

# **PORTABLE ELECTRIC NIBBLERS FROM SWITZERLAND**

**Determination of No Reasonable  
Indication of Material Injury,  
or Threat of Material Injury,  
in Investigation No. 731-TA-35  
(Preliminary) Under Section 733(a)  
of the Tariff Act of 1930,  
Together With the Information  
Obtained in the Investigation**

**USITC PUBLICATION 1108**

**NOVEMBER 1980**



# UNITED STATES INTERNATIONAL TRADE COMMISSION

## COMMISSIONERS

Bill Alberger, Chairman  
Michael J. Calhoun, Vice Chairman  
George M. Moore  
Catherine Bedell  
Paula Stern

---

Kenneth R. Mason, Secretary to the Commission

---

This report was principally prepared by  
David Slingerland, Office of Industries  
and  
Daniel Klett, Office of Economics

---

Daniel Leahy, Senior Investigator

Address all communications to  
Office of the Secretary  
United States International Trade Commission  
Washington, D.C. 20436

# C O N T E N T S

	<u>Page</u>
Determination-----	1
Statement of reasons of Chairman Bill Alberger and Commissioners George M. Moore and Paula Stern-----	3
Statement of reasons for the affirmative determination of Vice Chairman Michael J. Calhoun and Commissioner Catherine Bedell-----	14
Information obtained in the investigation:	
Introduction-----	A-1
The product:	
Description and uses-----	A-1
U.S. tariff treatment-----	A-3
Nature and extent of alleged sales at less than fair value-----	A-3
The U.S. industry-----	A-3
The foreign industry-----	A-4
The U.S. market and channels of distribution-----	A-4
Consideration of injury or threat thereof:	
U.S. production-----	A-6
Capacity utilization-----	A-7
U.S. producers' domestic shipments-----	A-7
Exports-----	A-9
Inventories-----	A-9
U.S. importers-----	A-11
U.S. imports-----	A-11
Domestic shipments of imported nibblers-----	A-11
Employment-----	A-13
Profit-and-loss experience of U.S. producers-----	A-14
Research and development/capital expenditures-----	A-16
Consideration of the causal relationship between LTFV imports and the alleged injury:	
Market penetration-----	A-16
Prices-----	A-17
Competition from Switzerland-----	A-21
Competition from West Germany-----	A-25
Lost sales-----	A-25
Appendix A. Notice of Commission's investigation and conference and list of witnesses appearing at the conference-----	A-27
Appendix B. Department of Commerce's notice of initiation of anti-dumping investigation-----	A-33

## Tables

1. Portable electric nibblers: Domestic producers' shipments, exports, shipments of imports, and apparent consumption, 1977-79, January-September 1979, and January-September 1980-----	A-5
2. Portable electric nibblers: U.S. production, by sizes and firms, 1977-79, January-September 1979, and January-September 1980-----	A-6
3. Portable electric nibblers: U.S. producers' domestic shipments, by sizes and firms, 1977-79, January-September 1979; and January-September 1980-----	A-8

## CONTENTS

	<u>Page</u>
4. Portable electric nibblers: U.S. importers' inventories, by sizes and firms, December 31, 1977-79, September 30, 1979 and September 30, 1980-----	A-10
5. Portable electric nibblers: U.S. imports from Switzerland, West Germany, and Japan, 1977-79, January-September 1979, and January-September 1980-----	A-12
6. Portable electric nibblers: U.S. shipments of imports from Switzerland, West Germany, and Japan, 1977-79, January-September 1979, and January-September 1980-----	A-13
7. Profit-and-loss experience of selected U.S. producers of portable electric nibblers on their nibbler operations, by firms, 1977-79, January-September 1979, and January-September 1980-----	A-15
8. 18-gage portable electric nibblers: U.S. producers' and importers' average prices to distributors, January 1978-September 1980-----	A-18
9. 16-gage portable electric nibblers: U.S. producers' and importers' average prices to distributors, January 1978-September 1980-----	A-19
10. 14-gage portable electric nibblers: U.S. producers' and importers' average prices to distributors, January 1978-September 1980-----	A-20
11. Punch and die assemblies: U.S. producers' and importers' discount prices to distributors, as of September 1980-----	A-22
12. Portable electric nibblers: Margins of underselling of the domestic product by nibblers imported from Switzerland by Bosch, by sizes and by quarters, January 1978-September 1980-----	A-23

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-35 (Preliminary)  
PORTABLE ELECTRIC NIBBLERS FROM SWITZERLAND

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-35 (Preliminary), the Commission determined 2/ that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury 3/, by reason of the imports of portable electric nibblers from Switzerland, provided for in item 683.20 of the Tariff Schedules of the United States (TSUS), which are allegedly being sold in the United States at less than fair value (LTFV).

Background

On October 7, 1980, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by the Widder Corp., Naugatuck, Conn., alleging that portable electric nibblers from Switzerland are being, or are likely to be, sold in the United States at LTFV. Accordingly, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(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,

---

1/ The record is defined in section 207.2(j) of the Commission's Rules of Practice and Procedure (19 C.F.R. 207.2(j)).

2/ Vice Chairman Michael J. Calhoun and Commissioner Catherine Bedell dissenting.

3/ The material retardation of the establishment of an industry in the United States was not an issue in this investigation.

by reason of the importation into the United States of portable electric nibblers from Switzerland. The statute directs that the Commission make its determination within 45 days of its receipt of the petition or, in this case, by November 21, 1980.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S.

International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on October 22, 1980 (45 F.R. 70160). The public conference was held in Washington, D.C., on October 29, 1980, and all persons who requested the opportunity were permitted to appear in person or by counsel.

STATEMENT OF REASONS OF CHAIRMAN BILL ALBERGER AND  
COMMISSIONERS GEORGE M. MOORE AND PAULA STERN

In this investigation, No. 731-TA-35 (Preliminary), on the basis of the record, we determine that there is no 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, 1/ by reason of imports from Switzerland of portable electric nibblers, 2/ allegedly sold, or likely to be sold, in the United States at less than fair value.

We base our decision on the findings of fact and conclusions of law discussed below.

Discussion

The industry: In this investigation, we consider the relevant domestic industry to consist of the producers of portable electric nibblers in the United States. Portable electric nibblers are hand-controlled power tools, with self-contained motors, used to cut sheet metal. These tools are produced in different gages for cutting different thicknesses of metal. The only portable electric nibblers being imported from Switzerland are 14 and 18 gage tools for cutting thinner gages of sheet metal. Punch and die assemblies are available at a cost of about 15 percent of the price of the nibbler to convert these tools to cut either flat or corrugated surfaces. Although thinner gage tools (14 through 18 gages) are generally used by the construction industry and manufacturers while thicker gage tools (13 gage and thicker) are used by steel fabricators, tools with different rated capacities may be and are used to cut the same gage steel (at some cost in efficiency and performance).

---

1/ Since there are four domestic producers of the product in question, the question of the material retardation of the establishment of an industry in the United States was not an issue in this investigation.

2/ The product is provided for in item 683.20 of the Tariff Schedules of the United States (TSUS).

There are no clear lines of distinction for establishing rigid classifications of products; e.g. an 18-gage nibbler can cut 16-gage steel and a 12-gage nibbler can cut 14-gage steel. Since Section 771-(4)(A) defines the term industry as the domestic producers as a whole of the like product, or those whose collective output constitutes a substantial portion of domestic production of the like product, our determination necessarily means that we consider the "like product" to include all portable electric nibblers. 3/ We believe this is consistent with past interpretations of the meaning of the term "like product" for purposes of Title VII. 4/ The concept of likeness does not require exact identity, but it does require that the goods be substantially the same in uses or characteristics. A useful working definition might be that which is found in Webster's--"something similar or of the same kind". The determination must be made on the facts of each case, and depends upon the basic uses and characteristics of products which make them a substitute for the imported article. While in some cases we might establish

---

3/ Commissioner Stern finds that the imports under investigation are 14 and 18 gage portable electric nibblers. Inasmuch as the thinnest gage tools are not used to cut the thickest gage metal and vice versa, the like product is not all nibblers, but those gages used to cut the thinner gage metals. However, the best information available to the Commission concerning the profitability of domestically produced nibblers of thinner gages includes the data submitted by Black and Decker on its entire product line of nibblers. See, note 22 on page 5. Accordingly, the narrowest group or range of products which includes a like product for which necessary information is available within the meaning of subsection 771(4)(D) of the Tariff Act is all portable electric nibblers. This case is distinguishable from Plastic Animal Identification Tags from New Zealand, Inv. 303-TA-14 (Preliminary), USITC Pub. 1094 (September 1980) where in the Statement of Reasons of Chairman Alberger and myself we found, "For the purposes of our preliminary determination we are compelled to treat one-and two-piece tags as 'like products' because the best information available reveals that they are nearly identical in characteristics and end uses." The best information available in this case shows clearly that we have a distinction in end uses for thin gage and thick gage nibblers even though the line of demarcation where the two meet is somewhat blurred.

4/ Examples can be found in Certain Steel Wire Nails, Inv. 731-TA-26 (Final) USITC Pub. 1088 (August 1980), and in Plastic Animal Identification Tags from New Zealand, Inv. 303-TA-14 (Preliminary), USITC Pub. 1094 (September 1980).<sup>4</sup>



different industry classifications for what appears to be one basic type of product, it is not appropriate here. The record before us reveals only that all nibblers are used in cutting various types of metal sheet and that there is a continuum of sizes based upon the gage of the metal to be cut. Thus, they are substantially the same, and there is no logic in segmenting them into separate industries or products. There are four producers of portable electric nibblers in the United States. 5/

Reasonable indication of material injury or threat thereof by reason of LTFV sales: On the basis of the statutory definition of material injury set forth in section 771(7) of the Tariff Act of 1930, we find no reasonable indication that the domestic industry has been materially injured by alleged LTFV sales. 6/ In making a determination of material injury or threat of material injury, subsections 771(7)(B) and (C) direct the Commission to consider, among other factors: (1) the volume of imports of the merchandise subject to the investigation, (2) the effect of imports of such products on prices of like products produced in the United States and, (3) the impact of the imports on the affected domestic industry. Our decision in this case is based upon our evaluation of the best information available to the Commission as it relates to these indicia.

Volume of imports: All of the U.S. imports of portable electric nibblers from Switzerland are imported by the Robert Bosch Sales Corporation. The domestic shipments of these imports increased approximately 23 percent from 1977 to 1979. A comparison of shipments in the period January-September 1980 with those for the corresponding period in 1979, however, shows a decrease of nearly 13 percent. 7/

---

5/ See Commission report (hereinafter referred to as Report), at pp. A-3; A-21.

6/ The petitioner alleged that imports of 18-gage portable electric nibblers from Switzerland were being sold at LTFV margins of 35 percent.

7/ Report, at A-13.

During the period 1977 through 1979, the U.S. market for portable electric nibblers increased steadily from 6,341 units to 8,593 units, an increase of 36 percent. 8/ The relative market shares for the domestically produced tools, the Swiss imports, and imports from other countries shifted slightly during this period and the Swiss tools lost some of their U.S. market-share to other imported nibblers. 9/ Although apparent U.S. consumption of these tools declined in the January-September 1980 period when compared to the January-September 1979 period, U.S. producers were able to increase their share of the market slightly. 10/ The petitioner's share of the U.S. market increased each year in the 1977-1979 period and continued to increase in 1980. 11/

Effect of imports on prices: Imported portable electric nibblers from Switzerland consistently undersold comparable domestically produced tools by margins of as much as 27 percent for the 18 gage nibbler in 1978 and by an average of 19 percent for the 14 gage nibbler from January 1978 through September 1980. 12/ Different quality perceptions may account for some of the price differentials. 13/

Prices of the Swiss units increased by an average of 17 percent in 1978, and increases continued through 1979 and into 1980 at lesser percentages. 14/ Prices of U.S. produced units show different trends. The Widder Corporation's average price for its 18 gage tool declined 10 percent in 1978, increased 15 percent in 1979 and declined about 3 percent from the first to the second quarter of 1980. 15/ The average price of the Black and Decker 16 gage

---

8/ Report, at A-5.

9/ Report, at A-5.

10/ Report, at A-17.

11/ Report, at A-8.

12/ Report, at A-22, A-24.

13/ Report, at A-25.

14/ Report, at A-23.

15/ Report, at A-22.

nibbler, on the other hand, increased only 5 percent in 1978 but increased by 13 percent from January-March of 1979 to July-September of 1980. 16/ Within the 14-18 gage models, some German and Japanese nibblers are offered for sale at prices comparable to the Widder 18 gage nibbler. Accordingly, Widder's prices appear to be competitive with imported nibblers in general rather than suppressed by Swiss imports allegedly sold at LTFV. 17/

Impact of imports on the affected domestic industry: Domestic production of portable electric nibblers increased steadily from 2,959 units in 1977 to 3,567 units in 1979. 18/ The production during the period January-September 1980 was 15 percent higher than during the comparable period in 1979. Although capacity utilization, expressed as the ratio of production to capacity, declined from 1977 to 1979 as new capacity was brought on stream, it increased sharply in 1980. 19/

The domestic shipments of U.S. producers increased annually from 2,406 units in 1977 to 3,186 units in 1979. During January-September 1980, shipments increased slightly from 1,987 units to 2,005 units for the comparable period in 1979. Although precise data concerning the employment of workers in the production of nibblers is not available, reasonable inferences from the data that is available indicate that employment and man-hours worked in the production of portable electric nibblers have increased, paralleling production and shipments. 20/ Only two of the four U.S. producers of portable electric nibblers submitted profit and loss data on their nibbler operations to the Commission. The larger of these firms, Black and Decker

---

16/ Report, at A-24.

17/ Report, at A-19, A-20.

18/ Report, at A-6.

19/ Report, at A-7.

20/ Report, at A-27, A-14.

Corporation, 21/ earned substantial profits from its nibbler operations for each of the periods for which it submitted information--1978, 1979, and January-September 1980. 22/ The petitioner on the other hand, experienced losses on net sales in 1977, 1978, and 1979. The firm, however, did not commence producing portable electric nibblers until 1977. It is common for a company introducing a new product line to experience losses during the first years of production. 23/

---

21/ Black and Decker did not allege any material injury or threat thereof. Two other domestic producers--Fenway Machine Co. and Modern Manufacturing Co., made no allegations concerning material injury or the threat of material injury.

22/ This profit and loss information was based on allocations from the sales of the company's Industrial Construction Division to its nibbler operations as a whole. Report, at p. A-16. The company did not further refine its profit and loss information between thinner and thicker gaged nibblers (Transcript of staff briefing, November 19, 1980). It is believed that an attempt to make allocations on a narrower product basis would result in financial data of questionable validity.

23/ Commissioner Stern notes that arguments have been urged on the Commission that the losses on net sales experienced by the petitioner could constitute a reasonable indication of material injury because: 1) the scope of the domestic industry should be limited to 14 to 18 gage nibblers and 2) as the petitioner represents approximately 50 percent of domestic shipments of 14 to 18 gage nibblers on a volume basis, the petitioner, therefore, constitutes a major proportion of the domestic production of the "like" product within the meaning of subsection 771(4)(D) of the Tariff Act and the discussion of this provision in the Committee Report of the House Ways and Means Committee on the Trade Agreements Act of 1979 (H.R. Rep. No. 317, 96th Cong., 1st Sess. 73 (1979)).

With respect to the argument that the domestic industry consists of 14 to 18 gage nibblers, the best information available to the Commission fails to provide a distinction between 14 and 12 or 13 gage nibblers, thereby demonstrating that the "like product" is all thinner gage nibblers. Further, in other preliminary determinations where the information available to the Commission raised a strong inference that additional information could confirm that there was a reasonable indication of material injury or threat thereof, the Commission has indeed reached an affirmative result. Certain Public Works Castings from India (Investigation No. 303-TA-13 (Preliminary), USITC Publication No. 1056, April 1980), is an example of such a case. However, in that case Commission staff felt that the preliminary data actually included considerably more than 50 percent of the industry and that it was representative of the more complete data that would be collected in a final investigation. The data in Public Works Castings covered hundreds of firms which were similarly situated assuring the representativeness of the available data, while in this case there are only four firms and we know that the available data is not representative of the other producers.

Thus, even in the event that more information could justify a conclusion that the proper scope of the domestic industry was confined to 14 through 18 <sup>8</sup>

(Continued)

Although inventories of the Swiss portable electric nibblers on September 30, 1980, were almost twice as high as on any other date for which inventories were reported during the investigation, shipments of these imports have decreased during 1980--indicating that Bosch is apparently not attempting to sell at distress prices.

The positive trends in domestic capacity utilization, production, shipments, employment, and share of the U.S. market all belie a conclusion that the domestic industry is threatened with material injury by reason of imports from Switzerland.

#### Conclusion

We have not found a reasonable indication of material injury or threat thereof to the domestic industry producing portable electric nibblers by reason of alleged LTFV sales of imports from Switzerland. Therefore, we find that the case should be terminated. 24/

---

(Continued)

gage portable electric nibblers, the profit and loss information already available to the Commission indicates that the petitioner's loss experiences were not representative of the industry's and were not directly attributable to LTFV competition from Switzerland. The only information the Commission could use to complement this determination would be Black and Decker's profit and loss experience with 14 through 18 gage nibblers. The Commission is aware that this data cannot be accurately developed and it would not change the result here.

24/ Chairman Alberger includes, for informational purposes, the Recommended Determination and Supporting Statement of the Director of Operations in this investigation. The Director's Determination is as follows:

RECOMMENDATION AND SUPPORTING STATEMENT OF THE DIRECTOR OF OPERATIONS FOR  
A NEGATIVE PRELIMINARY DETERMINATION IN INVESTIGATION NO. 731-TA-35  
(PRELIMINARY), PORTABLE ELECTRIC NIBBLERS FROM SWITZERLAND

Recommendation

On the basis of the record developed in this investigation, I recommend that the Commission determine that there is no reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of portable electric nibblers from Switzerland, provided for in item 683.20 of the Tariff Schedules of the United States, which the petitioner alleges are being, or are likely to be, sold in the United States at less than fair value.

Supporting Statement

Procedural background

The Commission instituted this investigation on October 16, 1980, following receipt of a petition filed by the Widder Corp., Naugatuck, Conn., on behalf of the domestic industry producing portable electric corrugated nibblers. A public conference was held in Washington, D.C. on October 29, 1980, at which parties in support of the petition and those opposed to it presented testimony. The Commission's determination in the investigation is due to be transmitted to the Department of Commerce on November 21, 1980.

Domestic Industry

The impact of allegedly dumped imports is to be measured against the industry producing a "like product" (Section 771(4)(A) of the Tariff Act of 1930). However, in assessing this impact, the statute directs the Commission to isolate the affected product lines to the extent possible. Section 771(4)(D) states:

(D) PRODUCT LINES.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits. . . .

The Senate Finance Committee Report states:

In examining the impact of imports on the domestic producers comprising the domestic industry, the ITC should examine the relevant economic factors (such as profits, productivity, employment, cash flow, capacity utilization, etc.), as they relate to the production of only the like product, if available data permits (sic) a reasonably separate consideration of the factors with respect to production of only the like product. (Emphasis added) S. Rep. 96-249, 95th Cong., 1st Sess., at p. 83-84.

In the current investigation, the petitioner complained of alleged LTFV sales of portable electric corrugated nibblers imported from Switzerland. The petitioner is the sole domestic producer of a corrugated nibbler and would appear to constitute the domestic industry producing a "like product". However, three other domestic firms produce portable electric nibblers. Staff research has determined that nibblers are hand-directed, hand-controlled power tools, with self-contained motors, used to cut corrugated or flat sheet metal by the action of a reciprocating punch. Because of the availability of reasonably priced conversion die assemblies, nibblers are essentially interchangeable for many cutting applications. Competition in the U.S. market between domestically-produced nibblers and the alleged LTFV imports occurs on the basis of cutting capacity and price rather than end-use designations such as "corrugated" or "flat surface". Further, there are separate identifiable facilities and manpower associated with the production of portable electric nibblers. As a result, examination of the impact of imports with respect to domestic producers of all portable electric nibblers is appropriate.

Findings with respect to "no reasonable indication of material injury, or threat thereof", by reason of imports subject to the investigation

a. Domestic shipments of nibblers imported from Switzerland increased steadily from 1977 to 1979, representing an increase of 23 percent. Shipments of such imports declined by 13 percent in January-September 1980 as compared to January-September 1979 (Report, pp. A-18-A-19).

b. Inventories of nibblers imported from Switzerland declined from 1977 to 1979. Such inventories increased rapidly in January-September 1980 and at the end of that period were twice as high as inventories reported in any prior period. Counsel for the importer of these nibblers reported that this high inventory level resulted from a miscalculation of demand (Report, pp. A-14-A-15).

c. The share of the nibbler market held by imports from Switzerland increased slightly from 1978 to 1979, when they accounted for more than one third of the U.S. nibbler market. In January-September 1980 the market share of Swiss nibblers remained at the same level when compared to the market share held in the corresponding period of 1979 (Report, p. A-24).

d. By quantity, total shipments by domestic producers rose annually from 2,406 units in 1977 to 3,186 units in 1979 representing an increase of 32 percent. During January-September 1980, U.S. producers' total shipments increased to an estimated 2,005 units up from 1,987 units in the comparable period in 1979, an increase of 1 percent (Report, pp. A-11-A-12).

e. Only two of the four domestic producers of portable electric nibblers reported capacity data to the Commission. Based on these data and expressed as a ratio of production to capacity, capacity utilization declined from 85 percent in 1977 to about 70 percent in 1978-79. Although production increased throughout this period it did not increase at as fast a rate as new production capacity. In January-September 1980, the capacity utilization ratio rose to 79 percent (Report, A-11).

f. U.S. producers' share of the nibbler market declined from 38 percent in 1978 to 36 percent in 1979. During January-September 1980, producers' market share increased 13 percent as compared to the comparable period of 1979 (Report, p. A-24).

g. Profit-and-loss data on U.S. portable electric nibbler operations were only available for two U.S. producers. Although the smaller firm reported losses on its nibbler operations, the larger firm earned substantial profits from its nibbler operations in all of the periods for which it provided date. On the basis of combined data, the ratio of net operating profit to net sales for these two producers was about twice that reported in 1979 for all U.S. manufacturers (approximately 8 percent) (Report, pp. A-20-A-23).

i. Complete or partial price data were obtained from 8 of the 11 firms selling nibblers in the U.S. market. 18 gage and 14 gage nibblers imported from Switzerland have undersold comparable domestically-produced nibblers by margins ranging from 7 percent to 40 percent. (Report, pp. A-24-A-34).

j. The staff contacted 13 nibbler distributors. In four instances the staff confirmed that the distributors had either recently become a distributor for Swiss nibblers, had increased sales of Swiss nibblers because of their lower prices, or had lost a large nibbler contract from a builder to a competing distributor of Swiss nibblers (Report, pp. A-34-A-35).

### Conclusion

On the basis of the information developed in the investigation, I recommend that the Commission find that there is no reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of portable electric nibblers from Switzerland which are allegedly sold in the United States at less than fair value.

In support of my recommendation I cite:

1. Domestic production, capacity utilization, shipments, employment and share of the market are all stable or increasing in January-September 1980.

2. Profitability, although declining slightly, is still well above the average profitability of all U.S. manufacturers, based on the ratio of net operating profit to net sales.

3. Nibblers of comparable capacities such as 18 gage and 16 gage compete with each other in several applications. Imports from Switzerland are substantial but consist entirely of 18 and 14 gage units. Black and Decker produces a 16 gage and an 8 gage nibbler; Widder Corp. produces only an 18 gage unit; Fenway producers a 14 gage unit and a thicker gage unit as well.

4. Over 45 percent of the domestically-produced nibblers shipped in January-September 1980 consisted of 14 gage or thinner nibblers. Three of the domestic firms who supplied these units did not support the petition nor allege any sales losses because of import competition from Swiss nibblers.



5. The stable or increasing trends in the indicies of material injury--production, shipments, capacity utilization, employment, profitability, etc.--would indicate the domestic industry is not suffering material injury nor is it threatened with material injury.

STATEMENT OF REASONS FOR THE AFFIRMATIVE DETERMINATION  
OF VICE CHAIRMAN MICHAEL J. CALHOUN AND COMMISSIONER CATHERINE BEDELL

On the basis of the record developed in investigation No. 731-TA-35 (Preliminary), 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 portable electric nibblers from Switzerland, allegedly sold or likely to be sold in the United States at less than fair value (LTFV).

Discussion

The Commission is directed by section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to make a determination as to whether there is a reasonable indication that an industry in the United States is being materially injured or is threatened with material injury by reason of imports of merchandise that has been designated by the Department of Commerce as the subject of an investigation commenced under section 732(a) or 732(b). 1/ The determination must be based on the best information available to the Commission at the time of the determination. Section 771(7) defines material injury as harm which is "not inconsequential, immaterial, or unimportant" and provides specific factors to be considered among others when making a determination under section 733(a). A discussion of the factors we considered in reaching our determination follows.

---

1/ Sec. 733(a) also provides for an alternative determination as to whether there is a reasonable indication that the establishment of an industry in the United States is materially retarded by reason of the imports. The establishment of an industry is not an issue in this investigation and will not be further discussed.

Domestic industry

In order to determine whether there is a reasonable indication of material injury or threat of material injury, the industry against which the impact of the alleged LTFV imports is to be analyzed must be defined. Section 771(4) states that--

The term "industry" means the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.

The term "like product" is defined in section 771(10) as--

a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.

The portable electric nibblers being imported into the United States from Switzerland that are subject to this investigation are 14-gage and 18-gage nibblers produced by Scintilla, S.A., Solothurn, Switzerland, a subsidiary of Robert Bosch GmbH of West Germany. The petitioner suggests that the like product in this investigation should be portable electric nibblers that cut corrugated metal. However, the information available to the Commission indicates that not all the imported nibblers are sold as nibblers for cutting corrugated metal. 1/ Moreover, the nibblers sold by Bosch as corrugated nibblers can be used to cut flat metal, 2/ and there are die assemblies sold for the imported nibblers which provide a consumer with the flexibility of using these nibblers for cutting either

---

1/ Transcript of the conference, Oct. 29, 1980, p. 38.

2/ Transcript of the conference, p.42.

corrugated or flat metal.<sup>1/</sup> Thus, our view is that the like product must include nibblers that cut either corrugated or flat metal.

Portable electric nibblers produced in the United States are capable of cutting a wide range of metal gages. Whether all portable electric nibblers, regardless of size, can be considered like the imported 14- and 18-gage nibblers must be determined in light of the realities of the marketplace.

The information available suggests that there is a clear distinction between thick gage and thin gage nibblers with respect to their uses and consumer perception of their capabilities. Apparently, the thin gage nibblers are used at metal-building construction sites and are used by heating, air-conditioning, and ventilation installers and by certain industrial users such as manufacturers of mobile homes, recreation vehicles, snowmobiles, and automobiles. Thick gage nibblers are used primarily as shop tools by steel fabricators and bridge construction firms. <sup>2/</sup> There is also information in the record that the domestically produced 16-gage nibbler is competitive with the 18-gage and 14-gage imported nibblers as it can be used to cut metal of all three thicknesses.<sup>3/</sup> In addition, information indicates that the domestic 12- and 13-gage nibblers may also be competitive with the 14-gage imported nibbler, <sup>4/</sup> but, in light of the information that distinguishes the uses of thin and thick gage nibblers, and considering that this is a preliminary investigation with data not fully developed, we find the most reasonable assessment of the "like product" to be the thin gage portable electric nibblers, those in the 14-to 18-gage range.

---

<sup>1/</sup> Staff report, p.A-1; transcript of the conference, p.54; memorandum of Nov. 18, 1980, from the Director of Investigations to the Vice Chairman.

<sup>2/</sup> Staff report, p. A-2.

<sup>3/</sup> Staff report, pp. A-22 and A-24.

<sup>4/</sup> Staff report, p. A-22.

Finally, on the basis of our analysis of what constitutes the like product, the industry in the United States against which our injury analysis is focused includes the domestic producers of 14- to 18-gage portable electric nibblers. The producers of these nibblers are Black & Decker Corp., Fenway Machine Co., Modern Manufacturing Co, and Widder Corp., the petitioner.

#### Volume of imports

Imports of nibblers from Switzerland, which had declined in 1978, rapidly increased in 1979. Such imports in January-September 1980 were 73 percent higher than imports in January-September 1979 and represented 76 percent of total nibbler imports during that period. 1/

Domestic shipments of nibblers imported from Switzerland increased 23 percent from 1977 to 1979. But these shipments declined by 13 percent in January-September 1980 compared with those in January-September 1979.

With the large increase of imports from Switzerland during January-September 1980, a tenfold increase in importers' inventories developed between September 30, 1979, and September 30, 1980. 2/ This exceptionally large inventory of Swiss nibblers may pose a serious threat to the sales of U.S. producers of the like product in the near future. Furthermore, Swiss imports are retaining, and have held since 1978, a share of approximately two-thirds of the U.S. market.

---

1/ Staff report, p. A-13.

2/ Staff report, pp A-10, A-11, and A-13.

### Effect of imports on prices

A significant pattern of underselling is revealed by price comparisons between imports and the like product. When comparing the 16-gage Black & Decker nibbler with the Swiss 14-gage, a heavier and presumably more costly machine, 1/ we note a pattern of underselling of approximately 40 percent from January 1978 until September 1980. A direct comparison of the prices of the Widder 18-gage nibbler with those of the imported Swiss 18-gage nibbler shows a pattern of underselling that ranges from 7 to 27 percent in 1978, 16 to 23 percent in 1979, and 21 to 23 percent through March 1980. A direct comparison of the Swiss 14-gage to Fenway's 14-gage shows a pattern of underselling with a range of 19 to 22 percent in 1979 and 15 to 19 percent through September 1980. 2/ There is some information in the record that there are quality differences between the imports from Switzerland and the domestic counterparts. However, the price differences at this point in the investigation seem more significant than the differences in quality would suggest. 3/

We also note a pattern of significant underselling of comparable imports from West Germany by the imports from Switzerland well beyond acknowledged quality differences. For example, in January-March 1980, the 18-gage Swiss nibbler was 34 percent lower in price than the 18-gage nibbler imported by Fein of West Germany. 4/

Information on price adjustments of the 18-gage Swiss imported nibbler and the 18-gage domestic nibbler manufactured by Widder suggests that there may be price suppression due to the pattern of underselling. We note that in 1978 the average price of the 18-gage Swiss nibblers increased by 20 percent. Widder followed

---

1/ Staff report, p. A-22.

2/ Staff report, p. A-24.

3/ Staff report, p. A-26.

4/ Staff report, p. A-19.

1979 by increasing its prices by 15 percent. However, in the face of only a 2.4-percent increase in price by the Swiss nibblers from March-June 1979 to July-September 1980, Widder's average price for its 18-gage nibbler decreased by about 3 percent between January-March and April-June 1980. 1/ This occurred in spite of an increasing net operating loss from 1977 through 1979. 2/

#### Impact of imports on the domestic producers.

Section 771(4) of the Tariff Act of 1930, as noted earlier, defines industry as--

the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product. (Emphasis supplied.)

The House Ways and Means Committee report on the Trade Agreements Act of 1979 discusses this definition and states, in part:

As under current practice, the "industry" can also be producers who comprise something less than the entire group of producers of like products if the total output of this group of producers constitutes a major proportion of the total domestic production of that product. The phrase "major proportion of total domestic production" cannot be defined with mathematical precision, and the application of the phrase will therefore vary from case to case. 3/

A practical application of this provision, especially with regard to preliminary investigations, is the authority it provides for reaching a determination when data from a portion of the producers of the like product are unavailable or unreliable. This is precisely the circumstance before us.

benismer 80

---

1/Staff report, p. A-23.

2/Staff report, p. A-16.

3/Trade Agreements Act of 1979: Report of the Committee on Ways and Means . . . ,

H. Rept. No. 96-317 (96th Cong., 1st sess.), 1979, p. 73.

Minutes of Commission meeting  
Staff report, p. A-8.  
Staff report, p. A-16.

net sales by 95 percent from 1977 through 1979, while net sales increased by 71 percent from 1977 through 1979, it experienced net losses during all these years. The company's ratio of net operating loss to net sales increased from 1977 to 1978. Although it decreased in 1979, the percentage remained relatively significant. 3/

1/Minutes of Commission meeting, Nov. 19, 1980.  
2/Staff report, p. A-8.  
3/Staff report, p. A-16.



In spite of these difficulties, we did note that the employment picture has been improving. During January 1977 through September 1980, Widder Corp. reported an increase in the number of part-time production and related workers engaged in the manufacture of nibblers.

We have also observed that there have been four confirmed lost sales by Widder to the Swiss imported nibblers. These included sales to a distributor which had recently increased sales of Swiss nibblers because of the lower price, with a corresponding decline in sales of the domestic nibblers occurring, and a distributor which lost a large nibbler contract with a builder to a competing distributor of the Swiss nibbler. 2/

---

1/ Staff report, p. A-15.

2/ Staff report, p. A-26.

Conclusion

Therefore, on the basis of the strong pattern of underselling of the imports from Switzerland, the significant increase in inventories of such imports, their strong market position, and the profit difficulties of the producer representing 50 percent of the production of the like product, we conclude that there is a reasonable indication that the domestic industry producing 14- to 18-gage portable electric nibblers is materially injured, or is threatened with material injury, by reason of imports from Switzerland allegedly sold or likely to be sold at less than fair value.

## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On October 7, 1980, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by the Widder Corp., Naugatuck, Conn., on behalf of the domestic industry producing portable electric corrugated nibblers. 1/ The petition alleged that portable electric corrugated nibblers imported from Switzerland are being, or are likely to be, sold in the United States at less than fair value (LTFV). Accordingly, the Commission, on October 16, 1980, instituted preliminary antidumping investigation No. 731-TA-35 under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(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 of portable electric nibblers from Switzerland, as provided for in item 683.20 of the Tariff Schedules of the United States (TSUS). These imports are allegedly sold or are likely to be sold at less than fair value. The statute directs that the Commission make its determination within 45 days of receipt of the petition, or in this case by November 21, 1980.

Notice of the institution of the Commission's investigation and of the public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. and by publishing the notice in the Federal Register of October 22, 1980 (45 F.R. 70160). 2/ A public conference was held in Washington, D.C. on October 29, 1980, at which time all interested parties were afforded the opportunity to present information for consideration by the Commission. The Commission was briefed on the investigation by its staff on November 13, 1980, and following the briefing, voted concerning injury. A second briefing and vote occurred on November 19, 1980, at which time, the earlier vote was confirmed.

## The Product

Description and uses

A portable electric nibbler (hereinafter referred to as a nibbler) is a hand-directed, hand-controlled power tool, with a self-contained motor, used to cut sheet metal by the action of a reciprocating punch. Nibblers are used for cutting corrugated and flat sheet metal. Because of the availability of conversion die assemblies, most nibblers are essentially interchangeable for many cutting applications.

---

1/ On Oct. 3, 1980, the Commission terminated a prior investigation No. 731-TA-34 (Preliminary), on portable electric nibblers from Switzerland, after the Commission received advice from the Department of Commerce that the petitioner in that investigation had withdrawn its petition.

2/ A copy of the Commission's notice of investigation and conference and a list of witnesses appearing at the conference are presented in app. A. The Department of Commerce's notice of initiation of its antidumping investigation is presented in app. B.

Nibblers are assembled from three major components: (1) a molded outside body structure or shell (usually plastic), (2) an electric motor, and (3) a cutting head which consists of gears, bearings, and a punch and die assembly. Most domestic producers purchase shells and motors, but manufacture some of the cutting head components. 1/ It is estimated that the shell and motor components represent about 45 percent of the value of the finished nibbler. 2/ Although many of the individual cutting head components are purchased, a considerable amount of processing is involved to adapt them for use in nibblers. The manufacturing process, which most closely resembles that of gear and die production, consists of milling, turning, tapping threads, drilling holes, heat-treating metal for hardness, and finishing.

Nibblers are produced in several different sizes; however, for analysis purposes in this investigation, they are divided into two principal classes: (1) units designed for cutting up to 14-gage mild steel 3/ and (2) units designed for cutting thicknesses of greater than 14 gage.

Nibblers for cutting the thinner gages can be used to cut corrugated or flat sheet metal depending upon the punch and die assembly utilized. Usually, suppliers of these nibblers offer punch and die assemblies that may be used to convert the nibbler to cut either corrugated or flat surfaces. The cost for the additional die and punch assembly is roughly 10 to 15 percent of the total cost of the original machine. These thinner gage nibblers are normally used at metal-building construction sites. In addition, they are used by heating, air-conditioning, and ventilation installers and by certain industrial users, such as manufacturers of mobile homes, recreation vehicles, snowmobiles, and automobiles.

The nibblers for cutting the thicker gages consist of machines that can cut 13-gage mild sheet metal and thicker; such machines utilize punch and die assemblies for flat surfaces only. These larger nibblers are used principally as shop tools by certain steel fabricators and bridge construction firms.

To a limited extent, other products may be used as substitutes for portable electric nibblers. Such products include hand and power shears, circular saws, and acetylene cutting torches. For jobs that require an extensive amount of precision cutting, including the cutting of angles and patterns, nibblers are the preferred product. A statement presented at the conference indicated that demand is growing for nibblers as compared with substitute products. 4/ In addition to portable electric nibblers, bench or stationary electric nibblers and portable pneumatic nibblers are also domestically produced. However, such products are normally not directly competitive with portable electric nibblers. Bench-type nibblers are purchased by tool and diemakers for use in pattern production where more

---

1/ Black & Decker Corp., the largest domestic producer of nibblers, manufactures both the motor and cutting head components.

2/ Transcript of the public conference, p. 12.

3/ Mild steel is low-carbon steel, containing not more than 10.25 percent carbon.

4/ Transcript of the public conference, p. 14.

control of cutting is required. Portable pneumatic nibblers are used only where air compressors are available and in situations where accidental combustion is a problem, such as near oil or chemicals.

#### U.S. tariff treatment

Portable electric nibblers are classified under item 683.20, hand-directed or -controlled tools with self-contained electric motor, and parts thereof, of the TSUS. The column 1 rate of duty (most-favored-nation rate), the rate of duty for least developed developing countries (LDDC), and column 2 rates (applicable to products of certain Communist-dominated countries), respectively, are as follows: 5.1 percent ad valorem, 2.2 percent ad valorem, and 35 percent ad valorem. Prior to 1980, the column 1 duty rate was 5.5 percent; this rate became effective on January 1, 1972, in the final stage of reductions granted in the Kennedy round of Trade Negotiations. Pursuant to the recently conducted Tokyo round, the rate is being reduced to a final concession rate of 2.2 percent ad valorem in eight annual stages.

These portable electric nibblers are eligible articles under the Generalized System of Preferences and, when produced and imported from designated beneficiary countries, are free of duty.

#### Nature and Extent of Alleged Sales at Less Than Fair Value

The petition alleges that 18-gage corrugated portable electric nibblers from Switzerland are being sold at less than fair value by the Robert Bosch Sales Corp., the sole importer of these nibblers from Switzerland. <sup>1/</sup> The petition also alleges that Bosch, which produces a variety of products, commonly subsidizes less than fair value sales in one product line in order to gain market dominance in that line. The dumping margin for sales of these nibblers is alleged to be 35 percent.

On Oct. 9, 1980, the U.S. Department of Commerce issued a notice announcing that it had found the petition to be properly filed, and that it was instituting an investigation. Notice of the Commerce investigation was published in the Federal Register of October 17, 1980.

#### The U.S. industry

There are four U.S. producers of nibblers. The names and locations of these firms are shown in the following tabulation:

<u>Firm</u>	<u>Location</u>
Black and Decker Corp-----	Towson, Md.
Fenway Machine Co-----	Philadelphia, Pa.
Modern Manufacturing Co-----	Willow Grove, Pa.
Widder Corp-----	Naugatuck, Conn.

A-3

---

<sup>1/</sup> The petitioner considers nibblers used to cut corrugated surfaces and those used to cut flat surfaces as two distinct and different products.

The petitioner in this investigation, the Widder Corp., has been manufacturing nibblers for 3-1/2 years and produces only thinner gage nibblers. Widder is also an importer of thicker gage nibblers, and other power tools. The firm also produces portable electric shears, portable power hacksaws, and smoke eliminators. Portable electric nibblers accounted for about \* \* \* percent of Widders' total sales during 1979.

The Black and Decker Corp. is the largest producer of nibblers in the United States, although this product line accounts for a very small portion of the company's total sales of power tools. This firm supplies both thicker gage and thinner gage nibblers but thicker gage units are the more significant item on a volume of production basis.

The Fenway Machine Co. produces only nibblers; approximately \* \* \* of its annual sales are accounted for by portable electric nibblers, of which thicker gage units are especially significant. The remainder of Fenway's sales volume is accounted for by portable pneumatic nibblers and stationary or bench-type electric nibblers.

The other producer of nibblers, the Modern Manufacturing Co., is a small firm producing about \* \* \* nibblers a year, of which the bulk are thicker gage units.

#### The Foreign Industry

There is only one known producer of portable electric nibblers in Switzerland. This firm, Scintilla, is owned (\* \* \* percent) by Robert Bosch GmbH of West Germany. Scintilla produces thinner gage nibblers which are shipped through West Germany in their original package with no value added to the product.

There are five known manufacturers of nibblers in West Germany, Robert Bosch GmbH, Metabowerke GmbH, C and E Fein GmbH, Trumpf, and Achermann and Schmidt KG, all of which supply nibblers to the U.S. market. One Japanese firm, Makita Electric Works Ltd., supplied nibblers to the U.S. market for the first time during July-September 1980.

#### The U.S. market and channels of distribution

Apparent U.S. consumption is based on the combined shipments of U.S.-produced and imported portable electric nibblers (table 1). Consumption of nibblers increased steadily from 6,341 units in 1977 to 8,593 units in 1979, representing an increase of 36 percent. Consumption declined in January-September 1980, as compared with the corresponding period of 1979, decreasing about 12 percent.

Distribution of nibblers usually involves sales by both domestic producers and importers to "one-step" distributors that sell directly to end users. There are a variety of types of distributors that sell to metal-building fabricators and industrial users; such distributors are metal-building dealers, general line supply houses, construction supply houses,

Table 1.--Portable electric nibblers: Domestic producers' shipments, exports, shipments of imports, and apparent consumption, 1977-79, January-September 1979, and January-September 1980

Period	Domestic producers' shipments	Exports	(Quantity in units)			Ratio (percent) of shipments of imports to consumption		
			Shipments of imported nibblers		Apparent consumption	From Switzerland	Total	
			From Switzerland	Total				
1977-----	2,406	***	***	***	6,341	***	***	***
1978-----	2,702	***	***	***	7,058	***	***	***
1979-----	3,186	***	***	***	8,593	***	***	***
Jan.-Sept--								
1979-----	1/ 1,987	***	***	***	1/ 6,230	***	***	***
1980-----	1/ 1,996	***	***	***	1/ 5,467	***	***	***
1/ Estimated.								

Source: Compiled from data submitted by domestic producers and 5 of 7 importers in response to questionnaires of the U.S. International Trade Commission.

welding supply houses, and hardware stores. At least two suppliers sell directly to some large accounts, but these sales are not a significant part of their business. One of the firms indicated that such sales were made on the basis of distributor prices.

All major suppliers indicate that they sell nationwide. However, Bosch, by far the largest factor in the market, reported that it did not encounter competition from the Widder Corp. and other importers in all geographic areas.

### Consideration of Injury or Threat Thereof

#### U.S. production

Production of portable electric nibblers increased steadily from 2,959 units in 1977 to 3,567 units in 1979 (table 2). Production during January-September 1980 was 15 percent greater than in the corresponding period of 1979. In 1979, more than 60 percent of production consisted of thicker gage nibblers.

Table 2.--Portable electric nibblers: U.S. production, by sizes and firms, 1977-79, January-September 1979, and January-September 1980

(In units)						
Size and firm	1977	1978	1979	January-September--		
				1979	1980	
14 gage or thinner:						
Black & Decker-----	***	***	***	1/ ***	1/ ***	***
Widder-----	***	***	***	1/ ***	1/ ***	***
Fenway 1/-----	***	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***	***
Total 1/-----	778	949	1,373	1,013	1,243	
Thicker than 14 gage:						
Black & Decker-----	***	***	***	***	1/ ***	***
Widder-----	-	-	-	-	-	-
Fenway 1/-----	***	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***	***
Total 1/-----	2,181	1,640	2,194	1,602	1,770	
Total, both sizes:						
Black & Decker-----	***	***	***	1/ ***	1/ ***	***
Widder-----	***	***	***	1/ ***	1/ ***	***
Fenway 1/-----	***	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***	***
Total 1/-----	2,959	2,589	3,567	2,615	3,013	

1/ Estimated.

2/ Not available.

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



Capacity utilization

Two of the four producers of portable electric nibblers reported capacity data to the Commission. Capacity utilization, expressed as the ratio of production to capacity, declined from \* \* \* percent in 1977 to about \* \* \* percent in 1978 and 1979. In January-September 1980, this ratio rose to \* \* \* percent. \* \* \*.

U.S. producers' domestic shipments

All four U.S. producers of portable electric nibblers provided domestic shipments' data to the Commission.

In terms of quantity, total shipments by domestic producers' rose annually from 2,406 units in 1977 to 3,186 units in 1979 (table 3). During January-September 1980, total shipments increased slightly to an estimated 2,005 units, up from the 1,987 units for the corresponding period in 1979. During January-September 1980, shipments of thinner gage nibblers rose 18 percent to an estimated 952 units, shipments of thicker gage nibblers declined 11 percent to an estimated 1,053 units.

In terms of value, total shipments increased annually during 1977-79, and during January-September 1980 compared with January-September 1979, for both thinner gage and thicker gage nibblers.

Table 3.--Portable electric nibblers: U.S. producers' domestic shipments, by sizes and firms, 1977-79, January-September 1979, and January-September 1980

Size and firm	1977	1978	1979	January-September--	
				1979	1980
Quantity (units)					
14 gage or thinner:					
Black & Decker-----	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Widder-----	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Fenway-----	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***
Total-----	636	1,000	1,253	806	952
Thicker than 14 gage:					
Black & Decker-----	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Widder-----	***	***	***	***	***
Fenway-----	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***
Total-----	1,770	1,720	1,933	1,181	1,053
Total, both sizes:					
Black & Decker-----	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Widder-----	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Fenway-----	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***
Total-----	2,406	2,720	3,186	1,987	2,005

Table 3.--Portable electric nibblers: U.S. producers' domestic shipments by sizes and firms, 1977-79, January-September 1979, and January-September 1980--Continued

Size and firm	1977	1978	1979	January-September--	
				1979	1980
Value (1,000 dollars)					
14 gage or thinner:					
Black & Decker-----	***	***	***	1/ ***	1/ ***
Widder-----	***	***	***	1/ ***	1/ ***
Fenway-----	***	***	***	***	***
Modern-----	***	***	***	1/ ***	***
Total-----	161	248	322	245	300
Thicker than 14 gage:					
Black & Decker-----	***	***	***	1/ ***	1/ ***
Widder-----	-	-	-	-	-
Fenway-----	***	***	***	***	***
Modern-----	***	***	***	1/ ***	1/ ***
Total-----	898	931	1,139	838	855
Total, both sizes:					
Black & Decker-----	***	***	***	1/ ***	1/ ***
Widder-----	***	***	***	1/ ***	1/ ***
Fenway-----	***	***	***	***	***
Modern-----	***	***	***	1/ ***	1/ ***
Total-----	1,059	1,179	1,461	1,083	1,155

1/ Estimated.

2/ Not available.

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

#### Exports

\* \* \* \* \*

#### Inventories

Two of the four U.S. producers of nibblers 1/ reported inventory data to the Commission; \* \* \*.

Six of the seven importers of portable electric nibblers reported inventory data to the Commission. Importers' end-of-year inventories of nibblers declined annually during 1977-79 (table 4). Such inventories were reported to be \* \* \* units on December 31, 1977, but declined to 853 units on December 31, 1979. However, by September 30, 1980, these inventories reached

A-9

1/ The Black & Decker Corp. and the Widder Corp.

Table 4.--Portable electric nibblers: U.S. importers' inventories, by sizes and firms, December 31, 1977-79, September 30, 1979, and September 30, 1980

Size and firm	1977	1978	1979	January-September--	
				1979	1980
Quantity (units)					
14 gage or thinner:					
Robert Bosch-----	***	***	***	***	***
Makita-----	-	-	-	-	***
Metabo-----	-	-	***	***	***
Widder-----	-	-	-	-	-
AEG-----	***	***	***	***	***
Power Tools, Inc-----	-	***	***	***	***
Total-----	***	1,054	497	593	4,040
Thicker than 14 gage:					
Robert Bosch-----	***	***	***	***	***
Makita-----	-	-	-	-	-
Metabo-----	-	-	-	-	-
Widder-----	-	***	***	-	-
AEG-----	***	***	***	***	***
Power Tools, Inc-----	-	***	***	-	-
Total-----	***	432	356	712	378
Both sizes:					
Robert Bosch-----	***	***	***	***	***
Makita-----	-	-	-	-	***
Metabo-----	-	-	***	***	***
Widder-----	-	***	***	-	-
AEG-----	***	***	***	***	***
Power Tools, Inc-----	-	***	***	***	***
Total-----	***	1,486	853	1,305	4,418

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

4,418 units, almost six times larger than inventories as of September 30, 1979. The bulk of the inventories reported as of September 30, 1980, \* \* \*.

#### U.S. importers

Seven firms imported portable electric nibblers during 1977-80, including one domestic producer, the Widder Corp. With the exception of the Widder Corp., all importations of nibblers are transacted by the U.S. subsidiaries of foreign producers.

The Robert Bosch Sales Corp., a subsidiary of Robert Bosch GmbH, is the sole importer of nibblers from Switzerland and also imports nibblers from its parent firm in West Germany. There are four other exclusive importers of European nibblers--the AEG Power Tool Corp., Fein Power Tools, Inc., Ferrostaal-Metabo Tool Corp. and Trumpf. The Widder Corp. also imported a small quantity of thicker gage nibblers from West Germany during 1978 and 1979.

Makita, U.S.A., Inc., an affiliate of Makita Electric Works, Ltd., of Japan, imported thinner gage nibblers during July-September 1980. These are the only known imports of non-European nibblers.

#### U.S. imports

Six of the seven firms that imported nibblers during 1977-80, reported data to the Commission. Total U.S. imports for consumption of portable electric nibblers, on the basis of questionnaire responses, declined from \* \* \* units in 1977 to \* \* \* units in 1978 and then increased to \* \* \* units in 1979 (table 5). Imports continued to increase in 1980 with imports of \* \* \* units in January-September 1980 compared with \* \* \* units in the corresponding period of 1979. However, as discussed in the next section, a somewhat different trend was reported for domestic shipments of imported nibblers as compared with imports of nibblers because of the wide variations in importers' inventories (see table 4), especially with the large buildup of such inventories by September, 1980.

Imports of nibblers from Switzerland, all thinner gage, \* \* \*.

Imports of nibblers from West Germany increased annually from \* \* \* units in 1977 to \* \* \* units in 1979. Such imports declined in January-September 1980 as compared with the corresponding period in 1979. Imports of nibblers from Japan, a very small factor in the market, did not commence until July-September 1980. Japanese nibblers accounted for \* \* \* percent, in terms of quantity, of total imports of portable electric nibblers during January-September 1980.

#### Domestic shipments of imported nibblers

Shipments of imported nibblers increased steadily from \* \* \* units in 1977 to \* \* \* units in 1979 (table 6). Shipments declined in January-September 1980 to \* \* \* units, 5 percent less than shipments in the A-11 corresponding period of 1979.

Table 5.—Portable electric nibblers: U.S. imports from Switzerland, West Germany, and Japan, 1977-79, January-September 1979, and January-September 1980

Source and size	1977	1978	1979	January-September--	
				1979	1980
Quantity (units)					
Switzerland:					
14 gage or thinner-----	***	***	***	***	***
West Germany:					
14 gage or thinner-----	***	***	***	***	***
Thicker than 14 gage-----	***	***	***	***	***
Total-----	***	***	***	***	***
Japan:					
14 gage or thinner-----	-	-	-	-	***
Total:					
14 gage or thinner-----	***	***	***	***	***
Thicker than 14 gage-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
Switzerland:					
14 gage or thinner-----	***	***	***	***	***
West Germany:					
14 gage or thinner-----	***	***	***	***	***
Thicker than 14 gage-----	***	***	***	***	***
Total-----	***	***	***	***	***
Japan:					
14 gage or thinner-----	-	-	-	-	***
Total:					
14 gage or thinner-----	***	***	***	***	***
Thicker than 14 gage-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

Table 6.--Portable electric nibblers: U.S. shipments of imports from Switzerland, West Germany, and Japan, 1977-79, January-September 1979, and January-September 1980

Source and size	1977	1978	1979	January-September--		
				1979	1980	
	Quantity (units)					
Switzerland:						
14 gage or thinner-----	***	***	***	***	***	
West Germany:						
14 gage or thinner-----	***	***	***	***	***	
Thicker than 14 gage-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
Japan:						
14 gage or thinner-----	0	0	0	0	***	
Total:						
14 gage or thinner-----	***	***	***	***	***	
Thicker than 14 gage-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
	Value (1,000 dollars)					
Switzerland:						
14 gage or thinner-----	***	***	***	***	***	
West Germany:						
14 gage or thinner-----	***	***	***	***	***	
Thicker than 14 gage-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
Japan:						
14 gage or thinner-----	-	-	-	-	***	
Total:						
14 gage or thinner-----	***	***	***	***	***	
Thicker than 14 gage-----	***	***	***	***	***	
Total-----	***	***	***	***	***	

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

\* \* \* \* \*

### Employment

Only one of the four domestic producers of nibblers provided employment and man-hours data to the Commission. Another producer, Black and Decker, reported that the manufacture of nibblers represents an insignificant portion

of the output of the plant in which nibblers are made; furthermore, no production or related workers are employed exclusively in the manufacture of nibblers. \* \* \*.

During January 1977-September 1980, the Widder Corp. reported an increase in the number of part-time production and related workers engaged in the manufacture of nibblers. Similarly, man-hours worked rose from \* \* \* man-hours in 1977, the year production began, to \* \* \* man-hours in 1979. Man-hours worked by Widder employees in the production of nibblers rose \* \* \* percent in January-September 1980 compared with January-September 1979.

#### Profit-and-loss experience of U.S. producers

Profit-and-loss data on U.S. portable electric nibbler operations were only available for two U.S. producers--Black and Decker and Widder Corp. <sup>1/</sup> The combined data for these two producers indicate that despite increasing sales of nibblers, profitability on nibbler operations has declined slightly since 1978 (table 7).

U.S. producers' net sales of portable electric nibblers increased from \* \* \* in 1978 to \* \* \* in 1979, or by \* \* \* percent. Both producers improved their net sales results with increases of \* \* \* percent for Black and Decker and \* \* \* percent for Widder Corp.

The cost of goods sold by U.S. producers increased at a faster rate than net sales, rising from \* \* \* in 1978 to \* \* \* in 1979, or by \* \* \* percent. As a ratio of net sales, the costs of goods sold increased steadily from \* \* \* percent in 1978 to \* \* \* percent in 1979. \* \* \*. Widder Corp. had relatively small increases in its cost, however, its cost structure is sharply different than that of Black and Decker. \* \* \*. Labor costs were extremely low, at \* \* \* percent, while overhead costs were at \* \* \* percent. An explanation for these cost differences can be found in the nature of the two firms' production operations. Widder Corp. purchases the largest components of its nibbler, the shell and motor. These components represent about 45 percent of the value of the finished unit. Although other components are actually produced by Widder, much of its operation involves the assembly of prefinished parts. Black and Decker produces many of the parts used in their nibblers, including the motors. Black and Decker also uses motors that are identical to those used in some of its other high-volume production items such as electric drills. Because of its significantly greater sales volume, Black and Decker was able to purchase raw materials in volume thereby reducing its costs.

The gross profit for U.S. producers' nibbler operations declined from \* \* \* in 1978 to \* \* \* in 1979. \* \* \*. The combined net operating profit from both firms increased from \* \* \* in 1978 to \* \* \* in 1979. \* \* \*.

---

<sup>1/</sup> Modern Manufacturing Co. and Fenway Machine Co. are relatively small firms which did not provide financial data on their portable electric nibbler operations. Officials for Modern Manufacturing Co. have indicated they would be unable to provide financial data on a product line basis. Fenway officials have not responded to Commission inquiries.



Table 7.--Profit-and-loss experience of selected U.S. producers of portable electric nibblers on their nibbler operations, by firms, 1977-79, January-September 1979, and January-September 1980

Year and firm	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expenses		Net operating profit or loss	Ratio of net operating profit or (loss) to net sales		Ratio of cost of goods sold to net sales
				:	:		Percent	Percent	
1977:									
Black and Decker 1/	2/	2/	2/	2/	2/	(1)	---	---	---
Widder Corp	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	(1)	***	***	***
1978:									
Black and Decker 1/	***	***	***	1/	***	***	***	***	***
Widder Corp	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
1979:									
Black and Decker 1/	***	***	***	1/	***	***	***	***	***
Widder Corp	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
1980:									
Black and Decker	***	***	***	2/	***	***	***	***	***
Widder Corp	2/	2/	2/	2/	2/	2/	2/	2/	2/
Total	***	***	***	2/	***	***	***	***	***

1/ Based on fiscal year reporting; September to September.

2/ Not available.

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

The ratio of net operating profit to net sales of portable electric nibblers declined from \* \* \* percent in 1978 to \* \* \* percent in 1979. The two U.S. producers of nibblers had sharply contrasting results with Black and Decker reporting profit to sales ratios of about \* \* \* percent in both years while Widder Corp. experienced \* \* \* in each year, respectively. The average ratio of profit to sales for all U.S. manufacturers in 1979 was about 8 percent.

Black and Decker was the only domestic producer to provide financial data for 1980. Such data indicates that although Black and Decker's \* \* \*. The ratio of net operating profit to net sales during this period was \* \* \* percent.

Sales of portable electric nibblers represented only \* \* \* percent of sales by Black and Deckers' Industrial/Construction Division in 1979. Such sales represented \* \* \* percent of total sales by Widder Corp. in the same year. Black and Decker reported net operating income of \* \* \* million on \* \* \* million of sales in 1979; Widder Corp. reported \* \* \* in 1979 with total sales of \* \* \* million.

Widder Corp. produces only an 18 gage nibbler and reported its financial data on the basis of such production. Black and Decker reported financial data for its portable electric nibbler operations which include production of both 16 gage and 8 gage nibblers. In order to develop data on this relatively small portion of its product line, Black and Decker made allocations which resulted in financial data of questionable validity. Any attempt by the firm to develop data on a narrower product line basis could result in data that would be even less valid than that already provided.

#### Research and development (R.&D.) and capital expenditures

Only one of the four U.S. producers of portable electric nibblers provided data to the Commission. The Widder Corp. had R. & D. expenses incident to the production of portable electric nibblers of \* \* \* in 1977, \* \* \* in 1978, \* \* \* in 1979, and \* \* \* in January-June 1980. Capital expenditures by Widder relating to nibbler production amounted to \* \* \* in 1977 and \* \* \* in 1978. Such expenditures were principally for the purchase of milling machinery and lathes. \* \* \*.

Black and Decker could not provide separate data for research and development and capital expenditures devoted to nibblers. \* \* \*.

#### Consideration of the Causal Relationship Between LTFV Imports and the Alleged Injury

##### Market penetration

Domestic shipments of imported nibblers rose from \* \* \* units in 1977 to \* \* \* units in 1979 as shown in the following tabulation (in units):

Period	Shipments of			Apparent consumption	Ratio (percent) of shipments of imports to consumption		
	imported nibblers		From Switzerland		From Switzerland	Total	
	From	Total					
	Switzerland						
1977-----	***	***	6,341	***	***		
1978-----	***	***	7,058	***	***		
1979-----	***	***	8,593	***	***		
Jan.-Sept--							
1979-----	***	***	6,230	***	***		
1980-----	***	***	5,467	***	***		

These figures indicate that the market share held by imported nibblers from Switzerland \* \* \*.

Market penetration by shipments of all imported nibblers followed a similar trend. Such penetration declined in January-September 1980, as compared to the corresponding period of 1979, indicating a slight increase in the share of the market held by U.S. producers.

### Prices

The Commission requested price data from U.S. producers and importers for three sizes of portable electric nibblers rated to cut 18-, 16-, and 14-gage mild sheet steel. Tables 8, 9, and 10 present average prices from importers and U.S. manufacturers for January 1978-September 1980. The following tabulation below lists the importers and domestic manufacturers of nibblers to whom questionnaires were sent, and shows which of the three gages of nibblers they import or produce:

	<u>18 gage</u>	<u>16 gage</u>	<u>14 gage</u>
<u>Importers</u>			
Robert Bosch Sales Corp-----	X		X
Fein Power Tools, Inc-----	X	X	X
Ferrostaal-Metabo Tool Corp-----			X
AEG Power Tool Corp-----		X	
Trumpf-----	X	X	
Makita U.S.A., Inc-----		X	
Widder, Inc-----			
<u>Domestic Producers</u>			
Black and Decker, Inc-----		X	
Widder Corp-----	X		
Fenway, Inc-----			X
Modern Tool, Inc-----			

Table 8.--18-gage portable electric nibblers: U.S. producers' and importers' average prices to distributors, January 1978-September 1980

(Per unit)						
Period	U.S. producer	Importers		Bosch's margin of underselling		
	Widder 1/	Bosch 2/	Fein 3/	Percent		
1978:						
January-March-----	-	***	***	-		-
April-June-----	***	***	***	***		***
July-September-----	***	***	***	***		***
October-December-----	***	***	***	***		***
1979:						
January-March-----	***	***	***	***		***
April-June-----	***	***	***	***		***
July-September-----	***	***	***	***		***
October-December-----	***	***	***	***		***
1980:						
January-March-----	***	***	***	***		***
April-June-----	***	***	***	***		***
July-September-----	-	***	***	-		-

1/ Widder Corp. is the only U.S. producer of 18-gage portable electric nibblers.

2/ The Robert Bosch Sales Corp. is the only importer of 18-gage nibblers from Switzerland.

3/ Only Fein Power Tools, Inc., submitted price data as an importer of West Germany 18-gage nibblers. Trumpf, Inc., also imports 18-gage nibblers from West Germany, but did not submit price data to the Commission.

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

Table 9.--16-gage portable electric nibblers: U.S. producers' and importers' average prices to distributors, January 1978-September 1980

(Per unit)				
Period	U.S. producer	Importers		
	Black and Decker 1/	A.E.G. 2/	Fein 2/	Makita U.S.A. 3/
1978:				
January-March-----	***	2/	-	-
April-June-----	***	2/	-	-
July-September-----	***	2/	-	-
October-December-----	***	2/	***	-
1979:				
January-March-----	***	***	***	-
April-June-----	***	***	-	-
July-September-----	***	***	***	-
October-December-----	***	***	***	-
1980:				
January-March-----	***	***	***	-
April-June-----	***	***	-	-
July-September-----	***	2/	-	***

1/ Black and Decker, Inc., is the only domestic manufacturer of 16 gage nibblers.

2/ Fein Power Tool and AEG Power Tool Corp. submitted price data as importers of German 16 gage nibblers. AEG submitted only price data for 1979 and January-June 1980. Fein sold a total \* \* \* nibblers of this size during 1978-80.

3/ Makita U.S.A. began to import nibblers in August 1980. The reported price \* \* \*.

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

Table 10.--14-gage portable electric nibblers: U.S. producers' and importers' average prices to distributors, January 1978-September 1980

Period	(Per unit)						Bosch's margin of underselling
	U.S. producer:		Importers				
	Fenway 1/	Bosch 2/	Ferrostaal- Metabo 3/	Fein 3/			
							Percent
1978:							
January-March-----							
April-June-----	1/	***		-			-
July-September-----	1/	***		-			-
October-December-----	1/	***		-			-
1979:							
January-March-----	1/	***			***		-
April-June-----	***	***	***	***	***		***
July-September-----	***	***	***	***	***		***
October-December-----	***	***	***	***	***		***
1980:							
January-March-----	***	***	***	***	***		***
April-June-----	***	***	***	***	***		***
July-September-----	***	***	***	***	***		***

1/ Fenway, the only U.S. producer of 14-gage nibblers, supplied only discounted distributor prices for April-June 1979 to July-September 1980.

2/ The Robert Bosch Sales Corp. is the only importer of 14-gage nibblers from Switzerland.

3/ Fein and Ferrostaal-Metabo Tool Corp. are the only importers of 14-gage nibblers from West Germany. Ferrostaal-Metabo began importing in 1979 and Fein sold \* \* \* nibblers of this capacity during 1978-80.

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

Complete or partial price data were obtained from 8 of the 11 firms, representing about 93 percent of U.S. production and about 85 percent of imports. Widder also imports nibblers, but of thicker gage than were requested in the price data. Trumpf and Modern Tool did not return questionnaires; Modern Tool only produces about \* \* \* units a year, most of which are thicker gage nibblers.

U.S. producers and importers maintain retail price lists and sell to distributors at specified discounts below the listed prices. Most firms grant a base discount of about 30 percent with additional discounts for sales over specified quantities. Conversations with distributors confirmed that U.S. manufacturers and importers sell at the published discounted rate.

Nibblers rated at a specific capacity perform the same task and are competitive in the marketplace. There may also exist competition between nibblers of different capacity ratings. For example, a purchaser could use a nibbler with a rated capacity of 18-gage to cut 16-gage steel, although at some cost in efficiency and performance. Thus, 18-gage nibblers could conceivably compete with 16-gage nibblers, as well as other 18-gage nibblers. Conversely, a nibbler with a rated capacity of 16-gage could cut steel of thinner gage, although the higher price of a heavier tool may limit such use to some degree.

Producers have sought to differentiate their products from those of their competitors in terms of quality, power, durability, or other features, allowing some degree of price differentiation among essentially similar tools. Besides considering price and features, the purchaser may also consider the price and quality of the punch and die assembly which must be replaced periodically. Price data for punch and die assemblies are presented in table 11. Many manufacturers produce punch and die assemblies of different designs for cutting corrugated steel or for cutting flat steel. These assemblies are generally interchangeable so a nibbler may be used for cutting either type of steel. Nibbler manufacturers and importers have comparable guarantees and service.

Competition from Switzerland.--The sole importer of portable electric nibblers from Switzerland is the Robert Bosch Sales Corp., a wholly owned subsidiary of Robert Bosch North America, Inc. Bosch imports only 18- and 14-gage nibblers, and thus may compete with domestically produced nibblers ranging from 18-gage to 12-gage. The Bosch 18-gage nibbler competes directly with the 18-gage nibbler produced by Widder Corp., the only domestic

Table 11.--Punch and die assemblies: U.S. producers' and importers' discount prices to distributors, as of September 1980

Item	18-gage	16-gage	14-gage
Domestic producers' price:			
Widder-----	***	-	-
Black & Decker-----	-	***	-
Fenway-----	-	-	***
Importers' price:			
West Germany:			
Fein-----	***	***	***
AEG-----	-	***	-
Ferrostaal-Metabo-----	-	-	***
Switzerland: Bosch-----	***	-	***

Source: Compiled from producers' price lists and telephone conversations with the producers.

manufacturer of this size nibbler. The price of the Bosch nibbler, as shown on the price list dated March 26, 1980, is \* \* \* and the price of the Widder nibbler, on its list dated March 31, 1980, is \* \* \*, a 15.6 percent difference. The discount schedules of each firm, as shown, indicate that Bosch offers more liberal discounts than Widder, particularly for large quantity sales:

Discount schedules as percentages below retail price lists

<u>Bosch</u>	<u>Widder</u>
1 - 9 units . . . 30%	1 - 2 units . . . 15%
10 - 24 units . . . 30% + 5%	3 - 9 units . . . 30%
25 - 99 units . . . 30% + 10%	10 or more units 30% + 5%

Widder's average price in April-June 1980, \* \* \*, is \* \* \* percent below the list price, indicating that most sales consist of from \* \* \* to \* \* \* units; Bosch's average price during the same period, \* \* \*, is \* \* \* percent below list price, indicating that most sales probably are of \* \* \* to \* \* \* units. Bosch also allows any mix of tools shown on the price list to be considered for a quantity discount, whereas Widder allows only quantities of the same tool to be considered towards a quantity discount.

Data presented in table 12 show that Bosch prices have been consistently lower than Widder's prices for the 18-gage nibbler. From January 1978 to June 1980, Bosch's weighted average price was 18.3 percent lower than Widder's weighted average price of \* \* \*. Data for April-June 1980 show that the Bosch average price was \* \* \* below Widder's average price of \* \* \*, representing a 20.7 percent margin of underselling. Table 12 shows that margins of underselling ranged from 27 percent in April-June 1978 to 7 percent in October-December of the same year. Margins of underselling averaged 19 percent in 1979 and 22 percent in 1980.



Table 12.--Portable electric nibblers: Margins of underselling of the domestic product by nibblers imported from Switzerland by Bosch, by sizes and by quarters, January 1978-September 1980

Period	Margin of underselling by Bosch--											
	18 gage under			14 gage under--			16 gage			Fenway 14 gage		
	Amount	Percent		Amount	Percent		Amount	Percent		Amount	Percent	
1978:												
January-March-----	-	-	-	-	-	-	-	-	-	1/	1/	1/
April-March-----	***	***	***	***	***	***	***	***	***	1/	1/	1/
July-September-----	***	***	***	***	***	***	***	***	***	1/	1/	1/
October-December-----	***	***	***	***	***	***	***	***	***	1/	1/	1/
1979:												
January-March-----	***	***	***	***	***	***	***	***	***	1/	1/	1/
April-March-----	***	***	***	***	***	***	***	***	***	***	***	***
July-September-----	***	***	***	***	***	***	***	***	***	***	***	***
October-December-----	***	***	***	***	***	***	***	***	***	***	***	***
1980:												
January-March-----	***	***	***	***	***	***	***	***	***	***	***	***
April-March-----	***	***	***	***	***	***	***	***	***	***	***	***
July-September-----	***	***	***	***	***	***	***	***	***	***	***	***
October-December-----	***	***	***	***	***	***	***	***	***	***	***	***
1980:												
January-March-----	***	***	***	***	***	***	***	***	***	***	***	***
April-March-----	***	***	***	***	***	***	***	***	***	***	***	***
July-September-----	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
1/ Fenway only reported prices from April of 1979.												
2/ Widder did not provide price data for July-September 1980.												

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

Bosch also imports a nibbler with the capacity to cut 14-gage metal which competes directly with other 14-gage nibblers, and, because it can also cut 16- and 18-gage metal, with nibblers of those capacities. The weighted average price of Bosch's nibbler from January 1978-September 1980 was below the domestic 16-gage nibbler weighted average price by 38 percent, below the domestic 18-gage nibbler weighted average price by 15 percent, and below the domestic 14-gage nibbler discounted list price by an average of 19 percent.

Price data for Bosch's 18- and 14-gage nibblers show that substantial price increases occurred in 1978. The average price of 18-gage nibblers increased 20 percent from January-March 1978 to October-December 1978. However, average prices for this size nibbler increased only 2.4 percent to \* \* \* from April-June 1979 to July-September 1980. By comparison, Widder's average prices for the 18-gage nibbler decreased 10 percent in 1978 to \* \* \*, increased 15 percent in 1979, and declined by about 3 percent from the first to the second quarter in 1980.

The average price of Bosch's 14-gage nibbler increased 14 percent in 1978 and 13 percent from January-March 1979 to July-September 1980. The average price of Black & Decker's 16-gage nibbler increased 5 percent in 1978 and 13 percent from January-March 1979 to July-September 1980, although there was some fluctuation of prices during this period. No other domestic producer provided price data for the entire period requested.

Price differences may occur as a result of qualitative differences between two products. During the public conference a representative from Bosch stated that their 18-gage nibbler was priced lower than the Widder's 18-gage nibbler primarily because the Bosch nibbler has a 230 input watt motor. 1/ However, conversations with several producers of motors (Panasonic and American Bosch) indicated that the price differential between motors of these sizes is not significant. Furthermore, the motor sizes of Bosch's 18-gage and 14-gage nibblers are 230 watts and 400 watts, respectively. Weighted average prices of the Bosch 14-gage nibbler were only 2.2 percent higher in 1979 than comparable 18-gage prices, and 6.0 percent higher in the first three quarters of 1980. This appears to contradict the contention that motor size has a significant effect on the price of the complete nibbler.

Price differences may occur as a result of qualitative differences between two products. During the public conference a representative from Bosch stated that their 18-gage nibbler was priced lower than the Widder's 18-gage nibbler primarily because the Bosch nibbler has a 230 input watt motor and the Widder 18-gage nibbler has a more costly 280 input watt motor. 1/ \* \* \*.

Representatives from both Bosch and Widder stated that their 18-gage nibblers are comparable in quality; except for the different motor size, specifications are similar. However, Bosch does claim that their nibbler has certain advantages--a floating head, which allows cutting at angles without turning the whole tool, and cutting on the upstroke, which expels the chips upward rather than downward. 2/ Conversely, one trade source indicated that

---

1/ Transcript of the public conference, pp. 38-47, and 48.

2/ Transcript of the public conference, pp. 38-40.

the U.S.-produced nibbler tended to be more easily sharpened and had cutting accessories that were more convenient to replace than those supplied with imported nibblers. Although distributors were not unanimous in their evaluations of relative quality, some indicated in conversations that the Widder 18-gage nibbler is considered a higher quality tool than the Bosch nibbler, although not to the extent suggested by the price differential.

Competition from Germany.--Fein Power Tools, Inc., AEG Power Tool Co., Ferrostaal-Metabo Tool Corp., and Trumpf are importers of portable electric nibblers from Germany. Fein and Ferrostaal-Metabo supplied complete price data, AEG supplied partial price data, and Trumpf did not return a questionnaire. Fein and AEG are the two major German importers; Ferrostaal-Metabo began importing in early 1979. Price data and conversations with distributors indicated that the German nibblers are priced as high or higher than domestic nibblers, and compete on the basis of quality rather than price. All distributors stated that the Fein nibbler is the best available, and that customers are willing to pay a premium; Fein prices are invariably higher than prices for other domestic or imported nibblers of comparable capacities. AEG imports only a 16-gage nibbler, and it is lower priced than the 16-gage nibbler produced by Black & Decker. However, most distributors consider the Black & Decker tool to be comparable in quality with the Fein 16 gage nibbler, and it is priced accordingly.

#### Lost Sales

The petitioner, Widder Corp., provided the Commission with names of 17 distributors to whom they allegedly lost sales of portable electric nibblers because of import competition from Bosch, the importer of nibblers from Switzerland. Information concerning specific values of the alleged lost sales was not provided. Black & Decker stated that they had suffered no significant loss of sales owing to import competition, and Fenway Machine Co. and Modern Tool, Inc., provided no information on lost sales.

The Commission staff contacted 13 of the named distributors; 4 allegations of lost sales were confirmed to the extent that the distributors had either recently become a distributor for Bosch, had increased sales of the Bosch nibbler because of a lower price, with a corresponding decline in sales of domestic nibblers, or had lost a large nibbler contract from a builder to a competing distributor of Bosch nibblers. One of the large nibbler contracts was lost about a year ago. Of the nine firms for which lost sales were not confirmed, three stated they have never stocked Bosch nibblers; one formerly stocked the Bosch nibbler but no longer does because he considers it to be of poor quality; one carries Bosch nibblers but does not encourage their sales because he considers them to be of poor quality; two only sell a few nibblers a year and were unable to make a judgement; one does not stock nibblers; and one refused to give information except if requested in writing.

In conversations with distributors the following points emerged:

- Nibblers from Fein and Black & Decker are considered to be the top of the line in quality, and this is reflected in their higher prices. With the possible exception of the Bosch tool, nibblers from all other importers and domestic producers are considered to be comparable in quality and a step below the Fein and Black & Decker nibblers. Some distributors consider the Bosch nibbler to be a lower quality product; specific criticisms are that the smaller sized motor makes the Bosch 18-gage nibbler less efficient, and the swivel head can make a straight cut difficult if the set screw works itself loose.
- Consumer perception of quality and adherence to the use of a brand name in which they have trust influences purchases by consumers. Thus, even though Fein nibblers are higher priced, consumers who had used them previously and were pleased with their performance are willing to pay the higher price when buying new or replacement nibblers from Fein. Another distributor stated that in addition to lower price, the Bosch nibbler sold well because of appearance.
- A major use of nibblers is in the metal-building industry. Distributors were asked about the influence of the recession, especially on the construction industry, and the consequent effect on sales of nibblers. Responses varied according to region; distributors from the south did not see a great decline in construction and their sales of nibblers had not suffered, while distributors in the northern region of the United States said the effect of the recession on construction had had a significant effect on nibbler sales. The Metal Building Manufacturers Association, which represents 33 manufacturers, estimated that sales of metal buildings would be \$1.0 billion in 1980, down from sales of \$1.2 billion in 1979.

**APPENDIX A**

**NOTICE OF COMMISSION'S INVESTIGATION AND CONFERENCE AND LIST  
OF WITNESSES APPEARING AT THE CONFERENCE**

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

731-TA-35 (Preliminary)

PORTABLE ELECTRIC NIBBLERS FROM SWITZERLAND

NOTICE OF INSTITUTION OF PRELIMINARY ANTIDUMPING  
INVESTIGATION AND SCHEDULING OF CONFERENCE

AGENCY: United States International Trade Commission.

ACTION: Institution of preliminary antidumping investigation 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 is materially retarded, by reason of imports from Switzerland of hand-directed or -controlled nibblers with self-contained electric motors, provided for in item 683.20 of the Tariff Schedules of the United States (TSUS), sold or likely to be sold at less than fair value.

EFFECTIVE DATE: October 16, 1980.

FOR FURTHER INFORMATION CONTACT: Daniel Leahy, Senior Investigator  
(202-523-1369)

SUPPLEMENTARY INFORMATION:

Background. This investigation is being instituted following receipt of a petition on October 7, 1980, filed by the Widder Corp., Naugatuck, Conn., on behalf of the domestic industry producing portable electric nibblers. The petition alleged sales at less than fair value (LTFV) of portable electric nibblers produced in Switzerland.

Authority. Section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673(a)) requires the Commission to make a determination of 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 alleged to be, or likely to be, sold in the United States at less than fair value. Such a determination must be made within 45 days after the date on which a petition is filed under section 732(b) or on which notice is received from the Department of Commerce of an investigation commenced under 732(a). Accordingly, the Commission, on October 16, 1980, instituted preliminary antidumping investigation No. 731-TA-35. This investigation will be subject to the provisions of part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 F.R. 76457) and particularly, subpart B thereof.

Written submissions. Any person may submit to the Commission on or before November 3, 1980, a written statement of information pertinent to the subject matter of this investigation. A signed original and nineteen copies of such statements must be submitted.

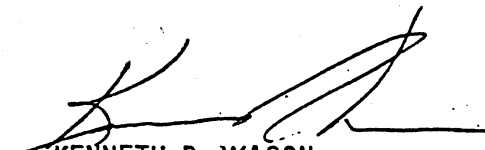
Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's Rules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

Conference. The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 10 a.m., e.s.t., on October 29, 1980, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the senior investigator for the investigation, Mr. Daniel Leahy (202-523-1369). 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 senior investigator.

Inspection of petition. The petition filed in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

ISSUED BY THE COMMISSION:



KENNETH R. MASON  
SECRETARY

Issued: October 17, 1980



CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International  
Trade Commission's conference:

Subject: Portable Electric Nibblers from Switzerland  
Investigation No.: 731-TA-35 (Preliminary)  
Date and time: October 29, 1980; 10:00a.m., e.s.t.  
Location: Room 117, USITC Building

In support of the petition:

The Widder Corporation  
Leo Fragiaco, Vice President

In opposition to the petition:

Barnes, Richardson and Colburn--Counsel  
Washington, D.C.  
on behalf of

Robert Bosch Sales Corporation

Louis Signorelli, Director of Marketing

Robert E. Burke--OF COUNSEL



**APPENDIX B**

**DEPARTMENT OF COMMERCE'S NOTICE OF INITIATION OF  
ANTIDUMPING INVESTIGATION**

6-60 and 12-90 ratio mass spectrometers were of equivalent scientific value to the foreign article for such purposes as the article is intended to be used at the time the foreign article was ordered.

(Catalog of Federal Assistance Program No. 11.105, Importation of Duty-Free Educational and Scientific Materials)

Stanley P. Kramer,

*Acting Director, Statutory Import Programs Staff.*

[FR Doc. 80-33346 Filed 10-16-80; 8:45 am]

BILLING CODE 3510-25-M

### Portable Electric Nibblers From Switzerland; Initiation of Antidumping Investigation

**AGENCY:** United States Department of Commerce.

**ACTION:** Initiation of Antidumping Investigation.

**SUMMARY:** This notice is to advise the public that on the basis of a petition filed in proper form, the Department of Commerce is initiating an antidumping investigation to determine whether portable electric nibblers from Switzerland are being, or are likely to be, sold at less than fair value. Sales at less than fair value generally occur when the prices of the merchandise sold for exportation to the United States are less than the prices of such or similar merchandise sold for consumption in the home market, or to countries other than the United States, or less than the constructed value. The Department of Commerce is notifying the International Trade Commission of this action so that the Commission may make a determination no later than November 20, 1980, whether there is a reasonable indication of material injury by reason of imports of this merchandise.

**EFFECTIVE DATE:** October 17, 1980.

**FOR FURTHER INFORMATION CONTACT:** Mr. John Davies, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C., 20230 (202-377-1766).

**SUPPLEMENTARY INFORMATION:** On October 6, 1980, the Department of Commerce received a petition that complies with the requirements of §§ 353.36 and 353.37 of the Commerce Regulations (19 CFR 353.36 and 353.37). The petition was filed by the Widder Corporation, Naugatuck, Connecticut, on behalf of the United States industry producing portable electric nibblers. The petition alleges that portable electric nibblers from Switzerland are being, or are likely to be, sold at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (93

Stat. 162, 19 U.S.C. 1673) ("the Act") and that these sales cause and/or threaten to cause material injury in the U.S. industry. The merchandise covered by this investigation is portable, electric nibblers, provided for in item number 683.2028, Tariff Schedules of the United States, Annotated, hand-directed or hand-controlled tools with self-contained electric motors.

The petition includes sufficient evidence supporting both the allegations of sales at less than fair value on the basis of comparisons between prices in the home market and in the United States market, and of material injury.

The petition alleges actual or potential decline in output, sales, market share, profits, and employment on the part of the United States industry.

In accordance with section 732(c) of the Act (93 Stat. 162, 19 U.S.C. 1673a(c)), I hereby determine that the Department will initiate an investigation to determine whether imports of portable electric nibblers from Switzerland are being, or are likely to be, sold at less than fair value.

Pursuant to section 732(d) of the Act (93 Stat. 163, 19 U.S.C. 1673a(d)) the Department is notifying the U.S. International Trade Commission (ITC) and providing it with a copy of the information on which I based this determination to initiate an investigation. The International Trade Administration will make available to the ITC all nonprivileged and nonconfidential information in its files. The International Trade Administration will make available to the ITC all privileged and confidential information in the files, provided the ITC confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Pursuant to section 733(a) of the Act (93 Stat. 163, 19 U.S.C. 1673b(a)), the ITC will determine, no later than November 20, 1980, whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of portable electric nibblers from Switzerland. If that determination is negative, this investigation will be terminated, and the International Trade Administration will publish no further notice. Otherwise, the investigation will proceed to its conclusion.

Section 733(b) of the Act (93 Stat. 163, 19 U.S.C. 1673b(b)) requires that, normally, no later than 160 days after the date on which the petition was filed, the International Trade Administration

make a preliminary determination whether there is a reasonable basis to believe or suspect that merchandise which is the subject of this investigation is being, or likely to be, sold at less than fair value. Therefore, unless the investigation is terminated or extended, the International Trade Administration will make a preliminary determination not later than March 16, 1981.

This notice is published pursuant to section 732 of the Act (93 Stat. 162, 19 U.S.C. 1673a and 353.37(b) of the Commerce Regulations (19 CFR 353.37(b), 45 FR 8199).

John D. Greenwald,

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 80-33379 Filed 10-16-80; 8:45 am]

BILLING CODE 3510-25-M

### Certain Handbags From the Republic of Korea; Preliminary Results of Administrative Review of Countervailing Duty Order and of Tentative Determination To Revoke

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

**ACTION:** Notice of Preliminary Results of Administrative Review of Countervailing Duty Order and of Tentative Determination To Revoke.

**SUMMARY:** This notice is to advise the public that, as a result of an administrative review of the countervailing duty order on certain handbags from the Republic of Korea, the Department of Commerce has tentatively determined to revoke such order on the grounds that net subsidies have been *de minimis* for at least two years. Interested parties are invited to comment on this decision.

**EFFECTIVE DATE:** October 17, 1980.

**FOR FURTHER INFORMATION CONTACT:** Josephine Russo, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Room 1126, Washington, D.C., 20230 (202-377-4023).

**SUPPLEMENTARY INFORMATION:** A notice of "Final Countervailing Duty Determination," T.D. 77-152, was published in the Federal Register of June 3, 1977 (42 FR 28532). The notice stated that the Treasury Department had determined that exports of certain handbags from the Republic of Korea were provided bounties or grants, within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) ("the Act"). Accordingly, imports into the United States of this merchandise were subject to countervailing duties.

The term "handbags" as used throughout this proceeding covers



