CERTAIN TAPERED ROLLER BEARINGS AND PARTS THEREOF FROM JAPAN, THE FEDERAL REPUBLIC OF GERMANY, AND ITALY

Determinations of the Commission in Investigations Nos. 731-TA-120, 731-TA-121, and 731-TA-122 (Preliminary) Under Section 733(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigations

USITC PUBLICATION 1359

MARCH 1983

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Kenneth R. Mason, Secretary to the Commission

This report was prepared by--

Robert Eninger, Investigator
John Tsapogas, Office of Industries
Wallace Fullerton, Office of Economics
Terry McGowan, Office of Administration
Jack Simmons, Office of the General Counsel
Lynn Featherstone, Supervisory Investigator

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

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-120, 121, and 122 (Preliminary)

CERTAIN TAPERED ROLLER BEARINGS AND PARTS THEREOF FROM JAPAN, THE FEDERAL REPUBLIC OF GERMANY, AND ITALY

Determinations

On the basis of the record 1/ developed in the subject investigations the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan (investigation No. 731-TA-120 (Preliminary)), the Federal Republic of Germany (investigation No. 731-TA-121 (Preliminary)), and Italy (investigation No. 731-TA-122 (Preliminary)) of certain tapered roller bearings and parts thereof, 3/ provided for in item 680.39 of the Tariff Schedules of the United States, which are alleged to be sold, or likely to be sold, in the United States at less than fair value (LTFV).

Background

On January 26, 1983, a petition was filed with the Commission and the Department of Commerce by counsel on behalf of Brenco, Inc. alleging that imports of certain tapered roller bearings and parts thereof from Japan, the Federal Republic of Germany, and Italy are being, or are likely to be, sold in

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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 Stern dissenting and Commissioner Haggart not participating.

3/ For purposes of these investigations, the term "certain tapered roller bearings and parts thereof" covers 2-row tapered roller bearings having outside diameters of between 6.5 and approximately 11 inches and parts thereof, including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized, all the foregoing meeting the specifications established by the Association of American Railroads in Specification M-934-81.

the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. § 1673). Accordingly, effective January 26, 1983, the Commission instituted preliminary antidumping investigations under section 733(a) of the Act (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on February 2, 1983 (48 F.R. 4743). The conference was held in Washington, D.C., on February 16, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN ECKES

On the basis of the best information available in investigations Nos. 731-TA-120, -121, and -122, I determine, pursuant to section 733(a) of the Tariff Act of 1930, that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of tapered roller bearings and parts thereof from Japan, West Germany, and Italy, respectively, which are allegedly sold at less than fair value (LTFV). 1/ 2/ 3/ 4/

Industry and like product

The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 5/ as being the "domestic producers as a whole of the like product[.]" The term "like product," in turn, is defined in section 771(10) 6/ as being--

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1/ For purposes of these investigations, the term "certain tapered Roller bearings and part thereof" covers 2-row tapered roller bearings having outside diameters of between 6.5 and approximately 11 inches and parts which may or may not be lubricated, sealed at the manufacturer's factore, and/or unitized, all of the foregoing meeting the specifications established by the Association of American Railroads in Specification M-934-81.

2/ Although Commissioner Stern determines that there is no material injury or threat of material injury by reason of the alleged LTFV imports in any of the three investigations, she joins in the discussion of the (Continued)

3/ Since there is a domestic industry, material retardation of the establishment of an industry is not an issue and will not be discussed further.

4/ These affirmative preliminary determinations are made on a case-by-case basis.

5/ 19 U.S.C. § 1667(4)(A).

6/ 19 U.S.C. § 1667(10).

> [a] product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation[.]

The imported articles that are the subject of these investigations are certain tapered roller bearing assemblies and parts thereof (tapered roller bearings). The petition in the present cases encompasses only imported tapered roller bearings in sizes 5 1/2" x 10" (for use on 50-ton capacity freight cars), 6" x 11" (for use on 75-ton freight cars), and 6 1/2" x 12" (for use on 100-ton freight cars). 7/ Although designed and used predominantly for railway freight cars, these bearings and components have other limited applications, including public transit. 8/

The tapered roller bearings covered by this petition are devices attached to the axles of railway freight cars. They are designed to absorb the friction created by the rotation of the railway car's axle when the car is in motion. 9/ Each roller bearing assembly consists of two sets of rollers. Each set consists of an inner and outer race, between which the tapered

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2/ (Continued)
definition of the domestic industry and the present condition of the domestic industry. Her views on the question of causation are set forth in her separate opinion.

7/ Petitioner's Posthearing Brief, p. 6.

8/ Report, p. A-5.

9/ The tapered design of a freight car roller bearing is superior to cylindrical bearings and ball bearings for this use. Report, pp. A-2 and A-5.

bearings are placed. Each set is separated by a spacer. The imported and the domestic articles are physically identical in all respects. 10/

Roller bearings for use on railway freight cars must comply with the Association of American Railroads' (AAR) specification No. M-934-81. There are elaborate provisions for laboratory and use testing of roller bearings before a particular manufacturer's product is approved by the AAR. 11/ There is no dispute that both imported and domestic tapered roller bearings meet these specifications and that they have the same applications and uses within the railroad industry. 12/

For the foregoing reasons, I determine that the like product for purposes of these investigations is tapered roller bearings and parts thereof in the three sizes specified in the petition. The domestic industry, therefore, consists of the domestic producers of these like products: the petitioner and those portions of the Timken Company which are dedicated to the production of the tapered roller bearings at issue. 13/

10/ The only apparent difference is that the West German roller bearing is "through hardened" while all other roller bearings, both imported and domestic, are "case hardened." Report, p. A-4.

11/ Petition, Exhibit A, pp. 13 through 18.

12/ The tapered roller bearings produced by SKF, an Italian manufacturer, have "conditionally approved" status. A manufacturer's "conditionally approved" roller bearings may be granted "approved" status by the AAR only after 50,000 miles of operation, 2 years of service, and an inspection. Report, p. A-7.

13/ Although the Timken Company is a significant manufacturer of the bearings at issue, it did not supply information to the Commission during the preliminary investigations. Thus, for data on the domestic (Continued)

Material injury by reason of alleged LTFV imports [14/]

In a preliminary investigation, the Commission is directed by title VII of the Tariff Act of 1930 (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with reasonable injury by reason of imports of the merchandise that is the subject of the investigation. [15/]

In making its determination, section 771(7) of the Act directs the Commission to consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on domestic prices and (3) the consequent impact of the imports on the domestic industry. [16/]

Condition of the domestic industry

The condition of the domestic tapered roller bearing industry deteriorated throughout the period of these investigations, as apparent U.S. consumption fell significantly in 1981 and again in 1982. Although there are indications that domestic productive capacity may have increased during the period under investigation, U.S. production of tapered roller bearings fell.

13/ (Continued)
industry, the Commission relied on the information supplied by the petitioner and on staff estimates regarding Timken. Should these investigations return for final investigations, more complete information regarding the production and performance of Timken will be sought.

14/ Virtually all of the data gathered in these investigations are confidential and can be discussed only in general terms.

15/ 19 U.S.C. § 1673(b)(a).

16/ 19 U.S.C. § 1677(7).

Consequently, capacity utilization declined from 1980 to 1981, and then dropped precipitously in 1982. 17/ Even though the market for roller bearings has decreased substantially, domestic producers lost market share. 18/

The decline in capacity utilization and market share is reflected in employment data. The average number of employees, the hours worked, wages paid, and total compensation paid to production and related workers show a serious decline from 1980 to 1982. 19/ Productivity, whether measured by output per worker or per hour worked, also declined, reflecting the sharp drop in production and sales. 20/

Financial performance mirrored the above deterioration. Net sales, gross profit, net profit, and cash flow from operations all declined sharply in 1981 and continued to decline in 1982. 21/

As evidenced by the foregoing discussion, the data present in these investigations indicate an industry clearly experiencing material injury.

Reasonable indication of material injury by reason of imports

Although the Commission does not weigh causes in antidumping investigations, it must take into account in making its determinations whether

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17/ Report, pp. A-11-12.

18/ Report, Table 1.

19/ Report, Table 6.

20/ Report, p. A-17.

21/ Report, Tables 7 and 8.

the harm attributed to the imports is attributable to other factors. 22/ Information developed thus far suggests that this industry's problems coincide with a radically decreased demand for its product. However, in a preliminary determination, the statute requires only that the petitioner show a "reasonable indication" that the subject imports are a cause of material injury. In my view, the increasing ratio of shipments of imports to U.S. producers' shipments, paralleled by a significant increase in market share held by imports in a severely depressed market, provides such a reasonable indication. Additionally, there is evidence of underselling, lost revenues (where the domestic industry reduced prices to avoid losing sales to alleged LTFV imports), and lost sales. 23/ Therefore, I find that there is a reasonable indication that those imports are a cause of material injury.

Imports from Japan. Imports of tapered roller bearings from Japan, as a ratio to U.S. producers' shipments, rose from 1980 to 1981 and again from 1981 to 1982. These imports translate into a significant increase in their share of apparent U.S. consumption. 24/

Although the prices of Japanese-made bearings were not consistently above or below those of the U.S. producers' prices, there was evidence of underselling in 1981 and again in 1982. 25/ In addition, there is evidence

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22/ See H.R. Rep. 317, 96th Cong. 1st Sess., 47 (1979).

23/ Report, pp. A-26-33.

24/ Report, Tables 1 and 11.

25/ Report, Tables 12 and 13, and p. A-29.

of lost sales because of price in 1982, when the price of the Japanese imports was below that of the domestic producers. 26/

Imports from West Germany. Imports of tapered roller bearings from West Germany declined from 1980 to 1981, but increased significantly in both absolute and relative terms in 1982. 27/

Although pricing information regarding these imports is limited, there is evidence of underselling in 1982. Further, on the basis of more favorable credit terms offered for the imported product, there is evidence that the domestic industry lost sales to such imports. 28/

Imports from Italy. Imports of tapered roller bearings from Italy increased significantly from 1980 to 1981, but decreased slightly in 1982. The net result was a significant increase in market penetration over the period of this investigation. 29/

Prices of bearings from Italy were generally below U.S. producers' prices throughout the period under investigation. 30/ Additionally, there is evidence of lost sales to Italian imports. 31/

26/ Report, pp. A-31-32.

27/ Report, Tables 1 and 11.

28/ Report, pp. A-31-32.

29/ Report, Tables 1 and 11.

30/ Report, Tables 12 and 13.

31/ Report, pp. A-31-32.

Conclusion

The deterioration of the domestic industry occurred at the same time that imports from Japan, West Germany, and Italy significantly increased their respective shares of the U.S. market. There are indications that these increases were achieved in part by underselling, as reflected in preliminary lost sales information and price depression/suppression data. Thus, I find that there is a reasonable indication of material injury by reason of the alleged LTFV imports of tapered roller bearings in each of these investigations.

VIEWS OF COMMISSIONER STERN

I determine, pursuant to section 733(a) of the Tariff Act of 1930, that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, and that an industry in the United States is not materially retarded, by reason of imports of tapered roller bearings and parts thereof from Japan, from West Germany, or from Italy, respectively, which are allegedly sold at less than fair value (LTFV).

Introduction

I am joining the views of Chairman Eckes with regard to the definition of the like product and the domestic industry in these investigations.

I further join the views of Chairman Eckes with regard to the current condition of the domestic industry. The domestic industry, according to the best information currently available to the Commission, is in dire straits. We differ, however, on whether the subject imports are responsible for any material injury to the producers of tapered roller bearings.

My colleague finds that there is a reasonable indication that the domestic industry is materially injured by the imports subject to these investigations. Nevertheless, since I believe that the current state of health of the domestic industry is completely attributable to factors other than imports, I can find no causal connection between the imports and the injury being suffered. Therefore, notwithstanding the condition of the industry, I am compelled to find that there is no reasonable indication that the imports are a source of material injury to this industry.

Material injury by reason of alleged LTFV imports

The Trade Agreements Act of 1979, which amended the Tariff Act of 1930 by establishing new procedures for antidumping and countervailing duty cases, reiterated two fundamental precepts of Commission injury determinations: (1) that there must be material injury or threat of material injury to the domestic industry, and (2) that material injury must be by reason of the allegedly dumped or subsidized imports. As noted in the legislative history--

> [t]he law does not, however, contemplate that the injury from such imports be weighted against other factors . . . which may be contributing to overall injury to an industry. Any such requirement has the undesirable result of making relief more difificult to obtain for those industries facing difficulties from a variety of sources, precisely those industries that are most vulnerable to subsidized or dumped imports.
>
> Of course, in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors. (Emphasis added.) 1/

Thus, if it is shown that material injury is present but arises from causes other than imports of the allegedly dumped or subsidized merchandise subject to an investigation, a negative Commission determination is required, no matter how grievous the injury which may be present. 2/ Such is the situation in the present investigation of the tapered roller bearing industry.

1/ H.R. Rep. 317, 96th Cong., 1st Sess., 47 (1979).

2/ Where imports are one of several causes of injury, an affirmative finding should be made in those cases where it is shown that the imports themselves--independent of any other factors--cause material injury.

Since the bearings at issue are used almost exclusively for railway freight cars, the state of the roller bearing industry is linked directly to the demand for new and rebuilt freight cars. Therefore, the salient factor in the health of the domestic roller bearing industry is the extremely sharp decrease in demand for such freight cars, which directly translates into a proportional decrease in the demand for roller bearings. This is readily apparent from a review of the orders placed for freight cars from 1978 through 1982. Orders for new and rebuilt freight cars reached an all-time high in 1978 of 129,341 units and fell each year thereafter. Only 7,671 orders were placed in 1982, a drop of more than 94 percent compared to orders placed in 1978. This decline was most precipitous in 1981 and 1982. 3/ Likewise, deliveries of new and rebuilt railway freight cars reached an all-time high of 90,903 units in 1979. Only 18,736 units were delivered in 1982, a decrease of almost 80 percent from 1979 levels. Again, the decline in deliveries was most precipitous in 1981 and 1982. 4/ Deliveries are expected to decline in 1983, although there is an anticipation of some recovery in 1984.

The causation of the decline in the demand for railway cars was thoroughly discussed during the conference conducted by the Director of Investigations. The principle reason for the drop in the demand for railway freight cars, and hence in the demand for roller bearings, is the current recession. A second factor in the sharp downturn appears to have been

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3/ Report, p. A-11.

4/ Id.

overbuilding of freight cars in 1979 and 1980. Additional factors include the consolidation of railroads and computerized scheduling (leading to more efficient and productive use of existing freight cars) and a trend toward freight cars of larger capacity.

Therefore, in addition to the unprecedented cyclical decline in demand, it is apparent that the industry is undergoing a significant structural change which will lead to demand for roller bearings in the future at levels below historic levels. This decline in demand appears to be much steeper because of the apparent over-building of railway freight cars during 1979 and 1980.

An analysis of employment, production, and profitability reveal that the imports make no material contribution to the injury suffered by this industry. 5/ In fact, even if there had been no increase in U.S. imports over the last three years, there would have been no appreciable change in the domestic industry's financial condition, although there might have been some very small changes in production, shipments, and productive capacity.

The lost sales and price suppression/depression information show no pattern of underselling by any of the imports nor other agressive market tactics. 6/ It is particularly significant in the lost sales area to remember that the domestic industry apparently had a difficult time meeting the high levels of demand in 1979 and 1980. Domestic purchasers have stated

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5/ Because this industry consists of only two firms, much of the data relevant to this discussion is confidential. Therefore, the data may be discussed only in general terms.

6/ Report, Tables 11 and 12.

that they prefer to have multiple sources of supply, in order to avoid these problems. 7/ With only two domestic sources from which to choose and the recent experiences of short supply, U.S. purchasers of roller bearings have extremely strong reasons for placing part of their purchases abroad, even when the prices are significantly higher.

The lost sales information reveals no lost sales by reason of underselling, although there were two sales lost bcause the imports offered better credit terms. One of those sales, however, involved a substantially higher purchase price. Even if all the allegations of price suppression/depression and lost sales had been confirmed, their impact on the domestic industry would have been insignificant.

Threat of material injury by reason of the alleged LTFV imports

With respect to the threat of material injury, the Commission examines, among other factors, demonstrable trends in the following areas: (1) the rate of increase in importation of the dumped merchandise on the United States market; (2) importers' inventories; (3) capacity in the exporting country to generate exports; and (4) the likelihood that such exports will be directed to the United States market, taking into account the availability of other export markets. 8/

7/ Report, pp. A-31-32.

8/ Section 207.6 of the Commission's rules (19 CFR § 207.26); H.R. Rep. 317, 96th Cong., 1st Sess., p. 46 (1979); Stainless Steel Sheet and Strip from West Germany, Inv. No. 731-TA-92 (Preliminary), USITC Pub. 1252, pp. 14-15 (1982); Prestressed Concrete Steel Wire Strand from the United Kingdom, Inv. No. 731-TA-89 (Final), USITC Pub. 1343, p. 9 (1983).

In these investigations, there has been a sharp decline in overall imports during the period under investigation. 9/ There is no evidence on record that the foreign producers plan to increase their shipments of tapered roller bearings to the United States. Although there is no evidence regarding the production, capacity utilization, and exports for two of the three countries, information for the third shows active export markets and no capacity to increase exports to the United States. 10/ The importers' inventories have decreased as well. 11/ Therefore, whether considered on a country-by country basis or on a cumulated basis, I find that there is no reasonable indication that an industry in the United States is threatened with material injury by reason of alleged LTFV imports of tapered roller bearings and parts thereof.

Conclusion

In the context of the overall condition of this market, there is no reasonable indication that any material injury can be traced to imports allegedly sold at less than fair value, whether taken singly or cumulated. I have therefore voted to terminate these cases at this preliminary stage.

9/ Report, Table 1.

10/ Report, p. A-23.

11/ Report, Table 10.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On January 26, 1983, a petition was filed by counsel on behalf of Brenco, Inc. (Brenco), Petersburg, Va., with the United States International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Japan, the Federal Republic of Germany (West Germany), and Italy of railway freight car journal roller bearings, provided for in item 680.39 of the Tariff Schedules of the United States (TSUS), which are allegedly being sold in the United States at less than fair value (LTFV). Accordingly, the Commission instituted the following preliminary antidumping investigations under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise:

Investigation No.	Country
731-TA-120 (Preliminary)	Japan
731-TA-121 (Preliminary)	West Germany
731-TA-122 (Preliminary)	Italy

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of February 2, 1983 (48 F.R. 4743). 1/ The conference was held in Washington, D.C., on February 16, 1983. 2/ The Commission's briefing and votes were held on March 8, 1983. The Commission must make its determination in these investigations within 45 days after the date of the filing of the petition, or by March 14, 1983.

Previous Commission Investigations on Tapered Roller Bearings

In January 1975, the Commission determined, by a vote of 4 to 2, that an industry in the United States was likely to be injured by reason of the importation of tapered roller bearings, including inner races or cone assemblies and outer races or cups, exported to and sold in the United States, either as a unit or separately, from Japan, that the U.S. Department of the Treasury had determined were being sold, or were likely to be sold, at LTFV within the meaning of the Antidumping Act, 1921, as amended. 3/

1/ A copy of the Commission's notice is presented in app. A. A copy of the Department of Commerce's notice of institution of its preliminary investigations is presented in app. B.

2/ A copy of the calendar of the conference is presented in app. C.

3/ Tapered Roller Bearings and Certain Components Thereof from Japan, USITC Publication 714, Washington, D.C., January 1975.

The Commission's 1975 investigation involved four cups and four cone assemblies--with outside diameters of 4 inches or less--for use in tapered roller bearings, whether sold separately or as a unit. Tapered roller bearings are produced in sizes ranging from under 1 inch to several feet in outside diameter. Railway freight car journal roller bearings have outside diameters ranging from about 6.5 to 11 inches. The great bulk of tapered roller bearings used domestically are under 4 inches in outside diameter. At the time of the Commission's 1975 investigation, 90 percent of annual U.S. consumption (based on quantity) of all tapered roller bearings were 4 inches or less in outside diameter; consumption of bearings more than 6 inches in outside diameter amounted to less than 2 percent of the total.

The Products

Description and uses

The primary function of antifriction bearings is to reduce the friction between a revolving part and a fixed part in mechanical devices. Bearings are essential components in almost all moving machinery and equipment. Antifriction bearings may be classified in two broad categories: ball bearings and roller bearings. The principal differences are the rolling elements (balls or rollers) and their respective abilities to carry loads. 1/

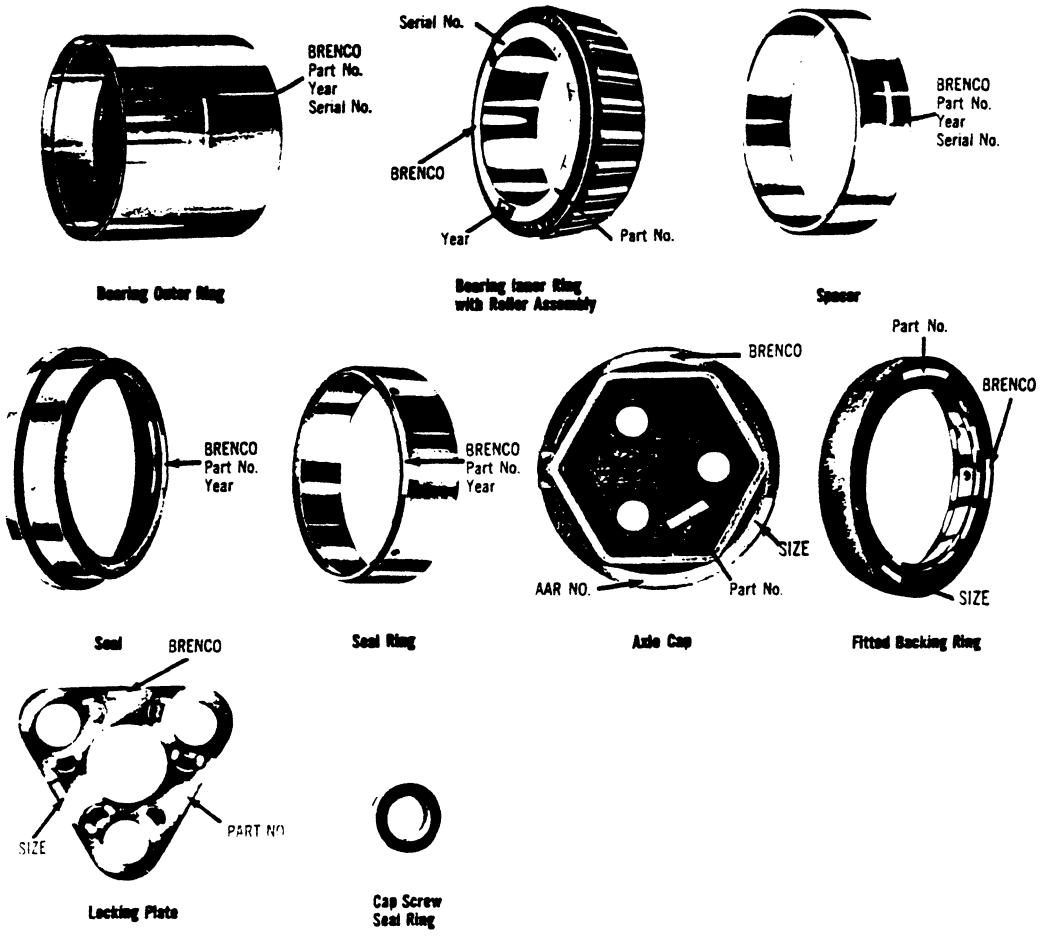
Freight car journal (axle) roller bearings, the subject of these investigatons, are devices which are attached to the axles of railway freight cars to reduce the friction created by the rotation of the axle when the car is in motion (figs. 1 and 2). When compared with a ball bearing, the roller bearing has more contact area between the roller and the raceway (the surface area upon which the rolling element moves). In a ball bearing, this contact is initially only point contact, but it increases to area contact as the load is applied to the bearing and the ball tends to deform slightly. In a roller bearing, the initial contact between the roller and the raceway is line contact as the load is applied to the bearing. The contact area of a roller bearing is much greater than that of a ball bearing; thus, a roller bearing is better suited to accommodate the heavy loads of freight cars.

Roller bearings may be designed to accept radial loads, thrust loads, or both radial and thrust loads. In the United States, freight car roller bearings are tapered, or designed to accept both radial and thrust loads. The cone shape is a design which assures a true rolling motion and a high radial load and thrust capacity. The tapered design of a freight car journal roller bearing allows it to accept the heavy vertical load capacity of a freight car, as well as horizontal load movements. Freight car journal roller bearings have two rows of roller assemblies, thus increasing their capacity to handle heavy loads.

1/ Tapered roller bearings are not generally interchangeable with ball or other roller bearings because each type has charactistics that make it the better choice for a given application. The original selection is made to assure maximum bearing performance; therefore, a replacement would be made with the same type of bearing. The load-carrying ability of a bearing is largely determined by the contact between the rolling element and the raceway.

Figure 1.—Cutaway view of a railway freight car journal roller bearing

Figure 2.-- Principal components of a railway freight car journal roller bearing



Freight car journal roller bearings consist of the following principal parts: two inner races, two roller assemblies, one spacer, one end cap, one locking plate with three cap screws, two seals, two wear rings, one backing ring, and one outer race. The roller assembly is made up of a cage and a set of rollers. The number of rollers depends on the size of the bearings. The inner race provides the surface upon which the rollers move. The cage retains the rollers on the diameter of the inner race. The outer race is the largest component of the assembly, and its inside part is tapered to conform with the taper of the roller assembly. The outer race provides the outer surface upon which the roller assembly rotates. The spacer separates the two roller assemblies from each other, once they are assembled. The end cap and locking plate are fastening devices which connect the bearing assembly, using three screws, to the axle of the railcar. The locking plate is partially bent into the screws to prevent them from turning inadvertently. The seals are usually made of elastomeric materials and are used to protect the bearings from foreign materials and to retain the lubricants near the contact rolling elements. The wear rings are parts upon which the exposed parts of the bearings are connected with the enclosed parts housing the contact rolling elements.

The contact rolling elements (inner and outer races) are manufactured from alloy steel seamless tube or bearing quality steel bar stock. The rollers are made of alloy steel wire. The end caps are manufactured from cast iron. The backing rings, seal wear rings, and spacers are made of carbon steel tube or bar. The cages and locking plates are made of carbon steel strip. When steel tube is used as a raw material, it is first machined on a multiple spindle screw machine. The machining operation includes boring, drilling, forming, and facing. When bar stock is used as a raw material, it is usually passed through an induction heating machine and then forged and hot rolled before it undergoes machining operations.

Following all machining operations, and in accordance with rules established by the American Association of Railroads (AAR), 1/ all bearing parts are stamped with the manufacturer's name or initials and part number, and the month and year of manufacture. The bearings then undergo a heat treatment process known as carburizing, during which a controlled amount of carbon is added to the parts while they are exposed to high temperatures for a specified time. Carburizing provides the bearings with hardness and durability and extends their life expectancy. The bearing components are then oil quenched, a process of dipping them in oil to relieve them of stresses built up during the heat treatment process. Virtually all bearings manufactured in the United States, as well as those imported from Italy and Japan, are case hardened, whereas most bearings produced in West Germany are through hardened. A case hardened bearing is one that has been heat treated only on the surface; a through hardened bearing has been heat treated throughout. Following the heat treatment process, the bearing components go through grinding, greasing, and inspection, and are then packed for shipment.

1/ These AAR rules, as set forth in specification M-934-81, cover journal roller bearings for application to freight cars in interchange service.

Universal standards covering life expectancy, material quality, dimensions, and tolerances are established by the AAR. New freight car roller bearings are inspected and carefully tested before they receive AAR approval. New freight car bearings receive "conditionally approved" status when they meet the requirements of the specifications set by the AAR. Such approval limits sales to a maximum 4,000 carsets (32,000 bearings) which may be applied to interchange freight cars. After 1 year, if an inspection shows that the bearings have been operating satisfactorily, an additional 4,000 carsets may be sold. A manufacturer can receive "approved" status from the AAR if the bearings have had 50,000 miles of operation, 2 years of service, and an inspection indicating satisfactory performance. According to AAR specifications, contact rolling element parts manufactured by one firm may not be interchanged with those manufactured by another firm. All other parts are interchangeable.

Railway freight car journal roller bearings are produced in six sizes (or classes)--4-1/4" X 8" (class B), 5" X 9" (class C), 5-1/2" X 10" (class D), 6" X 11" (class E), 6-1/2" X 12" (class F), and 7" X 12" (class G). The great bulk of such bearings used on freight cars are the 5-1/2" X 10" bearing (which is used in 50-ton freight cars), the 6" X 11" bearing (used in 70-ton freight cars), and the 6-1/2" X 12" bearing (used in 100-ton freight cars).

Freight car journal roller bearings are designed for and used predominantly on railway freight cars. They are the only type of bearing currently used in the United States in the construction of new railroad freight cars. 1/ Other limited applications include passenger rail cars, steel mill rolling tables, pumping jacks (oilfield equipment), conveyors, and construction equipment.

U.S. tariff treatment

The imported railway freight car journal roller bearings and parts thereof which are the subject of these investigations are classified for tariff purposes under item 680.39 of the TSUS. 2/ The current column 1 most-favored-nation (MFN) rate of duty for item 680.39 is 9.8 percent ad valorem. 3/ The current rate is the third in a series of staged duty

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1/ AAR requirements specify that, with one exception, no product other than tapered roller bearings can be used as journal bearings on freight cars in interchange service. The exception is a cylindrical roller bearing produced in Canada. According to testimony at the conference (transcript, p. 52), this cylindrical bearing is not used in the United States.

2/ For statistical reporting purposes, as relevant to these investigations, item 680.39 is divided as follows: Item 680.3932 provides for "Cup and cone assemblies imported as a set;" item 680.3934 provides for "Cups imported separately;" item 680.3938 provides for "Cone assemblies imported separately;" and item 680.3940 provides for "Other parts" (of tapered roller bearings). ("Cup" refers to the outer race; a cone assembly consists of the inner race, rollers, and cage.)

3/ The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

reductions negotiated during the Tokyo round of the multilateral trade negotiations (MTN); the rate prior to January 1, 1981, was 12.2 percent ad valorem. The current rate of duty is scheduled to be further reduced, in stages, to 6.5 percent ad valorem on January 1, 1987.

The column 2 rate of duty for item 680.39 is 67 percent ad valorem. 1/ Imports under this item are not eligible for duty-free treatment under the Generalized System of Preferences (GSP). 2/ The rate of duty on imports from least developed developing countries (LDDC) is 6.5 percent ad valorem. 3/

Nature and Extent of Alleged Sales at LTFV

The petitioner alleged that railway freight car journal roller bearings and parts thereof produced in Japan, West Germany, and Italy are being sold in the United States at prices which are below the fair value of such merchandise. The alleged margins of sales at LTFV, as presented in the petition, are described as follows.

Japan

The petitioner calculated U.S. sales prices on the basis of actual sales or offers from the foreign producer (Koyo Seiko Co., Ltd. (Koyo)) to purchasers in the United States on bearing sizes 6" X 11" and 6-1/2" X 12". However, the petitioner only provided home-market-sales data for the foreign producer on the 6-1/2" X 12" bearing. Comparison of the home-market-sales price with the sales price in the United States resulted in an alleged dumping margin of 34.2 percent on the 6-1/2" X 12" bearing.

West Germany

The petitioner calculated U.S. sales prices on the basis of actual sales or offers from the foreign producer (FAG Kugelfischer Georg Schaffer & Co. (FAG)) to purchasers in the United States on bearing sizes 6" X 11" and 6-1/2" X 12". The petitioner also furnished home-market-sales data for the foreign producer for the above bearing sizes. Comparison of the home-market-sales prices with sales prices in the United States resulted in alleged dumping margins of 8.8 and 7.0 percent for the 6" X 11" and 6-1/2" X 12" bearings, respectively.

1/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

2/ The GSP, under 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 expected to remain in effect until January 1985.

3/ LDDC rates are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) applicable to products of those LDDC's designated in general headnote 3(d) of the TSUS.

Italy

The petitioner calculated U.S. sales prices on the basis of actual sales or offers from the foreign producer (RIV-SKF Officine Di Villar Perosa, S.p.A. (SKF)) to purchasers in the United States on bearing sizes 6" X 11" and 6-1/2" X 12". The petitioner also furnished data on price quotations by the Italian producer for exports to West Germany. Comparison of the third country export prices with sales prices in the United States resulted in alleged dumping margins of 25.6 and 28.4 percent for the 6" X 11" and 6-1/2" X 12" bearings, respectively.

U.S. Market and Channels of Distribution

In the United States, sales of railway freight car journal roller bearings are made principally to original equipment manufacturers (OEM's)--railroads, railcar builders, and wheel and axle suppliers. There are approximately 100 OEM purchasers of these bearings in the United States. Sales by the two domestic producers and by importers of bearings from Japan, West Germany, and Italy are made directly to such end users. Seven manufacturers that currently produce railway freight car journal roller bearings hold "approved" status from the AAR, and one manufacturer (SKF) holds "conditionally approved" status. 1/ These firms and the locations of their production facilities are shown in the following tabulation:

Firm	Country
Brenco	United States
The Timken Co. (Timken)	United States
SKF	Italy
FAG	West Germany
Koyo	Japan
Nippon Seiko K.K. (NSK)	Japan
NTN Toyo Bearing Co., Ltd. (NTN)	Japan
Nachi American Co., Ltd	Japan

Only three of the six foreign manufacturers shown above--SKF, FAG, and Koyo--were active in the U.S. market during 1980-82.

Sales of replacement bearings and parts also represent a significant part of the U.S. market for railway freight car journal roller bearings. Brenco, the petitioner, services and repairs used railroad bearings at various facilities throughout the United States; 2/ the other domestic producer does not conduct its own reconditioning operations. At least one importer of

1/ As indicated previously, a manufacturer can receive an "approved" status from the AAR if the bearings have had 50,000 miles of operation, 2 years of service, and an inspection indicating satisfactory performance.

2/ Brenco reported that its reconditioning operations accounted for * * * percent of the firm's total sales of railroad bearings in 1980, * * * percent in 1981, and * * * percent in 1982.

railway freight car journal roller bearings--Roller Bearing Industries, Inc. (RBI), which imports such merchandise from West Germany--also operates a reconditioning operation in the United States. According to the petitioner, there are three major reconditioners of such bearings in the United States, including Brenco and RBI, and several smaller reconditioners.

U.S. Producers

Railway freight car journal roller bearings are produced in the United States by two firms--Brenco and Timken. 1/ Brenco's manufacturing facilities are in Petersburg, Va. As indicated previously, the firm also maintains bearing repair shops in various locations throughout the United States. In addition, Brenco operates facilities in Mexico and Canada and has a licensee in India. Although the great bulk of Brenco's business activity consists of manufacturing and reconditioning freight car bearings, it also manufactures tapered roller bearings for certain industrial applications. Brenco produces virtually all of the component parts used in its bearings, but it does not produce the steel used therein. Although the firm's aggregate production of all types of tapered roller bearings is much smaller than that of Timken, it is believed that Brenco was the larger domestic producer during 1980-82 of the bearings herein under investigation.

Timken, whose sales in 1981 amounted to $1.4 billion, is reportedly the world's largest producer of tapered roller bearings. It has facilities throughout the United States, as well as in several other countries. Timken produces two major types of products, tapered roller bearings and alloy steel products. The firm manufactures railway freight car journal roller bearings at its plant in Columbus, Ohio. Timken also produces such bearings in the United Kingdom and the Republic of South Africa. Timken is the only fully integrated producer of freight car bearings, with production facilities ranging from steel mills to final assembly plants.

U.S. Importers

The net import file maintained by the U.S. Customs Service identifies more than 200 importers of tapered roller bearings and parts thereof during September 1981-September 1982. The Commission's staff conducted a survey of these importers in order to identify those firms that imported railway freight car journal roller bearings or parts thereof. The results of the survey are indicated in the following tabulation:

Firm	Product	Country
* * *	* * *	Japan.
* * *	* * *	Japan.
* * *	* * *	Italy.
* * *	* * *	West Germany.

1/ Timken introduced the first tapered roller bearing for use on railroad axles in 1923. Brenco began the manufacture of such bearings in 1959. According to testimony at the Commission's conference (transcript, p. 6), several other firms produced such bearings between 1959 and 1977.

* * *. American Koyo Corp. is a subsidiary of Koyo Seiko Co., Ltd., and * * *. Unity Railway Supply Co. (Unity) is the sole importer and U.S. distributor of freight car journal roller bearings manufactured by SKF in Italy. * * *.

Since late 1980, RBI has served as the sole importer and U.S. distributor of railway freight car journal roller bearings manufactured by FAG, the West German producer. 1/ In 1981, RBI imported the principal component parts for such bearings (e.g., inner races, outer races, and roller assemblies) from FAG and assembled them at a plant in Elizabethtown, Ky. In 1982, imports by RBI from FAG consisted predominantly of assembled bearings. As indicated earlier, RBI also operates AAR approved contract repair shops in the United States.

Apparent U.S. Consumption

Apparent U.S. consumption of railway freight car journal roller bearings, as estimated from data published by the American Railway Car Institute (ARCI) on deliveries of new and rebuilt freight cars, 2/ is shown in table 1. As indicated, such consumption fell from 697,000 bearings in 1980 to 368,000 bearings in 1981, or by 47 percent, and then fell to 150,000 bearings in 1982, or by 59 percent. The ratio of imports from all sources to apparent consumption rose from * * * percent in 1980 to * * * percent in 1981 and * * * percent in 1982.

The aggregate demand in the United States for the roller bearings subject to these investigations depends upon the number of freight cars produced and, to a much less extent, the number of bearings in existing freight cars that need to be replaced or reconditioned. The tabulation om page A-11 shows that deliveries of new and rebuilt freight cars rose from 69,000 in 1978 to 91,000 in 1979, but then slipped to 87,000 in 1980, and plummeted to 46,000 in 1981 and about 19,000 in 1982. 3/

1/ FAG commenced sales to the United States of the bearings subject to these investigations in 1980; sales made prior to RBI becoming FAG's exclusive U.S. distributor were made dirctly to end users (transcript, p. 92).

2/ The Commission received completed questionaires from Brenco and all known importers of railway freight car journal roller bearings. Timken, the only other domestic producer, returned its questionnaire uncompleted. Should these investigations return to the Commission for final injury determinations, complete data on Timken's operations will be sought through all avenues available to the Commission, including its subpoena authority. Table 1 includes estimates of Timken's domestic shipments during 1980-82.

3/ These data were obtained from publications of the ARCI. The principal reason cited at the conference for the sharp drop in the construction and rebuilding of railway freight cars was the sharp downturn in U.S. economic activity since 1980. Other factors cited included overbuilding of freight cars in 1979 and 1980, a trend toward consolidation of railroads in the United States (and a resultant surplus of equipment), and a continuation of the trend toward freight cars with larger freight-carrying capacities.

Table 1.--Railway freight car journal roller bearings: U.S. shipments by domestic producers and by importers of merchandise from Japan, West Germany, and Italy, and apparent U.S. consumption, 1980-82

Item	1980	1981	1982
U.S. shipments by domestic producers:			
Brenco----------number of bearings--	***	***	***
Timken 1/----------do----	***	***	***
Total----------do----	***	***	***
U.S. shipments of imports from--			
Japan 2/----------number of bearings--	***	***	***
West Germany----------do----	***	***	***
Italy----------do----	***	***	***
Total----------do----	***	***	***
Apparent U.S. consumption			
number of bearings--	696,664	368,008	149,888
Ratio of shipments of imports to--			
U.S. producers' shipments:			
Imports from Japan---------percent--	***	***	***
Imports from West Germany-----do----	***	***	***
Imports from Italy----------do----	***	***	***
Total----------do----	***	***	***
Apparent U.S. consumption:			
Imports from Japan---------percent--	***	***	***
Imports from West Germany-----do----	***	***	***
Imports from Italy----------do----	***	***	***
Total----------do----	***	***	***

1/ Estimated.
2/ * * *.

Source: Apparent U.S. consumption was estimated from data published by the American Railway Car Institute on deliveries of new and rebuilt freight cars; U.S. shipments by Brenco and by importers were compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; and U.S. shipments by Timken were obtained by subtracting the sum of shipments reported by Brenco and importers from estimated consumption.

	Deliveries	Orders placed	Yearend order backlog
1978--------	68,774	129,341	96,342
1979--------	90,903	120,256	119,371
1980--------	87,083	46,453	53,805
1981--------	46,001	19,916	17,385
1982--------	18,736	7,671	4,295

As indicated in the above tabulation, the order backlog as of yearend 1982 amounted to only about 4,300 cars, by far the lowest amount during the period shown. The ARCI has forecast that the average number of cars delivered each year between 1983 and 1987 will "run within 2,000 of 43,000; however deliveries in 1983 may be as low as 15,000." 1/ Brenco stated at the conference that it disagrees with ARCI's forecast. 2/ The firm's own forecast of U.S. market demand calls for orders by OEM's of * * * carsets (* * * bearings) in 1983, and average annual orders of * * * carsets (* * * bearings) in 1983-87.

Consideration of Material Injury to an Industry in the United States

The following sections of this report that deal with consideration of the question of a reasonable indication of material injury to an industry in the United States relate only to the operations of Brenco, the petitioner in these investigations. The questionnaire returned by Timken, the only other domestic producer of railway freight car journal roller bearings, contained no data on such economic indicators as production, shipments, employment, and the profitability of its operations in producing such merchandise.

U.S. production, capacity, and capacity utilization

Production of railway freight car journal roller bearings by Brenco dropped * * * percent from 1980 to 1982. During the same period, the firm expanded its capacity to produce such merchandise by almost * * * percent. 3/ Consequently, the utilization of Brenco's capacity to produce these bearings fell from * * * percent in 1980 to * * * percent in 1982, as indicated in the

1/ Railway Progress News, January 1983, vol. XXVIII, No. 1.
2/ Transcript, pp. 72 and 73.
3/ During the conference, a Brenco official testified that the firm has doubled its railroad freight car bearing capacity since 1976. This official added that, in his opinion, the firm had the most installed capacity to serve the domestic market of all manufacturers in the world (transcript pp. 6 and 7).

following tabulation:

Item	1980	1981	1982
Production-------number of bearings--	***	***	***
Capacity 1/----------do----	***	***	***
Capacity utilization--------percent--	***	***	***

1/ Average of beginning and ending annual capacity.

Brenco's production in 1980-82 of railway freight car journal roller bearings, by sizes, is shown in table 2. As indicated, the three sizes of bearings toward which the petition was directed--i.e., 5-1/2" X 10", 6" X 11", and 6-1/2" X 12"--accounted for * * * of the firm's production of such bearings.

Table 2.--Brenco's production of tapered roller bearings, by types and by sizes, 1980-82

(In number of bearings)

Item	1980	1981	1982
Railway freight car journal roller bearings:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Total	***	***	***
All other tapered roller bearings	***	***	***
Total, all tapered roller bearings	***	***	***

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

U.S. producers' domestic and export shipments

Brenco's domestic shipments of railway freight car journal roller bearings are shown in table 3. Shipments followed the trend in production, dropping from * * * bearings in 1980 to * * * bearings in 1982, or by * * * percent. Similarly, the value of domestic shipments (including parts shipped separately) fell from * * * in 1980 to * * * in 1982. Almost * * * percent of Brenco's domestic shipments in 1980 were to OEM's; however, shipments to OEM's accounted for * * * percent of the firm's total domestic shipments in 1981 and 1982, as * * *.

Table 3.--Brenco's domestic shipments of tapered roller bearings, by types and by sizes, 1980-82

Item	1980	1981	1982
	Quantity (number of bearings)		
Railway freight car journal roller bearings:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Total	***	***	***
All other tapered roller bearings	1/	1/	1/
	Value (1,000 dollars)		
Railway freight car journal roller bearings:			
4-1/4" X 8"	***	***	2/ ***
5" X 9"	***	***	***
5-1/2" X 10"	2/ ***	2/ ***	2/ ***
6" X 11"	2/ ***	2/ ***	2/ ***
6-1/2" X 12"	2/ ***	2/ ***	2/ ***
7" X 12"	2/ ***	2/ ***	2/ ***
Total	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	3/ ***	3/ ***	***
Total	***	***	***
All other tapered roller bearings	***	***	***
Total, all tapered roller bearings and parts thereof	***	***	***
	Average unit value (per bearing) 4/		
Railway freight car journal roller bearings:			
4-1/4" X 8"	***	***	1/ ***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	1/ ***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	1/	1/	***
Average	***	***	***
All other tapered roller bearings	1/	1/	1/

1/ Not available.
2/ Estimated.
3/ Includes export shipments.
4/ Data shown are for sales to OEM's.

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

Brenco's export shipments of railway freight car journal roller bearings fell from * * * in 1980 to about * * * in 1981, and then increased to * * * in 1982 (table 4). The value of such exports (including parts) fell from * * * in 1980 to * * * in 1981, and then rose to * * * in 1982. The firm's principal export markets were * * *.

Table 4.--Brenco's export shipments of tapered roller bearings, by types and by sizes, 1980-82

Item	1980	1981	1982
	Quantity (number of bearings)		
Railway freight car journal roller bearings:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Total	***	***	***
All other tapered roller bearings	1/	1/	1/
	Value (1,000 dollars)		
Railway freight car journal roller bearings:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Total	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	1/2/	1/2/	***
Total	***	***	***
All other tapered roller bearings	***	***	***
Total, all tapered roller bearings and parts thereof	***	***	***

1/ Not available.
2/ Included in domestic shipments.

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

U.S. producers' inventories

Brenco's yearend inventories of railway freight car journal roller bearings are shown in table 5. As indicated, the firm's stocks of such bearings jumped from * * * in 1979 to * * * in 1980, but declined thereafter--to * * * in 1981 and * * * in 1982. However, the ratio of Brenco's yearend inventories to the firm's total shipments (domestic and export) of freight car journal roller bearings rose from * * * percent in 1980 to * * * percent in 1981 and * * * percent in 1982.

Table 5.--Brenco's end-of-period inventories of tapered roller bearings, by types and by sizes, 1980-82

(In number of bearings)

Item	1979	1980	1981	1982
Railway freight car journal roller bearings:				
4-1/4" X 8"	***	***	***	***
5" X 9"	***	***	***	***
5-1/2" X 10"	***	***	***	***
6" X 11"	***	***	***	***
6-1/2" X 12"	***	***	***	***
7" X 12"	***	***	***	***
Total	***	***	***	***
All other tapered roller bearings	***	***	***	***
Total, all tapered roller bearings	***	***	***	***

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

U.S. employment, wages, and productivity

The average number of all Brenco employees and the average number of that firm's production and related workers fell very sharply in 1981 and 1982. Similarly, hours worked by production and related workers and wages and total compensation paid to such employees also dropped sharply during those years. From 1980 to 1982, the average number of production workers engaged in manufacturing railway freight car journal roller bearings fell from * * * to * * *; the hours worked by these employees dropped from * * * to * * * (table 6). The average hours worked per year by production workers manufacturing freight car bearings decreased from * * * in 1980 to * * * in 1981 and then increased to * * * in 1982. Wages paid in 1982 to production workers manufacturing bearings for freight cars, * * *, were * * * percent less than wages paid in 1980. The average hourly wage paid to such workers rose from

Table 6.--Average number of employees, total and production and related workers, in Brenco's U.S. establishments producing railway freight car journal roller bearings, and hours worked by 1/ and wages and total compensation 2/ paid to such workers, 1980-82

Item	1980	1981	1982
Average number employed:			
All persons	***	***	***
Production and related workers producing--			
All products	***	***	***
Railway freight car journal roller bearings	***	***	***
Hours worked by production and related workers producing--			
All products----------1,000 hours--	***	***	***
Railway freight car journal roller bearings--------1,000 hours--	***	***	***
Wages paid to production and related workers producing--			
All products----------1,000 dollars--	***	***	***
Railway freight car journal roller bearings------1,000 dollars--	***	***	***
Total compensation paid to production and related workers producing--			
All products----------1,000 dollars--	***	***	***
Railway freight car journal roller bearings------1,000 dollars--	***	***	***

1/ Includes hours worked plus hours of paid leave time.

2/ Includes wages and contributions to social security and other employee benefits.

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

* * * in 1980 to * * * in 1981, but then declined to * * * in 1982. 1/

The following tabulation shows that, as Brenco's production of bearings fell in 1980-82, the firm's productivity (whether measured by output per worker or per hour worked) also declined:

	1980	1981	1982
Production of railway freight car journal roller bearings:			
Total----------number of bearings--	***	***	***
Per worker----------do----	***	***	***
Per hour worked----------do----	***	***	***

Financial experience of U.S. producers

Brenco's profit-and-loss during 1980-82 on the overall operations of its establishments within which railway freight car journal roller bearings are produced are shown in table 7, and the firm's profit-and-loss on its operations specifically in producing such bearings are shown in table 8. Brenco's capital expenditures, research and development expenses, and fixed assets employed in its domestic establishments in which railway freight car journal roller bearings are produced are shown in table 9.

Brenco's net sales from all operations of its establishments in which railway freight car journal roller bearings are produced plummeted from * * * in 1980 to * * * in 1981 and * * * in 1982 (table 7). The firm's net operating income fell from * * * in 1980 to * * * in 1981; a net operating loss of almost * * * was incurred in 1982. The ratio of operating income to net sales was * * * percent in 1980 and * * * percent in 1981; the ratio of the operating loss in 1982 to net sales was * * * percent.

Brenco's 1981 annual report noted the following:

> For the year 1981, the method of determining the cost of substantially all inventories was changed from the FIFO (first-in, first-out) method to the LIFO (last-in, first-out) method because the Company believes LIFO more clearly reflects income by providing a better matching of current cost and current revenue. The change reduced inventories at December 31, 1981 by $490,000, and reduced income from continuing operations and net income by $249,000, or $.025 per share. The change had no effect on prior years since the December 31, 1980 inventories were the opening inventories under the LIFO method.

1/ Brenco's 1980 annual report stated that "In 1980 the Company experienced an unusual increase in labor cost due to adjusting the hourly rates to make them more competitive with others in the community." The large increase in the average hourly wage in 1981 is probably due in large part to the * * *-percent drop in the average number of production and related workers in that year. In the face of this reduction in employment it is likely that only those employees with the greatest seniority, and, hence, those receiving the greatest wages, were retained. Brenco's employees are not unionized.

Table 7.--Brenco's profit-and-loss experience on the overall operations of its establishments within which railway freight car journal roller bearings are produced, 1980-82

(In thousands of dollars)

Item	1980	1981	1982
Net sales	***	***	***
Cost of goods sold:			
Raw materials	***	1/ ***	2/ ***
Direct labor	***	***	***
Other factory costs, including depreciation and amortization and inventory changes	***	***	***
Total cost of goods sold	***	***	***
Gross profit or (loss)	***	***	***
General, selling, and administrative expenses	***	***	***
Operating income or (loss)	***	***	***
Other income or (expense), net	***	***	3/4/ ***
Net income or (loss) before taxes	***	***	***
Depreciation and amortization	***	***	***
Cash flow from operations 5/	***	***	***

1/ The switch to LIFO increased raw material costs in 1981 by * * *.
2/ LIFO adjustments in 1982 increased raw material costs by * * *.
3/ Includes * * *.
4/ Includes * * *.
5/ Operating profit or (loss) plus depreciation and amortization.

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

Table 8.--Brenco's profit-and-loss experience on its operations producing railway freight car journal roller bearings, 1980-82

(In thousands of dollars)

Item	1980	1981	1982
Net sales	***	***	***
Cost of goods sold:			
Raw materials	***	1/ ***	2/ ***
Direct labor	***	***	***
Other factory costs, including depreciation and amortization and inventory changes	***	***	***
Total cost of goods sold	***	***	***
Gross profit or (loss)	***	***	***
General, selling, and administrative expenses	***	***	***
Operating income or (loss)	***	***	***
Other income or (expense), net	***	***	3/4/ ***
Net income or (loss) before taxes	***	***	***
Depreciation and amortization	***	***	***
Cash flow from operations 5/	***	***	***

1/ The switch to LIFO increased raw material costs in 1981 by * * *.
2/ LIFO adjustments in 1982 increased raw material costs by * * *.
3/ Includes * * *.
4/ Includes * * *.
5/ Operating profit or (loss) plus depreciation and amortization.

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

Table 9.--Brenco's capital expenditures, research and development expenses, and fixed assets employed in its domestic establishments in which railway freight car journal roller bearings and parts thereof are produced, 1980-82

(In thousands of dollars)

Item	1980	1981	1982
Capital expenditures on--			
All products:			
Land and land improvements	***	***	***
Building or leasehold improvements	***	***	***
Machinery, equipment, and fixtures	***	***	***
Total	***	***	***
Railway freight car journal roller bearings:			
Land and land improvements	***	***	***
Building or leasehold improvements	***	***	***
Machinery, equipment, and fixtures	***	***	***
Total	***	***	***
Research and development expenses	***	***	***
Fixed assets 1/ employed in the production of--			
All products:			
Original cost	***	***	***
Book value	***	***	***
Railway freight car journal roller bearings:			
Original cost	***	***	***
Book value	***	***	***

1/ As of the end of the year.

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

Also in 1981, the method of computing depreciation on newly acquired assets was changed to the straight-line method to more closely match depreciation with estimated consumption. The change increased income from continuing operations and net income by $235,000 or $0.24 per share.

Brenco's net sales of railway freight car journal roller bearings, which accounted for * * * to * * * percent of its total establishment sales during 1980-82, dropped from * * * in 1980 to * * * in 1981 and * * * in 1982 (table 8). The firm's net operating income from such operations fell from * * * in 1980 to * * * in 1981; a net operating loss of * * * was incurred in 1982. The ratio of operating income to net sales was * * * percent in 1980 and * * * percent in 1981; the ratio of the operating loss in 1982 to net sales was * * * percent. Similarly, the ratio of operating income to the value of fixed assets (valued at their original cost) employed in producing freight car journal bearings fell from * * * percent in 1980 to * * * percent in 1981; the operating loss in 1982 was equivalent to * * * percent of fixed assets.

In 1980, Brenco made * * * in capital expenditures for facilities used principally in the production of railway freight car journal roller bearings; capital expenditures in 1981 amounted to * * *, and those in 1982, to * * * (table 9). The firm reported that it "* * *." Brenco's research and development expenditures made in connection with its operations producing railway freight car journal roller bearings rose from * * * in 1980 to * * * in 1981 and * * * in 1982 (table 9).

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

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in allegedly dumped imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of railway freight car journal roller bearings and their U.S. market penetration is presented in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Allegedly Sold at LTFV." Discussions of importers' inventories of such merchandise imported from Japan, West Germany, and Italy, and the information available on those countries' capacity to generate exports follow.

Importers' inventories

Inventories of railway freight car journal roller bearings held in the United States by importers of such merchandise from Japan and Italy are shown in table 10. RBI, the exclusive importer of bearings from West Germany, did not report data on inventories. As shown in the table, yearend inventories of

freight car journal bearings imported from Japan (* * *) rose from * * * units in 1979 to * * * units in 1981 and then declined to * * * units in 1982. Stocks of bearings imported from Japan consisted entirely of * * *. Inventories of bearings from Italy rose continuously during the period covered, reaching * * * by yearend 1982; they were predominantly * * * units.

Table 10.--Importers' end-of-period inventories of railway freight car journal roller bearings from Japan and Italy, by sizes, 1980-82 1/

(In number of bearings)

Item	1979	1980	1981	1982
Imports from Japan:				
4-1/4" X 8"	***	***	***	***
5" X 9"	***	***	***	***
5-1/2" X 10"	***	***	***	***
6" X 11"	***	***	***	***
6-1/2" X 12"	***	***	***	2/ ***
7" X 12"	***	***	***	***
Total	***	***	***	***
Imports from Italy:				
4-1/4" X 8"	***	***	***	***
5" X 9"	***	***	***	***
5-1/2" X 10"	***	***	***	***
6" X 11"	***	***	***	***
6-1/2" X 12"	***	***	***	***
7" X 12"	***	***	***	***
Total	***	***	***	***

1/ Data are not available on inventories, if any, of such merchandise imported from West Germany.

2/ * * *.

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

The foreign industries

Japan.--According to information obtained by the U.S. Department of State from the Japan Bearing Manufacturers Association, there are five producers of tapered roller bearings in Japan--Koyo, NSK, NTN, K.K. Fujikoshi (Nachi), and K.K. Maekawa Seisakusho. As indicated previously, the first four of these producers hold "approved" status from the AAR. * * *. Data on these firms' production, capacity, capacity utilization, and exports of railway freight car journal roller bearings are not available.

West Germany.--There is one producer of railway freight car journal roller bearings in West Germany--FAG, a producer of a variety of bearings. According to industry sources, FAG manufactures bearings of the type and sizes herein under investigation solely for export. FAG's counsel reported that the firm has the capacity to produce * * * such bearings per year. In 1980, FAG exported * * * bearings to the United States. In 1981, FAG exported * * * complete bearings and * * * "units," each consisting of one cup and two cones. Exports to the United States in 1982 were * * * complete bearings and * * * units. Data on FAG's production, capacity utilization, and exports of such merchandise to markets other than the United States are not available.

Italy.--There is one producer of railway freight car journal roller bearings in Italy--SKF. This firm is a subsidiary of SKF-Sweden, which is one of the largest producers of antifriction bearings in the world. SKF-Sweden operates many plants throughout the world, including facilities in the United States, but SKF of Italy is the only subsidiary of SKF-Sweden that produces freight car journal roller bearings. SKF does not produce bearings of the types and sizes herein under investigation for consumption in Italy; all such merchandise is exported to other countries. Data on production, capacity, capacity utilization, and exports of freight car journal roller bearings in 1980-82, as provided by counsel for SKF, are as follows:

Item	1980	1981	1982
Production---------number of bearings--	***	***	***
Capacity-------------------------do----	***	***	***
Capacity utilization----------percent--	***	***	***
Exports to--			
United States----number of bearings--	***	***	***
All other countries------------do----	***	***	***
Total----------------------do----	***	***	***

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

U.S. imports and market penetration

There are no official statistics on U.S. imports of railway freight car journal roller bearings, and such bearings constitute only a very small share of total imports of all tapered roller bearings (TSUS item 680.39). However, data reported to the Commission by the three importers cited in the petition--American Koyo Corp., RBI, and Unity--are believed to account for virtually all U.S. imports of such merchandise. U.S. shipments by these firms of imported bearings, by country of origin, are shown in table 11.

Japan.--U.S. importers' shipments of railway freight car journal roller bearings from Japan, * * *, 1/ declined from * * * units in 1980 to * * * units in 1981, and then fell to * * * units in 1982. However, the ratio of

1/ See 2/ to table 11.

Table 11.--Railway freight car journal roller bearings: Importers' U.S. shipments of imports from Japan, West Germany, and Italy, by sizes, 1980-82

Item	1980	1981	1982
	Quantity (number of bearings)		
Imports from Japan: 1/			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	****	***
Total	***	***	***
Imports from West Germany:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Total	***	***	***
Imports from Italy:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Total	***	***	***
	Value (1,000 dollars)		
Imports from Japan: 2/			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	***	***	1/ ***
Total	***	***	***
Imports from West Germany:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	***	***	***
Total	***	***	***

See footnotes at end of table.

Table 11.--Railway freight car journal roller bearings: Importers' U.S. shipments of imports from Japan, West Germany, and Italy, by sizes, 1980-82--Continued

Item	1980	1981	1982
	Value (1,000 dollars)--Continued		
Imports from Italy:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	***	***	***
Total	***	***	***
	Average unit value (per bearing)		
Imports from Japan:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Average	***	***	***
Imports from West Germany:			
4-1/4" X 8"	***	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	-	-	-
Average	***	***	***
Imports from Italy:			
4-1/4" X 8"	3/	***	***
5" X 9"	***	***	***
5-1/2" X 10"	***	***	***
6" X 11"	***	***	***
6-1/2" X 12"	***	***	***
7" X 12"	***	***	***
Average	***	***	***

1/ * * *.

2/ * * * reported shipments of imported parts valued at * * * in 1980, * * * in 1981, and * * * in 1982. * * *. * * * reported imports of * * * in 1980; data on the value of shipments of these components are not available.

3/ Not available.

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

such imported merchandise to apparent U.S. consumption rose from * * * percent in 1980 to * * * percent in 1981 and * * * percent in 1982 (table 1). Imports from Japan were composed predominantly of the * * * size bearings (table 11).

West Germany.--Shipments of railway freight car journal roller bearings imported from West Germany dropped from * * * units in 1980 to * * * units in 1981, but then rose to * * * units in 1982. The ratio of such imported bearings to apparent U.S. consumption fell from * * * percent in 1980 to * * * percent in 1981, and then increased to * * * percent in 1982 (table 1). Imports from West Germany were composed predominantly of the * * * size units, although imports of * * * bearings were reported in 1982 (table 11).

Italy.--Shipments of railway freight car journal roller bearings imported from Italy rose from * * * units in 1980 to * * * units in 1981, but then fell to * * * units in 1982. The ratio of such imported merchandise to apparent U.S. consumption climbed from * * * percent in 1980 to * * * percent in 1981, and then slipped to * * * percent in 1982 (table 1). Imports from Italy were composed predominantly of the * * * size bearings (table 11).

Prices

Tapered roller bearings for use on railcars are generally sold directly to the end user, e.g., railcar builders or railcar maintenence operations. Sales are normally quoted on a per-bearing basis, f.o.b. the producer's plant. Until the recent softening of the market for bearings, producers followed price lists which do not distinguish among types of customers and provided no quantity discounts. Most sales are in multiples of 8 bearing sets (carsets) and are shipped in truckloads of 50 sets. Brenco, the petitioner, reports that the two domestic producers equalize freight costs to each other's plant for customers located nearer to the other producer's facility; this allowance does not generally exceed $3 per bearing according to Brenco. 1/ Traditionally, sales terms require full payment within 30 days, but Brenco reports that in 1982 the time permitted for payment frequently was longer than 30 days. Importers claim that both U.S. producers currently offer bearings under a two-price system; sales reportedly are made at one price for payment within 30 days, and at a 5 percent greater price for payment within 120 days.

The Commission requested domestic producers and importers to provide price data on their largest sales of several size bearings in each calendar quarter of 1980-82. Prices were received from Brenco but not from Timken, the only other domestic producer, and from importers of bearings from Japan, West Germany, and Italy. Data were complete for the most common bearing sizes, 6" X 11" (table 12) and 6-1/2" X 12" (table 13), but were spotty for other sizes.

1/ * * *.

Table 12.--Railway freight car journal roller bearings: Prices received by U.S. producers and importers for 6" X 11" bearings, and margins of underselling (overselling), by quarters, January 1980-December 1982.

Period	U.S. produced 1/	Japan		West Germany		Italy	
		Price	Margin	Price	Margin	Price	Margin
	Per unit	Per unit	Percent	Per unit	Percent	Per unit	Percent
1980:							
Jan.-Mar---	$***	$***	(***)	2/	2/	$***	***
Apr.-June--	***	***	***	2/	2/	***	***
July-Sept--	***	***	***	2/	2/	***	***
Oct.-Dec---	***	***	(***)	2/	2/	***	***
1981:							
Jan.-Mar---	***	***	(***)	2/	2/	***	(***)
Apr.-June--	***	***	***	2/	2/	***	***
July-Sept--	***	***	***	2/	2/	***	***
Oct.-Dec---	***	***	(***)	2/	2/	***	(***)
1982:							
Jan.-Mar---	***	***	***	$***	***	***	(***)
Apr.-June--	2/	***	2/	***	2/	***	2/
July-Sept--	***	***	***	***	***	2/	2/
Oct.-Dec---	***	***	(***)	2/	2/	2/	2/

1/ Only Brenco provided prices of U.S.-produced bearings.
2/ No data available.

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

Table 13.--Railway freight car journal roller bearings: Prices received by U.S. producers and importers for 6-1/2" X 12" bearings, and margins of underselling (overselling), by quarters, January 1980-December 1982.

Period	U.S. produced 1/	Japan		West Germany		Italy	
		Price	Margin	Price 2/	Margin	Price	Margin
	Per unit	Per unit	Percent	Per unit	Percent	Per unit	Percent
1980:							
Jan.-Mar---	$***	$***	(***)	3/	3/	$***	***
Apr.-June--	***	***	***	$***	(***)	***	***
July-Sept--	***	***	***	***	(***)	***	***
Oct.-Dec---	***	***	***	3/	3/	***	***
1981:							
Jan.-Mar---	***	***	***	3/	3/	***	***
Apr.-June--	***	***	***	***	***	***	***
July-Sept--	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***
1982:							
Jan.-Mar---	***	***	***	***	***	***	***
Apr.-June--	***	***	(***)	***	(***)	***	(***)
July-Sept--	***	***	***	***	(***)	***	***
Oct.-Dec---	***	***	***	***	(***)	***	***

1/ Only Brenco provided prices of U.S.-produced bearings.
2/ Weighted average price of all sales of 6-1/2" X 12" FAG bearings.
3/ No data available.

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

Brenco's prices for both bearings increased by * * * percent from January-March 1980 through April-June 1981. The price of the smaller bearing increased from * * * to * * * while that of the larger bearing increased from * * * to * * *. Prices then remained relatively stable until early 1982, and declined thereafter to levels similar to those in early 1980. The rather large decline in the price of the 6" X 11" bearing in October-December 1981 was because of * * *. Full payment within 30 days was reported to have been required for all sales.

Prices of Koyo bearings imported from Japan followed a pattern similar to that seen in the U.S. producer's prices, rising by * * * percent from early 1980 through April-June 1981, holding stable until early 1982, and declining thereafter. Koyo's 6" X 11" bearing price in October-December 1982 was * * * percent above its price in early 1980, while the price of its 6-1/2" X 12" bearing declined to * * *, or * * * percent below the level of early 1980. Full payment within 30 days was reported to have been required on all sales.

The prices of Japanese-made bearings were not consistently above or below those of Brenco. Koyo's 6" X 11" bearing undersold Brenco's product by as much as * * * percent (April-September 1981), but its price also exceeded the Brenco price by as much as * * * percent (October-December 1982). Koyo's larger bearing also undersold the Brenco product by about * * * percent in 1981 and early 1982, but these margins increased to * * * percent in October-December 1982 as Koyo's prices declined at a faster rate than those of Brenco.

RBI, the sole importer of the FAG bearing from West Germany, reported prices for the 6" X 11" bearing only for January-September 1982. These prices ranged between * * * and * * * per bearing, with margins of underselling equal to * * * percent in January-March and * * * percent in July-September. RBI reported prices for the 6-1/2" X 12" bearing for most of the period covered. These prices were generally stable at about * * * per bearing through 1980 and 1981, and fluctuated between * * * and * * * per bearing in 1982. In 1980, RBI's prices exceeded those of Brenco by as much as * * * percent, but they fell below the domestic producer's price in 1981 and early 1982 by as much as * * * percent. From April to December 1982, RBI's prices exceeded those of Brenco by * * * to * * * percent.

RBI reported that its terms of sales were adjusted during the period covered by these investigations in order to meet the needs of the customer and the competitive situation. In 1980 and 1981, only one sale was reported to allow payment in over 30 days; this sale * * *. RBI reported that terms were more flexible in 1982 but, because of its limited resources, only where absolutely necessary. In 1982, * * * bearings were sold on 60-day payment terms and * * * more were sold on 120-day terms. In addition, one large order of * * * bearings was accepted from a speculative railcar builder for delivery over a 1-year period. 1/ RBI reported that this builder asked for payment terms of 1 year, and that both domestic producers refused these arrangements. RBI subsequently accepted the order at a higher price based on a market price of * * * per bearing and a discount rate of * * * percent per month. The

1/ * * *.

price of * * * per bearing would reduce RBI's margins of overselling in April-December 1982 to a maximum of * * * percent.

Prices of railway freight car journal roller bearings from Italy generally followed the trends shown in prices of other imported and U.S.-produced bearings, rising from 1980 to early 1981, and declining after early 1982. Unlike the prices of other importers, however, those of Italian SKF bearings were generally below the U.S. producer's prices. Margins of underselling for the 6" X 11" bearing reached as high as * * * percent in April-June 1980, but declined to a range of * * * to * * * percent in mid 1981. Prices then exceeded Brenco's prices by * * * percent in October-December 1981 and * * * percent in January-March 1982. Prices for the Italian 6-1/2" X 12" bearing were below Brenco's by from * * * to * * * percent in 10 quarters during the period covered by these investigations and only once, in April-June 1982, exceeded the petitioner's price. Payment to the importer of Italian-produced bearings generally was required within 30 days, with one exception in late 1982 when a 60-day period was granted.

Exchange rates

According to International Financial Statistics, International Monetary Fund, February 1983, the Japanese yen appreciated by 19 percent from January 1980 through March 1981, but generally declined in value thereafter. In October-December 1982, the yen was valued at 21 percent below the early 1981 level and 6 percent below the level of early 1980. The German mark declined in value by 29 percent from January 1980 to December 1982; the Italian lira declined during the same period by 42 percent relative to the U.S. dollar. The following tabulation shows indexes of the value of Japanese, West German, and Italian currencies relative to the U.S. dollar during 1980-82 (January-March 1980=100.0):

	Japanese yen	German mark	Italian lira
1980:			
January-March------	100.0	100.0	100.0
April-June---------	104.7	98.0	96.9
July-September-----	110.7	99.9	97.8
October-December---	115.6	92.8	91.0
1981:			
January-March------	118.5	85.0	82.4
April-June---------	110.7	77.9	72.7
July-September-----	105.0	72.9	67.9
October-December---	108.4	79.0	69.0
1982:			
January-March------	104.3	75.6	65.4
April-June---------	99.8	74.6	62.5
July-September-----	94.1	71.5	59.2
October-December---	93.8	70.9	57.5

Lost sales

Brenco submitted nine specific allegations of sales of railway freight car journal roller bearings lost to imports from Japan, West Germany, and Italy in 1981 and 1982. The alleged lost sales involved a total of * * * bearings (* * * carsets), valued at about * * *. The Commission's staff contacted five of the six purchasers named in these allegations. In each case, the purchaser stated that the bearings they purchased required both AAR and company approval. In some instances, according to these purchasers, the end user of the railcar specified the source of bearings and other parts to be used.

* * * was alleged by Brenco to have purchased * * * bearings from West Germany in * * * and * * * bearings from Italy in * * *. A * * * representative acknowledged the purchase in 1982 of * * * foreign bearings, valued at approximately * * *. He said that * * *'s purchases are made from approved vendors, and are based on first-hand, current knowledge of competing prices. In this case, according to the representative, price was not a factor as the domestic and foreign prices were basically the same. He stated that in 1980 * * * needed to develop alternative sources of supply, as domestic producers could not meet the demand. He added that * * * intends to keep this option available. * * *'s representative said that the ratio of the firm's foreign to domestic bearing purchases has remained basically the same over the past 2 years. He also said that end users, i.e., railroads, sometimes dictate the brand of bearing to be purchased.

* * * was alleged by Brenco to have purchased * * * bearings from Italy in * * *. A representative of * * * acknowledged the purchase in 1981 of * * * foreign bearings, valued at approximately * * *. He said that * * *'s purchases are made from approved vendors, but in this case the purchase was directed by the end user. * * *'s representative said that the quality of domestic and foreign bearings are comparable, and that his company's purchases of the imported product have remained about the same over the past 2 years. He also stated that his company usually buys domestic bearings.

* * * was named by Brenco as the purchaser of * * * Japanese and * * * Italian bearings in * * *, and of * * * Japanese bearings in * * *; these alleged lost sales had a total value of * * * to Brenco. * * * acknowledged both the * * * purchases. The * * * purchases were made as part of * * *. In addition to the imported bearings, * * * purchased * * * bearings from Brenco * * *. The prices of the imported bearings were slightly below those of Brenco at that time. * * * was uncertain whether * * * had specified the bearings to be used. * * * stated that they had purchased the * * * bearings from Japan in 1982, and, although the price of the imported bearings was lower, the customer had also specified the source of the bearings in that instance.

* * * was named by Brenco as the purchaser of * * * Italian bearings, valued at * * *, in * * *. * * * stated that no imported bearings of any kind had been purchased for at least 4 years, and that only * * * and * * * are on the firm's approved vendor list.

* * * was named as the purchaser of * * * West German bearings valued at * * * in * * *, and of * * * Italian bearings, valued at * * *, in * * *. A * * * spokesman acknowledged that both of these purchases had been made. In the case of the * * * purchase, he stated that * * * . 1/ * * *.

* * * also aknowledged the purchase in * * * of about * * * Italian bearings. The price of these bearings was about the same as the price offered by other producers, but * * *; other sources * * *.

Lost revenues

Brenco submitted a total of eight specific instances in which it allegedly had to reduce its prices of railway freight car journal roller bearings in order to avoid losing sales to competitors selling such merchandise imported from Japan, West Germany, or Italy. The allegations involved price reductions made during September 1981-July 1982 on sales of * * * bearings. Brenco's initial rejected price quotations on these bearings amounted to * * *. The bearings were sold for * * *, resulting in alleged lost revenue of * * *, or * * * percent of the total value of the initial quotations. The Commission's staff investigated seven of these allegations; three purchasing companies provided the following information.

An official of * * * acknowledged that his firm had purchased * * * bearings at a price which was * * *, or * * * percent, less than the initial price quoted by Brenco on * * *. He advised that his company's purchases are made from approved vendors and, in this case, the purchase was based on first-hand, current knowledge of competing prices. The official acknowledged that Brenco reduced its initial price to a level slightly lower than that of the imported bearings. The representative stated that there was little difference in quality between the domestic and imported products, as both must meet AAR specifications.

A representative of * * * acknowleged the purchase of * * * Brenco bearings at a price that was * * *, or * * * percent, less than the initial Brenco price. This representative stated that, prior to 1979, all of his company's purchases were made from domestic producers. Currently, however, the firm purchases * * * percent of its bearings from foreign producers.

Although a * * * representative acknowledged that his company purchased * * * Brenco bearings, he could not verify that the purchase price was less than the price quoted by Brenco in * * *. He stated that bearing purchases are usually specified by railroads after list prices of all bearing producers are provided to them by * * *.

Three other companies would not respond to Commission inquiries on lost revenues unless the questions were submitted to them in writing. Time constraints did not permit a followup to these inquiries. A fourth company would not provide any data regarding lost revenue allegations. 2/ Brenco's

1/ * * *.
2/ * * *.

allegations with respect to these companies are as follows:

Firm	Bearings purchased	Date of purchase	Alleged lost revenue
* * *----------	***	***	$***
* * *----------	***	***	***
* * *----------	***	***	***
* * *----------	***	***	***
* * *----------	***	***	***

APPENDIX A

NOTICE OF THE COMMISSION'S INSTITUTION OF PRELIMINARY INVESTIGATIONS

[Investigations Nos. 731-TA-120, 121, and 122 (Preliminary)]

Certain Tapered Roller Bearings and Parts Thereof From Japan, the Federal Republic of Germany, and Italy

AGENCY: International Trade Commission.

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

EFFECTIVE DATE: January 26, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of preliminary antidumping investigations under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan, the Federal Republic of Germany (West Germany), and Italy of certain tapered roller bearings and parts thereof, provided for in item 680.39 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

FOR FURTHER INFORMATION CONTACT: Mr. Robert Eninger, Office of Investigations, U.S. International Trade Commission, 701 E. St. NW., Washington, D.C. 20436, telephone 202-523-0312.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on January 26, 1983, by Brenco, Inc., Petersburg, Va., on behalf of the domestic industry producing railway freight car journal roller bearings. The Commission must make its determination in these investigations within 45 days after the date of the filing of the petition, or by March 14, 1983 (19 CFR 207.17)

Participation.—Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11, as amended by 47 FR 6189, February 10, 1982), not later than seven (7) days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

Service of documents.—The Secretary will compile a service list from the entries of appearance filed in these investigations. Any party submitting a document in connection with the investigations shall, in addition to complying with section 201.8 of the Commissions rules (19 CFR 201.8, as amended by 47 FR 6188, February 10, 1982, and 47 FR 13791, April 1, 1982), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth section 201.16(b) of the rules (19 CFR 201.16(b), as amended by 47 FR 33682, August 4, 1982).

In addition to the foregiong, each document filed with the Commission in the course of these investigations must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not acompanied by a certificate of service will not be accepted by the Secretary.

Written submissions.—Any person may submit to the Commission on or before February 22, 1983, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15, as amended by 47 FR 6190, February 10, 1982). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8, as amended by 47 FR 6188, February 10, 1982, and 47 FR 13791, April 1, 1982).

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

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m., on February 16, 1983, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. parties wishing to participate in the conference should contact the staff investigator, Mr. Robert Eninger (202-523-0312), not later than February 14, 1983, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public inspection.—A copy of the petition and all written submissions, except for confidential business data, will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR part 207, as amended by 47 FR 6182. February 10, 1982, and 47 FR 33682, August 4, 1982) and Part 201, Subparts A through E (19 CFR Part 201 as amended by 47 FR 6182, February 10, 1982, 47 FR 13791, April 1, 1982, and 47 FR 33682, August 4, 1982). Further information concerning the the conduct of the conference will be provided by Mr. Eninger.

This notice is published pursuant to section 207.12 of the Commission's rules (19 CFR 207.12).

Issued: January 27, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-2848 Filed 2-1-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

NOTICE OF THE DEPARTMENT OF COMMERCE'S INSTITUTION OF PRELIMINARY INVESTIGATIONS

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Antidumping Investigation; Certain Tapered Journal Roller Bearings and Parts Thereof Germany

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed with the United states Department of Commerce, we are initiating an antidumping investigation to determine whether certain tapered journal roller bearings and parts thereof from the Federal Republic of Germany (FRG) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether there is a reasonable indication that imports of certain tapered journal roller bearings and parts thereof from the FRG are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before March 14, 1983, and we will make ours on or before July 5, 1983.

EFFECTIVE DATE: February 24, 1983.

FOR FURTHER INFORMATION CONTACT: Gary Taverman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone (202) 377-0161.

SUPPLEMENTARY INFORMATION:

Petition

On January 26, 1983 we received a petition from counsel for Brenco Incorporated, filed on behalf of the United States industry producing certain tapered journal roller bearings and parts thereof (roller bearings). In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR Part 353), the petition alleges that imports of roller bearings are being, or are 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, as amended (19 U.S.C. 1673) (the Act) and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegations of sales at less than fair value are supported by comparisons of United States prices (developed from actual bids) on sales of the merchandise in the United States with FRG home market prices (obtained from price quotes from the FRG manufacturer to an import/export agent) on sales made in the FRG.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on roller bearings and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initating an antidumping investigation to determine whether roller bearings from the FRG are being, or are likely to be, sold in the United States at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by July 5, 1983.

Scope of Investigation

For purposes of this investigation, the term "certain tapered journal roller bearings and parts thereof" covers two-row tapered roller bearings and parts thereof including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized. This investigation includes only those tapered roller bearings with assembled outside diameters between 4.25 and 7.0 inches, and meeting the specifications established by the Association of American Railroads in Specification M-934-81. Such tapered roller bearings and parts thereof are currently provided for in items 680.3932, 680.3934, 680.3938, and 680.3940 of the *Tariff Schedules of the United States Annotated.*

Notification of the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by March 14, 1983 whether there is a reasonable indication that imports of roller bearings from the FRG are materially injuring, or are threatening to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: February 15, 1983.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-4661 Filed 2-23-83; 8:45 am]

BILLING CODE 3510-25-M

Initiation of Antidumping Investigation; Certain Tapered Journal Roller Bearings and Parts Thereof From Italy

AGENCY: International Trade Administration Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain tapered journal roller bearings and parts thereof from Italy are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether there is a reasonable indication that imports of certain tapered journal roller bearings and parts thereof from Italy are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before March 14, 1983, and we will make ours on or before July 5, 1983.

EFFECTIVE DATE: February 24, 1983.

FOR FURTHER INFORMATION CONTACT: Gary Taverman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-0161.

SUPPLEMENTARY INFORMATION:

Petition

On January 28, 1983 we received a petition from counsel for Brenco Incorporated, filed on behalf of the United States industry producing certain tapered journal roller bearings and parts thereof (roller bearings). In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR Part 353), the petition alleges that imports of roller bearings are being, or are 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, as amended (19 U.S.C. 1673) (the Act) and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegatons of sales at less than fair value are supported by comparisons of United States prices (developed from actual bids) on sales of the merchandise in the United States with Italian home market prices (obtained from price quotes from the Italian manufacturer to an import/export agent) on sales made in Italy.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on roller bearings and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether roller bearings from Italy are being, or are likely to be, sold in the United States at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by July 5, 1983.

Scope of Investigation

For purposes of this investigation, the term "certain tapered journal roller bearings and parts thereof" covers two-row tapered roller bearings and parts thereof including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized. This investigation includes only those tapered roller bearings with assembled outside diameters between 4.25 and 7.0 inches, and meeting the specifications established by the Association of American Railroads in Specification M-934-81. Such tapered roller bearings and parts thereof are currently provided for in items 680.3932, 680.3934, 680.3938, and 680.3940 of the *Tariff Schedules of the United States Annotated.*

Notification of the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by March 14, 1983 whether there is a reasonable indication that imports of roller bearings from Italy are materially injuring, or are threatening to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: February 15, 1983.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-4800 Filed 2-23-83; 8:45 am]

BILLING CODE 3510-25-M

Initiation of Antidumping Investigation; Certain Tapered Journal Roller Bearings and Parts Thereof From Japan

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether certain tapered journal roller bearings and parts thereof from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether there is a reasonable indication that imports of certain tapered journal roller bearings and parts thereof from Japan are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before March 14, 1983, and we will make ours on or before July 5, 1983.

EFFECTIVE DATE: February 24, 1983.

FOR FURTHER INFORMATION CONTACT: Gary Taverman, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-0161.

SUPPLEMENTARY INFORMATION:

Petition

On January 28, 1983 we received a petition from counsel for Brenco Incorporated, filed on behalf of the United States industry producing certain tapered journal roller bearings and parts thereof (roller bearings). In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR Part 353), the petition alleges that imports of roller bearings are being, or are 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, as amended (19 U.S.C. 1673) (the Act) and that these imports are materially injuring, or are threatening to materially injure, a United States

industry. The allegations of sales at less than fair value are supported by comparisons of United States prices (developed from actual bids) on sales of the merchandise in the United States with Japanese home market prices (obtained from price quotes of Japanese trading firms) on sales made in Japan.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on roller bearings and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether roller bearings from Japan are being, or are likely to be, sold in the United States at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by July 5, 1983.

Scope of Investigation

For purposes of this investigation, the term "certain tapered journal roller bearings and parts thereof" covers two-row tapered roller bearings and parts thereof including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized. This investigation includes only those tapered roller bearings with assembled outside diameters between 4.25 and 7.0 inches, and meeting the specifications established by the Association of American Railroads in Specification M-934-81. Such tapered roller bearings and parts thereof are currently provided for in items 680.3932, 680.3934, 680.3938, and 680.3940 of the *Tariff Schedules of the United States Annotated.*

Notification of the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by March 14, 1983 whether there is a reasonable indication that imports of roller bearings from Japan are materially injuring, or are threatening to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: February 15, 1983.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-4659 Filed 2-23-83; 8:45 am]
BILLING CODE 3510-25-M

APPENDIX C

CALENDAR OF PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos 731-TA-120, 121, and 122 (Preliminary)

CERTAIN TAPERED ROLLER BEARINGS AND PARTS THEREOF
FROM JAPAN, WEST GERMANY, AND ITALY

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations on February 16, 1983, in Room 117 of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the petition

Mays, Valentine, Davenport & Moore--Counsel
Richmond, Va.
on behalf of

Brenco, Inc.

George Copeland President
Robert Lawrence, Director of Engineering
Louis Nelsen, Vice President of Sales

F. Clairborne Johnston, Jr.--OF COUNSEL

In opposition to the petition

White & Case--Counsel
Washington, D.C.
on behalf of

RIV-SKF Officine de Villar Perosa, S.p.A. (Italian producer)
Unity Railway Supply Co., Inc. (U.S. importer)

John W. Barnum--OF COUNSEL

Whitman & Ransom--Counsel
Washington, D.C.
on behalf of

FAG Kugelfischer Georg Schaffer & Co. (West German producer)

Max F. Schutzman)
F. Herbert Prem, Jr.)--OF COUNSEL
Jay Gladis)

Roller Bearing Industries, Inc.
Richmond, Va.

Jack Miller
Stuart Johnson
Cameron Lacy