

CERTAIN ELECTRIC MOTORS FROM JAPAN

**Determination of A Reasonable
Indication of Material Injury
in Investigation No. 731-TA-7
(Preliminary) Under Section 733(a)
of the Tariff Act of 1930**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigation No. 731-TA-7 (Preliminary)
Certain Electric Motors from Japan

On the basis of the information developed during the course of preliminary investigation No. 731-TA-7 (Preliminary), the Commission determines unanimously that there is a reasonable indication that an industry in the United States is materially injured 1/ by reason of the importation of AC, polyphase electric motors, over 5 horsepower but not over 500 horsepower, provided for in items 682.41 through 682.50 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value.

Section 102 of the Trade Agreements Act of 1979 requires the Commission to conduct preliminary antidumping investigations in cases where, on January 1, 1980, the Administering Authority has begun an investigation, but not yet made a preliminary determination, under section 732 of the Tariff Act of 1930 to determine whether the class or kind of merchandise described in the petition is being, or is likely to be, sold in the United States at less than fair value. On January 7, 1980, the Commission received advice from the Department of Commerce (the Administering Authority effective January 1, 1980) that such an investigation had been instituted prior to January 1, 1980, with respect to imported certain electric motors from Japan. Accordingly, effective January 1, 1980, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930, as amended, to determine whether there is a reasonable indication that an industry in the United States

1/ Commissioners Moore and Stern determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury.

Commissioner Calhoun did not participate.

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 of AC, polyphase electric motors, over 5 horsepower but not over 500 horsepower from Japan.

Notice of the institution of the Commission's investigation and of the conference held in connection therewith was published in the Federal Register of January 14, 1980 (45 F.R. 2714). On January 30, 1980, a public conference was held in Washington, D.C., and all persons requesting the opportunity were permitted to appear in person or by counsel.

In arriving at its determination, the Commission gave due consideration to information provided by the Administering Authority, to all written submissions from interested parties, and information adduced at the conference and obtained by the Commission's staff from questionnaires, documented personal interviews, and other sources, all of which have been placed on the administrative record of this preliminary investigation,

STATEMENT OF CHAIRMAN CATHERINE BEDELL IN SUPPORT OF
THE DETERMINATION IN INVESTIGATION NO. 731-TA-7 (PRELIMINARY)
ELECTRIC MOTORS FROM JAPAN

On the basis of the best information available in this investigation No. 731-TA-7 (Preliminary), I determine that there is a reasonable indication that an industry in the United States is materially injured, by reason of the importation from Japan of electric motors, provided for in items 682.41, 682.42, 682.45, 682.46, and 682.50 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value.

The following findings and conclusions, based on the record in this investigation, support my determination.

I. Reasonable indication of material injury

A. Volume of imports

1. In terms of dutiable value, total U.S. imports of AC motors increased rapidly between 1976-78 rising from \$6 million to \$18 million. From January through September 1979, the dutiable value of imports reached \$17 million and is likely to exceed \$23 million by the end of 1979. In terms of quantity, imports were about 3.8 times as large in 1978 as in 1976.

2. Japanese producers accounted for the largest share of total imports followed by Polish and Taiwanese producers. In January-September 1979, Japanese producers accounted for largest percentage of the dutiable value of imports. Toshiba is substantially the largest Japanese importer.

3. In terms of quantity, the ratio of Japanese imports to apparent consumption increased from about 3 percent in 1976 to about 8 percent in 1978. During January-September 1979, the ratio of these imports to apparent consumption was somewhat lower.

B. Effect of imports on U.S. prices

4. The original Treasury Department notice issued on September 26, 1979 (44 F.R. 57001) based on information supplied by the petitioner and derived from Custom's summary investigation states that:

" . . . it appears that the margins of dumping for standardized models may range from 38 percent to 306 percent. For models requiring customization, the estimates of dumping range up to 382 percent."

5. According to price data supplied to the Commission by Toshiba and eight domestic manufacturers by type of motor and sales outlet, motors sold by Toshiba to distributors were in most instances priced substantially below the weighted average price of the comparable domestic model. Sales to distributors accounted for the bulk of the sales of electric motors by Toshiba. The prices of electric motors sold to original equipment manufacturers by Toshiba were not substantially below the weighted average of comparable domestic models.

C. Impact on affected industry

6. U.S. production of polyphase AC electric motors increased from 485,479 units in 1976 to 644,572 units in 1978. During January-September 1979, production reached 525,695 units compared with 482,010 units during the same period in 1978. Motors rated over 5 horsepower, but not over 20 horsepower, were the largest product segment in terms of quantity and showed the greatest growth from January 1976 through September 1979 while production of motors rated over 200 horsepower remained stable during this period.

7. The value of U.S. shipments was reported at \$372 million in 1978 compared with \$317 million in 1976. In terms of quantity, shipments by U.S. producers while increasing annually between 1976 and 1978, remained, in 1978, at 9 percent below the level of shipments in 1974.

8. U.S. producers inventories increased from 91,563 units on December 31, 1976 to 109,605 units on September 30, 1979. As a percent of U.S. shipments, inventories fluctuated between 16 percent and 24 percent between 1976 and 1979. The largest domestic inventory levels have occurred as to motors rated over 5 horsepower, but not over 20 horsepower. The substantial share of increasing imports from Japan has been of this type.

9. Net sales by U.S. producers increased by 13 percent from \$295 million in 1976 to \$334 million in 1978. Net sales during January-September 1979 reached \$265 million, an increase of 42 percent compared to net sales for the comparable 1978 period. However, the ratio of net operating profit to net sales declined from 15 percent in 1976 to 9 percent in 1978 and to 7 percent in January-September 1979. Ratios of net operating profit to investment in production facilities follow the same trend.

10. Capital expenditures by U.S. producers in the production of polyphase AC motors increased from \$10.9 million in 1976 to \$17 million in 1977, and then decreased to \$16.7 million in 1978. Capital expenditures in January-September 1979 reached \$8.7 million, a rate well below the investment rate in 1978.

VIEWS OF VICE CHAIRMAN BILL ALBERGER

On the basis of information developed during the course of investigation No. 731-TA-7 (Preliminary), I determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan of AC, polyphase electric motors; over 5 horsepower but not over 500 horsepower, provided for under item numbers 682.41, 682.42, 682.45, 682.46, and 682.50 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value.

Although the report indicates several of the factors analyzed by the Commission (i.e., capacity utilization, production and employment)^{1/} show positive trends for the domestic industry, I believe, on balance, the record contains sufficient information to warrant an affirmative finding. In this regard, I adopt in full findings one through seven of the attached "Supporting Statement by the Director of Operations for an Affirmative Determination of Certain Electric Motors from Japan".

^{1/} See report at pages A-4, A-8, and A-18, respectively.

SUPPORTING STATEMENT BY THE DIRECTOR OF OPERATIONS FOR AN
AFFIRMATIVE DETERMINATION OF CERTAIN ELECTRIC MOTORS
FROM JAPAN (NO. 731-TA-7 (Preliminary))

1. The dumping margins alleged by the petitioner in this investigation range from 38 to 382 percent.
2. The ratio of imports from Japan to U.S. consumption increased from *** percent in 1976 to *** percent in 1978.
3. Toshiba International Corp. is the largest importer of electric motors from Japan accounting for more than *** percent of such imports based on quantity. Imports by that firm more than tripled between 1976 and 1978 (confidential material deleted).
4. Shipments by U.S. producers, although increasing annually between 1976 and 1978 remained, in 1978, at 9 percent below the level of shipments in 1974.
5. U.S. producers' inventories increased from 92,000 units on December 31, 1976, to 109,000 units on September 30, 1979. As a percent of U.S. shipments, inventories fluctuated between 16 percent and 24 percent in the 1976 to September 1979 period. Importers' inventories as a percent of their U.S. shipments declined from 36 percent in 1976 to 24 percent in 1978.
6. Net sales by U.S. producers increased by 13 percent from \$295 million in 1976 to \$334 million in 1978. Net sales during January-September 1979 reached \$265 million, an increase of 42 percent compared to net sales for the comparable 1978 period. However, the ratio of net operating profit to net sales declined from 15 percent in 1976 to 9 percent in 1978 and to 7 percent during January-September 1979. Ratios of net operating profit to investment followed the same trend.
7. Data obtained by questionnaire show that motors sold by Toshiba to distributors (about *** percent of their total sales), in most instances were priced substantially below the weighted average price of the comparable domestic produced model. Toshiba's sales to OEM's (less than *** percent of total sales) were priced above some U.S. producers but below others.
8. Conclusion.--On the basis of the above, I recommend an affirmative determination as to a reasonable indication of injury with respect to the electric motors from Japan which are alleged to be sold at less than fair value.

VIEWS OF COMMISSIONERS PAULA STERN AND GEORGE MOORE

This preliminary investigation was instituted by the Commission on January 1, 1980, pursuant to Section 733(a) of the Tariff Act of 1930 to determine whether, with respect to electric motors from Japan, as provided for in TSUS items 682.41, 682.42, 682.45, 682.46 and 682.50, there is reasonable indication that an industry 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 of the merchandise allegedly sold or likely to be sold at less than fair value. In order for the Commission to make an affirmative determination under Section 733 of the Tariff Act of 1930 (19 U.S.C. 1673(b)), it is necessary to find that information in the administrative record demonstrates the reasonable indication described above.

Determination

On the basis of the information obtained in this investigation, we determine that there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of imports of electric motors from Japan which are allegedly being sold at less than fair value.

The Trade Act of 1979 (Sec. 733(a)) directs that the Commission "shall make a determination, based upon the best information available to it at the time of the determination" The Act further

specifies in Section 771(7)(B) and (C) that the Commission shall consider, among other factors -- (i) the volume of imports of the merchandise which is the subject of this investigation, (ii) the effect of imports of such merchandise on domestic producers of like products, and (iii) the impact of such merchandise on producers of like products. In the light of these directives, we base our decision on the following preliminary findings of fact and conclusions of law:

1. On a quantity basis, the ratio of imports from Japan to U.S. consumption increased from about 3 percent in 1976 to about 8 percent in 1978.^{*/}

2. Toshiba International Corp. is the largest importer of electric motors from Japan accounting for the great bulk of such imports based on the value of imports entered January-September 1979. Imports by that firm more than tripled between 1976 and 1978.^{**/}

3. Shipments by U.S. producers, although increasing annually between 1976 and 1978 remained in 1978 at nine percent below the level of shipments in 1974.^{***/}

4. U.S. producers' inventories increased from 92,000 units on December 31, 1976, to 109,000 units on September 30, 1979. As a percent of U.S. shipments, inventories fluctuated between 16.5 percent

^{*/} Staff Report, p. A-24.

^{**/} Ibid., p. A-5 and p. A-6.

^{***/} Staff Report, p. A-10.

and 23.5 percent in the 1976 to September 1979 period. Importers' inventories as a percent of their U.S. shipments declined from 36 percent in 1976 to 24 percent in 1978.^{*/}

5. Net sales by U.S. producers increased by 13 percent from \$295 million in 1976 to \$334 million in 1978. Net sales during January-September 1979 reached \$265 million, an increase of 42 percent compared to net sales for the comparable 1978 period. However, the ratio of net operating profit to net sales declined from 15 percent in 1976 to nine percent in 1978 and to seven percent during January-September 1979. Ratios of net operating profit to investment followed the same trend.^{**/}

6. Data obtained by questionnaire show that motors sold by Toshiba to distributors, the bulk of their total sales, in most instances was priced substantially below the weighted average price of the comparable domestically produced model. Toshiba's sales to OEM's were priced above some U.S. producers but below others.^{***/}

Conclusion

Based on the information available to the Commission at this time, we believe that there is a reasonable indication of material injury or threat of material injury to the domestic industry and, therefore, that this proceeding should continue to completion.

^{*/} Staff Report, pp. A-15 and A-17.

^{**/} Ibid., p. A-21 and A-22.

^{***/} Ibid., p. A-25.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 1, 1980, the effective date of the antidumping provisions of title VII of the Tariff Act of 1930, a Treasury Department investigation on certain electric motors was in progress and that department had not yet made a preliminary determination as to the question of less-than-fair-value sales. Accordingly, the provisions of Reorganization Plan No. 3 of 1979 and section 102 of the Trade Agreements Act of 1979 required that the subject matter of the antidumping act investigation become subject to the provisions of title VII of the Tariff Act of 1930 as if the Department of Commerce had commenced an investigation under section 732 of that act to determine whether the class or kind of merchandise described in the petition is being, or is likely to be, sold in the United States at less than fair value.

Accordingly, the Commission instituted the instant preliminary investigation pursuant to section 733(a) of the Tariff Act of 1930 to determine whether with respect to certain electric motors from Japan, provided for in TSUS items 682.41, 682.45, and 682.50, there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry is in the United States materially retarded, by reason of imports of the merchandise allegedly sold or likely to be sold at less than fair value. By Statute, the Commission must render its determination by February 14, 1980.

In connection with the investigation, a public conference was held in Washington, D.C., on January 30, 1980, at which all interested parties were afforded the opportunity to present information and data for consideration by the Commission. Notice of the institution of the investigation and public conference was given by posting copies of the notice at the Office of the Secretary, to the Commission in Washington, D.C., and the Commission's office in New York City, and by publishing the original notice in the Federal Register on January 14, 1980 (45 F.R. 2715). 1/

Description and Uses

The motors which are the subject of this investigation are polyphase, AC electric motors rated over 5 horsepower, but not over 500 horsepower. They are regarded by the U.S. electrical industry as industrial motors. These motors operate on polyphase power as contrasted to the single phase power supplied to many households and most commercial establishments.

Industrial motors sold in the United States are produced to various National Electrical Manufacturers Association (NEMA) standards. NEMA standards cover horsepower rating, speed, frame size, and other specifications including frequency, torque, and enclosure types. Two types of enclosures account for a large share of industrial motors produced in the United States. The two enclosure types, which are usually made of cast iron or aluminum, are open frame, drip proof or totally enclosed, fan-cooled.

1/ A copy of the Commission's Notice of Investigation and Scheduling of the Conference is presented in the appendix.

Industrial motors are used principally by original-equipment manufacturers (OEM) as prime movers for pumps, compressors, and machine tools. Industrial motors are also used in agriculture, oil drilling, and various chemical and processing industries.

Tariff Treatment

Polyphase, AC electric motors rated over 5 horsepower, but not over 500 horsepower, are classified under items 682.41, 682.45, and 682.50 of the Tariff Schedules of the United States (TSUS). Certain polyphase electric motors in the subject horsepower range dedicated for use in civil aircraft are classified under TSUS Items 682.42 and 682.46.

The column 1 rate of duty (most-favored-nation rates), column 2 rates (applicable to products of certain Communist-dominated countries) and LDDC rates (applicable to products of least developed developing countries) are shown in the table below. The column 1 and LDDC rates became effective January 1, 1980.

Electric motors: U.S. import duties, 1980

TSUS item: No.	Description	Col. 1 rate	LDDC rate	Col. 2 rate
:	:	:	:	:
:	Motors:	:	:	:
682.41	Of 1 horsepower or more, but not over 20 horsepower-----	4.8% ad val.	3.7% ad val.	35% ad val.
682.42	If certified for use in civil aircraft-----	Free	:	:
682.45	Of over 20 horsepower but under 200: horsepower-----	4.4% ad val.	Free	35% ad val.
682.46	If certified for use in civil aircraft-----	Free	:	:
682.50	Of 200 or more horsepower-----	5.8% ad val.	4.2% ad val.	35% ad val.
:	:	:	:	:

The subject motors are eligible articles under the Generalized System of Preferences and, when imported from designated beneficiary countries, are free of duty.

These items are also subject to staged reductions in the column 1 rate of duty, as authorized by Presidential Proclamation No. 4707, as follows:

Effective on and : after Jan. 1,-- :	682.41	:	682.45	:	682.50
1980-----:	4.8% ad val.	:	4.4% ad val.	:	5.8% ad val.
1981-----:	4.7% ad val.	:	3.8% ad val.	:	5.6% ad val.
1982-----:	4.5% ad val.	:	3.1% ad val.	:	5.3% ad val.
1983-----:	4.4% ad val.	:	2.5% ad val.	:	5.1% ad val.
1984-----:	4.2% ad val.	:	1.9% ad val.	:	4.9% ad val.
1985-----:	4.0% ad val.	:	1.3% ad val.	:	4.7% ad val.
1986-----:	3.9% ad val.	:	0.6% ad val.	:	4.4% ad val.
1987-----:	3.7% ad val.	:	Free	:	4.2% ad val.
:	:	:	:	:	:

Prior to Proclamation No. 4707 which implemented agreements reached pursuant to the Multilateral Trade Negotiations, effective January 1, 1980, polyphase, AC electric motors rated over 5 horsepower, but under 200 horsepower, were classified under TSUS item 682.40, with a duty rate of 5 percent ad valorem. Motors rated at 200 or more horsepower were classified under item 682.50, with a duty rate of 6 percent ad valorem.

Domestic Industry

U.S. producers

About 29 U.S. firms produce polyphase, AC electric motors rated over 5 horsepower, but not over 500 horsepower. The number of firms producing such motors decreases as the horsepower rating increases. In the range of 201 to 500 horsepower, only 15 U.S. firms produce such articles. The largest producers are General Electric Co., Westinghouse Electric Corp., Emerson Electric Co., and Reliance Electric Co. Siemens-Allis, Inc., and Louis Allis Division of Litton Industries are also large producers. The producing firms are principally located in the Middle Atlantic and North Central States.

Production capacity

The production capacity of U.S. producers of polyphase, AC electric motors, as shown in table 1, increased from 865,064 units in 1976 to 947,231 units in 1978. Capacity continued to increase during January-September 1979 as compared with capacity in the corresponding period of 1978. Capacity in all product segments increased with capacity to produce motors rated over 5, but not over 20 horsepower, showing the largest increase.

Table 1.--Polyphase, AC electric motors: U.S. producers' capacity, by horsepower ratings, 1976-78, January-September 1978, and January-September 1979

(In units)						
Item	1976	1977	1978	Jan.-Sept.--		
				1978	1979	
5.1 to 20 horsepower---	608,758	651,431	675,021	594,924	604,731	
21 to 200 horsepower---	240,325	246,157	255,336	220,494	228,649	
201 to 500 horsepower--	15,981	15,748	16,874	14,181	13,998	
Total-----	865,064	913,336	947,231	829,599	847,378	

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

Although capacity utilization (production as a percent of capacity) increased for polyphase, AC electric motors from 56 percent in 1976 to 68 percent in 1978, most of the growth was accounted for by the increased capacity utilization in the production of motors rated over 5, but not over 20 horsepower. Capacity utilization increased only slightly for motors rated over 20, but not over 200 horsepower, and decreased 4 percentage points for motors rated over 200 horsepower during the period, as shown in table 2.

Table 2.--Capacity utilization: Capacity utilization in the production of polyphase, AC electric motors, 1976-78, January-September 1978, and January-September 1979

(In percent)						
Item	1976	1977	1978	Jan.-Sept.--		
				1978	1979	
5.1 to 20 horsepower---	52.9	61.4	69.6	58.7	62.8	
21 to 200 horsepower---	63.8	63.4	64.3	56.8	60.3	
201 to 500 horsepower--	62.5	62.7	58.7	52.5	54.5	
Total-----	56.1	62.0	68.0	58.1	62.0	

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

Japanese Industry

Japanese producers

Four Japanese producers account for a large share of electric motor production in Japan. The largest producer is believed to be Hitachi, Ltd., followed by Toshiba, Mitsubishi Electric, and Fuji Electric, all of which export polyphase, AC electric motors to the United States. The Japan Economic Yearbook reported that Toshiba's sales exceeded \$3.5 billion in 1977 with heavy electrical machinery accounting for about 31 percent of sales. Data on sales in Japan by Toshiba of AC electric motors rated over 5, but not over 500 horsepower are not available. At least 10 additional firms produce electric motors in Japan, but the combined sales of these firms were only one-third as large as Toshiba's sales in 1977.

Production capacity

Although capacity and capacity utilization data in Japan are not available, it is believed that excess capacity exists in the Japanese industry. As reported in the Japan Economic Yearbook, production of standard 3-phase induction motors in Japan in 1976 stood at 1.8 million units, the lowest industry output between 1967 and 1976 except in 1975 when production declined to 1.3 million units. Production peaked at 3 million units in 1973, the largest output in the 10-year period.

U.S. Importers

The principal U.S. importers of polyphase, AC electric motors are sales subsidiaries of producers in Japan, Poland, Taiwan, and the United Kingdom.

* * * * *

In terms of quantity, importers' shipments of polyphase, AC electric motors in the United States increased steadily from * * * units in 1976 to * * * units in 1978 (table 3). During January-September 1979, shipments were over 8 percent higher than shipments in the corresponding period of 1978. In terms of value, importers' shipments increased from * * * million in 1976 to * * * million in 1978 and continued to rise during January-September 1979. Motors rated over 20, but not over 200 horsepower, accounted for the largest share of the value of importers' shipments during 1976-79, exceeding * * * percent of the value of shipments during each year.

Table 3.--Polyphase, AC electric motors: U.S. shipments by specified importers, and by horsepower ratings, 1976-78, January-September 1978, and January-September 1979

Type	1976	1977	1978	January-September--	
				1978	1979
Quantity (units)					
5.1 to 20 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
21 to 200 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
201 to 500 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
5.1 to 20 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
21 to 200 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
201 to 500 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

Channels of Distribution

Polyphase, AC electric motors produced in the United States are principally sold to original-equipment manufacturers such as producers of compressors and pumps. Bids are usually solicited from U.S. motor producers on an annual basis by the OEM's, and sales are made directly to the OEM by the producer avoiding any intermediate distribution channel. These annual OEM contracts provide a production floor for the producers and serve to dampen production fluctuations during the year. Annual OEM requirements are usually divided among a number of producers and over time, loyalties develop between the producers and the OEM.

Between 1976 and September 1979, U.S. motor producers reported that sales to OEM's accounted for between 54 and 56 percent of the value of their annual shipments. In contrast, importers have not penetrated the OEM Market in any significant way. Toshiba (the largest importer) reported that shipments to OEM markets account for about * * * to * * * percent of Toshiba's sales in the United States.

U.S. producers' second largest markets are independent and captive distributors. Large motor producers such as General Electric and Westinghouse Electric own their own distributor chains and these captive chains compete directly with independent distributors that also handle these producers' product lines. Independent distributors, however, carry product lines of several U.S. producers, as well as product lines of foreign producers.

Distributor markets are smaller than OEM markets accounting for about 27 to 29 percent of U.S. producers' shipments. On the other hand, distributors are a significant market for imported polyphase, AC electric motors. Toshiba reported that distributors accounted for between * * * and * * * percent of its sales during 1976-79.

Users of polyphase, AC electric motors, such as processing industries and chemical plants are the third largest market for motors. Normally, modifications to standards, off-the-shelf motors are requested by the user since such motors do not usually meet appropriate user specifications. Users account for 11 to 13 percent of the value of U.S. producers' shipments but provide a smaller market for imported motors accounting for only * * * to * * * percent of importers' shipments.

Nature and Extent of Alleged Sales at Less than Fair Value

On August 27, 1979, Treasury received advice from counsel acting on behalf of the Motor and Generator Section of the National Electrical Manufacturers Association that certain industrial electric motors (defined as AC, polyphase electric motors from 5 to 500 horsepower) from Japan were being, or were likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

According to the petition, Toshiba Corp., manufactures an estimated 90 percent of these electrical motors imported from Japan that are being sold at prices far below fair value. The dumping margins allegedly range from 38 percent up to as much as 382 percent. The petition also alleges that although the dumping margins vary among the motor sizes and specifications involved, they are substantial for all types and specifications, and they have continued throughout 1978 to the present.

Consideration of Injury or the Likelihood Thereof

U.S. production

As reported in Commission questionnaires, U.S. production of polyphase, AC electric motors increased from 485,479 units in 1976 to 644,572 units in 1978 (table 5). During January-September 1979, production reached 525,695 units compared with 482,000 units during the corresponding period of 1978. Motors rated over 5 horsepower, but not over 20 horsepower, were the largest product segment and showed the greatest growth during the period 1976 through September 1979. In contrast, production of polyphase, AC electric motors rated over 200 horsepower declined about 1 percent during this period.

Table 4.--Polyphase, AC electric motors: U.S. production, by horsepower ratings, 1976-78, January-September 1978, and January-September 1979

(Number)						
Item	:	:	:	:	Jan.-Sept.--	
	1976	1977	1978	1978	:	1979
					:	
5.1 to 20 horsepower---	322,247	400,137	470,472	349,117	:	379,671
21 to 200 horsepower---	153,037	155,897	164,193	125,455	:	138,392
201 to 500 horsepower--	10,187	9,868	9,907	7,438	:	7,632
Total-----	485,479	565,902	644,572	482,010	:	525,695
	:	:	:	:	:	

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

U.S. consumption

U.S. apparent consumption of polyphase, AC electric motors increased from * * * units, valued at * * * million, in 1976 to * * * units, valued at * * * million, in 1978 (table 4, p. 9). In January-September 1979, apparent consumption reached * * * units, valued at * * * million, compared with * * * units, valued at * * * million, in the corresponding period of 1978.

In terms of quantity, the ratio of imports to apparent consumption increased from 3.7 percent in 1976 to 9.5 percent in 1978. In terms of value, the ratio of imports to apparent consumption increased from 2.0 percent in 1976 to 4.8 percent in 1978. During January-September 1979, the ratio of imports to apparent consumption was higher in terms of value and lower in terms of quantity than in January-September 1978.

Table 5.--Polyphase, alternating current electric motors: U.S. shipments, exports, imports, and apparent consumption, 1976-78, January-September 1978, and January-September 1979

Period	Shipments	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (units)					
1976-----	459,111	***	***	***	3.7
1977-----	531,654	***	***	***	6.9
1978-----	600,617	***	***	***	9.5
Jan.-Sept.--					
1978-----	446,233	***	***	***	10.0
1979-----	464,320	***	***	***	9.7
Value (1,000 dollars)					
1976-----	317,000	***	***	***	2.0
1977-----	339,819	***	***	***	3.1
1978-----	371,632	***	***	***	4.8
Jan.-Sept.--					
1978-----	276,932	***	***	***	4.7
1979-----	303,767	***	***	***	5.5
Unit value					
1976-----	\$690	***	***	***	-
1977-----	639	***	***	***	-
1978-----	619	***	***	***	-
Jan.-Sept.--					
1978-----	621	***	***	***	-
1979-----	654	***	***	***	-

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

U.S. shipments

U.S. producers reported in response to Commission questionnaires that shipments of polyphase, AC electric motors rated over 5, but not over 500 horsepower, increased from 459,111 units in 1976 to 600,617 units in 1978 (table 6). Shipments reached 464,320 units during January-September 1979, an increase of about 18,000 units more than the amount of shipments in the corresponding period of 1978. Compared with official data of the U.S. Department of Commerce, questionnaire responses account for about 81 percent of shipments reported in 1976 and 89 percent of shipments reported in 1978 (table 7). Shipments in 1978 were 9 percent below the 747,000 units reported in official statistics in 1974.

Domestic market transactions (unrelated parties) account for the largest market for polyphase, AC electric motors, followed by export markets, and intracompany transfers (related parties). In 1978, domestic markets accounted for about 92 percent of shipments with export and intracompany markets accounting for about * * * and * * * percent, respectively.

Shipments of polyphase, AC electric motors rated over 5, but not over 20 horsepower account for about 65 percent of total shipments. Motors rated over 20, but not over 200 horsepower account for about 33 percent of shipments and motors rated over 200 horsepower account for the remainder.

The value of U.S. shipments was reported at \$372 million in 1978 compared with \$317 million in 1976. In January-September 1979, the value of shipments was reported at 10 percent larger than the value of shipments reported during the corresponding period of 1978. On the other hand, the unit value of shipments declined from \$690 in 1976 to \$619 in 1978. In January-September of 1979, the trend changed with the unit value of shipments increasing to \$654.

U.S. exports

U.S. exports of AC motors increased irregularly from * * * units in 1976 to * * * units in 1978 (table 6). During January-September 1979, exports declined about 19 percent compared with the corresponding period of 1978. The value of exports also increased irregularly from 1976 to 1978 rising from * * * million to * * * million. The value of exports during January-September 1979, however, declined only about 9 percent compared with the value in the corresponding period of 1978. The unit value of exports decreased from * * * in 1976 to * * * in 1978, and then increased to * * * in January-September 1979.

Both in terms of quantity and in terms of value, exports have accounted for a small share of total U.S. shipments fluctuating between * * * and * * * percent. Polyphase, AC electric motors rated over 20, but not over 200 horsepower have been the largest export product segment accounting for between * * * and * * * percent of the value of exports.

Table 6.--Polyphase, AC electric motors: U.S. shipments, by types and horsepower ratings, 1976-78, January-September 1978, and January-September 1979

Type	1976	1977	1978	January-September--	
				1978	1979
Quantity (units)					
Domestic shipments 1/:					
5.1 to 20 horsepower-----	274,376	336,224	385,487	285,546	299,683
21 to 200 horsepower-----	136,858	150,174	157,916	118,517	125,508
201 to 500 horsepower-----	8,494	7,865	7,658	5,489	6,004
Total-----	419,728	494,263	551,061	409,552	431,195
Intracompany shipments:					
5.1 to 20 horsepower-----	***	***	***	***	***
21 to 200 horsepower-----	***	***	***	***	***
201 to 500 horsepower-----	***	***	***	***	***
Total-----	***	***	***	***	***
Export shipments:					
5.1 to 20 horsepower-----	***	***	***	***	***
21 to 200 horsepower-----	***	***	***	***	***
201 to 500 horsepower-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
5.1 to 20 horsepower-----	300,373	362,709	420,997	312,344	324,647
21 to 200 horsepower-----	149,741	160,708	171,515	128,087	133,349
201 to 500 horsepower-----	8,997	8,237	8,105	5,802	6,324
Total-----	459,111	531,654	600,617	446,233	464,320
Value (1,000 dollars)					
Domestic shipments 1/:					
5.1 to 20 horsepower-----	69,898	87,598	104,096	77,909	87,942
21 to 200 horsepower-----	157,338	169,018	181,905	136,488	150,758
201 to 500 horsepower-----	63,850	60,573	57,376	41,651	46,074
Total-----	291,086	317,189	343,377	256,048	284,774
Intracompany shipments:					
5.1 to 20 horsepower-----	***	***	***	***	***
21 to 200 horsepower-----	***	***	***	***	***
201 to 500 horsepower-----	***	***	***	***	***
Total-----	***	***	***	***	***
Export shipments:					
5.1 to 20 horsepower-----	***	***	***	***	***
21 to 200 horsepower-----	***	***	***	***	***
201 to 500 horsepower-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
5.1 to 20 horsepower-----	76,726	95,176	114,717	85,959	95,742
21 to 200 horsepower-----	172,216	180,775	194,939	145,887	159,084
201 to 500 horsepower-----	68,058	63,868	61,982	45,086	48,941
Total-----	317,000	339,819	371,632	276,932	303,767
Unit value					
Domestic shipments 1/:					
5.1 to 20 horsepower-----	\$255	\$261	\$270	\$273	\$293
21 to 200 horsepower-----	1,150	1,125	1,152	1,152	1,201
201 to 500 horsepower-----	7,517	7,702	7,492	7,588	7,674
Average-----	694	642	523	625	660
Intracompany shipments:					
5.1 to 20 horsepower-----	***	***	***	***	***
21 to 200 horsepower-----	***	***	***	***	***
201 to 500 horsepower-----	***	***	***	***	***
Average-----	***	***	***	***	***
Export shipments:					
5.1 to 20 horsepower-----	***	***	***	***	***
21 to 200 horsepower-----	***	***	***	***	***
201 to 500 horsepower-----	***	***	***	***	***
Average-----	***	***	***	***	***
Total:					
5.1 to 20 horsepower-----	255	262	272	275	295
21 to 200 horsepower-----	1,150	1,125	1,137	1,139	1,193
201 to 500 horsepower-----	7,565	7,754	7,647	7,777	7,739
Average-----	690	639	619	621	654

^{1/} Does not include intracompany shipments or export shipments.

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

Table 7.--Polyphase, AC electric motors: U.S. shipments, by horsepower ratings, 1976-78

Type	1976	1977	1978
Quantity (units)			
5.1 to 20 horsepower-----	350,131	398,853	434,004
21 to 200 horsepower-----	208,677	212,523	236,310
201 to 500 horsepower-----	10,372	8,471	8,046
Total-----	569,180	619,847	678,360
Value (1,000 dollars)			
5.1 to 20 horsepower-----	90,760	107,814	118,360
21 to 200 horsepower-----	237,442	254,922	285,047
201 to 500 horsepower-----	104,111	75,131	75,539
Total-----	432,313	437,867	478,954
Unit value			
5.1 to 20 horsepower-----	\$259	\$270	\$272
21 to 200 horsepower-----	1,138	1,200	1,206
201 to 500 horsepower-----	10,037	8,869	9,388
Average-----	760	706	706

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 8.--Polyphase, AC electric motors: U.S. imports, by specified importers and by horsepower ratings, 1976-78, January-September 1978, and January-September 1979

Item	1976	1977	1978	January-September--	
				1978	1979
Quantity (units)					
5.1 to 20 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
21 to 200 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
201 to 500 horsepower:					
Toshiba-----	***	***	***	***	***
Total:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
Dutiable value (1,000 dollars)					
5.1 to 20 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
21 to 200 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
201 to 500 horsepower:					
Toshiba-----	***	***	***	***	***
Total:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
Landed, duty-paid value (1,000 dollars)					
5.1 to 20 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
21 to 200 horsepower:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***
201 to 500 horsepower:					
Toshiba-----	***	***	***	***	***
Total:					
Toshiba-----	***	***	***	***	***
Melco-----	***	***	***	***	***
Hitachi-----	***	***	***	***	***
Polamco-----	***	***	***	***	***
Teco-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

U.S. imports

In terms of dutiable value, U.S. imports of AC electric motors increased rapidly between 1976 and 1978 rising from * * * million to * * * million (table 8). In January-September 1979, the dutiable value of imports reached * * * million, and based on 1978 import data, the dutiable value of imports is likely to exceed * * * million. In terms of quantity, imports were about * * * times as large in 1978 as they were in 1976.

Japanese producers accounted for the largest share of imports followed by Polish and Taiwanese producers. In January-September 1979, Japanese producers accounted for about * * * percent of the dutiable value of imports, the Polish producer (Polamco) accounted for about * * * percent, and the Taiwanese producer (Teco) accounted for about * * * percent. Toshiba was the largest importer accounting for about * * * percent of imports from Japan during the period.

In 1976 and 1977, U.S. producers of polyphase, AC electric motors were also importers of these products. U.S. producers' imports of these motors decreased from * * * units, valued at * * * million, in 1976 to * * * units, valued at * * * , in 1977 (table 9). U.S. producers ceased to import polyphase electric motors after 1977.

Table 9.--Polyphase, AC electric motors: U.S. producers' imports of polyphase, alternating current electric motors by horsepower ratings, 1976 and 1977

Item	1976	1977
Quantity (units)		
5.1 to 20 horsepower-----	***	***
21 to 200 horsepower-----	***	***
201 to 500 horsepower-----	***	***
Total-----	***	***
Value (,000 dollars)		
5.1 to 20 horsepower-----	***	***
21 to 200 horsepower-----	***	***
201 to 500 horsepower-----	***	***
Total-----	***	***

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

U.S. and foreign producers' inventories

U.S. producers' inventories increased from 91,563 units on December 31, 1976 to 109,105 units on September 30, 1979. As a share of U.S. production, inventories fluctuated between 15.4 and 20.8 percent during the period, and as a share of U.S. shipments, they fluctuated between 16.5 and 23.5 percent. As shown in table 10 below, the largest inventory throughout the period was motors rated over 5 horsepower, but not over 20 horsepower.

Table 10.--Polyphase, AC electric motors: U.S. producers' inventories, by horsepower ratings, Dec. 31 of 1976-78, Sept. 30 of 1978, and Sept. 30 of 1979

(In units)						
Item	Dec. 31--			Sept. 30--		
	1976	1977	1978	1978	1979	
5.1 to 20 horsepower---	57,999	60,753	71,600	65,438	76,469	
21 to 200 horsepower---	32,886	31,671	26,674	27,553	31,848	
201 to 500 horsepower--	678	764	753	707	788	
Total-----	91,563	93,484	99,027	93,698	109,105	

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

Importers' inventories increased from 8,511 units in 1976 to 17,154 units in January-September 1979 (table 11). As a percent of both imports and a

Table 11.--Polyphase, AC electric motors: Inventories of specified foreign importers, by horsepower ratings, Dec. 31 of 1976-78, Sept. 30 of 1978, and Sept. 30 of 1979

(In units)						
Item	1976	1977	1978	January-September--		
				1978	1979	
5.1 to 20 horsepower:						
Toshiba-----	***	***	***	***	***	***
Melco-----	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***
Polamco-----	***	***	***	***	***	***
Teco-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
21 to 200 horsepower:						
Toshiba-----	***	***	***	***	***	***
Melco-----	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***
Polamco-----	***	***	***	***	***	***
Teco-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
201 to 500 horsepower:						
Toshiba-----	***	***	***	***	***	***
Melco-----	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***
Polamco-----	***	***	***	***	***	***
Teco-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
Total:						
Toshiba-----	***	***	***	***	***	***
Melco-----	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***
Polamco-----	***	***	***	***	***	***
Teco-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***

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

percent of importers' shipments in the United States, inventories were relatively higher during January–September 1979 than at any time except during 1976, as shown in tables 12 and 13.

Table 12.--Importers' inventories as a percent of imports of polyphase, AC electric motors, by horsepower ratings, Dec. 31 of 1976–78, Sept. 30 of 1978, and Sept. 30 of 1979

(In percent)						
Item	Dec. 31--			Sept. 30--		
	1976	1977	1978	1978	1979	
5.1 to 20 horsepower---	***	***	***	***	***	***
21 to 200 horsepower---	***	***	***	***	***	***
201 to 500 horsepower---	***	***	***	***	***	***
Total-----	***	***	***	***	***	***

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

Table 13.--Importers' inventories as a percent of foreign importers' shipments in the United States of polyphase AC electric motors, by horsepower ratings, Dec. 31 of 1976–78, Sept. 30 of 1978, and Sept. 30 of 1979

(In percent)						
Item	Dec. 31--			Sept. 30--		
	1976	1977	1978	1978	1979	
5.1 to 20 horsepower---	***	***	***	***	***	***
21 to 200 horsepower---	***	***	***	***	***	***
201 to 500 horsepower---	***	***	***	***	***	***
Total-----	***	***	***	***	***	***

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

U.S. employment

The average number of persons employed in U.S. establishments producing polyphase, AC electric motors showed a small increase from 13,259 persons in 1976 to 13,598 persons in January–September 1979. In January–September 1979, total production and related workers producing polyphase, AC electric motors reached 6,050 persons, or about 795 more persons than in 1976. Production and related workers producing motors rated over 5, but not over 20 horsepower, accounted for most of the increase, as shown in table 14.

Table 14.--Average number of employees in U.S. establishments producing polyphase, AC electric motors, total and production and related workers engaged in the production of all products and AC electric motors, by horsepower ratings, 1976-78, January-September 1978, and January-September 1979

Item	1976	1977	1978	Jan.-Sept.--	
				1978	1979
Average number employed:					
in reporting					
establishments:					
All persons-----	13,259	13,337	13,426	13,402	13,598
Production and					
related workers					
engaged in the					
production of:					
All products-----	9,383	9,612	9,768	9,715	9,937
Polyphase AC elec-					
motors:					
5.1 to 20 horse-					
power-----	1,768	2,089	2,382	2,317	2,539
21 to 200 horse-					
power-----	2,434	2,447	2,436	2,454	2,545
201 to 500 horse-					
power-----	1,053	984	910	922	966
Total production					
and related					
workers employed					
on AC electric					
motors-----	5,255	5,520	5,728	5,693	6,050

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

Financial Performance of U.S. Producers

Overall operations of the establishments or divisions

Net sales of all products manufactured in the establishments or divisions producing AC motors increased from \$548 million in 1976 to \$679 million in 1978, an increase of 24 percent. Net sales during January-September 1979 reached \$594 million, or an increase of 40 percent compared with net sales for the corresponding period of 1978 (table 15).

Net operating profit followed a different trend from that of net sales, declining from \$83 million in 1976 to \$80 million in 1977 and then increasing to \$85 million in 1978. Net operating profit during January-September 1979 was \$15 million higher than the \$59 million net operating profit for the corresponding period of 1978. The ratio of net operating profit to net sales declined from 15 percent in 1976 to 13 percent in 1978 and then declined to about 12 percent in January-September 1979. Profit margins failed to keep pace with increasing sales during 1976-78 and January-September 1978 and January-September 1979.

Ratios of net operating profit to investment in production facilities are presented in table 15. These ratios follow the same trend as the ratio of net operating profit to net sales.

Table 15.--Financial performance of U.S. producers in all operations of the establishments or divisions producing polyphase AC motors, 1976-78, January-1976-78, January-September 1978, and January-September 1979

Item	:	1976	:	1977	:	1978	:	Jan.-Sept.--	
								1978	1979
Net sales-----1,000 dollars--:	:	547,550	:	596,805	:	679,087	:	425,529	594,272
Cost of goods sold-----do-----:	:	382,925	:	428,295	:	491,564	:	306,078	435,918
Gross profit or (loss)-----do-----:	:	164,625	:	168,510	:	187,523	:	119,451	158,354
Selling and administrative expenses-do-:	:	81,933	:	88,509	:	102,129	:	60,301	83,931
Net operating profit or (loss)-do-----:	:	82,692	:	80,001	:	85,394	:	59,150	74,423
Other income or expenses-----do-----:	:	(2,597)	:	(2,555)	:	(3,828)	:	(4,855)	4,265
Pretax net profit or (loss)----do-----:	:	80,095	:	77,446	:	81,566	:	54,295	70,158
Ratio of net operating profit to	:	:	:	:	:	:	:	:	:
net sales-----percent--:	:	15.1	:	13.4	:	12.6	:	13.9	12.5
Ratio of pretax net profit to net	:	:	:	:	:	:	:	:	:
sales-----percent--:	:	14.6	:	13.0	:	12.0	:	12.8	11.8
Investment in productive facilities:	:	:	:	:	:	:	:	:	:
Book value-----1,000 dollars--:	:	83,653	:	97,162	:	109,693	:	84,401	111,116
Original value-----do-----:	:	182,241	:	204,356	:	228,018	:	181,927	239,277
Replacement value <u>1</u> /-----do-----:	:	414,859	:	474,013	:	520,950	:	406,347	560,400
Ratio of net operating profits to:	:	:	:	:	:	:	:	:	:
Book value-----percent--:	:	98.8	:	82.3	:	77.8	:	70.1	67.0
Original value-----do-----:	:	45.4	:	39.1	:	37.5	:	32.5	31.1
Replacement value-----do-----:	:	19.9	:	16.9	:	16.4	:	14.6	13.3

1/ Not available for Baldor Co. for all the periods.

Source: Compiled from data submitted by 7 firms (accounting for approximately 80 percent of total U.S. production) in response to questionnaires of the U.S. International Trade Commission.

Profit-and-loss experience of U.S. producers
and their AC electric motors operations

Aggregated data for AC electric motors presented in table 16 show an increase of 14 percent in net sales from \$295 million in 1976 to \$334 million in 1978. Net sales during January-September 1979 reached \$265 million, or an increase of 42 percent compared with net sales for the corresponding period of 1978.

Net operating profit followed a reverse trend from that of net sales declining from \$43 million in 1976 to \$31 million in 1978. Net operating profit during January-September 1979 was \$1 million higher than the \$19 million net operating profit for the corresponding period of 1978. The ratio of net operating profit to net sales declined from 15 percent in 1976 to 9 percent in 1978 and then declined to 7 percent in January-September 1979. Ratios of net operating profit to investment in production facilities follow the same trend as the ratio of net operating profit to net sales.

The ratio of the cost of goods sold to net sales on polyphase, AC motor operation was higher during 1976-78, January-September 1978 and January-September 1979 than the ratio of the cost of goods sold to net sales on all operations in the divisions or establishments producing such motors. The largest difference occurred in 1977 as shown table in 17.

Table 16.--Financial performance of U.S. producers on polyphase, AC electric motors operations, 1976-78, January-September 1978, and January-September 1979

Item	1976	1977	1978	Jan.-Sept.--	
				1978	1979
Net sales-----1,000 dollars--	295,109	307,872	333,807	182,272	265,362
Cost of goods sold-----do-----	206,939	227,420	247,261	137,818	198,918
Gross profit-----do-----	88,170	80,452	86,546	49,454	66,444
Selling and administrative expenses-do-	45,010	48,787	55,630	30,899	46,759
Net operating profit-----do-----	43,160	31,665	30,916	18,555	19,685
Other income or expenses-----do-----	145	1,349	103	(840)	(1,850)
Pretax net profit-----do-----	43,305	33,014	31,019	17,715	17,835
Ratio of net operating profit to					
net sales-----percent--	14.6	10.3	9.3	9.9	7.4
Ratio of pretax net profit to net					
sales-----percent--	14.7	10.7	9.3	9.5	6.7
Investment in productive facilities:					
Book value-----1,000 dollars--	51,223	56,185	60,562	60,094	57,183
Original value-----do-----	88,749	118,786	122,163	121,837	122,272
Replacement value 1/-----do-----	236,989	258,806	261,522	261,939	266,891
Ratio of net operating profits to:					
Book value-----percent--	84.3	56.4	51.0	30.9	34.4
Original value-----do-----	48.6	26.7	25.3	15.2	16.1
Replacement value-----do-----	18.2	12.2	11.8	7.1	7.4

1/ Not available for Baldor Co.

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

Table 17.--Polyphase, AC electric motors: The ratio of cost of goods sold to net sales on polyphase, AC electric motors and the ratio of cost of goods sold to net sales on all operations in the divisions or establishments producing polyphase, AC electric motors, 1976-78, January-September 1978 and January-September 1979

(In percent)					
Item	1976	1977	1978	Jan.-Sept.--	
				1978	1979
AC electric motors-----	70.1	73.9	74.1	73.6	75.0
All operations-----	69.9	71.8	72.4	71.9	73.4

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

Research and development

Research and development by U.S. producers on polyphase, AC electric motors increased from \$6.6 million in 1976 to \$7.6 million in 1977, and then decreased to \$7.4 million in 1978. In 1979, research and development is expected to exceed \$9.0 million based on January-September 1979 expenditures of \$7.0 million. As a percent of the value of U.S. shipments, research and development by the motor industry is small amounting to about 2 percent. The most research-intensive U.S. firm is * * * which accounted for between * * * and * * * percent of total U.S. research and development from 1976 to September 1979 as shown in table 18.

Table 18.--Research and development: U.S. producers' expenditures in research and development on polyphase, AC electric motors, 1976-78, and January-September 1979

(In thousands of dollars)					
Item	1976	1977	1978	Jan.-Sept. 1979	
General Electric-----	***	***	***	***	***
Westinghouse-----	***	***	***	***	***
U.S. Electrical motors--	***	***	***	***	***
Siemens-Allis-----	***	***	***	***	***
Reliance-----	***	***	***	***	***
Gould-----	***	***	***	***	***
Baldor-----	***	***	***	***	***
Louis Allis-----	***	***	***	***	***
Total-----	6,630	7,618	7,388	7,046	

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

Capital expenditures

Capital expenditures by U.S. producers in the production of polyphase, AC electric motors increased from \$10.9 million in 1976 to \$17 million in 1977, and then decreased to \$16.7 million in 1978. Capital expenditures in January-September 1979 reached \$8.7 million, a rate well below the investment rate of 1978. Machinery and equipment accounted for the largest share of expenditures during the period from 1976 to September 1979, followed by building and leasehold improvements. Land or land improvements accounted for a small share of capital expenditures, as shown in table 19.

Table 19.--Capital expenditures: U.S. producers' capital expenditures in the production of polyphase, electric motors, rated over 5 horsepower, but not over 500 horsepower, 1976-78 and January-September 1979

(In thousands of dollars)

Item	1976	1977	1978	Jan 1979	Sept.
Land or land improvement-----	***	***	***	***	***
Building or leasehold improvements-----	***	***	***	***	***
Machinery, equipment and fixtures-----	***	***	***	***	***
Total-----	10,860	17,053	16,713	8,746	

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

Consideration of the Casual Relationship Between Less-Than-Fair-Value Sales and the Alleged Injury

Market penetration by less-than-fair-value imports

In terms of quantity, the share of apparent U.S. consumption supplied by imports from Japan increased from * * * percent in 1976 to * * * percent in 1978. During January-September 1979, the share of consumption accounted for by imports from Japan declined to * * * percent compared with * * * percent during January-September 1978. Toshiba was the largest importer accounting for * * * percent of reported imports from Japan in 1976 and about * * * percent during January-September 1979. Comparison of reported imports of polyphase, AC electric motors from Japan with total imports from Japan reported in U.S. official statistics cannot be made since such motors are not separately provided for by the necessary horsepower ratings.

Prices

Price data were supplied to the Commission by Toshiba and eight domestic manufacturers, by types of motors and by types of sales outlet. As stated earlier in this report, sales to distributors accounted for more than * * * percent of sales of electric motors by Toshiba. Data obtained in the questionnaire show that the motors sold by Toshiba were, in most instances, priced substantially below the weighted average price of the comparable domestic model. Sales of electric motors to OEM's accounted for less than * * * percent of Toshiba's sales and were priced above the prices received by some domestic firms and below the prices received by a few firms.

Prices to distributors

Data were compiled for five types of motors sold by both Toshiba and by eight U.S. producers. For four of the five types of motors sold, the imported product was priced below the weighted average price of the domestic product, although in some instances, at least one domestic producer reported prices below the price of the comparable imported model. For one type of motor, polyphase, totally-enclosed, fan cooled, 4 pole, 7.5 horsepower, prices to distributors for the imported motor were higher than the prices of the domestic model except during the first half of 1978. Tables 20 through 24 show the net delivered price received by Toshiba, the weighted average price received for the domestic product, the value of underselling, and the range of U.S. producers' prices to distributors for specified periods, 1978 and 1979.

Prices to OEM's

Tables 25 and 26 show prices of certain electric motors to OEM's by firms for both those imported from Japan and those produced domestically. As shown in these tables, although a few U.S. producers received prices above the price received for the Japanese product, most were priced below it. Sales to OEM's, although increasing, accounted for less than * * * percent of sales of electric motors by Toshiba.

Lost sales

Information provided by U.S. purchasers of polyphase, AC electric motors is not conclusive with respect to why the imported product was purchased in lieu of the domestically produced product. In the questionnaires received, the purchaser in some instances identified the U.S. producer which lost the sale, but price comparisons were not supplied. In conversations with three U.S. distributors, each distributor maintained that quality, delivery, and technical assistance were the major considerations in his decision to purchase the imported product.

Table 20.--Electric motors: Net delivered prices to distributors, of imported and domestic merchandise, for specified periods, 1978 and 1979

(Polyphase, open-frame, 4 pole, 7.5 horsepower each)

Period	Imported motors <u>1/</u>	U.S. made motors <u>2/</u>	Value of under- selling <u>3/</u>	Range of U.S. producers' prices
1978:				
January-March-----	***	\$144	***	\$113-\$260
April-June-----	***	128	***	117- 199
July-September-----	***	130	***	113- 212
October-December-----	***	126	***	116- 199
1979:				
January-March-----	***	135	***	119- 180
April-----	***	136	***	102- 216
May-----	***	146	***	119- 216
June-----	***	135	***	119- 216
July-----	***	131	***	111- 216
August-----	***	132	***	123- 216
September-----	***	143	***	123- 216
October-December-----	***	146	***	123- 216

1/ Imported from Japan and sold by Toshiba.

2/ Weighted average of prices for 8 domestic producers.

3/ Based on the weighted average.

4/ The imported price was higher than the weighted average price reported by the U.S. producers.

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

Table 21.--Electric motors: Net delivered prices to distributors, of imported and domestic merchandise, for specified periods, 1978 and 1979

(Polyphase, totally enclosed, fan-cooled, 4 pole, 7.5 horsepower each)

Period	Imported motors <u>1/</u>	U.S. made motors <u>2/</u>	Value of under- selling <u>3/</u>	Range of U.S. producers' prices
1978:				
January-March-----	***	\$145	***	\$114-\$242
April-June-----	***	187	***	120- 259
July-September-----	***	134	***	120- 259
October-December-----	***	136	***	131- 259
1979:				
January-March-----	***	142	***	118- 281
April-----	***	142	***	126- 281
May-----	***	146	***	126- 281
June-----	***	138	***	126- 281
July-----	***	139	***	123- 281
August-----	***	143	***	126- 281
September-----	***	140	***	126- 281
October-December-----	***	154	***	135- 281

1/ Imported from Japan and sold by Toshiba.

2/ Weighted average of prices for 8 domestic producers.

3/ Based on the weighted average.

4/ The imported price was higher than the weighted average price reported by U.S. producers.

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

Table 22.--Electric motors: Net delivered prices to distributors, of imported and domestic merchandise, for specified periods, 1978 and 1979

(Polyphase, open-frame, drip-proof, 25 horsepower each)

Period	Imported motors <u>1/</u>	U.S. made motors <u>2/</u>	Value of underselling <u>3/</u>	Range of U.S. producers' prices
1978:				
January-March-----	***	\$311	***	\$306-\$344
April-June-----	***	306	***	308- 371
July-September-----	***	337	***	272- 382
October-December-----	***	323	***	272- 371
1979:				
January-March-----	***	350	***	\$343- 399
April-----	***	361	***	340- 399
May-----	***	353	***	340- 399
June-----	***	356	***	340- 425
July-----	***	343	***	289- 399
August-----	***	352	***	340- 470
September-----	***	312	***	268- 399
October-December-----	***	359	***	134- 437

1/ Imported from Japan and sold by Toshiba.

2/ Weighted average of prices for 8 domestic producers.

3/ Based on the weighted average.

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

Table 23.--Electric motors: Net delivered prices to distributors, of imported and domestic merchandise, for specified periods, 1978 and 1979

(Polyphase, open-frame, drip-proof, 50 horsepower each)					
Period	Imported motors <u>1/</u>	U.S. made: motors <u>2/</u>	Value of underselling <u>3/</u>	Range of U.S. producers' prices	
1978:					
January-March-----	***	\$563	***	\$545-\$612	
April-June-----	***	594	***	569- 662	
July-September-----	***	606	***	575- 662	
October-December-----	***	582	***	549- 677	
1977:					
January-March-----	***	606	***	593- 712	
April-----	***	648	***	593- 712	
May-----	***	592	***	483- 768	
June-----	***	546	***	483- 712	
July-----	***	625	***	553- 712	
August-----	***	562	***	483- 712	
September-----	***	523	***	483- 712	
October-December-----	***	633	***	569- 724	

1/ Imported from Japan and sold by Toshiba.

2/ Weighted average of prices for 8 domestic producers.

3/ Based on the weighted average.

4/ The imported product was priced higher than the weighted average reported by U.S. producers.

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

Table 24.--Electric motors: Net delivered prices to distributors, of imported and domestic merchandise, for specified periods, 1978 and 1979

(Polyphase, open-frame, drip-proof, 100 horsepower each)					
Period	: Imported : : motors 1/:	: U.S. made : : motors 2/:	: Value : : of : : underselling 3/:	: Range of : : U.S. producers' : : prices	
1978:	:	:	:	:	:
January-March-----:	***	\$1,006	***	\$1,060-\$1,454	
April-June-----:	***	1,184	***	1,183- 1,304	
July-September-----:	***	1,207	***	1,132- 1,341	
October-December-----:	***	1,167	***	1,082- 1,377	
1979:	:	:	:	:	:
January-March-----:	***	1,211	***	1,170- 1,402	
April-----:	***	1,199	***	1,127- 1,402	
May-----:	***	1,245	***	1,086- 1,584	
June-----:	***	1,183	***	1,141- 1,428	
July-----:	***	1,266	***	1,214- 1,452	
August-----:	***	1,222	***	1,099- 1,402	
September-----:	***	1,312	***	1,112- 1,417	
October-December-----:	***	1,210	***	1,085- 1,407	

1/ Imported from Japan and sold by Toshiba.

2/ Weighted average of prices for 8 domestic producers.

3/ Based on the weighted average.

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

Table 25.--Electric motors: Net delivered prices to original equipment manufacturers, by types, by firms, for specified periods, 1978 and 1979

Period	Imported		Domestic							
	Toshiba	Siemens Allis	Reliance	General Electric	Baldor Electric	Gold Inc.	U.S. Electrical Motors	Louis Allis	Westinghouse	
Polyphase, open-frame, drip-proof, 4 pole, 25 horsepower										
1978:										
Jan.-Mar-----	***	***	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***	***	***
1979:										
Jan.-Mar-----	***	***	***	***	***	***	***	***	***	***
April-----	***	***	***	***	***	***	***	***	***	***
May-----	***	***	***	***	***	***	***	***	***	***
June-----	***	***	***	***	***	***	***	***	***	***
July-----	***	***	***	***	***	***	***	***	***	***
August-----	***	***	***	***	***	***	***	***	***	***
September-----	***	***	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***	***	***
Polyphase, open-frame, drip-proof, 4 pole, 50 horsepower										
1978:										
Jan.-Mar-----	***	***	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***	***	***
1979:										
Jan.-Mar-----	***	***	***	***	***	***	***	***	***	***
April-----	***	***	***	***	***	***	***	***	***	***
May-----	***	***	***	***	***	***	***	***	***	***
June-----	***	***	***	***	***	***	***	***	***	***
July-----	***	***	***	***	***	***	***	***	***	***
August-----	***	***	***	***	***	***	***	***	***	***
September-----	***	***	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***	***	***

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

Table 26.--Electric motors: Net delivered prices to original equipment manufacturers, by types, by firms, for specified periods, 1978 and 1979

Period	Imported		Domestic						
	Toshiba	Siemens Allis Inc.	Reliance	General Electric	Baldor Electric	Gould Inc.	U.S. Electrical motors	Louis Allis	Westinghouse
Polyphase, open-frame, drip-proof, 4 pole, 100 horsepower									
1978:									
January-March-----	***	***	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***	***	***
July-September----	***	***	***	***	***	***	***	***	***
October-December--	***	***	***	***	***	***	***	***	***
1979:									
January-March-----	***	***	***	***	***	***	***	***	***
April-----	***	***	***	***	***	***	***	***	***
May-----	***	***	***	***	***	***	***	***	***
June-----	***	***	***	***	***	***	***	***	***
July-----	***	***	***	***	***	***	***	***	***
August-----	***	***	***	***	***	***	***	***	***
September-----	***	***	***	***	***	***	***	***	***
October-December--	***	***	***	***	***	***	***	***	***
Polyphase, open-frame, 4 pole, 7.5 horsepower									
1978:									
January-March-----	***	***	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***	***	***
July-September----	***	***	***	***	***	***	***	***	***
October-December--	***	***	***	***	***	***	***	***	***
1979:									
January-March-----	***	***	***	***	***	***	***	***	***
April-----	***	***	***	***	***	***	***	***	***
May-----	***	***	***	***	***	***	***	***	***
June-----	***	***	***	***	***	***	***	***	***
July-----	***	***	***	***	***	***	***	***	***
August-----	***	***	***	***	***	***	***	***	***
September-----	***	***	***	***	***	***	***	***	***
October-December--	***	***	***	***	***	***	***	***	***

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

APPENDIX

A-34
UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Notice of Institution of Preliminary Antidumping
Investigations and Scheduling of Conferences

AGENCY: United States International Trade Commission

ACTION: Institution of eight preliminary antidumping investigations under section 733(a) of the Tariff Act of 1930 to determine whether with respect to the articles involved there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise allegedly sold or likely to be sold at less than fair value.

EFFECTIVE DATE: January 1, 1980.

FOR FURTHER INFORMATION CONTACT: The supervisory investigator assigned by the Commission to the particular investigation for which the information is sought. The assignments of supervisory investigators and their telephone numbers at the Commission are designated below.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979, section 102(b)(1), requires that the Commission conduct preliminary antidumping investigations in cases where on January 1, 1980, the Secretary of the Treasury has not made a preliminary determination under the Antidumping Act, 1921, as to the question of less-than-fair-value sales. Accordingly, the Commission hereby gives notice that, effective as of January 1, 1980, it is

instituting the following investigations pursuant to section 733(a) of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979. These investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457) and, particularly, Subpart B thereof, effective January 1, 1980.

Written submissions. Any person may submit to the Commission on or before the date specified below for the relevant investigation a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted.


Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conferences. The Director of Operations of the Commission has scheduled a conference in each investigation on the date specified below. Parties wishing to participate in a conference should contact the appropriate supervisory investigator designated below. It is anticipated that parties in support of the petition for antidumping duties and parties opposed to such petition will each be collectively allocated one hour within which to make an oral presentation at the conference. Further details concerning the conduct of the conference will be provided by the supervisory investigator.

PRELIMINARY ANTIDUMPING INVESTIGATIONS

Inv. No.	Product/Country	Conference Date	Conference Location	Deadline for written submissions	Contact Person
731-TA-4 (Prelim.)	Counter top microwave ovens provided for in TSUS item 684.25/Japan	Jan. 28, 1980	ITC Bldg. Wash. DC	Jan. 31, 1980	Bruce Cates 523-0368
731-TA-5 (Prelim.)	Rail passenger cars & parts thereof, however provided for in the TSUS, intended for use as original equipment in the U.S./Italy	Jan. 29, 1980	ITC Bldg. Wash. DC	Feb. 1, 1980	Daniel Leahy 523-1369
731-TA-6 (Prelim.)	Rail passenger cars & parts thereof, however provided for in the TSUS, intended for use as original equipment in the U.S./Japan	Jan. 29, 1980	ITC Bldg. Wash. DC	Feb. 1, 1980	Daniel Leahy 523-1369
731-TA-7 (Prelim.)	AC, polyphase electric motors, over 5 horsepower but not over 500 horsepower, provided for in TSUS items 682.41 through 682.50/Japan	Jan. 30, 1980	ITC Bldg. Wash. DC	Feb. 4, 1980	Bruce Cates 523-0368
731-TA-8 (Prelim.)	Sodium hydroxide, in solution (liquid caustic soda), provided for in TSUS item 421.08/Federal Republic of Germany	Jan. 31, 1980	ITC Bldg. Wash. DC	Feb. 5, 1980	John MacHatton 523-0439
731-TA-9 (Prelim.)	Sodium hydroxide, in solution (liquid caustic soda), provided for in TSUS item 421.08/France	Jan. 31, 1980	ITC Bldg. Wash. DC	Feb. 5, 1980	John MacHatton 523-0439
731-TA-10 (Prelim.)	Sodium hydroxide, in solution (liquid caustic soda), provided for in TSUS item 421.08/Italy	Jan. 31, 1980	ITC Bldg. Wash. DC	Feb. 5, 1980	John MacHatton 523-0439
731-TA-11 (Prelim.)	Sodium hydroxide, in solution (liquid caustic soda), provided for in TSUS item 421.08/United Kingdom	Jan. 31, 1980	ITC Bldg. Wash. DC	Feb. 5, 1980	John MacHatton 523-0439

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: January 9, 1980

Library Cataloging Data

U.S. International Trade Commission.

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Determination of "a reasonable indication
of material injury" in investigation no.
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Washington, 1980.

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UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

Postage And Fees Paid
U.S. International Trade Commission



ADDRESS CHANGE

- ☐ Remove from List
 - ☐ Change as Shown
- Please detach address
label and mail to address
shown above.