

MOTORCYCLE BATTERIES FROM TAIWAN

**Determination of the Commission
in Investigation No. 731-TA-42
(Preliminary) Under the Tariff Act
of 1930, Together With
the Information Obtained
in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation No. 731-TA-42 (Preliminary)

MOTORCYCLE BATTERIES FROM TAIWAN

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-42 (Preliminary), the Commission unanimously determines that there is a reasonable indication that an industry in the United States is threatened with material injury 2/ by reason of imports from Taiwan of 6- and 12-volt lead-acid storage batteries rated at 2-28 ampere hours, principally for use in motorcycles, provided for in item 683.10 of the Tariff Schedules of the United States, which are allegedly being sold in the United States at less than fair value (LTFV).

Background

On May 1, 1981, the U.S. International Trade Commission and the U.S. Department of Commerce each received a petition from Yuasa-General Battery Corp., Reading, Penn., alleging that motorcycle batteries from Taiwan 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, by

1/ The record is defined in sec. 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

2/ Vice Chairman Calhoun determines that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Taiwan of 6- and 12-volt lead-acid storage batteries rated at 2-28 ampere hours, principally for use in motorcycles, provided for in item 683.10 of the Tariff Schedules of the United States, which are allegedly being sold in the United States at less than fair value.

reason of the imports of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days of its receipt of the petition, or in this case by June 15, 1981.

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 May 13, 1981 (46 F.R. 26589). The public conference was held in Washington, D.C., on May 27, 1981, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Determination

On the basis of the record in investigation No. 731-TA-42 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is threatened with material injury 1/ by reason of imports from Taiwan of motorcycle batteries 2/ allegedly sold in the United States at less than fair value (LTFV).

Discussion

The domestic industry is defined as consisting of all domestic producers of a like product or those producers whose total output of the like product constitutes a major portion of domestic production of that product. 3/ A like product is a product which is like, or in the absence of like, most similar in characteristics and uses with, the imported product which is the subject of the investigation. 4/

The imported products are motorcycle batteries, defined for purposes of this investigation as lead-acid storage batteries having a nominal output of either 6 or 12 volts and rated from 2 to 28 ampere-hours at a 10 hour

1/ Vice Chairman Calhoun determines 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 from Taiwan of motorcycle batteries allegedly sold in the United States at less than fair value.

2/ The product is provided for in item 683.10 of the Tariff Schedules of the United States.

3/ Section 771(4)(A) of the Tariff Act of 1930.

4/ Section 771(10) of the Tariff Act of 1930.

discharge rate. 1/ These batteries are used primarily in motorcycles to provide electrical power to the ignition and running lights, but are also used to a lesser extent in other items, including self-starting lawn mowers and garden tractors. 2/ These batteries are unlike batteries used in automobiles, because their ampere-hour ratings are well below those of automobile batteries. The ignition and electrical system of an automobile usually require a battery rated at a minimum of 35 ampere-hours. 3/ Nearly all motorcycle batteries imported into the United States are manufactured in either Taiwan or Japan. Imports from Taiwan include both the 6-volt and 12-volt varieties.

Aside from the difference in voltage, 6-volt and 12-volt batteries are distinguished chiefly by usage. Six-volt batteries have their primary application in motorcycles with engines smaller than 150 cc. and in older model motorcycles lacking an electrical ignition system. Twelve-volt batteries are used in large motorcycles having an electrical ignition.

U.S. production is almost entirely of 12-volt batteries, although two domestic manufacturers reported production of relatively small quantities of certain types of 6-volt batteries. 4/ The 6- and 12-volt batteries produced in the United States appear to be used for the same purposes for which the imports are used. The characteristics of U.S.-produced 12-volt batteries are not discernibly different from those of the imports.

1/ Storage batteries are devices used for converting chemical energy into electrical energy through a chemical reaction. They differ from primary batteries in that they are capable of being recharged by passing an electrical current in the direction opposite to that by which current is discharged. Staff report at A-1 to A-2.

2/ Staff report at A-1.

3/ See Staff report at A-1 to A-5 for a full discussion concerning these batteries.

4/ Staff report at A-4, A-5.

However, the best information presently available does not enable us to determine satisfactorily whether the 6-volt batteries produced in the United States are like the imported 6-volt batteries from Taiwan or whether they compete with those imports. 1/ Moreover, the extent of the competition between different models of similar voltage batteries has not been fully developed. In addition, we are unable to distinguish adequately between the production of 6- and 12-volt batteries in terms of profit and loss and employment data. Since the Commission lacks sufficient information at this point to reach a precise conclusion regarding like product, we conclude for purposes of this preliminary investigation that the industry is comprised of producers of either 6- or 12-volt batteries.

The Commission is directed by statute to assess the impact of the alleged LTFV imports by examining the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided. 2/ Our determination in this preliminary investigation, therefore, is based upon examination of the impact of these imports on all domestic production of motorcycle batteries. If a final determination proceeding is held in this case, the Commission will attempt to gather information that will allow separate consideration of 6- and 12-volt batteries, if appropriate.

The respondent in this investigation has urged that the two principal U.S. producers of motorcycle batteries, Yuasa-General Battery Corp. and Exide Corp., be excluded from the scope of the domestic industry for the purpose of

1/ Domestically manufactured 6-volt batteries are used chiefly in older model Harley-Davidson motorcycles, and these batteries may not be of a type similar to the "Japanese style" batteries imported from Taiwan. See brief of Exide Corp. at 3, 9.

2/ Section 771(4)(D) of the Tariff Act of 1930.

assessing the effect of the alleged LTFV imports. This question involves application of section 771(4)(B):

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

Exclusion under this provision is discretionary and is made on a case-by-case basis.

Both Yuasa-General and Exide are importers of motorcycle batteries from Taiwan. 1/ In addition, Yuasa-General has a corporate relationship to Yuasa Taiwan Battery Co., a firm alleged in the petition to be an exporter of LTFV motorcycle batteries, through their common parent, Yuasa Battery Co. of Japan. 2/ Exclusion of either or both of these two companies from the U.S. producers against which the impact of the imports is to be measured, however, would be inappropriate under the circumstances of this case. Together they account for virtually all of the domestic production of motorcycle batteries, and no persuasive case has been made that exclusion is appropriate now. 3/

1/ Staff report at A-4 to A-5.

2/ Yuasa-General Battery Corp. is a joint venture between Yuasa Battery Co. and General Battery Co., a U.S. firm. Staff report at A-4. Yuasa Taiwan Battery Co. is jointly owned by Yuasa Battery Co. and Taiwan interests. Staff report at A-5.

3/ Commissioner Stern notes: Consideration of the "related parties" question under section 771(4)(B) involves a two-step process. The first step is to determine factually whether a domestic producer is an importer of the subject articles or is related to an importer or foreign exporter. In this case Yuasa-General and Exide are both importers of alleged LTFV motorcycle batteries from Taiwan, and Yuasa-General is related to a firm in Taiwan that exports alleged LTFV batteries.

The second step is to determine whether there are "appropriate circumstances" for excluding the domestic producer from the scope of the domestic industry. This determination is a matter of discretion to be decided by the Commission on a case-by-case basis. Reference to prior Commission investigations, however, provides some guidance. Exclusion of a domestic firm

(Footnote continued)

No reasonable indication of present material injury

The information developed in the course of this investigation demonstrates no reasonable indication of present material injury. ^{1/} despite a recent decline in some of the indicators of the health of the domestic

(Footnote continued)

may ordinarily be appropriate when its operations are closely integrated with those of a related foreign exporter, as in Snow-Grooming Vehicles, Inv. No. 731-TA-36 (Preliminary), USITC Pub. 1117 (1980), in which a domestic producer was the sole importer of the subject articles as well as a wholly-owned subsidiary of the foreign exporter. On the other hand, exclusion may be inappropriate when the effect is to exclude producers accounting for a large proportion of domestic production of the articles and doing so would severely distort the Commission's perception of the industry. See Unlasted Leather Footwear From India, Inv. No. 701-TA-1 (Final), USITC Pub. 1045 (1980) ("Views of Chairman Bedell and Commissioners Moore and Stern" at 4-5); Melamine in Crystal Form from Austria and Italy, Inv. Nos. 731-TA-13 (Final) and 731-TA-14 (Final), USITC Pub. 1065 (1980) ("Views of Commissioner Stern" at 10-11). Exclusion also may not be advisable when the domestic producers are importing the articles solely to enable them to compete with unfairly priced imports. See Certain Iron-Metal Castings from India, Inv. No. 303-TA-13, USITC Pub. 1098 (1980) ("Views of Commissioner Stern" at 19-20). Yet other related party circumstances have appeared in Television Receiving Sets from Japan, Inv. No. 751-TA-2, USITC Pub. 1153 (1981). The considerations I have mentioned are merely illustrative, not exhaustive. Obviously, each case has its own details which merit individual consideration.

On the basis of the best information presently available, I conclude that exclusion of Yuasa-General and Exide would not be appropriate. The reasons are similar to those I stated in Unlasted Leather Footwear, Melamine, and Iron-Metal Castings. There is a reasonable indication at this stage that the two firms import from Taiwan only to allow them to stay in competition with other imports from Taiwan sold in the United States at unfairly low prices. Information on the record shows that one of the two companies imports batteries that compete directly with its own domestically manufactured products. See Transcript of Preliminary Conference at 73. Most fundamentally, it is clear at this stage that elimination of the two principal domestic producers of motorcycle batteries would so distort our analysis of the industry as to render it valueless by excluding well over 95 percent of all domestic production. Should this case return, an examination of the strategies of related party domestic producers might well have bearing on their standing with respect to a finding on the appropriate scope of the domestic industry.

^{1/} Vice Chairman Calhoun does not join in this finding. See p. 3 n. 1, supra.

industry. 1/ Production by U.S. manufacturers, which had risen from 1978 to 1979, fell slightly in 1980 and the first quarter of 1981. 2/ Employment of production and related workers and the number of man-hours worked also declined somewhat during the same period. 3/ Although inventories dropped substantially in January-March 1981 from the bloated levels reached in 1980, they remained very high. 4/

Other key information, though, indicates that the domestic industry is performing well. Shipments of motorcycle batteries by U.S. producers have continued to increase steadily since 1978. 5/ Over the same period the domestic industry has experienced significant increases in both sales and profits. 6/ These trends, when viewed together with the recent declines in inventories, production and employment, suggest strongly that U.S. producers are choosing to fill their orders from inventory, rather than from production. 7/

Reasonable indication of threat of material injury

We have found a reasonable indication of threat of material injury by reason of the alleged LTFV imports. Our conclusion is based on the high volume of imports from Taiwan, their high level of market penetration,

1/ Due to the limited number of firms comprising the domestic industry, nearly all the information obtained is regarded as confidential business information; for this reason, the information is discussed only in general terms.

2/ Staff report at A-5.

3/ Staff report at A-14.

4/ Staff report at A-7.

5/ Staff report at A-6 to A-7.

6/ Staff report at A-15 to A-17.

7/ Staff report at A-9.

significant underselling, and sales confirmed to have been lost on the basis of price to these imports. 1/

Imports of these motorcycle batteries from Taiwan have increased rapidly from 390,000 units in 1978 to approximately 900,000 units in 1979 and nearly 1,100,000 units in 1980. 2/ This represents an increase of 125 percent between 1978 and 1979 and a further 22 percent between 1979 and 1980. Although imports declined in the first quarter of 1981 as compared to the same period in 1980, their level remained high. 3/ Imports steadily increased their penetration of the U.S. market between 1978 and 1980, achieving a very substantial share of the market before decreasing in January-March 1981. 4/

Imports of motorcycle batteries from Taiwan have undersold U.S.-produced batteries. Throughout the period from 1979 to January-March 1981, the imported batteries were offered in the U.S. market at prices well below those of comparable domestic models. 5/

Additionally, sales have been lost to the lower-priced imports. One domestic producer submitted 8 claims of sales lost by it to imports from Taiwan. Of the 8 purchasing firms, 5 reported that they have increased their

1/ No information is available to show the capacity in Taiwan to generate exports of motorcycle batteries or the likelihood that any additional exports would be directed to the U.S. market.

2/ The volume of imports of motorcycle batteries from Taiwan may be slightly overstated, since all imports from Taiwan under TSUS item 683.10 (a basket category encompassing all lead-acid type storage batteries and parts thereof) have been considered to be motorcycle batteries for the purposes of this investigation. This, however, does not affect the trends stated in the text. Staff report at A-10.

3/ Staff report at A-10, A-18.

4/ Staff report at A-18.

5/ Staff report at A-18, A-20 to A-23.

purchases of batteries from Taiwan and correspondingly decreased their purchases of the domestic products. All of the firms indicated that the major reason for their shifts in purchasing was the lower price at which the products from Taiwan were offered for sale. 1/

Conclusion

On the basis of the record before us, we have made a preliminary determination that the case should be continued.

1/ Staff report at A-23.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On May 1, 1981, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by Yuasa-General Battery Corp., Reading, Penn., alleging that motorcycle batteries from Taiwan, provided for in item 683.10 of the Tariff Schedules of the United States (TSUS), are being, or are likely to be, sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of such merchandise. Accordingly, effective May 1, 1981, the Commission instituted preliminary antidumping investigation No. 731-TA-42 (Preliminary) 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 from Taiwan of motorcycle batteries 1/ allegedly sold or likely to be sold at LTFV. The statute directs that the Commission make its determination within 45 days of receipt of the petition, or in this case by June 15, 1981.

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 on May 13, 1981 (46 F.R. 26589) 2/. A public conference was held in Washington, D.C., on May 27, 1981, at which time all interested parties were afforded the opportunity to present information for consideration by the Commission. 3/ The Commission's vote in the investigation was taken on June 9, 1981.

The Product

Description and uses

The instant investigation involves lead-acid storage batteries having a nominal output of either 6 or 12 volts and rated from 2 to 28 ampere hours (at a 10-hour discharge rate). Such batteries are principally used for motorcycles, but are also used to a lesser extent for lawnmowers and garden tractors. For purposes of this report, these batteries are collectively referred to as motorcycle batteries.

A storage battery is a device which is capable of converting chemical energy into electrical energy through a chemical reaction. The chemical reaction can be effectively reversed, and thus the battery recharged, by

1/ For purposes of this investigation, motorcycle batteries are defined as lead-acid storage batteries principally dedicated for use in motorcycles, having a nominal output of either 6 or 12 volts and rated between 2 and 28 ampere hours (10-hour rate), as provided for in item 683.10 of the TSUS.

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

3/ A list of witnesses appearing at the conference is presented in app. C.

passing an electric current in the opposite direction of the discharge current. Storage batteries differ from primary batteries in that primary batteries cannot be efficiently recharged by the reversal of the discharge current.

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

Motorcycle batteries are constructed of cells, each of which has a nominal output of 2 volts. Each cell consists of cast antimonial-lead grids (or "plates") coated with baked lead oxide. The plates are alternately given negative and positive charges and are separated by insulators. Negative and positive plates are then connected separately to provide the necessary voltage. Motorcycle batteries can be stored indefinitely in their dry condition and must be activated by the addition of sulphuric acid prior to use.

U.S. tariff treatment

Motorcycle batteries are classified under item 683.10 of the TSUS, which includes all lead-acid storage batteries, and parts thereof. The rate of duty applicable to batteries entered under item 683.10 is determined by the trading status of the country of exportation. Batteries imported from countries afforded most-favored-nation (MFN) treatment are dutiable at a rate of 7.7 percent ad valorem (column 1 in the TSUS). Batteries imported from countries with MFN status and which have been designated as least developed developing countries (LDDC's) are dutiable at a rate of 5.3 percent ad valorem. The LDDC rate also represents the final stage rate negotiated under the recent multilateral trade negotiations (MTN) for column 1 rates. The concessions made during the MTN round for 1980-87 are shown in table 1.

Table 1.--Motorcycle batteries: Pre-MTN rate and staged-rate modifications, 1980-87

(In percent ad valorem)										
TSUS item No.	:	Pre-MTN col. 1 rate of duty ^{1/}	:	Rates of duty effective with respect to motorcycle batteries entered on and after Jan. 1--						
				1980	1981	1982	1983	1984	1985	1986 : 1987
683.10	:	8.5	:	8.1	7.7	7.3	6.9	6.5	6.1	5.7 : 5.3
	:		:							

^{1/} Rate effective prior to Jan. 1, 1980.

Source: Tariff Schedules of the United States Annotated (1981).

Batteries classifiable in TSUS item 683.10 have also been designated as eligible articles for purpose of the Generalized System of Preferences (GSP). Batteries designated for GSP eligibility, when imported from certain beneficiary developing countries (including Taiwan), enter the United States free of duty. Pursuant to section 504(c)(1)(B) of the Trade Act of 1974 (19 U.S.C. 2464(c)(1)(B)), GSP eligibility will be withdrawn from a country when imports of an eligible article from that country equal or exceed 50 percent of the value of total imports of such article. In 1980, Taiwan accounted for 21 percent of the imports of all lead-acid storage batteries entered under TSUS item 683.10.

Batteries imported under TSUS item 683.10 from certain countries which the President has designated as being under Communist control or domination are dutiable at a rate of duty of 40 percent ad valorem (column 2 of the TSUS).

Nature and Extent of Alleged Sales at LTFV

The alleged LTFV margins set forth in the petition are based on comparisons of the home-market and U.S. selling prices of 14 Taiwan battery producers. Comparisons were made on five different battery models, and alleged margins ranged from 18.5 to 145 percent. 1/

U.S. Market and Channels of Distribution

U.S. producers indicate that motorcycle batteries produced in the United States are marketed through four channels of distribution. According to the petitioner, the principal channel (accounting for about 65 percent of total U.S. sales), and the only one believed to handle significant quantities of batteries imported from Taiwan, is motorcycle parts distributors. Parts distributors are, in effect, battery wholesalers that supply replacement batteries to motorcycle dealerships and motorcycle accessory shops. Parts distributors maintain sufficiently large inventories of both domestically produced and imported batteries to service customers quickly.

The remaining 35 percent of the U.S. market for motorcycle batteries is about evenly divided between the other three distribution channels: original-equipment manufacturers (OEM's), retailers, and automobile parts distributors. Two Japanese-owned and one domestic OEM produce motorcycles in the United States. The Japanese motorcycle producers tend to obtain motorcycle batteries from Japan, but also buy from domestic producers. Retailers of motorcycle batteries include chain stores such as Western Auto, K-mart, and Pep Boys, and mass merchandizers such as Sears Roebuck and Montgomery Ward. Retailers reportedly offer the most promising distribution channel for growth in motorcycle battery sales. Automobile parts distributors serve both the general public and local service stations and repair shops. They buy batteries from motorcycle parts distributors as well as from U.S. producers.

1/ Calculated as home-market price less U.S. price, divided by U.S. price. Dividing by home-market price instead of U.S. price results in margins ranging from 15.6 to 59.2 percent.

U.S. Producers

Virtually all U.S. production of motorcycle batteries is accounted for by two domestic producers, Exide Corp. and Yuasa-General Battery Corp. Exide is owned by Inco, Ltd. (formerly the International Nickel Co.), of Toronto, Canada. It produces motorcycle batteries in its Raleigh, N.C., plant along with other types of batteries, including special-purpose batteries designed for military use. Motorcycle batteries are marketed under the brand names Wisco and Exide. Exide also owns and operates other plants which produce automobile batteries that are sold under both the Exide name and private-label names (* * *, for example). Exide produces small battery cells for lanterns and flashlights under the Ray-O-Vac name. The company began production of motorcycle batteries in North Carolina in 1975 through the expansion of an existing battery plant.

Yuasa-General Battery Corp. began production of motorcycle batteries in Reading, Penn., in 1979. Yuasa Battery Co. (a Japanese company) owns 51 percent of the plant and equipment, and 49 percent is owned by General Battery Co. (a U.S. company). The facilities are new and were financed in part by loans made available by the city of Reading.

Another firm, East Pennsylvania Manufacturing Co., Inc., produces a very limited number of motorcycle batteries for use in older model motorcycles, and, prior to 1978, motorcycle batteries were also produced by a U.S. firm called Filter Dynamics, a producer of oil filters for automobiles. An official of the company informed the Commission staff that the reason Filter Dynamics ceased production of motorcycle batteries * * *.

Almost no 6-volt motorcycle batteries are produced by domestic firms. Instead, they, and some 12-volt motorcycle batteries, are imported by both domestic producers to complete their product lines. At the conference held in connection with the investigation, Yuasa-General indicated that it intends to begin U.S. production of 6-volt batteries if and when the required investment can be justified. 1/

U.S. Importers

Importers of motorcycle batteries are largely U.S. motorcycle parts distributors, U.S. motorcycle battery producers, and Japanese motorcycle producers. The largest importers of motorcycle batteries are motorcycle parts distributors, which import directly from foreign (principally Taiwan) battery producers. These distributors are located in all regions of the United States, but are concentrated in California, Ohio, Texas, and Florida. The four largest distributors are wholesale suppliers owned by * * *. 2/ As mentioned, Yuasa-General and Exide import batteries primarily to complete

1/ Transcript of the conference, p. 18.

2/ Wholesale distributors owned by * * * failed to respond to Commission questionnaires, citing insufficient time and personnel. Since these distributors are the largest importers of motorcycle batteries from Taiwan (accounting for approximately * * * percent of such imports in 1980), a subpoena compelling their response may be necessary in the event of a final investigation by the Commission.

their lines of motorcycle batteries. They accounted for about * * * percent of total imports in 1980. Japanese motorcycle producers operate two assembly plants in the United States and import batteries (principally from Japan) for both OEM installation and after-market replacement.

Foreign Producers

The largest foreign producers of motorcycle batteries are Japan Storage Battery Co. (Japan) and Yuasa Battery Co. (Japan). Yuasa Battery also is a producer of motorcycle batteries in Singapore, the Philippine Republic, Taiwan, and, through its ownership of 51 percent of the equity in Yuasa-General Battery Co., the United States.

In addition to Yuasa Taiwan Battery Co. (joint ownership of Yuasa Battery and Taiwan interests), at least 13 other firms reportedly produced motorcycle batteries in Taiwan. Five of these producers are believed to account for a large share of the motorcycle batteries exported to the U.S.: Ztong Yee Industrial Co., Ltd., Tahming Battery Co., Ltd., Hou Teh Industrial Co., Ltd., Maan Shyang Battery Enterprise Co., Ltd., and Chens Kwan Battery Manufacturing Corp. Current information is not available on these producers with respect to production capacity or level of shipments.

The Question of Material Injury or the Threat Thereof

U.S. production, capacity, and capacity utilization

Production.--U.S. production of 12-volt motorcycle batteries 1/ rose from * * * units in 1978 (when only Exide was producing), to * * * million units in 1979, and then fell by * * * percent to * * * million units in 1980. Production during January-March 1981 was * * * units, representing a * * * percent decline from the January-March 1980 level of * * * units (table 2).

Capacity.--Both U.S. producers reported capacity based on 1.5 assembly shifts a day. Their practical rated capacity increased from * * * million units in 1978 to * * * million units in 1979, and to * * * million units in 1980. For January-March 1981, capacity was * * * units, which, on an annual basis, is equivalent to the 1980 level.

The increase in capacity from 1978 to 1979 is principally accounted for by the opening of Yuasa-General's Reading, Penn., plant. The * * * percent rise in capacity from 1979 to 1980 is due to the increased capacity of Exide (from * * * to * * * units), which was made possible by the acquisition of more efficient automatic welding equipment.

Capacity utilization.--Capacity utilization of U.S. producers decreased from * * * percent in 1979 to * * * percent in 1980, and from * * * percent in January-March 1980 to * * * percent in January-March 1981. The January-March 1981 level was the lowest for the period studied. In 1978, Exide reported a capacity utilization level of * * * percent, which is the highest for the entire period.

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1/ Exide Corp. has informed the Commission that it produces about * * *.

Table 2.--12-volt motorcycle batteries: U.S. capacity, production, and capacity utilization, by firms, 1978-80, January-March 1980, and January-March 1981

Period and firm	Capacity	Production	Capacity utilization
	Units		Percent
1978:			
Yuasa-General <u>1/</u>	-	-	***
Exide	***	***	***
Total	***	***	***
1979:			
Yuasa-General	***	<u>2/</u> ***	***
Exide	***	***	***
Total	***	***	***
1980:			
Yuasa-General	***	***	***
Exide	***	***	***
Total	***	***	***
January-March 1980:			
Yuasa-General	***	***	***
Exide	***	***	***
Total	***	***	***
January-March 1981:			
Yuasa-General	***	***	***
Exide	***	***	***
Total	***	***	***

1/ Yuasa-General did not begin producing motorcycle batteries until 1979.

2/ Yuasa-General did not produce motorcycle batteries in January 1979.

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

U.S. producers' shipments

The following section deals with U.S. producers' shipments of domestically produced motorcycle batteries. Each producer also imports and sells batteries from Taiwan and Japan. The relationship between these shipments of imports and shipments of domestically produced batteries is presented in the section of this report on U.S. imports.

Domestic shipments.--Shipments by producers to U.S. customers accounted for the vast majority of total shipments over the period studied--* * * percent in 1978, * * * percent in 1979, and * * * percent in 1980.

Domestic shipments rose from * * * in 1978 to * * * in 1979, the year Yuasa-General entered the market. In 1980, shipments increased to about * * * million units, or by * * * percent. In January-March 1981, shipments totaled * * * units, representing a * * *-percent increase from the January-March 1980 level of * * * units (table 3). It should be noted that shipments are traditionally higher in the first half of each year due to the seasonality of the business.

Table 3.--12-volt motorcycle batteries: U.S. producers' commercial shipments, by firms and by types, 1978-80, January-March 1980, and January-March 1981

Period and firm	Domestic shipments		Exports		Total shipments	
	Quantity	Value	Quantity	Value	Quantity	Value
1978: 1/ Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
1979:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
1980:						
Yuasa-General-----	***	***	***	***	***	***
Exide 2/-----	2/ ***	2/ ***	2/ ***	2/ ***	2/ ***	2/ ***
Total 2/-----	2/ ***	2/ ***	2/ ***	2/ ***	2/ ***	2/ ***
January-March 1980:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
January-March 1981:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
1/ Yuasa-General did not ship motorcycle batteries in 1978.						
2/ Estimated.						

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

The value of shipments increased during 1978-80 from * * * million in 1978 to * * * million in 1979, and * * * million in 1980.

Export shipments.--Export shipments of 12-volt motorcycle batteries increased from * * * units in 1978 to * * * units in 1979, and then declined to * * * units in 1980 (table 3). However, export shipments increased from * * * units in January-March 1980 to * * * units in January-March 1981.

As shown in the following tabulation, exports have represented well under * * * percent, by quantity, of total shipments of motorcycle batteries since 1978:

<u>Period</u>	<u>Exports as a share of total shipments (Percent)</u>
1978-----	***
1979-----	***
1980-----	***
January-March 1980-----	***
January-March 1981-----	***

Yuasa-General informed the Commission that its exports are to * * *. Exide indicates that the majority of its exports are * * *.

U.S. producers' inventories

Inventories of 12-volt motorcycle batteries increased from * * * units in 1978, to * * * units in 1979, and to * * * units in 1980. Inventories as of March 31, 1980, were * * * units, compared with * * * units as of March 31, 1981, representing a decrease of * * * percent (table 4).

Table 4.--12-volt motorcycle batteries: U.S. producers' inventories as of Dec. 31, 1978-80, March 31, 1980, and March 31, 1981

Item	As of Dec. 31--			As of Mar. 31--	
	1978	1979	1980	1980	1981
Inventories:					
Yuasa-General-1,000 units--	***	***	***	***	***
Exide-----do----	1/ ***	1/ ***	***	1/ ***	***
Total-----do----	1/ ***	1/ ***	***	1/ ***	***
Ratio of inventories to total:					
shipments:					
Yuasa-General----percent--	***	***	***	2/ ***	2/ ***
Exide-----do----	***	***	***	2/ ***	2/ ***
Total-----do----	***	***	***	2/ ***	2/ ***

1/ Estimated.

2/ Based on actual 1980 shipments and annualized January-March 1981 shipments.

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

The ratio of inventories to total shipments for the period studied increased steadily from * * * percent in 1978 to * * * percent in 1979, and * * * percent in 1980. However, the ratio of inventories to total shipments fell from * * * percent in January-March 1980, to * * * percent in January-March 1981.

The decline in both inventories and the ratio of inventories to total shipments during January-March 1981 as compared with the figures during the corresponding period of 1980, is attributed to a corresponding increase in commercial shipments and a decrease in production. These factors indicate that U.S. producers chose to fill their orders from inventory, rather than production, in this period.

U.S. imports

U.S. imports of 6- and 12-volt motorcycle batteries come primarily from Japan and Taiwan, although negligible quantities may also come from West Germany, 1/ Canada, and the United Kingdom.

1/ At the conference, a spokesman for the industry stated that limited quantities of motorcycle batteries come from West Germany for use in BMW motorcycles. Transcript of the conference, p. 44.

For purposes of analysis in this report, all imports from Taiwan under TSUS item 683.10 are considered to be motorcycle batteries. This estimate is generally supported by the petitioner 1/ and counsel for Taiwan exporters, although it is probably somewhat overstated. The quantity of 6-volt and 12-volt batteries was estimated for each year by using data on the quantity and unit value of imports of such batteries as reported by importers in response to the Commission's questionnaires. Official statistics of the Department of Commerce, which are reported on a value basis only, were divided by the calculated average unit values to obtain estimated quantity data.

Data on imports from Japan are based solely on information submitted in response to the Commission's questionnaires. Although such data are believed to understate total imports of motorcycle batteries from Japan, they represent the best information available at this time 2/. Imports of motorcycle batteries from other countries are believed to be negligible.

Total imports from Taiwan increased steadily from 0.4 million units in 1978 to 0.9 million units in 1979, and 1.1 million units in 1980, or by 130 percent from 1978 to 1979 and by 21 percent from 1979 to 1980. Imports from Taiwan during January-March 1981 totaled 167,400 units, representing a 59-percent decrease from the January-March 1980 level of 410,900 units. Imports from Japan declined each year--from * * * million units in 1978 to * * * million units in 1979, and then * * * million units in 1980. Imports from Japan declined from * * * units in January-March 1980 to * * * units in January-March 1981, or by * * * percent.

Total imports increased from * * * million units in 1978 to * * * million units in 1979, or by * * * percent, and then decreased by * * * percent to * * * million units in 1980. Imports in January-March 1981 totaled * * * million units, representing a * * * percent decline from the 1980 level of * * * million units (table 5).

Both Yuasa-General and Exide import batteries to supplement their product lines of 6- and 12-volt batteries. Table 6 shows the relationship between their sales of domestically produced and imported batteries.

1/ In its petition, Yuasa-General estimates that 90 percent of imports under item 683.10 are motorcycle batteries. Petition, p. 36.

2/ Data on imports from Japan may be significantly understated due to the failure of several large importers to respond to the Commission's questionnaire.

Table 5.--Motorcycle batteries: U.S. imports for consumption, by sources and by types, 1978-80, January-March 1980, and January-March 1981

Source and type	1978	1979	1980	January-March		
				1980	1981	
	Quantity (1,000 units)					
Taiwan:						
12-volt-----	328.7	490.7	716.7	300.9	140.0	
6-volt-----	61.5	406.7	366.0	110.0	27.4	
Subtotal-----	390.2	897.4	1,082.7	410.9	167.4	
Japan:						
12-volt-----	***	***	***	***	***	
6-volt-----	***	***	***	***	***	
Subtotal-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
	Value (1,000 dollars)					
Taiwan:						
12-volt-----	2,396.5	4,024.0	7,331.5	2,990.5	1,533.3	
6-volt-----	166.6	1,256.8	1,233.3	270.7	77.3	
Subtotal-----	2,563.1	5,280.8	8,564.8	3,261.2	1,610.6	
Japan:						
12-volt-----	***	***	***	***	***	
6-volt-----	***	***	***	***	***	
Subtotal-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
	Unit value					
Taiwan:						
12-volt-----	\$7.29	\$8.20	\$10.23	\$9.94	\$10.95	
6-volt-----	2.71	3.09	3.37	2.46	2.82	
Japan:						
12-volt-----	***	***	***	***	***	
6-volt-----	***	***	***	***	***	

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

Table 6.--12-volt motorcycle batteries: U.S. producers' shipments of domestically produced batteries and shipments of imported batteries, by years and by firms, 1978-80, January-March 1980 and January-March 1981

Period and firm	Shipments of domestically produced batteries			Shipments of imported batteries from--			Total shipments			Ratio (percent) of shipments of imports to total shipments		
				Taiwan			Japan			Taiwan		
	1,000 units	1,000 dollars	1,000 units	1,000 dollars	1,000 units	1,000 dollars	1,000 units	1,000 dollars	1,000 units	1,000 dollars	Quantity	Value
1978:												
Yuasa	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***
1979:												
Yuasa	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***
1980:												
Yuasa	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***
January-March 1980:												
Yuasa	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***
January-March 1981:												
Yuasa	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***

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

U.S. consumption

Estimated apparent U.S. consumption of motorcycle batteries increased from * * * million units in 1978 ^{1/} to * * * million units in 1979, and then declined slightly to * * * million units in 1980 (table 7). Industry sources tend to agree with this estimate of consumption as indicated by their general "rule of thumb" that annual demand will approximate 40 percent of registered motorcycles in given year. ^{2/} In 1980, such registrations were approximately 5 million, making estimated demand about 2 million units. Apparent consumption decreased by * * * units from January-March 1980 to January-March 1981, or by * * * percent.

Table 7.--Motorcycle batteries: U.S. producers' shipments, imports, exports, and apparent consumption, by types, 1978-80, January-March 1980, and January-March 1981

(In thousands of units)					
Period and type	Producers' shipments	Imports	Exports	Apparent consumption	
1978:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Total-----	***	***	***	***	***
1979:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Total-----	***	***	***	***	***
1980:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Total-----	***	***	***	***	***
Jan.-Mar. 1980:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Total-----	***	***	***	***	***
Jan.-Mar. 1981:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Total-----	***	***	***	***	***

Source: Total imports from Taiwan compiled from official statistics of the U.S. Department of Commerce; 6-volt and 12-volt imports from Taiwan estimated on the basis of data submitted in response to questionnaires of the U.S. International Trade Commission; imports from Japan compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

^{1/} The estimated apparent consumption figure for 1978 may be significantly understated due to the failure of several large importers of motorcycle batteries to respond to the Commission's questionnaire.

^{2/} Petition, p. 15.

Employment and wages

As shown in table 8, the average number of production and related workers in plants producing motorcycle batteries declined from * * * in 1979 to * * * in 1980, and from * * * in January-March 1980 to * * * in the corresponding period of 1981. Man-hours worked declined from * * * in 1979 to * * * in 1980, and from * * * to * * * from January-March 1980 to January-March 1981. Wages paid increased slightly from 1979 to 1980, however, from * * * million to * * * million, but fell from * * * million in January-March 1980 to * * * million in January-March 1981.

Table 8.—Average number of production and related workers in U.S. establishments producing 12-volt motorcycle batteries, man-hours worked, and wages paid, by firms, 1978-80, January-March 1980, and January-March 1981

Period	Average number of production and related workers	Man-hours worked	Wages
		1,000 hours	1,000 dollars
1978:			
Yuasa-----	1/ ***	***	***
Exide-----	***	***	***
Total-----	***	***	***
1979:			
Yuasa-----	***	***	***
Exide-----	***	***	***
Total-----	***	***	***
1980:			
Yuasa-----	***	***	***
Exide-----	***	***	***
Total-----	***	***	***
January-March 1980:			
Yuasa-----	***	***	***
Exide-----	***	***	***
Total-----	***	***	***
January-March 1981:			
Yuasa-----	***	***	***
Exide-----	***	***	***
Total-----	***	***	***

1/ Trainees.

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

Financial experience of U.S. producers

Financial data were received from two domestic producers, Yuasa-General and Exide, representing approximately * * * percent and * * * percent, respectively, of total U.S. production of motorcycle batteries in 1980. Both producers are also importers of motorcycle batteries. Aggregate financial data on their U.S. manufacturing operations, importing operations, and overall operations of establishments within which motorcycle batteries are produced are presented in table 9.

Net sales of U.S.-manufactured motorcycle batteries increased by * * * percent from * * * million in 1979 to * * * million in 1980, and by * * * percent to * * * million in January-March 1981 from * * * million in the corresponding period of 1980. The bulk of the rise in sales was reported by * * *. Yuasa-General's unit sales * * * percent in 1980 over sales in 1979, and sales * * * in January-March 1981 compared with those in the corresponding period of 1980. Exide reported a * * * trend in unit sales during the same period. Yuasa-General attributes its * * *.

The gross profit margin on U.S.-manufactured motorcycle batteries increased from * * * percent in 1979 to * * * percent in 1980, primarily due to a reduction in production costs. The gross profit margin declined, however, from * * * percent in January-March 1980 to * * * percent in the corresponding period of 1981.

Net operating profit on U.S. manufactured motorcycle batteries increased from * * * million in 1979 to * * * million in 1980, or by * * * percent. The ratio of net operating profit to net sales increased slightly from * * * percent in 1979 to * * * percent in 1980. During January-March 1981, net operating profit amounted to * * *, representing a decline of * * * percent compared with net operating profit of * * * for the corresponding period of 1980. The ratio of net operating profit to net sales fell from * * * percent in January-March 1980 to * * * percent in the corresponding period of 1981.

Cash flow from operations increased from * * * million in 1979 to * * * million in 1980 and declined from * * * in January-March 1980 to * * * in the corresponding period of 1981.

To provide an additional measure of profitability, the ratios of net operating profit to original cost and book value of fixed assets employed in the production of motorcycle batteries are also presented in table 9. These ratios followed the same trend as did the ratios of gross profit and net operating profit to net sales.

Net sales of importing operations for motorcycle batteries declined by * * * percent from * * * million in 1979 to * * * million in 1980, and by * * * percent from * * * million in January-March 1980 to * * * million in January-March 1981, primarily due to the shifting of sales to U.S. manufacturing operations. Exide reported * * *.

Table 9.--Selected financial data for U.S. producers of motorcycle batteries on their specified operations,
1979-80, January-March 1980, and January-March 1981

Item	Operations on domestic production of motorcycle batteries				Operations on importing of motorcycle batteries				Operations of establishments in which motorcycle batteries are produced			
	1979		January-March		1979		January-March		1979		January-March	
	1/	1980	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981
Units sold-----thousands--	***	***	***	***	***	***	***	***	2/	2/	2/	2/
Net sales-----1,000 dollars--	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold-----do-----	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit-----do-----	***	***	***	***	***	***	***	***	***	***	***	***
General, selling, and administrative expenses-----do-----	***	***	***	***	***	***	***	***	***	***	***	***
Net operating profit-----do-----	***	***	***	***	***	***	***	***	***	***	***	***
Ratio of gross profit to net sales percent--	***	***	***	***	***	***	***	***	***	***	***	***
Ratio of net operating profit to net sales-----do-----	***	***	***	***	***	***	***	***	***	***	***	***
Funds from operations 3/--1,000 dollars--	***	***	***	***	***	***	***	***	***	***	***	***
Fixed assets employed in the production of motorcycle batteries at yearend:												
Original cost-----1,000 dollars--	***	***	***	***	2/	2/	2/	2/	***	***	***	***
Book value-----do-----	***	***	***	***	2/	2/	2/	2/	***	***	***	***
Ratio of net operating profit to--												
Original cost of fixed assets-percent--	***	***	***	***	2/	2/	2/	2/	***	***	***	***
Book value of fixed assets-----do-----	***	***	***	***	2/	2/	2/	2/	***	***	***	***

1/ Represents operations for only 10 months by Yuasa-General.

2/ Either not available or not applicable.

3/ Defined as net operating profit plus depreciation and amortization expenses.

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

The gross profit margin on importing operations increased significantly, despite decreasing sales, from * * * percent in 1979 to * * * percent in 1980. Yuasa-General indicated that this was the result of * * *. The net operating profit margin also increased, by more than * * * percent, from * * * percent in 1979 to * * * percent in 1980. The data for January-March 1980 and 1981 are reported on the assumption of the same gross margin by Yuasa-General and, hence, are not comparable.

Financial data reported for the overall operations of the establishments within which motorcycle batteries are produced show that net sales fell slightly in 1980, although gross profit and net operating profit both rose. Net sales increased in January-March 1981 compared with net sales in January-March 1980, but both gross and net operating profits fell sharply. Motorcycle batteries (domestic and imported) accounted for about * * * percent of overall establishment sales in each period.

U.S. producers' capital expenditures and research and development expenses for their motorcycle battery operations are shown in the following tabulation (in thousands of dollars):

Item	:	1978	:	1979	:	1980	:	January-March	
								1980	1981
Capital expenditures	:		:		:		:		
on--	:		:		:		:		
Land-----	:	***	:	***	:	***	:	***	***
Buildings-----	:	***	:	***	:	***	:	***	***
Machinery and equip-	:		:		:		:		
ment-----	:	***	:	***	:	***	:	***	***
Total-----	:	***	:	***	:	***	:	***	***
Research and develop-	:		:		:		:		
ment expenses <u>1/</u> -----	:	***	:	***	:	***	:	***	***

1/ Includes only Yuasa-General because Exide could not estimate research and development expenses applicable to motorcycle batteries.

Virtually all capital expenditures in 1978 reflect Yuasa General's expenditure for new plant and equipment at Reading, Penn. Total capital expenditures declined from * * * in 1979 to * * * in 1980, and from * * * in January-March 1980 to * * * in January-March 1981. Research and development expenses associated with the development of products * * * from * * * in 1979 to * * * in 1980, and declined to * * * in January-March 1981 from * * * in the corresponding period of 1980.

The Question of the Causal Relationship Between Alleged
Material Injury and Alleged LTFV Imports

Market penetration

Imports of motorcycle batteries from Taiwan increased from 390,200 in 1978 to 897,400 in 1979, and to 1,082,700 in 1980, capturing * * * percent, * * * percent, and * * * percent of apparent consumption, respectively. Data show that imports fell from 410,900 in January-March 1980 to 167,400 in January-March 1981, with a corresponding decrease in market share from * * * percent to * * * percent.

During 1978-80, imports of 12-volt batteries from Taiwan increased annually as a proportion of apparent consumption, from * * * to * * * percent. Imports of 6-volt batteries from Taiwan also took a larger market share, rising from * * * percent in 1978 to * * * percent in 1980. Since there is virtually no domestic production of 6-volt batteries, this increase took market share from Japan.

As shown in table 10, the data for January-March 1981 as compared with data for January-March 1980 reflect a lower level of imports from Taiwan and a lower ratio of such imports to apparent consumption. This may be attributable, in part, to the levels of inventories held by both importers and producers at the end of 1980, and their desire to reduce such inventories before once again importing or producing more merchandise.

Prices

According to industry sources, price changes for domestically produced and imported motorcycle batteries are influenced by fluctuations in the world price for lead. Since the cost of lead constitutes a significant share of the cost of manufacturing a battery, ^{1/} this influence is not surprising. Data presented in table 11 indicate that prices of lead and producer prices of all 12-volt replacement batteries did increase much more rapidly than prices of all industrial commodities during 1978 and 1979. Between January-March 1978 and January-March 1980, prices of lead climbed by 52 percent, and prices of 12-volt batteries rose by 31 percent. By contrast, prices of all industrial commodities increased by only 24 percent during the period.

However, between January-March 1980 and January-March 1981, prices of lead fell by 34 percent. Although the price of 12-volt replacement batteries still rose by 6 percent, the increase was much smaller than that recorded in earlier years. Prices of industrial commodities increased by 7 percent during the period.

^{1/} At the conference, Yuasa-General estimated that lead accounts for about 30 percent of the total cost of production of motorcycle batteries, while Exide deemed the cost of lead to be significant in the cost of production. Transcript of the conference, pp. 49 and 50.

Table 10.--Motorcycle batteries: U.S. imports from Taiwan and apparent consumption, by types, 1978-80, January-March 1980, and January-March 1981

Period and type	Imports from Taiwan	Apparent consumption	Ratio of imports from Taiwan to apparent consumption
	1,000 units		Percent
1978:			
12-volt-----	328.7	***	***
6-volt-----	61.5	***	***
Total-----	390.2	***	***
1979:			
12-volt-----	490.7	***	***
6-volt-----	406.7	***	***
Total-----	897.4	***	***
1980:			
12-volt-----	716.7	***	***
6-volt-----	366.0	***	***
Total-----	1,082.7	***	***
Jan.-March 1980:			
12-volt-----	300.9	***	***
6-volt-----	110.9	***	***
Total-----	410.9	***	***
Jan.-March 1981:			
12-volt-----	140.0	***	***
6-volt-----	27.4	***	***
Total-----	167.4	***	***

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

Table 11.--Indexes of producer prices for industrial commodities, 12-volt replacement batteries, and lead, by quarters, January 1978-March 1981

(January-March 1978=100)				
Period	Industrial commodities	12-volt replacement batteries	Lead	
1978:				
January-March-----:	100.0	100.0	<u>1/</u> 100.0	
April-June-----:	102.5	101.3	97.0	
July-September-----:	104.6	102.5	97.8	
October-December---:	107.1	107.1	114.1	
1979:				
January-March-----:	110.2	116.0	131.3	
April-June-----:	113.2	120.1	154.0	
July-September-----:	115.2	127.2	177.8	
October-December---:	118.8	131.7	178.8	
1980:				
January-March-----:	123.8	130.6	152.5	
April-June-----:	125.1	130.0	126.3	
July-September-----:	127.6	130.0	117.2	
October-December---:	130.9	131.7	131.3	
1981:				
January-March-----:	132.9	138.9	101.0	

1/ The January-March 1978 lead price was \$0.33 per pound.

Source: Compiled from official statistics of the U.S. Bureau of Labor Statistics.

Quarterly prices for both the domestically produced and the imported product are presented in tables 12 and 13. Price comparisons were developed from data submitted by one domestic producer and by several importers that were asked to report prices charged and quantities sold to their three largest customers for two different models of 12-volt replacement ^{1/} motorcycle batteries. Although quarterly import prices were obtained for 1978 through 1981, prices of the domestic product are only available from January-March 1979 onward, since Yuasa-General, the only domestic respondent, did not

Table 12.--Motorcycle replacement batteries, JIS model 12N12A-4A-1: Weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-March 1981

(Per unit)					
Period	: Domestically : produced : batteries	: Imported : batteries : from Taiwan	: Margin of : underselling	: Percent of : underselling	
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----:	*** :	*** :	*** :	*** :	***
October-December--:	*** :	*** :	*** :	*** :	***
1981:	:	:	:	:	:
January-March-----:	*** :	*** :	*** :	*** :	***

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

Note.--U.S. producer's prices are on an f.o.b., plant-of-manufacture basis; importers' prices are on an f.o.b. point-of-entry, duty-paid basis.

^{1/} Both importers and domestic producers agree that there is virtually no competition between imports and domestically produced motorcycle batteries in the original-equipment market. It is in the replacement market that the importers and the domestic producers compete.

Table 13.--Motorcycle replacement batteries, JIS model 12N14-3A: Weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-March 1981

(Per unit)				
Period	: Domestically : produced : batteries	: Imported : batteries : from Taiwan	: Margin of : underselling	: Percent of : underselling
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----	***	***	***	***
October-December--	***	***	***	***
1981:	:	:	:	:
January-March-----	***	***	***	***

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

Note.--U.S. producer's prices are on an f.o.b., plant-of-manufacture basis; importers' prices are on an f.o.b. point-of-entry, duty-paid basis.

produce motorcycle batteries in the United States before that time. ^{1/} On the basis of these data, a weighted average lowest price for all importers and for Yuasa-General's domestic sales was calculated.

Prices of domestic batteries increased during 1979, coinciding with rapidly increasing prices of lead, the primary material input in the production of motorcycle batteries, and with the strong inflationary period in progress through 1978 and 1979. Prices peaked in October-December 1979, after which general declines became evident. The petitioner has alleged that strong competition from low priced imports since about 1979 has also been an important factor in the price of motorcycle batteries.

^{1/} Exide provided limited price data that was unusable for comparison purposes since no quantities were reported. Exide's prices as reported were generally similar to Yuasa-General's, and followed the same trend.

It is evident from the tables that motorcycle batteries imported from Taiwan generally have been available at prices well below the prices of comparable domestic models. Margins of underselling for the JIS model 12N12A-4A-1 during 1979-81 ranged from * * * percent in October-December 1980 to * * * percent in October-December 1979. Margins of underselling for the JIS model 12N14-3A ranged from * * * percent in July-September 1979 to * * * percent in October-December 1979.

Lost sales

Yuasa-General submitted eight allegations of sales lost to the imported product from Taiwan. The allegations covered January 1978-March 1981 and concerned different firms with each allegation. The exact amount of lost sales alleged was not specifically stated, but Yuasa-General did provide sales figures (in units sold) for 1979 and 1980, and estimates for sales in 1981 to illustrate the decline in sales to the purchasing firms. The overall figures showed a substantial decrease of sales to purchasers between 1979 and 1980. The 1981 sales estimates were somewhat higher than 1980 sales but remained far below the 1979 volume.

All eight of the purchasing firms were contacted by the Commission and each company confirmed making purchases of the imported product during the past 3 years. Of the eight purchasing firms, seven provided usable results.

The purchasing managers of the distributing firms responded to questions posed by the Commission staff concerning purchasing patterns. Five firms indicated a decrease in purchases from the domestic producer, and one reported that its purchasing from all sources had remained stable over the duration of the studied period. The remaining firm stated that it purchases only motorcycle batteries from Yuasa-General, although the composition of its purchases may have shifted somewhat toward Yuasa-General's Taiwanese product.

Of the five purchasing firms which have increased purchases of Taiwanese batteries relative to the domestic product over the study period, all of the firms revealed that the Taiwanese producers were able to offer their product at a lower price and that price was the major factor in shifting sources.

A number of the purchasing firms indicated that the market for motorcycle batteries in the United States was oversold in 1980, resulting in U.S. distributors and retailers holding excessive inventories. One purchasing firm reported a substantial increase in the number of producers of motorcycle batteries in Taiwan in 1979.

The purchasers were asked to assess their customer's major concern in buying a motorcycle battery. Four purchasing firms indicated that price is the major consideration, and two reported that quality is the primary consideration. One representative saw a strengthening of the higher quality and higher priced batteries in the last 6 months. Almost all representatives of the purchasing firms indicated that Yuasa batteries were original equipment on imported motorcycles and that customers often favor the same brand of replacement parts.

Four of the seven purchasing managers assessed the domestically produced battery as of noticeably higher quality than the imported product. Two representatives (* * *) stated that they could detect no noticeable difference in the quality of the domestically produced and imported product. The remaining representative stated that he was unqualified to make an assessment of the battery's physical characteristics.

Two purchasing firms reported that Yuasa-General's marketing practices forced them to seek out other suppliers of motorcycle batteries. Yuasa-General sells batteries on a price/volume basis whereby discounts are offered for larger volumes of purchases, and these two firms were unable to enjoy these discounts. Thus, as domestic prices rose, they shifted their purchases to batteries from Taiwan to remain competitive.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION NOTICE
OF INVESTIGATION AND CONFERENCE

Commission, Room 348, 701 E Street, NW., Washington, D.C. 20436; telephone 202-523-0242.

SUPPLEMENTARY INFORMATION: On May 1, 1981, petitions were simultaneously filed with the U.S. Department of Commerce and the U.S. International Trade Commission by Yuasa General Battery alleging that motorcycle batteries from Taiwan are being sold in the United States at LTFV and that an industry in the United States is being materially injured or threatened with material injury by reason of such imports. Accordingly, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), the Commission is instituting preliminary antidumping investigation No. 731-TA-42 (Preliminary) to determine whether a reasonable indication of such injury exists. The Commission must make its determination within 45 days after the date on which the petition was received, or in this case by June 15, 1981. The investigation will be conducted according to the provisions of part 207, subpart B, of the Commission's Rules of Practice and Procedure (19 CFR 207).

WRITTEN SUBMISSIONS: Any person may submit to the Commission a written statement of information pertinent to the subject of the investigation. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, on or before June 1, 1981. All written submissions except for confidential business data will be available for public inspection.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

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

CONFERENCE: The Director of Operations of the Commission has scheduled a A-26 conference in connection with this investigation for 10 a.m., e.d.t., on Wednesday, May 27, 1981, at the U.S. International Trade Commission Building. Parties wishing to participate

[Investigation No. 731-TA-42 (Preliminary)]

Motorcycle Batteries From Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution of preliminary antidumping investigation.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-42 (Preliminary) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan of motorcycle batteries which are allegedly sold or likely to be sold in the United States at less than fair value (LTFV). For purposes of this investigation, motorcycle batteries are defined as lead-acid-storage batteries principally dedicated for use in motorcycles, having a nominal output of either 6 or 12 volts and rated between 2 and 28 ampere hours (10 hour rate), as provided for in item 683.10 of the Tariff Schedules of the United States.

EFFECTIVE DATE: May 1, 1981.

FOR FURTHER INFORMATION CONTACT: Mr. Lynn Featherstone, Office of Investigations, U.S. International Trade

in the conference should contact the supervisory investigator for this investigation, Mr. Lynn Featherstone (202-523-0242). It is anticipated that parties in support of the petition for the imposition of antidumping duties and parties opposed to such petition will each be collectively allocated one (1) hour within which to make an oral presentation at the conference. Further details concerning the conduct of the conference will be provided by the supervisory investigator.

INSPECTION OF THE PETITION: The petition filed in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

This notice is published pursuant to § 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12).

By order of the Commission.

Issued: May 8, 1981.

Kenneth R. Mason,
Secretary.

[FR Doc. 81-14407 Filed 5-12-81; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

**U.S. DEPARTMENT OF COMMERCE
NOTICE OF INVESTIGATION**

**Motorcycle Batteries From Taiwan;
Initiation of Antidumping Investigation**

AGENCY: International Trade
Administration, Commerce.

ACTION: Initiation of antidumping
investigation.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping investigation to determine whether motorcycle batteries from Taiwan are being sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may preliminarily determine whether these imports are materially injuring or threatening to materially injure a U.S. industry.

EFFECTIVE DATE: May 27, 1981.

FOR FURTHER INFORMATION CONTACT:
Raymond G. Busen, Office of
Investigations, Import Administration,
International Trade Administration, U.S.
Department of Commerce, 14th Street
and Constitution Avenue, NW.,
Washington, D.C. 20230 (202-377-1777).

SUPPLEMENTARY INFORMATION:

Initiation of Antidumping Investigation

On May 1, 1981, we received a petition from Yuasa-General Battery Corporation, of Reading, Pennsylvania, that complies with the filing requirements of 19 CFR 353.37. Filed on behalf of the U.S. industry producing motorcycle batteries, the petition alleges that various producers in Taiwan are selling this merchandise in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act). It also alleges that these imports are materially injuring a U.S. industry.

Sales at less than fair value generally occur when the prices of the

merchandise exported to the United States are less than the prices of such or similar merchandise sold for consumption in the exporter's home market. Material injury can include actual or potential decline in U.S. output, sales market share, profits, productivity, and return on investments.

Upon examining this petition, we have found that its information reasonably supports its allegations. Therefore, in accordance with section 732 of the Tariff Act of 1930 as amended (the Act), we are initiating an investigation to determine whether this merchandise is being sold at less than fair value within the meaning of section 731 of the Act. If our investigation proceeds normally, we will announce our preliminary determination by October 8, 1981.

Scope of the Investigation

Due to their physical dimensions, terminal configurations, and range of ampere-hour ratings, motorcycle batteries have limited application in garden tractors and certain self-starting lawnmowers. However, for purposes of this investigation, motorcycle batteries mean lead-acid storage batteries, principally dedicated for use in motorcycles, having a nominal output of either 6 or 12 volts, and rated between 2 and 28 ampere-hours (10 hour discharge rate). Motorcycle batteries are currently classified under item 683.10 of the Tariff Schedules of the United States.

Notification of ITC

Section 732 of the Act also requires us to notify the ITC of this determination and to give the ITC a copy of the information we used to arrive at it. We will make available to the ITC all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it 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.

Preliminary Determination by ITC

The ITC will determine by June 15, 1981, whether there is a reasonable indication that imports of motorcycle batteries from Taiwan are materially injuring or likely to materially injure a U.S. industry. If the ITC's determination is negative, this investigation will

terminate; otherwise, it will proceed to its conclusion.

Waring Partridge III,

Acting Deputy Assistant Secretary for Import Administration.

May 20, 1981.

[FR Doc. 81-15016 Filed 5-26-81; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C

**LIST OF WITNESSES APPEARING AT THE
COMMISSION'S CONFERENCE**

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-42 (Preliminary)

MOTORCYCLE BATTERIES FROM TAIWAN

Those listed below appeared as witnesses at the United States International Trade Commission conference held in connection with the subject investigation on Wednesday, May 27, 1981, in room 117 of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the petition

Stein, Shostak, Shostak & O'Hara
Washington, D.C.
on behalf of

Yuasa-General Battery Corp.

Shuji Kawata, Executive Vice President
Bruce Retter, National Sales Manager

Irwin P. Altschuler)
Steven P. Kersner) -- OF COUNSEL

Berry & Sandstrom
Washington, D.C.
on behalf of

Exide Corp.

Jeffrey C. Carter, Counsel
Edward W. Kronberg, Director of Marketing

Mark Ray Sandstrom -- OF COUNSEL

In opposition to the petition

Law Offices of Italo H. Ablondi
Washington, D.C.
on behalf of

Taiwan Electric Appliance Manufacturers Association

Italo H. Ablondi)
Henning Vent) -- OF COUNSEL

