

# **MOTORCYCLE BATTERIES FROM TAIWAN**

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

**USITC PUBLICATION 1228**

**MARCH 1982**



# **UNITED STATES INTERNATIONAL TRADE COMMISSION**

## **COMMISSIONERS**

**Bill Alberger, Chairman**  
**Michael J. Calhoun, Vice Chairman**  
**Paula Stern**  
**Alfred E. Eckes**  
**Eugene J. Frank**  
**Veronica Haggart**

---

**Kenneth R. Mason, Secretary to the Commission**

---

This report was prepared by:

**David A. Coombs, Investigator**  
**Michael P. Mabile, Office of the General Counsel**  
**Chandrakant Mehta, Office of Investigations**  
**Anita Miller, Office of Economics**  
**Clark Workman, Office of Economics**  
**John Cutchin, Office of Industries**

---

**John MacHatton, Supervisory 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
Views of the Commission-----	3
Information obtained in the investigation:	
Introduction-----	A-1
Nature and extent of sales at less than fair value-----	A-2
The product:	
Description and uses-----	A-3
U.S. tariff treatment-----	A-5
U.S. market and channels of distribution-----	A-6
Apparent U.S. consumption-----	A-7
U.S. producers-----	A-9
Foreign producers-----	A-10
U.S. importers-----	A-10
The question of material injury:	
U.S. production, capacity, and capacity utilization for 12-volt batteries:	
Production-----	A-11
Capacity-----	A-11
Capacity utilization-----	A-11
U.S. producers' shipments-----	A-11
Domestic shipments-----	A-11
Export shipments-----	A-12
U.S. producers inventories-----	A-14
Employment and wages-----	A-14
Financial experience of U.S. producers-----	A-14
Operations on domestically-produced 12-volt motorcycle batteries-----	A-20
Operations on domestically-produced 6-volt motorcycle batteries-----	A-20
Importing operations-----	A-20
Overall operations of the establishments within which motor- cycle batteries are produced-----	A-20
Capital expenditures and research and development expenditures-----	A-23
The question of the causal relationship between material injury and LTFV imports:	
U.S. imports-----	A-23
Market penetration-----	A-26
Prices-----	A-27
Lost sales-----	A-31
The question of the threat of material injury:	
The rate of increase of imports from Taiwan-----	A-31
Imports from Taiwan as a share of apparent U.S. consumption of motorcycle batteries-----	A-34
U.S. importers' inventories-----	A-34
The capacity of Taiwan to generate exports and the availability of other export markets-----	A-36

## Contents

	<u>Page</u>
Appendix A. Commerce's final determination of sales at LTFV-----	A-37
Appendix B. Witnesses appearing at the hearing-----	A-43
Appendix C. Commission's notice of investigation and hearing-----	A-47
Appendix D. Summary of LTFV Calculations by the Department of Commerce-----	A-51

## Tables

1. Lead acid type storage batteries, including motorcycle batteries: Pre-MTN tariff rate and staged-rate modifications, 1980-87-----	A-6
2. Motorcycle batteries: U.S. producers' shipments, importers' ship- ments, and apparent consumption, by types, 1978-80, January- September 1980, and January-September 1981-----	A-8
3. 12-volt motorcycle batteries: U.S. capacity, production, and capacity utilization, by firms, 1978-80, January-September 1980, and January-September 1981-----	A-12
4. U.S.-produced 12-volt motorcycle batteries: U.S. producers' commercial shipments, by firms and by types, 1978-80, January-September 1980, and January-September 1981-----	A-13
5. U.S.-produced 12-volt motorcycle batteries: U.S. producers' inventories as of December 31 of 1978-80, and as of September 30 of 1980, 1981-----	A-14
6. Average number of employees in U.S. establishments producing 12-volt motorcycle batteries, hours worked by and wages paid to production and related workers producing 12-volt motorcycle batteries, and output per worker hour, 1978-80, January-September 1980, and January-September 1981-----	A-15
7. Profit-and-loss experience of U.S. producers on their 12-volt motorcycle battery manufacturing operations, by firms, 1978-80, January-September 1980, and January-September 1981-----	A-16
8. Profit-and-loss experience of Exide Corporation on its 6-volt motor- cycle battery manufacturing operations, 1978-80, January- September 1980, and January-September 1981-----	A-17
9. Profit-and-loss experience of U.S. producers on their operations on importing motorcycle batteries, by firms, 1978-80, January- September 1980, and January-September 1981-----	A-18
10. Profit-and-loss experience of U.S. producers on their overall operations of establishments in which motorcycle batteries are produced, by firms, 1978-80, January-September 1980, and January-September 1981-----	A-19
11. Investment in production facilities and net operating profit of U.S. producers on their 12-volt motorcycle battery manu- facturing operations, by firm, 1978-80, January-September 1980, and January-September 1981-----	A-21
12. Investment in production facilities and net operating profit of U.S. producers on their overall operations, by firm, 1978-80, January-September 1980, January-September 1981-----	A-22

## Contents

	<u>Page</u>
13. Motorcycle batteries: U.S. imports for consumption, by sources and by types, 1978-80, January-September 1980, and January-September 1981-----	A-24
14. 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-September 1980, and January-September 1981-----	A-25
15. Motorcycle batteries: Shipments of U.S. imports from Taiwan and apparent consumption, by types, 1978-80, January-September 1980, and January-September 1981-----	A-26
16. Indexes of producer prices for industrial commodities, 12-volt replacement batteries, and lead, by quarters, January 1978-September 1981-----	A-28
17. 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-September 1981-----	A-29
18. Motorcycle replacement batteries, JIS model 12N14-3A: Weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-September 1981-----	A-30
19. Motorcycle replacement batteries, JIS model 12N12A-4A-1: Yuasa-General's weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-September 1981-----	A-32
20. Motorcycle replacement batteries, JIS model 12N14A-3A: Yuasa-General's weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-September 1981-----	A-33
21. Motorcycle batteries: U.S. imports for consumption from Taiwan, by types, 1978-80, January-September 1980, and January-September 1981-----	A-34
22. Motorcycle batteries: Market penetration by shipments of imports from Taiwan, by types, 1978-80 January-September 1980, and January-September 1981-----	A-35
23. Taiwanese produced 12-volt motorcycle batteries: U.S. importers' inventories as of December 31 of 1978-80 and as of September 30 of 1980, 1981-----	A-35

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-42 (Final)

MOTORCYCLE BATTERIES FROM TAIWAN

Determination

Based on the record 1/ developed in investigation No. 731-TA-42 (Final), the Commission unanimously determines 2/ that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry is not materially retarded, by reason of imports from Taiwan of motorcycle batteries 3/, which the Department of Commerce has determined are being, or are likely to be, sold in the United States at less than fair value (LTFV).

Background

On October 14, 1981, the Department of Commerce made a preliminary determination that there was a reasonable basis to believe that motorcycle batteries from Taiwan were being, or were likely to be, sold in the United States at LTFV within the meaning of section 733(b) of the Tariff Act of 1930. Accordingly, on October 21, 1981, the Commission instituted a final antidumping investigation under section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. 1673(b)(1)) to determine whether 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 the imports of such merchandise into the United States.

---

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

2/ Commissioner Frank did not participate. Commissioner Haggart was sworn in subsequent to the vote.

3/ 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 6 or 12 volts and rated between 2 and 28 ampere-hours (10 hour discharge rate), as provided for in item 683.10 of the Tariff Schedules of the United States.

Notice of the institution of the Commission's investigation and of the public hearing 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 28, 1981, (46 F.R. 53235). The hearing was held in Washington, D.C. on January 12, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.



## VIEWS OF THE COMMISSION

We determine that an industry in the United States is not being materially injured or threatened with material injury, nor is the establishment of an industry in the United States being materially retarded, by reason of imports from Taiwan of motorcycle batteries sold at less than fair value. 1/ The reasons for our determination are set forth below.

Domestic industry

The starting point for our analysis is the definition of the domestic industry against which the impact of the allegedly dumped imports is to be assessed. Section 771(4)(A) of the Tariff Act of 1930 defines the domestic industry as consisting of "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." 2/ "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 . . . ." 3/

The Report contains an extensive discussion of the articles subject to investigation and domestic production of motorcycle batteries and batteries used for other purposes, distinguishing such batteries in terms of their characteristics and uses. 4/ It is our view that there are two distinct articles subject to this investigation--lead-acid storage batteries of 6 volts

---

1/ Commissioner Frank did not participate in the determination.  
Commissioner Haggart was sworn in subsequent to the vote in this investigation.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

4/ Report at A-5 to A-8, A-11 to A-14; Transcript of hearing at 83-86. All references in these views to the Report are to the confidential version.

and lead-acid storage batteries of 12 volts rated between 2 and 28 ampere-hours at a 10-hour discharge rate. We find that there is production of both 6- and 12-volt motorcycle batteries in the United States. Further, we find that the domestically produced 12-volt batteries are "like" the imported 12-volt batteries from Taiwan, but that there is no domestic like product with respect to imported 6-volt batteries from Taiwan.

The domestic 12-volt batteries cannot be distinguished in terms of their characteristics and uses from 12-volt batteries imported from Taiwan. Although individual 12-volt batteries may differ in certain physical characteristics, such as dimensions and terminal placement, these characteristics are specified by motorcycle manufacturers according to Japanese Industrial Standards (JIS) numbers. Each domestically produced 12-volt battery model has an imported counterpart with the same JIS number. All batteries with the same specifications, whether domestic or imported, correspond in every characteristic and share the same uses.

Domestically produced 6-volt batteries, however, are quite different from 6-volt batteries imported from Taiwan. The imported products are all in plastic cases designed for use in modern motorcycles, while the domestic 6-volt models are in rubber cases and are primarily used as replacements in older model kick-start motorcycles produced in the United States and Europe prior to 1960. Thus, the domestic and imported 6-volt batteries do not compete in the same markets. We conclude that they are not like, nor sufficiently similar in characteristics and uses to qualify as a like product.

Furthermore, we do not agree with the domestic producers' argument that 6-volt and 12-volt batteries should not be separated when defining the like product and the industry. 5/ While 6-volt and 12-volt batteries share a basic use and a number of basic characteristics, their specific applications diverge considerably. Twelve-volt batteries are chiefly used in larger motorcycles designed for highway use and equipped with electrical safety appliances such as headlights, horns, turn signals and license plate lights. Six-volt batteries are used primarily in smaller motorcycles adapted for use both on and off the highway. Because of the differing power requirements of the vehicles involved, there is no substitutability of 6-volt and 12-volt motorcycle batteries. 6/ In conclusion, we do not find any domestic product to be "like" the imported six-volt motorcycle batteries.

Consequently, we define the relevant domestic industry for purposes of this investigation as consisting of U.S. producers of lead-acid storage batteries having a nominal output of 12 volts and rated from 2 to 28 ampere-hours at a 10 hour discharge rate.

The respondents urge that the two chief domestic producers of motorcycle batteries, Yuasa-General Battery Corp. and Exide Corp., be excluded from the scope of the domestic industry for the purpose of assessing the effect of the

---

5/ They contend that the production process and plant facilities for producing both types are identical and that the channels of distribution for both types are the same. They also note that all types of motorcycle batteries contain the same kinds of components and have the same general uses--to meet the electrical requirements of a motorcycle. According to this argument, there is no more difference between 6-volt and 12-volt batteries than there is between different sizes of 12-volt batteries. Transcript of hearing at 83-86.

6/ Two 6-volt batteries could be linked to take the place of a 12-volt battery, but this would be an uncommon usage, and would usually be impractical because of space limitations. Id. at 85.

LTFV imports. This issue concerns application of section 771(4)(B) of the Tariff Act of 1930:

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. 7/

As we noted in the preliminary investigation, exclusion under this provision is discretionary and is made on a case-by-case basis.

The record indicates that both Yuasa-General and Exide are importers of LTFV motorcycle batteries from Taiwan. 8/ Moreover, Yuasa-General is related to Yuasa Taiwan Battery Co., an exporter of LTFV batteries, through links to a common corporate parent, Yuasa Battery Co. of Japan. 9/ We conclude, however, that exclusion of either or both of the two domestic firms from the scope of the industry against which injury by reason of LTFV imports is to be measured would be inappropriate under the circumstances of this investigation.

Yuasa-General and Exide produce virtually all 12-volt motorcycle batteries manufactured domestically, 10/ and their exclusion would greatly distort the Commission's analysis of the impact of LTFV imports on the domestic industry. Furthermore, it has been demonstrated that both firms import batteries in part as a response to the competitive pressures of the

---

7/ 19 U.S.C. § 1677(4)(B).

8/ Report at A-14, A-16.

9/ Id. at A-15. Yuasa-General's imports of batteries from Taiwan come entirely from Yuasa Taiwan Battery Co. Id. at A-16.

10/ East Pennsylvania Manufacturing Co., Inc., produces a very limited number of 12-volt batteries for use in Harley-Davidson motorcycles. Its production accounts for less than one percent of total domestic production. Id. at A-14.

subject imports, and, at least for certain models, would prefer to sell their domestic products.

No material injury by reason of LTFV imports

The Commission is statutorily required to judge whether there is injury by examining the domestic industry "as a whole." 11/ In analyzing the state of the domestic industry producing 12-volt motorcycle batteries the Commission gathered and considered information covering the period from January 1978 to September 1981. The record demonstrates that, while there has been some fluctuation in the fortunes of the industry as a whole and particularly the individual firms, the industry is generally healthy.

Production of 12-volt batteries rose substantially from 1978, when only Exide Corp. was producing, to 1979, then declined slightly in 1980. It then fell further in the first three quarters of 1981 as compared to the same period in 1980. 12/ During the four-year period, however, U.S. producers' domestic shipments grew steadily. 13/ The discrepancy between the decline in production in 1980 and 1981 and the continued increases in shipments indicates that producers filled a growing proportion of their orders from inventory during that period. 14/ Inventories increased between 1978 and 1980, then fell sharply in January-September 1981. 15/

---

11/ 19 U.S.C. § 1677(4)(A)

12/ Report at A-17. Due to the small number of firms comprising the domestic industry, nearly all the statistical information obtained by the Commission is regarded as confidential business information. For this reason, the information is discussed only in general terms.

13/ Id. at A-19 to A-21.

14/ Id. at A-22.

15/ Id. at A-21 to A-22.

Domestic capacity for the production of 12-volt motorcycle batteries increased sharply each year from 1978 to 1980, then leveled off in 1981. The increase in 1979 is principally accounted for by the opening of Yuasa-General's plant in that year. The rise in 1980 reflects Exide's acquisition of new, more efficient equipment. 16/ Utilization of available production capacity declined every year during the four-year period, showing the greatest decline in 1981 as production levels fell. 17/

Average employment of production and related workers in the industry rose between 1978 and 1979, then decreased in both 1980 and 1981 as production declined. 18/ The number of hours worked followed the same trends. 19/

Data regarding profitability are especially significant, because they show the industry as a whole to be prosperous. Net sales of domestically produced 12-volt batteries increased rapidly and steadily from 1978 to the first three quarters of 1981. The ratios of both gross profits and net profits to net sales rose dramatically from 1978 to 1979, increased again in 1980, then declined in the first three quarters of 1981 compared to the corresponding period in 1980. Even with the fluctuations, profits remained high throughout the entire period. 20/ Profitability, measured by the return on book value of assets, has been substantial and grew from 1978 to 1980 and maintained high levels in January-September 1981. 21/

---

16/ Id. at A-17 to A-18.

17/ Id. at A-18.

18/ Id. at A-22 to A-24.

19/ Id.

20/ Id. at A-25 to A-28. One of the two firms comprising the domestic industry has performed exceptionally well throughout the period studied. Id.

21/ Id. at A-33a to A-33b.

The lack of material injury to the U.S. producers of 12-volt motorcycle batteries by reason of LTFV imports is further borne out by the data on imports from Taiwan. Imports jumped from 1978 to 1979 and increased further in 1980. 22/ They captured 21.3 percent of apparent domestic consumption in 1978, 22.5 percent in 1979, and 23.2 percent in 1980. 23/ These rises in import levels and import penetration of the U.S. market coincided with the period of greatest production and profitability by the domestic industry. In the first three quarters of 1981, when the U.S. industry's performance declined, the volume of imports from Taiwan also declined markedly, with market penetration slipping to 22 percent. 24/ Since the industry prospered during times of greatest import penetration and did less well during times of decreased imports, there does not appear to be a causal link between LTFV imports and the condition of the industry.

Information gathered by the Commission demonstrates that 12-volt motorcycle batteries from Taiwan generally undersold domestically produced batteries in the U.S. market by substantial margins. 25/ Investigation by the Commission, however, failed to confirm a significant pattern of sales lost by the two domestic producers to LTFV imports on the basis of price. 26/

#### No threat of material injury by reason of LTFV imports

We find that there is no threat of injury to the domestic industry by reason of LTFV imports from Taiwan. As noted above, import levels, after

---

22/ Id. at A-35 to A-36.

23/ Id. at A-38 to A-39.

24/ Id. at A-36, A-38 to A-39.

25/ Id. at A-42 to A-47.

26/ Id. at A-46 to A-49. The domestic firms submitted 26 allegations of lost sales. Of these, only five were confirmed as being instances in which Taiwanese imports were purchased in lieu of domestic products because of the lower price of the imports.

increasing from 1978 to 1980, declined greatly in the most recent three-quarter period, January-September 1981, falling off 36 percent. Import penetration declined by two percentage points between January-September 1980 and January-September 1981. 27/ While year-end inventories held by importers have risen over the four-year period to very substantial levels, 28/ information available to the Commission indicates that manufacturers in Taiwan are already operating at nearly full capacity for the production of 12-volt batteries. Moreover, a significant percentage of production in Taiwan is devoted to consumption there and in export markets other than the United States. 29/ We find no indication that imports from Taiwan are likely to increase substantially so as to threaten harm to the U.S. industry.

No material retardation of the establishment of an industry

Yuasa-General and Exide contend that the establishment of domestic production of 6-volt motorcycle batteries is being materially retarded by LTFV imports of 6-volt batteries from Taiwan. 30/ In this investigation the issue of material retardation of the establishment of an industry arose belatedly. Yuasa-General's petition alleged both material injury and threat of material injury, but omitted any mention of material retardation. At the public conference in the preliminary

---

27/ Id. at A-50 to A-51.

28/ Id.

29/ Id. at A-52.

30/ This argument is an alternative one to the domestic firms' contention that the domestic industry should encompass U.S. production of both 6-volt and 12-volt batteries. Since the Commission has excluded 6-volt battery production from the scope of the industry, it is necessary to consider this alternative argument.



investigation Yuasa-General confirmed that it did not view the investigation as involving an issue of material retardation. 31/ Only after the issue was raised for the first time by Exide at the public conference did Yuasa-General change its position. 32/

Both firms assert that they are interested in moving into production of 6-volt batteries that are competitive with imported 6-volt batteries, but have been dissuaded by the presence in the U.S. market of unfairly traded imports that are priced at levels at which the domestic firms cannot compete. 33/ Both Yuasa-General and Exide now import 6-volt batteries in order to supply their customers with these models. In confidential submissions Exide presented documents showing that it has explored the feasibility of producing several types of 6-volt and 12-volt batteries that it now imports. A witness for Exide stated, however, that if antidumping duties were imposed Exide would not be prepared immediately to undertake the additional tooling required to start domestic production of additional battery models. 34/

The question of material retardation of establishment of a domestic industry is rarely encountered in Commission antidumping and countervailing duty investigations, since nearly all petitions are brought by firms with established production of the product involved. The Commission, however, has rejected allegations of material retardation when there has been no demonstration of a substantial commitment to commence production of the

---

31/ Transcript of public conference at 67.

32/ Yuasa-General brief filed in preliminary investigation, at 11.

33/ Transcript of hearing at 34, 188-89.

34/ Id. at 192-93.

subject products. See Synthetic L-Methionine from Japan, Inv. No. 751-TA-4, USITC Pub. 1167 (1981); cf. Certain Ultramicrotome Freezing Attachments, Inv. No. 337-TA-10, USITC Pub. 771 (1976).

We are convinced that a claim of material retardation must be substantiated by a more complete showing than the one made in this case. Neither Yuasa-General nor Exide has demonstrated that it has taken substantial steps or made an affirmative commitment toward establishing production of 6-volt motorcycle batteries in this country.

## 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, Pa., alleging that motorcycle batteries from Taiwan, provided for in item 683.10 of the Tariff Schedules of the United States (TSUS), were being, or were likely to be, sold in the United States at less than fair value (LTFV) and that an industry in the United States was materially injured, or threatened with material injury, by reason of imports of such merchandise. Accordingly, 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 was a reasonable indication that an industry in the United States was materially injured, or was threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports from Taiwan of motorcycle batteries 1/ allegedly sold or likely to be sold at LTFV. On July 9, 1981, the Commission unanimously determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of such imports (46 F.R. 32696).

On October 14, 1981, the U.S. Department of Commerce made a preliminary determination that there were a reasonable basis to believe that motorcycle batteries from Taiwan were being, or were likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930 (46 F.R. 50577). Accordingly, on October 21, 1981, under section 735 of the Act, the Commission instituted investigation No. 731-TA-42 (Final) to determine whether 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 the importation of such merchandise into the United States.

The Department of Commerce made its final determination that motorcycle batteries from Taiwan are being sold at LTFV on March 4, 1982 (47 F.R. 9264). 1/ In this case, the Commission must render its final determination concerning injury not later than the 45th day after the day on which Commerce makes its affirmative final determination, or by April 19, 1982.

---

1/ For purposes of this investigation, motorcycle batteries are defined as lead-acid storage batteries with a nominal output of either 6 or 12 volts and a rating of between 2 and 28 ampere-hours (10-hour discharge rate). These batteries are of a kind used in motorcycles and are entered under item 683.10 of the TSUS. Batteries that meet the voltage and amperage specifications above but that are produced or imported for use in products other than motorcycles (such as lawn mowers or snowmobiles) are included within this definition of "motorcycle batteries."

2/ A copy of the Commerce Department's final determination of LTFV sales is presented in app. A.

In connection with the Commission's investigation, a public hearing was held in Washington, D.C., on January 12, 1982. 1/ Notice of the institution of the investigation and of the public hearing was duly given by posting copies of the notice in the Office of Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on October 28, 1981 (46 F.R. 53235) 2/. The Commission voted on the investigation on March 18, 1982; its administrative deadline for the notification of Commerce was March 24, 1982.

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

The Department of Commerce's final determination of sales at LTFV was based on an examination of exports from Taiwan of motorcycle batteries manufactured by six Taiwan producers, 3/ which together account for about 90 percent of such exports to the United States. The Commerce investigation covered sales made during the 6-month period December 1, 1980, to May 31, 1981.

Commerce determined that there were sufficient sales in the home market by four of the manufactures (all except Great King Electricity Co., Ltd. (Great King) and Cheng Kwang Storage Battery Co., Ltd. (Cheng Kwang)) to permit the use of price comparisons in order to determine whether or not motorcycle batteries are being sold at LTFV. For these manufacturers, Commerce compared either purchase price or exporter's sales price (ESP), as applicable, with the price of such or similar merchandise sold for consumption in Taiwan. In the case of Great King, Commerce compared purchase price with the price of such or similar merchandise sold to a third country (Greece). In the case of Cheng Kwang, Commerce compared purchase price with the price of such or similar merchandise sold for consumption in the home market (for 1 model) or with the price of such or similar merchandise sold for consumption to a third country (Sweden) for 10 other models. For both companies, the third country was selected because batteries exported to that country had a greater degree of similarity to the batteries exported to the United States than those exported to other countries.

Commerce calculated purchase price on the basis of the f.o.b. or c.i.f. prices to unrelated U.S. importers or Taiwanese exporters. Deductions were made, as applicable, for royalty fees, shipping and f.o.b. charges, commissions, and stamp taxes. Additions were made, as applicable, for both import duties which were rebated, and taxes which were not collected, by reason of the exportation of the merchandise to the United States. ESP was calculated in the same manner as purchase price, with deductions for inland freight in the United States, indirect selling expenses in the United States, and the amount of increased value added in the United States Foreign market value (FMV) was calculated by deducting inland freight, royalty fees, sales

---

1/ A list of witnesses appearing at the hearing is presented in app. B.

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

3/ The producers are (1) Cheng Kwang, (2) China Storage Battery Co., Ltd. ("CSB"), (3) Great King, (4) Tahming Battery Co., Ltd. (Tahming), (5) Yuasa Battery Taiwan Co., Ltd. (Yuasa), and (6) Ztong Yee Industrial Co., Ltd. (Ztong Yee).

bonuses, and insurance. Adjustments were made for differences in circumstances of sale. FMV based on sales to third countries was calculated by deducting shipping and f.o.b. charges, sales commissions, and stamp taxes. Commerce found margins ranging from 0.02 percent to 32.2 percent of the fair market value on 59 percent of the sales compared. The weighted average margin was 7.4 percent. Weighted average margins, by manufacturers, are as follows:

<u>Manufacturer</u>	<u>Margin as a share of the fair market value Percent</u>
Ztong Yee-----	14.4
Tahming-----	10.0
Yuasa-----	6.9
Cheng Kwang-----	6.7
CSB-----	1.7
Great King-----	1.0
All others-----	7.4

A more detailed summary of the Department of Commerce's LTFV calculations, by producers, is presented in appendix D.

### 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 <sup>1/</sup> (at a 10-hour discharge rate). Such batteries are principally used for motorcycles, but are also used to a lesser extent for riding lawnmowers, garden tractors, snowmobiles, jet skis, and other applications. For purposes of this report, these batteries are collectively referred to as motorcycle batteries.

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

Motorcycle batteries are constructed of cells, each of which has a nominal output of 2 volts. Each cell consists of cast antimonial-lead 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. They are activated by the addition of sulphuric acid prior to use.

---

<sup>1/</sup> The ampere-hour rating of a storage battery indicates the amount of energy which the battery can deliver before it needs recharging.

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.

In recent years, the market for 6-volt batteries has generally been limited to motorcycles with nonelectric starting systems. 1/ These motorcycles are usually dual purpose, 2/ and are certified by the manufacturer as being in compliance with the Federal Motor Vehicle Safety Standards. 3/

In the past, 6-volt batteries were used in motorcycles produced by the Indian Motorcycle Co. (this firm went out of business in the late 1950's), some Harley Davidson models (road bikes produced prior to 1960, where the battery ran the headlight only), and older model European motorcycles. This type of 6-volt battery had a rubber case, which differs from the plastic cases of batteries produced in recent years. 4/

The market for 12-volt batteries generally includes motorcycles over 200cc with electrical starting systems. Most on-highway motorcycles produced today have 12-volt electrical starting systems. Manufacturers began phasing out kick starts in on-highway models in the mid-1970's, and began concentrating on production of commuting models, which have electric starts.

Off-highway motorcycles do not contain batteries and do not comply with the Federal Motor Vehicle Safety Standards. They are characterized by their light weight and relatively small engine size. 5/ Although most do not have lights, those designed for motocross and endurance competitions may. However, power for these lights is supplied by a magneto and not a battery.

The use of motorcycle batteries in non-motorcycle applications is limited by several factors, including power requirements, space considerations, and cost. 6/ The relatively low power of motorcycle batteries, compared with that

---

1/ These motorcycles are equipped with kick starts.

2/ Dual-purpose motorcycles are designed for both on-highway and off-highway use. The bulk of dual purpose motorcycles have engines smaller than 350cc, and all used 6-volt batteries thru 1981. However, two 1982 Hondas use 12-volt batteries.

3/ These standards require that the motorcycle have a headlight, horn, turn signals, and license plate illumination.

4/ There is no domestic production of plastic-cased 6-volt batteries.

5/ According to statistics of the Motorcycle Industry Council, Inc., 50.4 percent of off-highway motorcycles were less than 125cc, and 91.3 percent were less than 350cc in 1980. 1981 Motorcycle Statistical Annual, p. 7.

6/ This information is based on discussions with officials of several battery companies and garden tractor, riding lawnmower, jet ski, and snowmobile producers, including \* \* \*.

of certain other types of batteries, may exclude the motorcycle battery from applications in products where the battery is used for other power in addition to starting, from cold-weather applications where there is a considerable drain on the battery from the temperature, from products which do not have a recharging system, and from products with engines larger than those on motorcycles. 1/

Additionally, since many products have more space available for battery storage than do motorcycles, there is no compelling reason to utilize the relatively small (in terms of size and power) motorcycle battery. Finally, the cost of a motorcycle battery (or any other storage battery) may prohibit its use in many products where less costly, alternate starting methods may be employed. 2/

Despite these considerations, motorcycle batteries are used in some small garden tractors, riding lawnmowers, snowmobiles, jet skis, and other applications. These additional markets are discussed further in the "Apparent U.S. consumption" section of this report.

#### U.S. tariff treatment

Motorcycle batteries are classified under item 683.10 of the TSUS, which includes all lead-acid type 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 production. Batteries imported from countries afforded most-favored-nation (MFN) treatment are currently dutiable at a rate of 7.3 percent ad valorem (column 1 in the TSUS). Batteries imported from countries with MFN status and which have been designated in general headnote 3(d) of the TSUS 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 staged reductions in the rate of duty for motorcycle batteries resulting from the concession granted in the MTN are shown in table 1.

---

1/ Most of these products appear to require either automotive batteries, or U-I (utility) batteries, which are larger than motorcycle batteries, have different terminal configurations, and are rated at a 20-hour discharge rate, as specified by Battery Council International Standards.

2/ A good example of this is the Go-Kart, which is generally inexpensive and utilizes a pull start.

Table 1.--Lead-acid type storage batteries, including motorcycle batteries:  
Pre-MTN tariff rate and staged-rate modifications, 1980-87

(Percent ad valorem)										
TSUS item No.	:	Pre-MTN col. 1 rate of duty <u>1/</u>	:	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.

Batteries classifiable in TSUS item 683.10 have also been designated as eligible articles for purposes of the Generalized System of Preference (GSP). 1/ Batteries designated for GSP eligibility, when produced in 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 articles. In 1980, Taiwan accounted for 21 percent, by value, of the imports of all lead-acid storage batteries entered under TSUS item 683.10, although it accounted for about \*\*\* percent, by value, of the imports of motorcycle batteries entered under this item. 2/

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 40 percent ad valorem (column 2 of the TSUS).

#### 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

1/ GSP, enacted as title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

2/ Since item 683.10 includes all lead-acid-type storage batteries, total imports under this item are used to determine GSP eligibility.



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 companies (Honda of America Mfg. Co., Inc., and Kawasaki Motors Mfg. Co., Inc.) and one domestically owned firm (Harley Davidson) produce motorcycles in the United States. \* \* \*. Retailers of motorcycle batteries include chain stores such as Western Auto, K-Mart, and Pep Boys, and mass merchandisers 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.

#### Apparent U.S. consumption

Apparent U.S. consumption of motorcycle batteries increased from 1.5 million units in 1978 <sup>1/</sup> to 2.3 million units in 1979, and then declined slightly to 2.1 million units in 1980 (table 2). Apparent consumption increased by 309,300 units from January-September 1980 to January-September 1981, or by 21.7 percent.

There are no published data on U.S. production, shipments, or consumption of motorcycle batteries, and during the course of this investigation, the parties have disagreed on the extent of motorcycle battery usage in this country. The petitioner has stated that consumption may be estimated as 30 to 40 percent of total motorcycle registrations in a given year, <sup>2/</sup> thus arriving at ". . . a mature, stable market selling approximately 2 to 2-1/2 million units per year." <sup>3/</sup> Exide Corp., another U.S. producer of motorcycle batteries that has participated in this investigation in support of the petition, \* \* \*. <sup>4/</sup> However, both Dorcy International and the Taiwan Electric Appliance Manufacturers' Association (TEAMA), an importer and a manufacturers' association, respectively, and opponents of the petition, disagree with this estimate.

Dorcy has stated that ". . . apparent U.S. consumption is at a minimum triple . . . the figure initially proposed by petitioner . . ." <sup>5/</sup> TEAMA, in its most recent consumption estimate, has stated that U.S. consumption in 1980 was 4.3 million batteries. <sup>6/</sup> Both Dorcy and TEAMA claim that the differences between their estimates and those of Yuasa-General and Exide are due in part

---

<sup>1/</sup> Consumption data for 1978, as derived from responses to the Commission's questionnaires, are believed to be substantially understated.

<sup>2/</sup> Transcript of hearing, p. 124; petition, p. 15.

<sup>3/</sup> Yuasa-General, posthearing brief, p. 9.

<sup>4/</sup> Exide, posthearing brief; exhibit C, p. 4; exhibit A, p. 1.

<sup>5/</sup> Dorcy, posthearing brief; , p. 4.

<sup>6/</sup> TEAMA, "Submission on U.S. consumption of motorcycle batteries" Jan. 25, 1982.

Table 2.--Motorcycle batteries: U.S. producers' domestic shipments, importers' shipments, and apparent consumption, by types, 1978-80, January-September 1980, and January-September 1981

(In thousands of units)				
Period and type	Producers' domestic shipments	Importers' shipments	Apparent consumption	
1978:				
12-volt-----	***	***	1/ 1,223.8	
6-volt-----	***	***	1/ 248.5	
Total-----	***	***	1/ 1,472.3	
1979:				
12-volt-----	***	***	1,880.3	
6-volt-----	***	***	395.3	
Total-----	***	***	2,275.6	
1980:				
12-volt-----	***	***	1,798.1	
6-volt-----	***	***	340.9	
Total-----	***	***	2,139.0	
Jan.-Sept. 1980:				
12-volt-----	***	***	1,199.6	
6-volt-----	***	***	224.4	
Total-----	***	***	1,424.0	
Jan.-Sept. 1981:				
12-volt-----	***	***	1,456.0	
6-volt-----	***	***	277.3	
Total-----	***	***	1,733.3	

1/ Importers' shipments and apparent U.S. consumption for 1978 are believed to be understated.

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

to alternate markets and shorter battery life than that estimated by the petitioner. TEAMA has suggested that these additional batteries may come from United States battery manufacturers that produce certain batteries which are within the Commission's definition of motorcycle batteries, and from other exports to the United States.

The Commission staff has been unable to locate domestic producers of such batteries, or to identify additional export sources. Discussions with producers of U-1 utility batteries 1/ have revealed that U-1 batteries and motorcycle batteries are not interchangeable. 2/ Additionally, attempts to

1/ These batteries and automotive batteries are the closest type batteries to motorcycle batteries. U-1 utility batteries are produced to Battery Council International Standards, are rated at a 20-hour discharge rate, and are generally larger than motorcycle batteries.

2/ Interviews with \* \* \*.

locate additional importers from countries other than Taiwan and Japan were nonproductive. Finally, interviews with producers of several of the products which TEAMA claims require motorcycle batteries revealed that many of the products took U-1 or automotive type batteries, or no batteries at all. Thus, while consumption data contained in this report for 1979, 1980, and for the January-September periods in 1980 and 1981 may be somewhat understated, it is believed to account for well over 90 percent of apparent U.S. consumption.

### 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 a major operating subsidiary of INCO Electro Energy Corp., which in turn is a wholly owned subsidiary of Inco Ltd. (formerly the International Nickel Co.) of Toronto, Canada. 1/ Exide produces 12-volt motorcycle batteries in its Raleigh, N.C., plant along with other types of batteries, including \* \* \*. Motorcycle batteries are marketed under the brand names Wisco and Exide. Exide owns and operates other plants which produce automobile batteries that are sold under both the Exide name and private-label names (\* \* \*, for example), and the company also produces industrial batteries. Exide 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, Pa., 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., of Lyons Station, Pa., produces a very limited number of 12-volt motorcycle batteries 2/ for use in Harley Davidson motorcycles. All three of these firms also import 12-volt motorcycle batteries. 3/ 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 that the reason Filter Dynamics ceased production of motorcycle batteries \* \* \*.

No plastic-cased 6-volt motorcycle batteries (the type in modern motorcycles) are produced by domestic firms, although Exide does produce a limited number of rubber-cased 6-volt batteries at its Racine, Wisc., plant, 4/ for use in older model motorcycles 5/ (generally, those produced prior to the early 1960's). Instead, plastic-cased 6-volt motorcycle batteries are imported by all three domestic producers. At the hearing,

---

1/ Inco recently announced that it is seeking a buyer for Inco Electro Energy Corp. Wall Street Journal, Dec. 8, 1981, p. 5.

2/ \* \* \*.

3/ The import operations of Yuasa-General and Exide are discussed further in the "U.S. Importers" section of this report.

4/ Exide stated that it has produced these batteries for 20 years. Transcript of the hearing, p. 174.

5/ Ibid, p. 185.

Yuasa-General stated that it has a plan to manufacture 6-volt motorcycle batteries in this country, but has been unable to do so because of the current competition from Taiwanese imports. <sup>1/</sup> Exide stated that it has always intended to produce plastic-cased 6-volt motorcycle batteries in this country, and that it hasn't begun production because of the low prices of imports from Taiwan. <sup>2/</sup>

#### 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 produce motorcycle batteries in Taiwan. Six of these Taiwan producers (including Yuasa) are believed to account for about 90 percent of the motorcycle batteries exported to the United States. These producers are Ztong Yee Industrial Co., Ltd., Tahming Battery Co., Ltd., China Storage Battery Co., Ltd., Great King Electricity Co., Ltd., Cheng Kwang Storage Battery Co., and Yuasa Battery Taiwan Co., Ltd.

#### U.S. importers

Importers of motorcycle batteries are primarily U.S. motorcycle parts distributors, U.S. motorcycle battery producers, and U.S. subsidiaries of Japanese motorcycle producers. The largest importers are motorcycle parts distributors, which import directly from foreign battery producers. These distributors are located in all regions of the United States, but are concentrated in California, Ohio, Texas, and Florida. The five largest distributors are owned by \* \* \*. \* \* \*.

As mentioned previously, both Yuasa-General and Exide import, as well as produce, motorcycle batteries. Together, they accounted for about \* \* \* percent of total imports in 1980. Exide has stated that it imports only those batteries that it does not produce here, to round out its line. <sup>3/</sup> Exide's imports from Taiwan have been principally from \* \* \*. Yuasa-General imports both to complete its line of domestically produced batteries <sup>4/</sup> and to provide reduced-priced products to compete with other imports from Taiwan. <sup>5/</sup> For the latter purpose, Yuasa-General imports Toplite brand batteries from Yuasa-

---

<sup>1/</sup> Ibid, pp. 30, and 110-111.

<sup>2/</sup> Ibid, pp. 166, 168, 174, and 188.

<sup>3/</sup> Ibid, pp. 189 and 195.

<sup>4/</sup> Ibid, p. 19.

<sup>5/</sup> Ibid, p. 20.

Taiwan. 1/ \* \* \*. Prior to the formation of Yuasa-General, Yuasa Battery of America, a wholly owned subsidiary of Yuasa-Japan, imported and sold batteries produced by both Yuasa-Japan and Yuasa-Taiwan. 2/

Exide accounted for \* \* \* percent (by quantity) of 12-volt battery imports from Taiwan in 1980, and Yuasa-General accounted for \* \* \* percent. Japanese motorcycle producers (Kawasaki and Honda) operate two assembly plants in the United States and import batteries (\* \* \*) for both original-equipment installation and after-market replacement. These two firms accounted for about \* \* \* percent of total imports in 1980.

### The Question of Material Injury

#### U.S. production, capacity, and capacity utilization for 12-volt batteries

Production.--\* \* \*.

Capacity.--Both U.S. producers reported capacity based on operating their facilities one shift per day, five days per week. \* \* \*.

Capacity utilization.--\* \* \*.

#### U.S. producers' shipments

This section discusses U.S. producers' shipments of domestically produced 12-volt motorcycle batteries. Each producer also imports batteries from Taiwan and Japan; the relationship between these 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--\* \* \*.

\* \* \* \* \*

---

1/ Yuasa-General imports batteries from Taiwan which are manufactured by Yuasa-Taiwan only.

2/ Transcript, p. 155 and 156.

Table 3.--12-volt motorcycle batteries: U.S. capacity, production, and capacity utilization, by firms, 1978-80, January-September 1980, and January-September 1981

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

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

Export shipments.--\* \* \*.

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

Period	Exports as a share of total shipments (Percent)
1978-----	***
1979-----	***
1980-----	***
January-September--	
1980-----	***
1981-----	***

Table 4.--U.S. produced 12-volt motorcycle batteries: U.S. producers' commercial shipments, by firms and by types, 1978-80, January-September 1980, and January-September 1981

Period and firm	Domestic shipments		Exports		Total shipments	
	Quantity	Value	Quantity	Value	Quantity	Value
1978: 1/ Exide 2/----- Total-----	1,000 units	1,000 dollars	1,000 units	1,000 dollars	1,000 units	1,000 dollars
	***	***	***	***	***	***
1979: Yuasa-General----- Exide 2/----- Total-----	***	***	***	***	***	***
	***	***	***	***	***	***
1980: Yuasa-General----- Exide 2/----- Total-----	***	***	***	***	***	***
	***	***	***	***	***	***
January-September 1980: Yuasa-General----- Exide 2/----- Total-----	***	***	***	***	***	***
	***	***	***	***	***	***
January-September 1981: Yuasa-General----- Exide 2/----- Total-----	***	***	***	***	***	***
	***	***	***	***	***	***

1/ Yuasa-General did not ship motorcycle batteries in 1978.

2/ Estimated by the staff of the U.S. International Trade Commission.

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

\* \* \* \* \*

### U.S. producers' inventories

\* \* \* \* \*

Table 5.--U.S. produced 12-volt motorcycle batteries: U.S. producers' inventories as of December 31, 1978-80, and September 30, 1980, 1981

Item	As of Dec. 31--			As of Sept. 30--	
	1978	1979	1980	1980	1981
Inventories:					
Yuasa-General-1,000 units--	***	***	***	***	***
Exide-----do-----	***	***	***	***	***
Total-----do-----	***	***	***	***	***
Ratio of inventories to total shipments:					
Yuasa-General-----percent--	-	***	***	***	***
Exide-----do-----	***	***	***	***	***
Total-----do-----	***	***	***	***	***

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

\* \* \* \* \*

### Employment and wages

Employment data are presented in table 6. \* \* \*.

### Financial experience of U.S. producers

Profit-and-loss data were received from the 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. Profit-and-loss data for these firms on their (a) 12-volt motorcycle battery-manufacturing operations, (b) 6-volt motorcycle battery-manufacturing operations, (c) motorcycle-battery-importing operations, and (d) overall operations of establishments within which motorcycle batteries are produced, are presented in tables 7 through 10.



Table 6.--Average number of employees in U.S. establishments producing 12-volt motorcycle batteries, hours worked by and wages paid to production and related workers producing 12-volt motorcycle batteries, and output per worker hour, 1978-80, January-September 1980, and January-September 1981

Period and firm	Average employment in U.S. establishments producing 12-volt motorcycle batteries		Hours worked by production and related workers		Output per hour	Wages paid to production and related workers
	All employees	Production and related workers				
	Numbers	Numbers	1,000 hours	Units per hour		
1978:						
Yuasa-General <u>1</u> ----	<u>2</u> ***	<u>2</u> ***	<u>2</u> ***	***	<u>2</u> ***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
1979:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
1980:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
January-September 1980:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
January-September 1981:						
Yuasa-General-----	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***

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

<sup>2/</sup> Trainees.

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

Table 7.--Profit-and-loss experience of U.S. producers on their 12-volt motorcycle battery manufacturing operations, by firms, 1978-80, January-September 1980, and January-September 1981

Period and firm	Net sales	Cost of goods sold	Gross profit (loss)	General, selling and administrative expenses	Net operating profit (loss)	Interest expense for--			All other income or (expense)	Net profit (loss) before taxes	Ratio of		Ratio of			
						Working capital	Capital investments	to net sales			gross profit (loss) to net sales	operating profit (loss) before taxes to net sales	net profit (loss) before taxes to net sales			
-----Thousands of dollars-----																
1978:																
Yuasa-General 1/-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1979:																
Yuasa-General 1/-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1980:																
Yuasa-General-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1980:																
Yuasa-General-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1981:																
Yuasa-General-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1/ Yuasa-General did not begin producing motorcycle batteries until February 1979.																

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

Table 8.---Profit-and-loss experience of Exide Corporation on its 6-volt motorcycle battery manufacturing operations, 1978-80, January-September 1980, and January-September 1981

Period	Net sales	Cost of goods sold	Gross profit (loss)	General, selling and administrative expenses	Net operating profit (loss)	Interest expense for--			Net profit (loss)	Ratio of		Percent
						Working capital	Capital investments	All other: income or (expense)		gross profit (loss) to net sales	net operating profit (loss) before income taxes to net sales	
1978-----	***	***	***	***	***	***	***	***	***	***	***	***
1979-----	***	***	***	***	***	***	***	***	***	***	***	***
1980-----	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1980-----	***	***	***	***	***	***	***	***	***	***	***	***
1981-----	***	***	***	***	***	***	***	***	***	***	***	***

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

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

Table 9.--Profit-and-loss experience of U.S. producers on their operations on importing motorcycle batteries, by firms, 1978-80, January-September 1980, and January-September 1981

Period and firm	Net sales	Cost of goods sold	Gross profit (loss)	Interest expense for--			All other income or (expense)	Net profit (loss) before income taxes	Ratio of gross profit (loss) to net sales	Ratio of: net profit							
				General, selling and administrative expenses	Working Capital investments	Capital investments				income taxes	gross profit (loss) to net sales	operating profit (loss) before income taxes to net sales	net profit (loss) before income taxes to net sales				
Thousands of dollars													Percent				
1978:																	
Yusa-General	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1979:																	
Yusa-General	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
1980:																	
Yusa-General	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1980:																	
Yusa-General	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1981:																	
Yusa-General	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

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

Table 10.--Profit-and-loss experience of U.S. producers on their overall operations of establishments in which motorcycle batteries are produced, 1/ by firms, 1978-80, January-September 1980, and January-September 1981

Period and firm	Net sales	Cost of goods sold	Gross profit (loss)	Interest expense for--			All other income or (expense)	Net profit (loss) before income taxes	Ratio of	
				General, selling and administrative expenses	Net operating profit (loss)	Working Capital investments			gross profit (loss) to net sales	net operating profit (loss) before income taxes to net sales
-----Thousands of dollars-----										
1978:										
Yuasa-General 2/	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***
1979:										
Yuasa-General 2/	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***
1980:										
Yuasa-General	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***
January-September 1980:										
Yuasa-General	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***
January-September 1981:										
Yuasa-General	***	***	***	***	***	***	***	***	***	***
Exide	***	***	***	***	***	***	***	***	***	***
Total or Average	***	***	***	***	***	***	***	***	***	***

1/ Includes data on 12-volt production, 6-volt domestic production, and both 12-volt and 6-volt importing operations.

2/ Yuasas-General did not begin producing motorcycle batteries until February 1979.

3/ \*\*\*.1

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

Operations on domestically produced  
12-volt motorcycle batteries

\* \* \* \* \*

Operations on domestically produced 6-volt  
motorcycle batteries

\* \* \* \* \*

Importing Operations

\* \* \* \* \*

Overall operations of the establishments within which motorcycle batteries  
are produced

\* \* \* \* \*

Investment in productive facilities.--To provide an additional measure of profitability, the ratios of net operating profit or (loss) to original cost, book value and replacement cost of fixed assets employed in the production of 12-volt motorcycle batteries, and in the companies' overall operations, are presented in tables 11 and 12. These ratios followed the same trend as did the ratios of net operating profit or (loss) to net sales.

Table 11.--Investment in production facilities and net operating profit of U.S. producers on their 12-volt motorcycle battery manufacturing operations, by firm, 1978-80, January-September 1980, and January-September 1981

Period and firm	Investment in productive facilities at year-end			Net operating profit or (loss)		Ratio of net operating profit or (loss) to investment in productive facilities in terms of--	
	Original cost	Book value	Replacement cost	profit	(loss)	Original cost	Book value
1978:							
Yuasa-General 1/-----	***	***	***	***	***	***	***
Exide-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
1979:							
Yuasa-General-----	***	***	***	***	***	***	***
Exide 2/-----	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***
1980:							
Yuasa-General-----	***	***	***	***	***	***	***
Exide 2/-----	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***
January-September 1981:							
Yuasa-General-----	***	***	***	***	***	***	***
Exide 2/-----	***	***	***	***	***	***	***
Total or Average-----	***	***	***	***	***	***	***
1/ Yuasa-General did not begin producing motorcycle batteries until February 1979.							
2/ Estimated.							
3/ Not available.							

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

Table 12.--Investment in production facilities and net operating profit of U.S. producers on their overall operations, by firm, 1978-80, January-September 1980, and January-September 1981

Period and firm	Investment in productive facilities at year-end			Net operating profit or (loss)		Ratio of net operating profit or (loss) to investment in productive facilities in terms of		
	Original costs	Book value	Replace-ment cost	profit	(loss)	Original cost	Book value	Replacement cost
1978:								
Yuasa-General 1/-----	***	***	***	***		***	***	***
Exide-----	***	***	***	***		***	***	***
Total-----	***	***	***	***		***	***	***
1979:								
Yuasa-General-----	***	***	***	***		***	***	***
Exide 2/-----	***	***	***	***		***	***	***
Total or Average-----	***	***	***	***		***	***	***
1980:								
Yuasa-General-----	***	***	***	***		***	***	***
Exide 2/-----	***	***	***	***		***	***	***
Total or Average-----	***	***	***	***		***	***	***
January-September 1981:								
Yuasa-General-----	***	***	***	***		***	***	***
Exide 2/-----	***	***	***	***		***	***	***
Total or Average-----	***	***	***	***		***	***	***
1/ Yuasa-General did not begin producing motorcycle batteries until February 1979.								
2/ Estimated.								
3/ Not available.								

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



Capital expenditures and research and development expenditures

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

(In \$1,000)						
Item	1978	1979	1980	January-September--		
				1980	1981	
Capital expenditures on--						
Land-----	***	***	***	***		***
Buildings-----	***	***	***	***		***
Machinery and equipment-----	***	***	***	***		***
Total-----	***	***	***	***		***
Research and development expenses <u>1/</u> -----	***	***	***	***		***
<u>1/</u> * * *						

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

\* \* \* \* \*

The Question of the Causal Relationship between Material Injury and LTFV Imports

U.S. imports

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

\* \* \* \* \*

Both Yuasa-General and Exide import batteries from Japan and Taiwan, as stated earlier in the "U.S. importers" section of this report. Table 14 shows the relationship between their sales of domestically produced and imported 12-volt batteries. 2/ \* \* \*.

1/ At the conference held in connection with the preliminary investigation, 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.

2/ Both companies must import all their 6-volt batteries for use in modern Japanese-style motorcycles.

Table 13.--Motorcycle batteries: U.S. imports for consumption, by sources and by types, 1978-80, January-September 1980, and January-September 1981

Source and type	1978	1979	1980	Jan.-Sept.--	
				1980	1981
	Quantity (1,000 units)				
Taiwan:					
12-volt-----	191.8	464.8	533.2	348.6	222.3
6-volt-----	45.7	222.9	227.3	107.2	118.3
Subtotal-----	237.5	687.7	760.5	455.8	340.6
Japan:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
	Value (1,000 dollars)				
Taiwan:					
12-volt-----	1,336.6	4,373.3	4,313.9	2,906.5	2,001.1
6-volt-----	162.3	878.8	948.8	365.7	359.1
Subtotal-----	1,498.9	5,252.1	5,262.7	3,272.2	2,360.2
Japan:					
12-volt-----	***	***	***	***	***
6-volt-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

Table 14.--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-September 1980, and January-September 1981

Period and firm	Domestic shipments :			Ratio of domestic shipments, by source, to total domestic shipments			
	Domestic shipments of domes- tically produced batteries	of imported batteries from--		Total domestic shipments	United States	Taiwan	Japan
		Taiwan	Japan				
-----1,000 units-----				-----Percent-----			
1978:	:	:	:	:	:	:	:
Yuasa-----	***	***	***	***	***	***	***
Exide 1/-----	***	***	***	***	***	***	***
1979:	:	:	:	:	:	:	:
Yuasa-----	***	***	***	***	***	***	***
Exide 1/-----	***	***	***	***	***	***	***
1980:	:	:	:	:	:	:	:
Yuasa-----	***	***	***	***	***	***	***
Exide 1/-----	***	***	***	***	***	***	***
January-September--	:	:	:	:	:	:	:
1980:	:	:	:	:	:	:	:
Yuasa-----	***	***	***	***	***	***	***
Exide 1/-----	***	***	***	***	***	***	***
January-September--	:	:	:	:	:	:	:
1981:	:	:	:	:	:	:	:
Yuasa-----	***	***	***	***	***	***	***
Exide 1/-----	***	***	***	***	***	***	***
1/ Data on Exide's imports from Japan are estimates.	:	:	:	:	:	:	:

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

\* \* \* \* \*

### Market penetration

Shipments of imported motorcycle batteries from Taiwan increased from 324,000 in 1978 to 569,300 in 1979, and to 598,600 in 1980, capturing 22.0 percent, 25.0 percent, and 28.0 percent of apparent consumption, respectively (table 15). Data show that such import shipments increased from 432,500 in January-September 1980 to 475,500 in January-September 1981, but their market share decreased, from 30.4 percent to 27.4 percent.

During 1978-80, shipments of imports of 12-volt batteries from Taiwan increased annually as a proportion of apparent consumption, from 21.3 to 23.2 percent. Shipments of imports of 6-volt batteries from Taiwan also took a larger market share each year, rising from 25.6 percent in 1978 to 53.4 percent in 1980. Since there is virtually no domestic production of 6-volt batteries, this increase took market share from Japan.

Table 15.--Motorcycle batteries: Shipments of U.S. imports from Taiwan and apparent consumption, by types, 1978-80, January-September 1980, and January-September 1981

Period and type	Shipments of imports from Taiwan	Apparent consumption	Ratio of imports from Taiwan to apparent consumption
	1,000 units		Percent
1978:			
12-volt-----	260.5	1,223.8	21.3
6-volt-----	63.5	248.5	25.6
Total-----	324.0	1,472.3	22.0
1979:			
12-volt-----	423.6	1,880.3	22.5
6-volt-----	145.7	395.3	36.9
Total-----	569.3	2,275.6	25.0
1980:			
12-volt-----	416.6	1,798.1	23.2
6-volt-----	182.0	340.9	53.4
Total-----	598.6	2,139.0	28.0
Jan.-Sept. 1980:			
12-volt-----	298.3	1,199.6	24.9
6-volt-----	134.2	224.4	59.8
Total-----	432.5	1,424.0	30.4
Jan.-Sept. 1981:			
12-volt-----	320.3	1,456.0	22.0
6-volt-----	155.2	277.3	56.0
Total-----	475.5	1,733.3	27.4

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

As shown in table 15, the data for both 6-volt and 12-volt batteries for January-September 1981, compared with data for January-September 1980, reflect a higher level of shipments of imports from Taiwan and a lower ratio of such shipments to apparent consumption.

### Prices

According to industry sources, prices for domestically produced and imported motorcycle batteries are influenced by fluctuations in the world price for lead, because the cost of lead constitutes a significant share of the cost of manufacturing a battery. <sup>1/</sup> Data presented in table 16 indicate that prices of lead and producer prices of all 12-volt replacement batteries increased much more rapidly than prices of all industrial commodities during 1978 and 1979. Between January-March 1978 and October-December 1979, prices of lead climbed by 79 percent, and prices of 12-volt batteries rose by 32 percent. By contrast, prices of all industrial commodities increased by only 19 percent during the period.

Between October-December 1979 and July-September 1981, prices of lead fell by 27 percent. Although the price of 12-volt replacement batteries still rose by 4 percent, the increase was much smaller than that recorded in earlier years. Prices of all industrial commodities increased by 17 percent during the period.

Quarterly prices for both the domestically produced and the imported product for January-March 1978 through July-September 1981 are presented in tables 17 and 18. Price comparisons were developed from data submitted by two domestic producers and by seven importers, who were asked to report prices charged and quantities sold to their three largest customers for two different models of 12-volt replacement motorcycle batteries. <sup>2/</sup> On the basis of these data, weighted average lowest prices for all producers and importers were calculated.

Prices of domestic and imported batteries increased markedly during 1978-79, coinciding with rapidly increasing prices of lead, and a period of high inflation. Prices of domestically produced and imported batteries reached their peaks in the various months between November 1979 and midsummer 1980, after which prices generally declined. \* \* \*. Price movements of the imported product roughly paralleled trends in domestic prices during most of this period. \* \* \*. It is apparent from table 18 that import prices for the JIS model \*\*\* have also moved fairly closely with the prices of the domestic product during the period under consideration. Reduced costs of raw materials and reduced demand for motorcycle batteries, which is apparent from the sharp increase in inventories and from the drop in consumption in 1980 may offer a partial explanation for the fluctuation in domestic prices.

---

<sup>1/</sup> At the conference held in connection with the preliminary investigation, Yuasa-General estimated that lead accounts for about 30 percent of the total cost of production of motorcycle batteries, while Exide characterized the cost of lead as a significant cost. Transcript of the conference, pp. 49 and 50.

<sup>2/</sup> Data were requested for two models of batteries, the 12N12A-4A-1 and the 12N14-3A. Both domestic producers and importers agreed that these batteries were representative of the batteries under investigation.

Table 16.--Indexes of producer prices for industrial commodities, 12-volt replacement batteries, and lead, by quarters, January 1978-September 1981

(January-March 1978=100)				
Period	Industrial commodities	12-volt replacement batteries	Lead	
1978:				
January-March-----:	100.0 :	100.0 :	1/ 100.0	
April-June-----:	102.3 :	101.3 :	97.0	
July-September-----:	104.2 :	102.5 :	97.8	
October-December---:	106.6 :	107.2 :	114.1	
1979:				
January-March-----:	109.8 :	116.0 :	131.3	
April-June-----:	113.1 :	120.1 :	154.0	
July-September-----:	115.4 :	127.2 :	177.8	
October-December---:	118.9 :	131.7 :	178.8	
1980:				
January-March-----:	124.2 :	130.6 :	152.5	
April-June-----:	126.2 :	130.0 :	126.3	
July-September-----:	128.4 :	130.0 :	117.2	
October-December---:	131.3 :	131.7 :	131.3	
1981:				
January-March-----:	134.7 :	138.1 :	101.0	
April-June-----:	137.8 :	137.1 :	114.1	
July-September-----:	139.1 :	137.3 :	130.8	

1/ The January-March 1978 lead price was \$33 cents per pound.

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

Table 17.--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-September 1981

Period	(Per unit)											
	Domestically produced batteries			Imported batteries from Taiwan			Importers' weighted average selling price			Margin of under-selling		
	Yuasa-General	Exide	Producers' weighted average selling price	Yuasa-General	All other importers	Importers' weighted average selling price						Percent of under-selling
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-----	***	***	***	***	***	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***	***	***	***	***	***
July-September-----	***	***	***	***	***	***	***	***	***	***	***	***

1/ Data are too small to be representative.

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

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

Table 18.--Motorcycle replacement batteries, JIS model 12N14-3A: Weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-September 1981

Period	(Per unit)									
	Domestically produced batteries					Imported batteries from Taiwan				
	Yuasa-General	Exide	Producers' weighted average selling price	Yuasa-General	All other importers	Importers' weighted average selling price	Margin of under-selling	Percent of under-selling		
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-----	***	***	***	***	***	***	***	***	***	***
April-June-----	***	***	***	***	***	***	***	***	***	***
July-September-----	***	***	***	***	***	***	***	***	***	***

1/ Data are too small to be representative.

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

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



However, the petitioner has alleged that strong competition from low priced imports since about 1979 has also been an important factor.

\* \* \* \* \*

#### Lost sales

In its response to the Commission's questionnaire, Yuasa-General supplied a list of customers to which it had allegedly lost sales of domestically produced motorcycle batteries because of competition from imports of comparable merchandise from Taiwan. Lost sales, as alleged by Yuasa-General, for 1980 were estimated at \* \* \* units valued at \* \* \* million \* \* \*.

\* \* \* \* \*

Exide cited \* \* \* sales lost to import competition. All \* \* \* of the purchasing firms were contacted by the Commission. \* \* \*.

#### The Question of the Threat of Material Injury

##### The rate of increase of imports from Taiwan

As shown in table 21, imports from Taiwan increased constantly from 1978-80, rising by 220 percent over the period. However, imports declined by 25 percent between January-September 1980 and January-September 1981.

Table 19.--Motorcycle replacement batteries, JIS model 12N12A-4A-1: Yuasa-General's weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-September 1981

(Per unit)					
Period	: Yuasa-General's : domestically : produced batteries:	: Yuasa-General's : 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-----:	*** :	*** :	*** :	*** :	***
April-June-----:	*** :	*** :	*** :	*** :	***
July-September-----:	*** :	*** :	*** :	*** :	***

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

Note.--Yuasa-General's producer prices are on an f.o.b., plant-of manufacture basis; Yuasa-General's import prices are on f.o.b. port-of-entry, duty paid basis.

Table 20.--Motorcycle replacement batteries, JIS model 12N14-3A: Yuasa-General's weighted average lowest net selling prices to distributors of imported and domestic merchandise, by quarters, January 1978-September 1981

(Per unit)					
Period	: Yuasa-General's : domestically : produced batteries:	: Yuasa-General's : 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-----:	*** :	*** :	*** :	*** :	***
April-June-----:	*** :	*** :	*** :	*** :	***
July-September-----:	*** :	*** :	*** :	*** :	***

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

Note.--Yuasa-General's producer prices are on an f.o.b., plant-of manufacture basis; Yuasa-General's import prices are on f.o.b. port-of-entry, duty paid basis.

Table 21.--Motorcycle batteries: U.S. imports for consumption from Taiwan, by types, 1978-80, January-September 1980, and January-September 1981

(In thousands)						
Type	1978	1979	1980	January-September--		
				1980	1981	
12-volt-----	191.8	464.8	533.2	348.6	222.3	
6-volt-----	45.7	222.9	227.3	107.2	118.3	
Total-----	237.5	687.7	760.5	455.8	340.6	

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

The percentage changes in imports from Taiwan between 1978 and 1980, and January-September 1980 and January-September 1981, by types, are presented in the following tabulation:

Type	Percent change	
	1980 from 1978	Jan.-Sept. 1981 from Jan.-Sept. 1980
12-volt-----	+178	-36
6-volt-----	+397	+10
Total-----	+220	-25

Imports of 12-volt batteries exhibited a lower rate of increase than did 6-volt batteries between 1978-80, and, unlike imports of 6-volt batteries, decreased between January-September 1980 and January-September 1981.

#### Imports from Taiwan as a share of apparent U.S. consumption of motorcycle batteries

The share of the U.S. market supplied by shipments of motorcycle batteries imported from Taiwan increased steadily from 22.0 percent in 1978 to 28.0 percent in 1980 (table 22). This share decreased, however, by 3 percentage points between January-September 1980 and January-September 1981, corresponding with the decline in import shipments over this period. The largest increases in market penetration were exhibited by 6-volt Taiwanese batteries, which captured over 53 percent of the market in 1980. These import shipments resulted in a loss of market share by imports for batteries from Japan, the only other significant supplier of 6-volt batteries.

#### U.S. importers' inventories

\* \* \* \* \*

Table 22.--Motorcycle batteries: Market penetration by shipments of imports from Taiwan, by types, 1978-80, January-September 1980, January-September 1981

(In percent)						
Type	1978	1979	1980	January-September--		
				1980	1981	
12-volt-----	21.3	22.5	23.2	24.0	22.0	
6-volt-----	25.6	36.9	53.4	59.8	56.0	
Total-----	22.0	25.0	28.0	30.4	27.4	

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

Table 23.--Taiwan produced 12-volt motorcycle batteries: U.S. importers' 1/ inventories as of Dec. 31 of 1978-80, Sept. 30, 1980, and Sept. 30, 1981

Type	As of Dec. 31--			As of Sept. 30--	
	1978	1979	1980	1980	1981
Inventories--thousands--					
Total-----	***	***	***	***	***
Ratio of inventories to					
total shipments:					
Percent--	***	***	***	***	***

1/ Includes imports by Yuasa-General and Exide.

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

\* \* \* \* \*

The capacity of Taiwan to generate exports and the availability of other export markets

Information regarding the production of motorcycle batteries in Taiwan in 1980 was provided to the Commission by counsel to TEAMA. 1/ \* \* \*.

*	*	*	*	*	*	*
<u>Market</u>	<u>Shipments of all motorcycle batteries</u>		<u>Shipments of 12-volt motorcycle batteries</u>			
	----- (Percent of total) -----					
Taiwan-----	***		***			
U.S-----	***		***			
Other countries--	***		***			

Counsel for TEAMA have stated that they know of no restrictions by other countries on imports of motorcycle batteries from Taiwan.

---

1/ The Commission asked the State Department to obtain information on the Taiwan industry, but has not yet received a response to this request.

2/ "Submission on Taiwan Motorcycle Battery Capacity, Production, and Sales for 1980" TEAMA submission, Jan. 25, 1982.

**APPENDIX A**

**COMMERCE'S FINAL DETERMINATION OF SALES AT  
LESS THAN FAIR VALUE**

carbon steel product of approximately round solid cross section, not under 0.02 inch nor over 0.74 inch in diameter, not tempered, not treated, and not partly manufactured, and valued over 4 cents per pound, as currently provided for in item 607.17 of the *Tariff Schedules of the United States*.

#### Allegations of Bounties or Grants

The petition alleges that manufacturers, producers, or exporters of carbon steel wire rod in South Africa receive the following benefits that constitute bounties or grants: reduced transportation rates; refunds of shipping costs; export credit insurance; preferential pre-shipment and post-shipment financing for exports; preferential development loans, direct grants, and preferential loans given to a government-owned steel producer; tax deductions and investment allowances for certain export development expenses, employee training programs, doing business in certain development areas, and beneficiation of base minerals; the steel export incentive scheme; and other export incentives.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

March 1, 1982.

[FR Doc. 82-5892 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M

#### Motorcycle Batteries From Taiwan; Final Determination of Sales at Less Than Fair Value

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

**ACTION:** Notice of final determination of sales at less than fair value.

**SUMMARY:** We have determined that motorcycle batteries from Taiwan are being, or are likely to be, sold in the United States at less than fair value. The U.S. International Trade Commission will determine on or before April 19, 1982, whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:** Michael Ready, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, (202) 377-2613.

#### SUPPLEMENTARY INFORMATION:

##### Case History

On May 1, 1981, we received a petition from Yuasa-General Battery Corporation of Reading, Pennsylvania.

The petition, which was filed on behalf of the U.S. industry producing motorcycle batteries, alleged 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"). The petition also alleged that these imports are materially injuring a U.S. industry.

After reviewing the petition, we determined it contained sufficient grounds upon which to initiate an antidumping investigation. Therefore, we initiated the investigation on May 27, 1981 (46 FR 28465-66), and we notified the U.S. International Trade Commission (the "ITC") of our action.

On June 9, 1981, the ITC found that there is a reasonable indication that imports of motorcycle batteries from Taiwan are threatening to materially injure a U.S. industry. The ITC published its determination in the *Federal Register* on June 24, 1981 (46 FR 32696-8).

On October 14, 1981, we preliminarily determined that motorcycle batteries from Taiwan are being, or are likely to be, sold in the United States at less than fair value (46 FR 50577).

On December 15, 1981, we extended the period for making a final determination (46 FR 61160) from December 22, 1981 to February 26, 1982.

#### Scope of Investigation

For purposes of this investigation, the term "motorcycle batteries" means 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*.

This investigation covers sales made between December 1, 1980 and May 31, 1981. Our investigation covered six Taiwanese manufacturers:

1. Cheng Kwang Storage Battery Co., Ltd. ("Cheng Kwang").
2. China Storage Battery Co., Ltd. ("CSB").
3. Great King Electricity Co., Ltd. ("Great King").
4. Tahming Battery Co., Ltd. ("Tahming").
5. Yuasa Battery Taiwan Co., Ltd. ("Yuasa").
6. Ztong Yee Industrial Co., Ltd. ("Ztong Yee").

These six manufacturers account for about 90 percent of the exports of this merchandise to the United States.

#### Methodology of Fair Value Comparisons

Comparisons were made between United States price and the price of such or similar merchandise sold for

consumption in either the home market of Taiwan or in third country markets.

Purchase price was used to represent United States price in cases where the price of batteries to unrelated purchasers in the United States was agreed to before the batteries were imported into the United States.

Exporters' sales price was used in cases where the price of batteries to unrelated purchasers in the United States was not agreed to before the batteries were imported into the United States.

In the case of four manufacturers (CSB, Tahming, Yuasa, and Ztong Yee), we compared either purchase price or exporter's sales price, as applicable, with the price of such or similar merchandise sold for consumption in the home market of Taiwan.

In the case of Cheng Kwang, all home market sales were of a single battery model, whereas sales to the United States were of seventeen battery models which varied widely in specifications. We therefore compared purchase price with the price of such or similar merchandise sold for consumption in the home market of Taiwan in the case of one battery model, and with the price of such or similar merchandise sold for consumption to a third country (Sweden) in the case of ten other battery models. Using this methodology, we were able to make comparisons on 62 percent of Cheng Kwang's sales to the United States.

In the case of Great King, the quantity sold for home consumption was so small in relation to the quantity sold for exportation to countries other than the United States as to form an inadequate basis for comparison. Therefore, in the case of Great King, we compared purchase price with the price of such or similar merchandise sold to a third country (Greece), pursuant to § 353.4(a) of the Commerce Department's regulations ("Regulations").

For both Cheng Kwang and Great King, the third country selected was chosen because the batteries exported to that third country had a greater degree of similarity to the batteries exported to the United States than those exported to other countries and the volume of sales to that country was deemed adequate.

#### Purchase Price

We calculated purchase price on the basis of the FOB or CIF prices to unrelated U.S. importers or Taiwanese exporters. We made deductions, where applicable, for royalty, fees, shipping, and FOB charges and commissions. In the case of "third country" comparisons,



we also made a deduction for the stamp tax (a charge incurred for affixing required stamps to certain documents). We made additions (except in the case of third country comparisons), as applicable, for both import duties which were rebated and taxes which were rebated, or not collected, by reason of the exportation of the merchandise to the United States, pursuant to sections 772(d)(1)(B) and (C) of the Act.

#### Exporter's Sales Price

Exporter's sales price was calculated in the same manner as purchase price, except that further deductions were made for inland freight in the United States, indirect selling expenses in the United States and, where applicable, the amount of increased value added in the United States.

#### Foreign Market Value

Foreign market value based on home market sales was calculated by deducting, where applicable, inland freight, royalty fees, sales bonus, and insurance. Adjustments were made, where applicable, for differences in circumstances of sale (differences in credit costs, and technical services, advertising directed at consumers, warranty, and sales promotion expense, differences in the merchandise and differences in packing costs).

Foreign market value based on sales to third countries was calculated by deducting shipping and FOB charges, stamp tax and, where applicable, sales commission.

#### Verification

In accordance with section 776(a) of the Act, we verified all information used in making this determination. We were granted access to the books and records of the six foreign manufacturers and of a related importer. We used standard verification procedures, including on-site inspection of the manufacturers' operations and examination of accounting records and randomly selected documents containing relevant information.

#### Submitted Views

In response to our preliminary determination of sales at less than fair value, counsel for various interested parties submitted written views which were also discussed in a public hearing held on November 25, 1981. The written views and the Department of Commerce's ("DOC") position on them are summarized below.

#### A. Issues Raised by Counsel for the Petitioner

1. Counsel has argued that in calculating United States price we should make deductions for containerization fees, customs declaration charges, and bank negotiation charges incurred on shipments of motorcycle batteries to the United States by all six manufacturers.

DOC Position: At the time we made our preliminary determination, we did not have complete information on these charges for all six companies. Subsequently, we have gathered complete information and we have deducted these charges for all six manufacturers for all shipments on which such charges were incurred.

2. Counsel has argued that in calculating United States price we should have deducted the amount of the stamp tax (0.1 percent) incurred by all companies on their shipments to the United States.

DOC Position: During the course of this investigation, we have verified that the "stamp tax" (a charge incurred for affixing required stamps to certain documents) is assessed in the amount of 0.4 percent in the case of home market sales and 0.1 percent in the case of export sales (including sales to the United States). In other words, 0.3 percent of this tax is *not collected* in the case of exports. We have therefore determined that in this instance it is appropriate to *add* the difference (0.3 percent) in calculating United States price pursuant to section 772(d)(1)(C) of the Act which states that the United States price shall be "increased by . . . the amount of any taxes imposed in the country of exportation directly upon the exported merchandise or components thereof, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States, but only to the extent that such taxes are added to or included in the price of such or similar merchandise when sold in the country of exportation . . . ." In the case of comparisons between sales to the United States and sales to third countries, we did deduct the 0.1 percent stamp tax from the sales price in both markets.

3. Counsel has argued that in calculating United States price we should not have made an addition for import duties rebated.

DOC Position: We have verified that upon export the manufacturers investigated earn a rebate totaling 7.22 percent for various taxes paid on imported raw materials. The total rebate consists of 5.72 percent for import

duties, 0.63 percent for harbor tax (sometimes referred to as harbor dues) and 0.87 percent for cargo (or commodity) tax. We have determined that it is appropriate, in calculating United States price, to make an addition for the import duty component (5.72 percent) of this rebate pursuant to section 772(d)(1)(B) of the Act, which requires that the United States price be "increased by . . . the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States." The balance of this rebate (0.63 percent for harbor tax and 0.87 percent for cargo tax) we added in calculating United States price pursuant to the aforementioned section 772(d)(1)(C) of the Act.

4. Counsel has argued that in calculating United States price we should have made no additions for the non-collection or reduced collection of gross receipts tax, education surtax and stamp tax, because these taxes are not levied directly upon motorcycle batteries and therefore are not included within the ambit of section 772(d)(1)(C) of the Act.

DOC Position: Our treatment of the stamp tax is discussed above at point A.2. We have verified that the gross receipts tax (0.6 percent) and the education surtax (0.15 percent) are not collected in the case of exports but are collected in the case of home market sales. It has been the consistent policy of DOC (and the Treasury Department before it) that the gross receipts tax (sometimes referred to as business or sales tax) and the education surtax are both indirect taxes imposed directly on the merchandise and are properly added in calculating United States price pursuant to Section 772(d)(1)(C) of the Act. (This policy was most recently restated in "Carbon Steel Plate from Taiwan; Final Results of Administrative Review of Antidumping Finding" (46 FR 48280).

5. Counsel has argued that in making an adjustment for differences in credit terms, the DOC should have used the interest rate applicable to savings deposits. (This adjustment, permissible under § 353.15 of the Commerce Regulations as a "circumstance of sale," was a part of all of the fair value comparisons except those involving third countries).

DOC Position: An adjustment for difference in credit terms is warranted because each of the manufacturers investigated receives payment earlier in the case of sales to the United States

than in the case of home market sales. However, it is our position that the adjustment should be based on each respondent's actual annual *loan* rate of interest, rather than the rate applicable to savings deposits.

6. Counsel has argued that we should have made no adjustment in the case of the manufacturer Tahming for promotional expense.

DOC Position: This adjustment is proper because it was found to meet the criteria of § 353.15(b) of the Regulations, which requires that such expenses must "be attributable to a later sale of the merchandise by a purchaser."

7. Counsel has argued that in the case of the manufacturer Cheng Kwang, no adjustments should have been made for repair cost, after service cost, and advertising costs.

DOC Position: These adjustments were proper because they were for expenses which meet the criteria of § 353.15(b) of the Regulations. The repair and after service costs bear a "direct relationship to the sales which are under consideration" and the advertising costs are "attributable to a later sale of the merchandise by a purchaser". It should be noted however, that these adjustments were improperly calculated by Cheng Kwang. When recalculated by the DOC, the resulting adjustments were much smaller than originally claimed.

8. Counsel has argued that no adjustment should be made for advertising expense in the case of the manufacturer Yuasa-Taiwan, because the claimed expense was not incurred solely for the sale of motorcycle batteries.

DOC Position: Our investigation showed that this expense did meet the aforementioned criteria and was properly allocated over Yuasa-Taiwan's home market sales of motorcycle batteries.

9. Counsel has argued that in the case of Yuasa-Taiwan, adjustments for advertising, bad debts and interest on inventory goods should be made in the case of comparisons between foreign market value and exporter's sales price, pursuant to § 353.15(c) of the Regulations which provides in part that: "In making comparisons using exporter's sales price, reasonable allowance will be made for all actual selling expenses incurred in the home market up to the amount of the selling expenses incurred in the United States market." (This section is referred to as the ESP offset provision.)

DOC Position: As noted above, we have adjusted for the advertising expense pursuant to § 353.15(b) of the Regulations. With regard to the bad debts and interest on inventory goods,

these items do not meet the criteria of the ESP offset provision because they are not *actual* selling expenses. Yuasa-Taiwan was unable to offer any evidence of actual bad debt losses on sales of motorcycle batteries in the home market. Nor did Yuasa-Taiwan offer evidence of any other *actual* selling expenses.

10. Counsel has argued that in the case of the manufacturer Great King, we should not have selected sales to Greece to represent fair value because: (1) Great King did not provide full information on all its sales to third countries; (2) the sale to Greece was made outside the period of investigation; (3) only nine models of batteries were sold to Greece, whereas 31 models were sold to the United States; and (4) the sales to Greece are too small a percentage of non-US sales.

DOC position: (1) The total third country sales of Great King were provided and verified. (Counsel had not yet seen the verification report at the time he filed his brief); (2) the sale to Greece was made on November 27, 1980, whereas the period of investigation was from December 1980, to May 1981. However, § 353.38(a) of the Regulations authorizes the DOC to amend the period of investigation where necessary; (3) actually, the sale to Greece included 15 of 29 models of batteries sold to the United States. More importantly, the sale to Greece included models comprising 63 percent by value of Great King's sales to the United States. The corresponding percentages for the third countries of Malaysia, Iran, and Italy are 17, 13, and zero respectively; and (4) sales to Greece comprised 4.9 percent of Great King's third country sales. Moreover, as noted above, the product mix sold to Greece more closely approximated the product mix sold to the United States than any other third country. Also, the single sale to Greece was comparable to each of the four sales to the United States in terms of total value and in quantity sold per battery model.

B. Issues raised by counsel for Exide Corporation (a domestic manufacturer of motorcycle batteries who is a party to the proceeding). Counsel for Exide Corporation raised a number of issues most of which were also raised by the petitioner. Listed below are the issues raised solely by counsel for Exide.

1. Counsel has argued that Cheng Kwang did not provide information concerning all its home market sales.

DOC position: We have verified that the home market sales information submitted by Cheng Kwang is complete and accurate.

2. Counsel has argued that we should expand the investigation to include another manufacturer. This point was not raised until mid-November 1981.

DOC position: The six manufacturers we investigated accounted for about 90 percent of the exports of motorcycle batteries from Taiwan during the period of investigation, an adequate percentage based on previous determinations. In any event, manufacturers not investigated will be subject to this determination and will be required to post security in the amount of 8 percent of the f.o.b. value.

C. Issues raised by counsel for the Taiwan Electric Appliance Manufacturers Association ("TEAMA").

1. Counsel argues that in the case of all six manufacturers, in calculating United States price, we should have made no deductions for bank service charges, customs declaring fees, freight forwarding charges, and containerization fees.

DOC position: The above charges were all properly deducted under the provisions of section 772(d)(2)(A) of the Act which provides that the United States price shall be reduced by "... the amount, if any, included in such price, attributable to any additional costs, charges, and expenses, and United States import duties, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States. . . ."

2. Counsel has argued that based on the results of our investigation we should exclude Great King from any final affirmative determination of sales at less than fair value under the *de minimis* principle.

DOC position: The weighted average margin of dumping for Great King was found to be 1.0 percent. Margins of this magnitude may not be ignored under the *de minimis* principle.

3. Counsel has argued that in the case of Ztong Yee, Tahming, and CSB, pursuant to § 353.19 of the Regulations, we should have made comparisons at the same level of trade or at different levels of trade with adjustments for differences affecting price comparability.

DOC position: We have, wherever possible, made comparisons at the same level of trade. However, not every model battery for every manufacturer was sold at the same level of trade in both markets. Furthermore, there was no consistent pattern of price variation in the home market according to the level of trade which would form a reasonable basis upon which to make an adjustment.

4. Counsel has argued that in the case of Ztong Yee, Tahming, and CSB, pursuant to § 353.14 of the Regulations, we should have made comparisons on sales of comparable quantities or with adjustments for differences in quantities.

DOC position: We have, wherever possible, made comparisons at comparable quantities. However, not every model, for every manufacturer, was sold in comparable quantities in both markets considered. Furthermore, there was no consistent pattern of price variation according to quantity per sale. None of the manufacturers provided information that would satisfy either of the criteria necessary for making allowances for quantity stated in § 353.14(b) of the Regulations.

5. Counsel has argued that in the case of Ztong Yee and Tahming, in the calculation of foreign market value, we should have made an adjustment for "interest on inventory" as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: This claimed adjustment, based on the cost of financing borne by the manufacturers for carrying a large number of batteries of various models for prospective sale in the home market, does not meet the criteria of § 353.15 of the Regulations which states that "allowances generally will not be made for advertising and other selling costs of a seller *unless such costs are attributable to a later sale of the merchandise by a purchaser.*"

6. Counsel has argued that in the case of Ztong Yee, in calculating foreign market value, we should have made an adjustment for salesmen's salary expense as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: This claimed adjustment was also not appropriate because the expense was not attributable to a later sale of the merchandise by a purchaser. Salaries can not generally be taken as an adjustment except as an offset to United States selling expenses in cases involving exporter's sales price comparisons. There are no such comparisons for this manufacturer.

7. Counsel has argued that in the case of Ztong Yee, in calculating foreign market value, an adjustment should have been made for warranties, guarantees and servicing expenses as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: Adjustments such as these are specifically allowed under § 353.15(b) of the Regulations. However, in support of the claimed amount for this adjustment, Ztong Yee offered only the

total corporate travel expenses for the period of investigation. In the absence of any evidence concerning expenses incurred for warranty, guarantee, or service related travel, no adjustment can be made.

8. Counsel has argued that in the case of Ztong Yee, in calculating foreign market value, an adjustment should have been made for advertising expense as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: Sufficient evidence concerning this claim had not been provided at the time of our preliminary determination. Subsequently, Ztong Yee has provided adequate evidence that it did incur home market advertising expense attributable to later sales of motorcycle batteries for which an adjustment is proper. However, we found that Ztong Yee improperly allocated the portion of this expense for FM radio advertising. Therefore, the adjustment we made is lower than that claimed.

9. Counsel has argued that in calculating foreign market value for Tahming, we should have made an adjustment for obsolescence loss as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: This claim is based upon the cost of inventory financing incurred by Tahming for battery models that prove unsaleable and are eventually scrapped. The claim was rejected because the expense did not meet the criteria of § 353.15 of the Regulations. The expense bore no direct relationship to the sales which are under consideration.

10. Counsel has argued that in the case of Tahming, in calculating foreign market value, an adjustment should have been made for bad debt reserve as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: This claim was rejected because the expense bore no direct relationship to the sales under consideration. No evidence was presented that Tahming suffered any losses because of bad debts on its home market sales of motorcycle batteries during the period of investigation.

11. Counsel has argued that in the case of Cheng Kwang, we should have calculated foreign market value based on sales to a third country, Sweden, with adjustments made for differences in level of trade and quantities.

DOC Position: Cheng Kwang's sales of motorcycle batteries in its home market were valued at about 10 percent of its sales to third countries. Under normal circumstances, pursuant to § 353.4(a) of the Regulations, home market sales of such magnitude would be considered to

be an adequate basis to represent foreign market value. However, as noted above under "Methodology of Fair Value Comparison", all home market sales were of a single battery model, whereas sales to the United States were of seventeen battery models, with a wide variance in specifications. The single model sold in the home market accounted for less than 3 percent of the sales to the United States. We therefore based foreign market value on home market sales for one model and on third country (Sweden) sales for 10 other models. Using this methodology, we were able to make comparisons on 62 percent of Cheng Kwang's sales to the United States. No adjustments were made for differences in level of trade or quantities because there was no consistent pattern of price variation in concert with differences in either level of trade or quantity pursuant to § 353.19 of the Commerce Regulations.

12. Counsel has argued that in the calculation of foreign market value for Cheng Kwang we should have adjusted for the full amount claimed by Cheng Kwang for warranties, guarantees, and servicing expenses as a difference in circumstances of sale pursuant to § 353.15 of the Regulations.

DOC Position: Cheng Kwang was unable to identify which of its warranty, guarantee, and servicing expenses were devoted to motorcycle batteries. It therefore allocated its entire amount of such expenses between motorcycle and automobile battery sales based upon the number of units sold of each type (motorcycle or automobile) battery. It is our position that since the unit value of automobile batteries is much greater than the unit value of motorcycle batteries, Cheng Kwang's method of allocation loads a disproportionate amount of the expense on motorcycle batteries. We therefore recalculated this adjustment by allocating this expense by the value of motorcycle battery sales over the total value of sales of both motorcycle and automobile batteries.

13. Counsel has argued that CSB should be excluded from any final affirmative determination because there were no sales at less than fair value for that manufacturer.

DOC Position: On October 14, 1981, we preliminarily determined, based on the best information available, that CSB had no sales at less than fair value. However, since that time, we have gathered, verified, and analyzed more data, and have calculated a weighted-average margin for CSB of sales at less than fair value of 1.7 percent. Therefore, an exclusion from the final determination for CSB is not warranted.

**D. Issues raised by Counsel for Dorsey International, Incorporated ("Dorsey")** (an American importer of motorcycle batteries from Taiwan who is a party to the proceeding).

The issues listed below raised by counsel for Dorsey are issues which differ from those raised by counsel for TEAMA which are discussed above.

1. Counsel has argued that in the case of Tahming, we should have compared sales to the United States of battery model 6N6-1D-2 to sales in the home market of model 6N6-1B(K) rather than model 6N6-1D because "the sale of the former was to the buyer occupying a market position comparable to that of the U.S. importer and the quantities sold in both cases were equal."

DOC Position: All three models are quite similar in terms of specifications and configuration. Model 6N6-1D was not sold in the home market in quantities comparable to the quantities at which model 6N6-1D-2 was sold to the United States. For the final determination, we have compared sales to the United States of model 6N6-1D-2 with home market sales of model 6N6-1B(K) which was sold in comparable quantities. In making this comparison we have also made an adjustment for the difference in production cost between the two models pursuant to section 353.16 of the Regulations. A further discussion of the methodology we employed for Tahming appears below under "D2".

2. Counsel has argued that in the case of Tahming, (1) sales of "similar" merchandise to Taiwanese original equipment manufacturers ("OEM's") should be used rather than sales of "such" merchandise to Taiwanese dealers to form a basis for calculating foreign market value, or, alternatively, (2) if sales of such merchandise to dealers are used for comparison purposes, then a level of trade adjustment on the basis of the weighted-average price differential between sales to OEM's and dealers should be made.

DOC Position: There is no consistent pattern of price varying according to level of trade for this manufacturer. For the purposes of this final determination, for Tahming, we have compared sales to the United States with the weighted-average sales price of identical battery models sold in comparable quantities in the home market to either OEM's or dealers. In instances where identical models were not sold in comparable quantities in the home market, we based our comparison on sales of the most similar battery model sold in the home market in comparable quantities, with an adjustment for the difference in cost of production between the battery model

sold to the United States and the similar home market model with which it is compared.

3. Counsel has argued that in the case of Tahming, in calculating foreign market value, we should have made an adjustment for "small quantity orders" versus large quantity orders.

DOC Position: During the course of the on-site verification of information submitted by Tahming, the company was unable to substantiate this claimed adjustment.

4. Counsel has argued that we should expand the period of investigation to include purchases by Dorsey from Tahming which were made prior to December 1980 (the beginning of the investigation period) but not shipped until later.

DOC Position: The criterion for inclusion of a transaction within our investigation is the date of sale, not shipment. To expand the period of investigation to include the Dorsey sales would skew the results of our investigation unless we required additional sales data from the other five manufacturers covering the period of the Dorsey sales.

#### Final Determination

Based on the preceding criteria and in accordance with § 353.44 of the Regulations, we have determined that exports of motorcycle batteries from Taiwan are being sold at less than fair value within the meaning of section 731 of the Act. Margins were found on 59 percent of the sales compared, and the margins ranged from 0.02 to 47.4 percent. The weighted-average margin on all sales compared was 8.0 percent. The weighted-average margin found for each manufacturer is listed in the table in the next section of this notice. We have provided interested parties with an opportunity to present oral views in accordance with 19 CFR 353.47 and written views in accordance with 19 CFR 353.46(a). All views presented have been considered in making this determination.

#### Continuation of Suspension of Liquidation

The liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise will continue to be suspended. The U.S. Customs Service will continue to require posting of a cash deposit, bond, or other security in the amounts listed below, expressed as a percentage of the F.O.B. value of the motorcycle batteries.

Manufacturer	Weighted-average margins (percent of f.o.b. value)
Zlong Yee Industrial Co., Ltd.....	16.8
Tahming Battery Co., Ltd.....	11.1
Yuasa Battery Taiwan Co., Ltd.....	7.4
Cheng Kwang Storage Battery Co., Ltd.....	7.2
China Storage Battery Co., Ltd.....	1.7
Great King Electricity Co., Ltd.....	1.0
All Others.....	8.0

#### ITC Notification

We have referred this case to the ITC so that so that it may determine whether these imports are materially injuring a U.S. industry. That determination is due within 45 days of the publication of this notice.

As section 735(c)(1)(A) of the Act requires, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will 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 written consent of the Deputy Assistant Secretary for Import Administration.

If the ITC determines that material injury does not exist, this proceeding will be terminated, and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, within 7 days we will issue an antidumping order, directing customs officers to assess an antidumping duty on all motorcycle batteries from Taiwan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

Gary N. Horlick,  
Acting Assistant Secretary for Trade Administration.

[FR Doc. 82-5882 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M

#### National Oceanic and Atmospheric Administration

##### Gulf of Mexico Fishery Management Council's Scientific and Statistical Committee; Public Meetings

AGENCY: National Oceanic and Atmospheric Administration, Commerce.

ACTION: Notice.

SUMMARY: The Gulf of Mexico Fishery Management Council, established by

**APPENDIX B**

**WITNESSES APPEARING AT THE HEARING**

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Motorcycle Batteries from Taiwan

Inv. No. : 731-TA-42 (Final)

Date and time: January 12, 1982 - 10:00 a.m., e.s.t.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the petition:

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

Yuasa-General Battery Corporation (YGBC), Reading, Pennsylvania

Shuji Kawata, Executive Vice President

Bruce Retter, National Sales Manager

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

Thompson, Hind and Flory--Counsel  
Washington, D.C.  
on behalf of

Exide Corporation

Edward W. Kronberg, Director of Marketing

Jeffrey C. Cater, Legal Officer

Mark Roy Sandstrom )  
Charles Freed )--OF COUNSEL

- more -

IN OPPOSITION TO THE PETITION:

Italo H. Ablondi--Counsel  
Washington, D.C.  
on behalf of

Taiwan Electric Appliance Manufacturers Association

M. L. Shaw, Executive Secretary of Taiwan Electric  
Appliance Manufacturers Association

Ken McElroy, Executive Vice President of Saturn Batteries

Italo H. Ablondi)  
F. David Foster )--OF COUNSEL  
Henning Vent )

Tompkins & Davidson--Counsel  
New York, N.Y.  
on behalf of

Dorcy International, Inc., Hinsdale, Illinois

Clifford Reback, Vice President, U. S. Cycle Corp.,  
Columbus, Ohio

Albert Guditis, Regional Vice President, Dorcy International, Inc.

Stephen M. Zelman--OF COUNSEL

1. The first part of the document is a list of the names of the persons who were present at the meeting. The names are listed in alphabetical order.

2. The second part of the document is a list of the topics that were discussed at the meeting. The topics are listed in alphabetical order.

3. The third part of the document is a list of the actions that were taken at the meeting. The actions are listed in alphabetical order.

4. The fourth part of the document is a list of the decisions that were made at the meeting. The decisions are listed in alphabetical order.



**APPENDIX C**

**COMMISSION'S NOTICE OF INVESTIGATION AND HEARING**

that the effect or tendency of such unfair acts is to destroy or substantially injure an industry, efficiently and economically operated, in the United States.

On August 25, 1981, the parties filed a joint motion to amend the notice of investigation to add Brunit Trading AB, of Stockholm, Sweden, Presidium, Inc., of Saugus, Calif., and Presidium Diamond Pte Ltd., of Singapore, as respondents in this investigation, and to terminate the investigation with respect to respondents Presidium Diamonds Pte Ltd., of South Africa, and Lien International Trading Pte Ltd., of Singapore. The administrative law judge certified the motion to the Commission with the recommendation that it be granted. There was no opposition to the proposed amendments.

Any party wishing reconsideration of the Commission's action must do so within fourteen (14) days of service of the Commission order. Any such petition must be in accord with the Commission's rules of practice and procedure (19 CFR 210.56).

Copies of the Commission's Action and Order and any other public documents in this investigation are available for inspection during official working hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, United States International Trade Commission, 701 E Street NW., Washington, D.C. 20436, telephone 202-523-0161.

Notice of the institution of this investigation was published in the Federal Register of May 20, 1981 (46 FR 27586).

**FOR FURTHER INFORMATION CONTACT:** Scott M. Daniels, Esq., Office of General Counsel, telephone 202-523-0480.

Issued: October 23, 1981.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

[FR Doc. 81-31263 Filed 10-27-81; 8:45 am]

BILLING CODE 7020-02-M

#### [Investigation No. 337-TA-100]

#### **Certain Thermal Conductivity Sensing Gem Testers and Components Thereof; Cancellation of Prehearing Conference and Hearing**

Notice is hereby given that a prehearing conference scheduled for November 2, 1981 and the hearing scheduled to commence immediately thereafter (46 FR 49679, October 7, 1981) are cancelled.

The Secretary shall publish this notice in the Federal Register.

Issued: October 21, 1981.

Janet D. Saxon,  
Administrative Law Judge.

[FR Doc. 81-31264 Filed 10-27-81; 8:45 am]

BILLING CODE 7020-02-M

#### [Investigation No. 337-TA-97]

#### **Certain Steel Rod Treating Apparatus and Components Thereof; Denial of Motion for Dismissal**

**AGENCY:** International Trade Commission.

**ACTION:** Denial of motion for dismissal.

**SUPPLEMENTARY INFORMATION:** Pursuant to section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, the Commission is currently conducting an investigation of alleged unfair acts and unfair methods of competition in connection with the importation or sale of certain steel rod treating apparatus and components thereof.

Notice of the institution of this investigation was published in the Federal Register of January 28, 1981 (46 FR 9263).

On June 2, 1981, the Commission amended the notice of investigation to add as parties respondent Mr. Willy Korf, of Baden-Baden, Federal Republic of Germany, and Mr. Johann Heinrich Rohde, of Ratingen, Federal Republic of Germany (46 FR 30739).

On June 24, 1981, Mr. Korf and Mr. Rohde moved (Motion No. 97-51) to dismiss the complaint against them for improper service of the notice of investigation. The Commission has denied the motion.

**FOR FURTHER INFORMATION CONTACT:** Warren H. Maruyama, Esq., Office of the General Counsel, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436; telephone 523-0375.

Issued: October 22, 1981.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

[FR Doc. 81-31263 Filed 10-27-81; 8:45 am]

BILLING CODE 7020-02-M

#### [Investigation No. 731-TA-42 (Final)]

#### **Motorcycle Batteries From Taiwan; Final Antidumping Investigation**

**AGENCY:** International Trade Commission.

**ACTION:** Institution of final antidumping investigation.

**SUMMARY:** As a result of a preliminary determination by the United States Department of Commerce that there is a

reasonable basis to believe or suspect that exports of motorcycle batteries from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-42 (Final) to determine whether 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 such merchandise. For the purposes of this investigation, motorcycle batteries are defined as lead-acid storage batteries principally dedicated for use in motorcycles, having a nominal output of 6 or 12 volts and rated between 2 and 28 ampere-hours (10-hour discharge rate), as provided for in item 683.10 of the Tariff Schedules of the United States. This investigation will be conducted according to the provisions of Part 207, Subpart C, of the Commission's rules of practice and procedure (19 CFR Part 207, 44 FR 76458).

**EFFECTIVE DATE:** October 14, 1981.

**FOR FURTHER INFORMATION CONTACT:** Mr. David Coombs, Office of Investigations, U.S. International Trade Commission, Room 350, 701 E Street NW., Washington, D.C. 20436; telephone 202-523-1376.

**SUPPLEMENTARY INFORMATION:** On June 9, 1981, the Commission unanimously determined, on the basis of the information developed during the course of investigation No. 731-TA-42 (Preliminary), that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports of motorcycle batteries from Taiwan, which were allegedly being sold in the United States at LTFV. As a result of the Commission's affirmative preliminary determination, the Department of Commerce continued its investigation into the question of LTFV sales. Unless the investigation is extended, the final LTFV determination will be made by the Department of Commerce on or before December 28, 1981.

**WRITTEN SUBMISSIONS:** Any person may submit to the Commission a written statement of information pertinent to the subject of this 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 January 8, 1982.



