to * * * units in 1984. During 1982-84, production by Exide declined annually and in 1984 was down * * * percent from production in 1982. Part of the 1984 decline in production by Exide resulted from the transfer of its production facilities from Raleigh, NC, to Sumter, SC. Exide discontinued the production of motorcycle batteries in Raleigh in September 1984, and did not resume production in Sumter until January 1985. Company officials cited the age and costs of repair for the environmental equipment in Raleigh as part of the reason for the transfer of production to Sumter. Production by Yuasa-General increased annually during the period, from * * * units in 1982 to * * * units in 1984, or by * * * percent (table 3).

Table 3.--Motorcycle batteries, 12-volt: U.S. production, capacity,
and capacity utilization, by firms, 1982-84

Firm	1982	1983	1984
Production (1,000 units)			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Total-----	***	***	***
Capacity (1,000 units)			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Total-----	***	***	***
Capacity utilization (percent)			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Average-----	***	***	***

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

Production capacity, as reported by the two producers, remained unchanged at * * * units in 1982 and 1983, then dropped by * * * units, or * * * percent, in 1984 as Exide shutdown its operations in Raleigh. Capacity utilization by Exide declined irregularly from * * * percent in 1982 to

*** percent in 1984. ^{1/} Capacity utilization by Yuasa-General increased annually during the period, from *** percent in 1982, to *** percent in 1983, and to *** percent in 1984.

U.S. producers' shipments

In the aggregate, shipments of 12-volt motorcycle batteries by Exide and Yuasa-General were stable at *** units in 1982 and 1983, then increased to *** units in 1984. Shipments by Exide declined without interruption during 1982-84 and in 1984 were *** percent below shipments in 1982. Yuasa-General reported an increase in shipments in each year, from *** units in 1982 to *** units in 1983, and to *** units in 1984, representing an increase in 1984 of *** percent from that of 1982 (table 4).

Table 4.--Motorcycle batteries, 12-volt: U.S. producers' shipments, by firms, 1982-84

Firm	1982	1983	1984
Quantity (1,000 units)			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Total-----	***	***	***
Value (1,000 dollars)			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Total-----	***	***	***
Unit value			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Average-----	***	***	***

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

U.S. exports

Exide did not export 12-volt motorcycle batteries during 1982-84. Exports by Yuasa-General declined from *** units in 1982 to *** units in

^{1/} Exide's capacity utilization in 1984 would have been *** percent if its capacity had not been reduced in preparation for the change in location of its production facilities.

1983, or by * * * percent, then increased in 1984 to * * * units, or * * * percent more than exports in 1982. Exports by Yuasa-General, which were all shipped to * * *, are shown in the following tabulation:

<u>Year</u>	<u>Quantity</u>	<u>Value</u>	<u>Unit value</u>
1982-----	***	***	***
1983-----	***	***	***
1984-----	***	***	***

U.S. producers' inventories

Exide and Yuasa-General both reported a decline in end-of-year inventory levels for 1982-84. The number of domestically produced 12-volt motorcycle batteries held in inventory by those firms, in the aggregate, declined from * * * units in 1982 to * * * units in 1983, or by 28.3 percent, then to * * * units in 1984, or by an additional 17.7 percent. Inventory data as reported to the Commission by each of the firms are shown in the following tabulation (in units):

<u>Firm</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Exide-----	***	***	***
Yuasa-General----	***	***	***
Total-----	***	***	***

As a share of their shipments, producers' yearend inventories averaged * * * percent in 1982, * * * percent in 1983, and * * * percent in 1983.

Employment and wages

Employment of production and related workers by Exide and Yuasa-General increased, in the aggregate, from * * * workers in 1982 to * * * workers in 1983, or by 3.5 percent. Total employment dropped to * * * workers in 1984, 7.8 percent below the level of employment in 1982 and 10.9 percent below that of 1983. Employment at Exide declined annually between 1982 and 1984 and, as stated earlier, production at the Raleigh, NC, plant ceased in September 1984 as the company relocated its production facilities in Sumter, SC. Employment at Yuasa-General increased annually from * * * production workers in 1982 to * * * production workers in 1984, increasing by * * * percent (table 5).

Table 5.--Motorcycle batteries, 12-volt: Average number of production and related workers and hours worked by and wages and total compensation paid to such employees, by firms, 1982-84

Firm and year	Production and related workers	Hours worked	Wages paid	Total compensation paid
		<u>1,000</u> <u>hours</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
Exide:				
1982-----	***	***	***	***
1983-----	***	***	***	***
1984-----	***	***	***	***
Yuasa-General:				
1982-----	***	***	***	***
1983-----	***	***	***	***
1984-----	***	***	***	***
Total:				
1982-----	***	***	***	***
1983-----	***	***	***	***
1984-----	***	***	***	***

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

Total hours worked by production workers increased from * * * hours in 1982 to * * * hours in 1983, or by 10.6 percent, then declined by 8.5 percent to * * * hours in 1984. The drop in total hours worked in 1984 reflects the relocation by Exide. Yuasa-General reported that its production employees worked * * * percent more hours in 1984 than in 1982. Average hours worked annually by production workers at Exide increased irregularly from * * * hours in 1982 to * * * hours in 1984, or by * * * percent. Average annual hours worked by each production worker at Yuasa-General increased annually from * * * hours in 1982 to * * * hours in 1984, or by * * * percent.

Total wages paid to production and related workers ^{1/} increased annually from * * * in 1982 to * * * in 1984, representing an increase of 12.0 percent. Average hourly wages paid to production workers increased irregularly during the period, from * * * per hour in 1982 to * * * per hour in 1984, representing an increase of 10.7 percent.

Total compensation paid to production workers (which includes fringe benefits) increased annually from * * * in 1982 to * * * in 1984, or by 16.3 percent. Average hourly total compensation paid to production workers increased irregularly from * * * per hour in 1982 to * * * per hour in 1984, representing an increase of 14.9 percent. Employees at the two companies are not represented by Unions.

^{1/} Total wages reported by Exide include fringe benefits.

Financial experience of U.S. producers

Income-and-loss data for 1982-84 were received from the petitioner, Yuasa-General, which accounted for * * * percent of total U.S. production of 12-volt motorcycle batteries in 1984. Such data were also received from Exide, representing about * * * percent of total U.S. production of 12-volt motorcycle batteries, for its calendar year 1982, January-March 1983, and for the full fiscal year ended March 31, 1984. Exide changed its accounting year from a calendar-year basis to a fiscal year ended March 31. Hence it provided data for only 3 months in 1984. The Commission staff requested that Exide provide data up to December 31, 1984, but did not receive it.

Operations on domestically produced 12-volt motorcycle batteries.--As shown in table 6, net sales of domestically produced 12-volt motorcycle batteries by Yuasa-General increased from * * * in 1982 to * * * in 1984, or by * * * percent. Most of the increase in sales occurred in 1983. This rise in net sales in 1983 was attributable to an increase of * * * percent in unit sales combined with an increase in the average selling price in 1983 over that in 1982. The rise in net sales in 1984 was mainly due to an increase in the volume of sales, as the average selling price declined. The company indicated that the product mix differed in 1983 from what was experienced in 1982 but that it remained relatively unchanged in 1984. Yuasa-General attributes the increase in net sales of its domestically produced 12-volt motorcycle batteries in the replacement market mainly to its gain of * * *, and in the original-equipment market to an increase in demand by * * * and * * *. This was caused by their increased production in 1983 and 1984. The unit sales of Yuasa-General increased by only * * * percent in the replacement market in 1984 and unit sales rose by * * * percent in the original-equipment market. Exide reported a * * *-percent decline in net sales, from * * * in its calendar year 1982 to * * * in its new fiscal year ended March 31, 1984; its unit sales dropped by * * * percent and its average selling price fell slightly.

Operating income of Yuasa-General rose from * * *, or * * * percent of net sales, in 1982 to * * *, or * * * percent of net sales, in 1983 but then declined to * * *, or * * * percent of net sales, in 1984. This decline occurred despite increasing sales. As a share of net sales, both cost of goods sold and general, selling, and administrative expenses declined in 1983 and 1984 compared with the level of such expenses in 1982. Yuasa-General attributes the decline in costs to the increase in productivity and the decrease in its overhead costs. Further, Yuasa-General explained that total raw materials costs increased even though the price of lead, which accounted for about * * * percent of total costs, declined in 1983 and 1984. * * *. Exide's January-March 1983 financial data reflect * * * because of several adjustments which were made on January 28, 1983, when the company was sold to a group of investors, and on March 31, 1983, when the new owners changed the accounting year of the company. * * *. Pre-tax net profit or loss margins followed a similar pattern as did the operating income or loss margins for each company.

* * * * *

Table 6.--Income-and-loss experience of U.S. producers on their 12-volt motorcycle battery manufacturing operations, by firms, 1982-84

Item	Yuasa-General			Exide		
	1982 <u>1/</u>	1983 <u>1/</u>	1984 <u>1/</u>	1982 <u>1/</u>	Jan.-Mar. 1983	April 1983-March 1984
Quantity sold----1,000 units--:	***	***	***	***	***	***
Net sales-----1,000 dollars--:	***	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***	***
Gross profit or (loss)--do-----:	***	***	***	***	***	***
General, selling, and administrative expense						
1,000 dollars--:	***	***	***	***	***	***
Operating income or (loss)						
do-----:	***	***	***	***	***	***
Interest expense-----do-----:	***	***	***	***	***	***
Other (income) or expense						
do-----:	***	***	***	***	***	***
Net income or (loss) before income taxes						
1,000 dollars--:	***	***	***	***	***	***
Depreciation and amortization						
1,000 dollars--:	***	***	***	***	***	***
Cash flow or (deficit) from operations---1,000 dollars--:	***	***	***	***	***	***
Ratio to net sales:						
Gross profit or (loss) percent--:	***	***	***	***	***	***
Operating income or (loss) percent--:	***	***	***	***	***	***
Net income or (loss) before income taxes----percent--:	***	***	***	***	***	***
Cost of goods sold percent--:	***	***	***	***	***	***
General, selling, and administrative expenses percent--:	***	***	***	***	***	***

1/ Calendar year.

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

The following note was presented in Yuasa-General Battery Corp.'s audited financial statements for the year ended December 31, 1983.

* * * * *

Operations on imported 12-volt motorcycle batteries.--As shown in table 7, net sales of Yuasa-General on its 12-volt motorcycle battery importing operations increased by * * * percent, from * * * in 1982 to * * * in 1984. The primary reason for this increase was a rise of * * * percent in * * * during the same period. Exide's net sales of imported batteries also increased, by * * * percent, from * * * in calendar year 1982 to * * * in its fiscal year ended March 31, 1984; the increase was mainly due to * * *.

Operating income on import operations by Yuasa-General increased from * * * in 1982 to * * * in 1984. However, during the same period, the ratio of operating income to net sales slipped from * * * percent to * * * percent. In 1983, the decline in operating income margins was mainly due to a drop in average selling prices, as the purchase cost per unit remained the same; in 1984, the decline was due to the increased cost per unit combined with a slight decline in the average selling price. Yuasa-General purchases finished batteries from Yuasa Battery Taiwan Co. * * *. ^{1/} Exide reported reasonable gross profit margins (about * * * percent) on its importing operations * * *, in 1982 and * * *, equivalent to * * * percent of net sales, in its fiscal year ended March 31, 1984. * * *. Pretax net income or loss margins followed the same trends as did the operating income or loss margins for each company.

Overall establishment operations.--As shown in table 8, domestically produced 12-volt motorcycle battery sales of Yuasa-General accounted for about * * * percent in 1982-83 and about * * * percent in 1984 of its establishment sales, and its imported battery sales represented * * * percent in 1982 and increased to * * * percent in 1984. The trends for Yuasa-General's overall establishment net sales and operating income ratios are similar to those for its 12-volt motorcycle battery operations during 1982-84. Net sales of Exide's domestically produced 12-volt motorcycle batteries accounted for * * * to * * * percent of total establishment sales, and net sales of its imported 12-volt motorcycle battery accounted for * * * percent of total establishment sales during its reporting periods. Exide reported data for its total consumer products division, because each plant is treated as a cost center and not as a profit center. * * *.

^{1/} See the accompanying notes to Yuasa-General's audited financial statement of 1983.

Table 7.--Income and loss experience of U.S. producers on their operations importing 12-volt motorcycle batteries, by firms, 1982-84

Item	Yuasa-General				Exide	
	1982 <u>1/</u>	1983 <u>1/</u>	1984 <u>1/</u>	1982 <u>1/</u>	Jan.-Mar.: 1983	April 1983- March 1984
Quantity sold----1,000 units--:	***	***	***	***	***	***
Net sales-----1,000 dollars--:	***	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***	***
Gross profit or (loss)--do-----:	***	***	***	***	***	***
General, selling, and admini- strative expense	:	:	:	:	:	:
1,000 dollars--:	***	***	***	***	***	***
Operating income or (loss)	:	:	:	:	:	:
do-----:	***	***	***	***	***	***
Interest expense-----do-----:	***	***	***	***	***	***
Other (income) or expense	:	:	:	:	:	:
do-----:	***	***	***	***	***	***
Net income or (loss) before income taxes	:	:	:	:	:	:
1,000 dollars--:	***	***	***	***	***	***
Depreciation and amortization	:	:	:	:	:	:
do-----:	***	***	***	***	***	***
Cash flow or (deficit) from operations---1,000 dollars--:	***	***	***	***	***	***
Ratio to net sales:	:	:	:	:	:	:
Gross profit or (loss)	:	:	:	:	:	:
percent--:	***	***	***	***	***	***
Operating income or (loss)	:	:	:	:	:	:
percent--:	***	***	***	***	***	***
Net income or (loss) before income taxes-----do-----:	***	***	***	***	***	***
Cost of good sold-----do-----:	***	***	***	***	***	***
General, selling, and administrative expenses	:	:	:	:	:	:
percent--:	***	***	***	***	***	***

1/ Calendar year.

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

Table 8.--Income-and-loss experience of U.S. producers on the overall operations of their establishments in which motorcycle batteries are produced, by firms, 1982-84

Item	Yuasa-General				Exide	
	1982 <u>1/</u>	1983 <u>1/</u>	1984 <u>1/</u>	1982 <u>1/</u>	Jan.-Mar. 1983	April 1983-March 1984
Net sales-----1,000 dollars--:	***	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***	***
Gross profit or (loss)--do-----:	***	***	***	***	***	***
General, selling, and administrative expense						
1,000 dollars--:	***	***	***	***	***	***
Operating income or (loss)						
do-----:	***	***	***	***	***	***
Other (income) or expense						
do-----:	***	***	***	***	***	***
Net income or (loss) before income taxes						
1,000 dollars--:	***	***	***	***	***	***
Depreciation and amortization						
1,000 dollars--:	***	***	***	***	***	***
Cash flow or (deficit) from operations---1,000 dollars--:	***	***	***	***	***	***
Ratio to net sales:						
Gross profit or (loss) percent--:	***	***	***	***	***	***
Operating income or (loss) percent--:	***	***	***	***	***	***
Net income or (loss) before income taxes-----do-----:	***	***	***	***	***	***
Cost of good sold-----do-----:	***	***	***	***	***	***
General, selling, and administrative expenses						
do-----:	***	***	***	***	***	***
Sales of domestically produced 12-volt motorcycle batteries-----percent--:	***	***	***	***	***	***
Sales of 12-volt imported motorcycle batteries:						
percent--:	***	***	***	***	***	***

1/ Calendar year.

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

Capital expenditures and research and development expenses.--Yuasa-General and Exide supplied data relative to their capital expenditures for buildings, machinery, and equipment used in the production of 12-volt motorcycle batteries and supplied data relative to their research and development expenses relating to such batteries, as shown in the following tabulation (in thousands of dollars):

Item	1982	1983	1984
Capital expenditures for--			
Building or leasehold improvements---	***	***	***
Machinery, equipment and fixtures----	***	***	***
Total-----	***	***	***
Research and development expenses-----	***	***	***

Capital expenditures declined from * * * in 1982 to * * * in 1984. Research and development expenses increased from * * * in 1982 to * * * in 1984.

U.S. producers' statements on the effects of imports from Taiwan on their growth, investment, and ability to raise capital.--The Commission asked U.S. producers to describe any actual or potential negative effects of imports of 12-volt motorcycle batteries from Taiwan on their firm's growth, investment, and ability to raise capital. Their responses are presented below.

<u>Yuasa-General</u> ---	*	*	*	*	*	*
<u>Exide</u> ---	*	*	*	*	*	*

Consideration of Alleged Threat of Material Injury to an Industry in the United States

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in allegedly LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of 12-volt motorcycle batteries and of the U.S. market penetration of such imports is presented in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly LTFV Imports." * * *. A discussion of the available information concerning importers' inventories of 12-volt motorcycle batteries and foreign producers and their capacity to generate exports follows.

U.S. importers' inventories

Inventory data were obtained from six firms that accounted for 24.1 percent of the 12-volt motorcycle batteries imported from Taiwan in 1984. Yearend inventories of those firms increased annually from 24,558 units in 1982, to 31,356 units in 1983, and to 41,951 units in 1984. As a share of shipments by the responding firms, yearend inventories averaged 43.4 percent in 1982, 31.8 percent in 1983, and 30.7 percent in 1984.

Foreign producers and their capacity to generate exports

The U.S. Department of State, at the request of the Commission, obtained data from Taiwan on production, capacity, exports, and home-market shipments of 12-volt motorcycle batteries. Production in Taiwan increased annually from 1.0 million units in 1982 to 1.3 million units in 1984, or by 24.8 percent. As shown in table 9, capacity utilization increased irregularly from 57.6 percent in 1982 to 60.3 percent in 1984. Shipments for the domestic market increased annually from 353,000 units in 1982 to 594,000 units in 1984, or by 68.3 percent. Two of the firms * * *, did not sell 12-volt batteries in the home-market during 1982-84. Exports to the United States, by far the largest export market for 12-volt batteries produced in Taiwan, accounted for 72.5 percent of total exports in 1982, 74.4 percent in 1983, and 72.9 percent in 1984.

Table 9.--Motorcycle batteries, 12-volt: Taiwan's production, capacity, capacity utilization, domestic shipments, and exports, 1982-84

Source	1982	1983	1984
Production-----1,000 units--:	1,030	1,192	1,285
Capacity-----do-----:	<u>1/</u> 1,510	<u>1/</u> 1,689	2,130
Capacity utilization-----percent--:	<u>1/</u> 57.6	<u>1/</u> 64.4	60.3
Domestic shipments-----1,000 units--:	353	508	594
Exports to--			
United States-----1,000 units--:	413	437	488
All other countries---1,000 units--:	157	150	181
Total-----do-----:	570	587	669
Ratio to production of--			
Domestic shipments-----percent--:	34.3	42.6	46.2
Total exports-----do-----:	55.3	49.2	52.1
Ratio of exports to the United States:			
to total exports-----percent--:	72.5	74.4	72.9

1/ Data are for 5 of the 7 responding companies.

Source: Compiled from data obtained by the U.S. Department of State.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly LTFV Imports

U.S. imports

U.S. imports of 12-volt lead-acid-type batteries, which include the motorcycle batteries covered by this investigation, were not separately classified in official statistics prior to April 1, 1982. On the basis of partial year data for 1982, imports of those batteries are estimated for full year 1982 at 976,000 units; imports from Taiwan are estimated at 257,000 units. Total imports increased from the estimated 976,000 units in 1982 to 1.6 million units in 1983, or by 60.3 percent. They continued to increase in 1984, rising to 2.0 million units, or by 27.6 percent from imports in 1983. Imports from Taiwan increased from an estimated 257,000 units in 1982 to 446,000 units in 1983, or by 73.5 percent. Imports from Taiwan continued to climb in 1984, reaching 620,000 units, representing an increase of 39.0 percent from those of 1983. As a share of total imports, those from Taiwan increased from 28.5 percent in 1983 to 31.0 percent in 1984; imports from Japan declined from 50.6 percent of total imports in 1983 to 48.2 percent in 1984, and those from Korea declined from 11.4 percent of total imports in 1983 to 9.1 percent in 1984 (table 10).

Both Exide and Yuasa-General import 12-volt motorcycle batteries from firms in Taiwan which are included in the petition as firms selling in the United States at LTFV. 1/ Counsel for the respondents, Taiwan Electric Appliance Manufacturers Association, has raised the issue that Exide and Yuasa-General, because of their imports, should be excluded by the Commission as part of the domestic industry. 2/ Imports of 12-volt motorcycle batteries from Taiwan by the two producers increased annually from * * * units in 1982 to * * * units in 1984, representing an increase of 81.0 percent. As a share of total imports from Taiwan, those of the two U.S. producers amounted to an estimated * * * percent in 1982, * * * percent in 1983, and * * * percent in 1984. 3/ Imports by Exide and Yuasa-General of 12-volt motorcycle batteries from Taiwan are shown in table 11.

1/ * * *.

2/ Post-hearing brief on behalf of the Taiwan Electric Appliance Manufacturers' Association, p. 3.

3/ * * *.

Table 10.--Motorcycle batteries, 12-volt: U.S. imports for consumption, by principal sources, 1982-84

Source	1982 ^{1/}	1983	1984
Quantity (1,000 units)			
Taiwan-----	197	446	620
Japan-----	452	792	963
Republic of Korea-----	19	178	182
All other-----	83	149	232
Total-----	751	1,565	1,997
Value (1,000 dollars)			
Taiwan-----	1,648	3,615	4,822
Japan-----	4,607	8,020	9,888
Republic of Korea-----	289	2,399	2,942
All other-----	1,937	4,248	6,218
Total-----	8,481	18,282	23,870
Unit value			
Taiwan-----	\$8.35	\$8.11	\$7.78
Japan-----	10.19	10.12	10.27
Republic of Korea-----	15.40	13.45	16.20
All other-----	23.52	28.53	26.68
Average-----	11.30	11.68	11.95

^{1/} Data are for April-December 1982 only. Based on the available partial year data, it is estimated that imports from Taiwan in 1982 totaled 256,536 units and imports from all countries totaled an estimated 975,699 units.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 11.--Motorcycle batteries, 12-volt: U.S. imports from Taiwan ^{1/}
by Exide and Yuasa-General, by firms, 1982-84

Firm	1982 ^{1/}	1983	1984
Quantity			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Total-----	***	***	***
Value			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Total-----	***	***	***
Unit value			
Exide-----	***	***	***
Yuasa-General-----	***	***	***
Average-----	***	***	***

^{1/} * * *.

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

Market penetration by the alleged LTFV imports

The share of the U.S. market for 12-volt motorcycle batteries supplied by imports from Taiwan increased annually from an estimated * * * percent in 1982, to * * * percent in 1983, and to * * * percent in 1984 (table 12).

Table 12.--Motorcycle batteries, 12-volt: Share of U.S. consumption supplied by Taiwan, all other countries, and U.S. producers, 1982-84

Item	1982 <u>1/</u>	1983	1984
U.S. consumption-----1,000 units--	***	***	***
Share of U.S. consumption supplied by--			
Taiwan-----percent--	***	***	***
All other countries-----do--	***	***	***
Total-----do--	***	***	***
U.S. producers-----do--	***	***	***

1/ Estimated by the Commission's staff based on data available for April-December 1982.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data submitted in response to questionnaires of the U.S. International Trade Commission, except as noted.

The 12-volt motorcycle batteries that were imported from Taiwan by Exide and Yuasa-General increased their share of U.S. consumption from an estimated * * * percent in 1982 to * * * percent in 1983, then dropped slightly, to * * * percent in 1984. 1/ The 12-volt motorcycle batteries imported from Taiwan by other importers increased their share of U.S. consumption annually between 1982 and 1984, as shown in the following tabulation:

Item	1982 <u>1/</u>	1983	1984
		<u>Percent</u>	
Share of U.S. consumption supplied by--			
Imports from Taiwan by Exide and Yuasa-General-----	***	***	***
Imports from Taiwan by other importers-----	***	***	***
Total-----	***	***	***

1/ Partly estimated on the basis of official statistics for April-December 1982.

1/ Based on shipments of domestically produced batteries and those imported * * *, Exide supplied * * * percent of U.S. consumption in 1982, * * * percent in 1983, and * * * percent in 1984; Yuasa-General supplied * * * percent in 1982, * * * percent in 1983, and * * * percent in 1984.

Prices

Two popular models of 12-volt motorcycle batteries were selected for study. They are designated by their JIS code numbers--12N12A-4A1 and 12N14A-3A. Quarterly prices were requested from importers and domestic producers for these models, or their equivalents, for the past 2 years. The two domestic producers and six importers returned the questionnaire with its price section completed.

Price trends.--Prices for both batteries generally declined during 1983 and 1984 (tables 13 and 14). The weighted-average domestic producers' prices for the 12N12A-4A1 model, the more popular of the two, declined by * * * percent, from * * * per unit in January-March 1983 to * * * per unit in October-December 1984. The weighted-average price received by importers declined by * * * percent in the same period, from * * * per unit to * * * per unit. The importers' price reached its lowest point of * * * per unit in January-March 1984 and rose by * * * percent in the final three quarters.

The domestic producers' weighted-average price for the 12N14A-3A model declined by * * * percent, from * * * per unit in January-March 1983 to * * * per unit in October-December 1984. The importers' weighted-average price declined by * * * percent in the same period, from * * * to * * * per unit.

Margins of underselling.-- Domestic producers' and importers prices were roughly comparable during 1983. The weighted-average importers' price was higher by * * * percent for the 12N12A-4A1 model in one quarter and lower in three quarters. For the 12N14A-3A model, the importers' prices were higher than the producers' weighted-average prices in three quarters of 1983 (by as much as * * * percent). Importers' prices declined more rapidly than domestic producers' prices in 1984, resulting in underselling in all four quarters of that year for both models. The underselling of the 12N12A-4AN-1 model was greatest, at * * * percent, in January-March and declined to * * * percent in October-December. Underselling for the 12N14A-3A model was also greatest in the January-March 1984, at * * * percent, and declined to * * * percent at the end of 1984. Domestic producers reported paying for all or part of the cost of transporting batteries to their customers much more commonly than did importers. This was generally about * * * percent of the sales price for large orders, and * * * percent and sometimes higher for small orders.

Table 13.--Motorcycle batteries, 12-volt (JIS 12N12A-4A1 or equivalent): U.S. producers' and importers' f.o.b. prices 1/ and margins of underselling or (overselling), by quarters, January 1983-December 1984.

Period	Yuasa-	Exide	Domestic	Importers'	Margin of underselling	
	General	<u>2/</u>	producers'	(weighted-	Amount	Percent of U.S.
	<u>2/</u>		(weighted-	average)		producers' price
			average)			
1983:						
Jan.-Mar-----:	***	***	***	***	***	***
Apr.-June-----:	***	***	***	***	***	***
July-Sept-----:	***	***	***	***	***	***
Oct.-Dec-----:	***	***	***	***	***	***
1984:						
Jan.-Mar-----:	***	***	***	***	***	***
Apr.-June-----:	***	***	***	***	***	***
July-Sept-----:	***	***	***	***	***	***
Oct.-Dec-----:	***	***	***	***	***	***

1/ Domestic producers more commonly paid transportation costs than did importers.

2/ Weighted average of sales to largest 2 customers in each quarter.

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

Table 14.--Motorcycle batteries, 12-volt (JIS 12N14A-3A or equivalent): U.S. producers' and importers' f.o.b. prices 1/ and margins of underselling or (overselling), by quarters, January 1983-December 1984

Period	Yuasa-	Exide	Domestic	Importers'	Margin of underselling	
	General	2/	producers'	(weighted-	or (overselling)	
	2/		(weighted-	average)	Amount	Percent of U.S.
			average)			producers' price
1983:						
Jan.-Mar-----:	***	***	***	***	***	***
Apr.-June-----:	***	***	***	***	***	***
July-Sept-----:	***	***	***	***	***	***
Oct.-Dec-----:	***	***	***	***	***	***
1984:						
Jan.-Mar-----:	***	***	***	***	***	***
Apr.-June-----:	***	***	***	***	***	***
July-Sept-----:	***	***	***	***	***	***
Oct.-Dec-----:	***	***	***	***	***	***

1/ Domestic producers more commonly paid transportation costs than did importers.
2/ Weighted average of sales to largest 2 customers.

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

Exchange rates

Despite the substantial appreciation of the U.S. dollar against most major currencies over the past 2 years, little change has occurred in the exchange rate between it and the New Taiwan dollar (NT\$). The recent history of the value of Taiwan's currency is reported in table 15. The exchange rate (\$/NT\$) is indexed to 100 for the first quarter of 1983. The value of the NT\$ declined slightly during the last three quarters of 1983, reaching a low of 96.26. It's value then increased, peaking in the third quarter of 1984 at 102.28. It declined slightly in the last quarter of 1984 to 101.06. A significant impact on international commerce is not indicated by these small changes in the exchange rate.

This conclusion is not altered when the exchange rate is adjusted for relative price changes. The real exchange rate declined just under 3 percent over the 2-year period to an indexed value of 97.81; this small change is unlikely to have had a major influence on the competitiveness of Taiwan goods in the U.S. market.

Table 15.--Exchange rates: U.S. dollar value of New Taiwan Dollar, January 1983-October 1984

Period	Exchange rate (\$/NT\$) <u>1/</u>	
	Nominal	Real <u>2/</u>
1983:		
January-March-----	100.00	100.00
April-June-----	99.82	99.22
July-September-----	99.32	98.44
October-December-----	96.26	98.29
1984:		
January-March-----	99.32	97.32
April-June-----	100.03	98.62
July-September-----	102.28	99.93
October-December-----	101.06	97.81

1/ Indexed, January-March 1983=100.

2/ Based on relative prices as measured by the ratio of the Taiwanese Wholesale Price Index to the U.S. Producer Price Index.

Source: Financial Statistics Monthly/Taiwan District/The Republic of China, December 1984, January 1984, and December 1982, and U.S. Bureau of Labor Statistics.

Lost sales

Yuasa-General reports that it lost sales of about * * * units and * * * dollars in annualized revenue during 1982-84. According to Yuasa-General, these losses resulted largely from the loss of four major customers to imports from Taiwan and price reductions made to Yuasa-General customers to meet the price of the subject imports.

The four companies that Yuasa-General reported as lost customers were contacted by the staff. Two firms, * * * and * * *, confirmed that they had recently changed suppliers from Yuasa-General to 12-volt motorcycle batteries imported from Taiwan. A representative of * * * stated that the firm changed suppliers because of lower prices of the imported product and a superior return policy for defective batteries. A representative of * * * also stated that the company changed to imports from Taiwan because of lower prices and generally better service, including a better return policy. Neither firm provided information on the volume of sales. A representative of * * * stated that the company currently buys imported 12-volt motorcycle batteries from Taiwan, but did not know if * * * had recently switched suppliers. According to the * * * representative, the batteries imported from Taiwan are of better quality and are priced lower than U.S. produced batteries. The fourth firm, * * *, reported that it no longer deals in motorcycle batteries.

Lost revenues

Yuasa-General alleges in its petition that in two specific cases it was "forced" to make price reductions due to Taiwan competition. The staff was able to contact only one of the firms involved, * * *. * * * confirmed that Yuasa-General had lowered the price it charged them by about * * * to * * * percent in response to a low-price offer by a Taiwan manufacturer. Yuasa-General claims it had lowered its price to * * * or by * * * percent.

CONFIDENTIAL

APPENDIX A

COMMISSION'S FEDERAL REGISTER NOTICE

By order of the Commission
Kenneth R. Mason,
Secretary.
 [FR Doc. 85-1648 Filed 1-22-85; 8:45 am]
 BILLING CODE 7020-02-M

[Investigation No. 731-TA-238
 (Preliminary)]

**12-Volt Motorcycle Batteries From
 Taiwan**

AGENCY: United States International
 Trade Commission.

ACTION: Institution of a preliminary
 antidumping investigation and
 scheduling of a conference to be held in
 connection with the investigation.

SUMMARY: The Commission hereby gives
 notice of the institution of preliminary
 antidumping investigation No. 731-TA-
 238 (Preliminary) under section 733(a) of
 the Tariff Act of 1930 (19 U.S.C. 1673(a))
 to determine whether there is a
 reasonable indication that an industry in
 the United States is materially injured,
 or is threatened with material injury, or
 the establishment of an industry in the
 United States is materially retarded, by
 reason of imports from Taiwan of 12-
 volt lead-acid type motorcycle batteries,
 provided for in item 683.05 of the Tariff
 Schedules of the United States, which
 are alleged to be sold in the United
 States at less than fair value. As
 provided in section 733(a), the
 Commission must complete preliminary
 antidumping investigations in 45 days,
 or in this case by February 25, 1985.

For further information concerning the
 conduct of this investigation and rules of
 general application, consult the
 Commission's Rules of Practice and
 Procedure, Part 207, Subparts A and B
 (19 CFR Part 207), and Part 201, Subparts
 A through E (19 CFR Part 201).

EFFECTIVE DATE: January 11, 1985.

FOR FURTHER INFORMATION CONTACT:
 Bruce Cates (202-523-0369), Office of
 Investigations, U.S. International Trade
 Commission, 701 E Street NW.,
 Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted
 in response to a petition filed on January
 11, 1985, by General Battery Corp.,
 Reading, PA.

Participation in the Investigation

Persons wishing to participate in this
 investigation as parties must file an
 entry of appearance with the Secretary
 to the Commission, as provided in
 § 201.11 of the Commission's rules (19
 CFR 201.11), not later than seven (7)

days after publication of this notice in
 the *Federal Register*. Any entry of
 appearance filed after this date will be
 referred to the Chairwoman, who will
 determine whether to accept the late
 entry for good cause shown by the
 person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the
 Commission's rules (19 CFR 201.11(d)),
 the Secretary will prepare a service list
 containing the names and addresses of
 all persons, or their representatives,
 who are parties to this investigation
 upon the expiration of the period for
 filing entries of appearance. In
 accordance with § 201.16(c) of the rules
 (19 CFR 201.16(c)), each document filed
 by a party to the investigation must be
 served on all other parties to the
 investigation (as identified by the
 service list), and a certificate of service
 must accompany the document. The
 Secretary will not accept a document for
 filing without a certificate of service.

Conference

The Director of Operations of the
 Commission has scheduled a conference
 in connection with this investigation for
 9:30 a.m. on February 1, 1985, at the U.S.
 International Trade Commission
 Building, 701 E Street NW., Washington,
 DC. Parties wishing to participate in the
 conference should contact Bruce Cates
 (202-523-0369) not later than January 31,
 1985, to arrange for their appearance.
 Parties in support of the imposition of
 antidumping duties in this investigation
 and parties in opposition to the
 imposition of such duties will each be
 collectively allocated one hour within
 which to make an oral presentation at
 the conference.

Written Submissions

Any person may submit to the
 Commission on or before February 6,
 1985, a written statement of information
 pertinent to the subject of the
 investigation, as provided in § 207.15 of
 the Commission's rules (19 CFR 207.15).
 A signed original and fourteen (14)
 copies of each submission must be filed
 with the Secretary to the Commission in
 accordance with § 201.8 of the rules (19
 CFR 201.8). All written submissions
 except for confidential business data
 will be available for public inspection
 during regular business hours (8:45 a.m.
 to 5:15 p.m.) in the Office of the
 Secretary to the Commission.

Any business information for which
 confidential treatment is desired must
 be submitted separately. The envelope
 and all pages of such submissions must
 be clearly labeled "Confidential".

Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, August 15, 1984).

Authority

This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: January 15, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-1651 Filed 1-22-85; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

**LIST OF WITNESSES WHO APPEARED AT THE
COMMISSION'S CONFERENCE**

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-238 (Preliminary)

12-VOLT MOTORCYCLE BATTERIES FROM TAIWAN

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation on February 1, 1985, in the Hearing Room of the USITC Building, 701 E Street NW., Washington, DC.

In support of the imposition of antidumping duties

Brownstein, Zeidman, and Schomer—COUNSEL
Washington, DC
on behalf of

General Battery Corp. (GBC)
Yuasa-General Battery Corp. (YGBC)

Douglas L. Thompson, Director, Corporate Development, GBC
Atsutaka Moriya, Executive Vice President, YGBC
Bruce Retter, Vice President of Sales and Marketing, YGBC

Steven P. Kersner)
Donald S. Stein)—OF COUNSEL
Irwin P. Altschuler)

In opposition to the imposition of antidumping duties

Ablondi & Foster—COUNSEL
Washington, DC
on behalf of

Taiwan Electric Appliance Manufacturers Association

F. David Foster)
Sturgis M. Sobin)—OF COUNSEL