CERTAIN SPINDLE BELTING FROM THE FEDERAL REPUBLIC OF GERMANY, ITALY, JAPAN, AND SWITZERLAND

Determination of the Commission in Investigation No. 731-TA-140, 141, 142, and 144 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual firms may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-140, 141, 142, and 144 (Preliminary)

CERTAIN SPINDLE BELTING FROM THE FEDERAL REPUBLIC OF GERMANY, ITALY, JAPAN, AND SWITZERLAND

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from the Federal Republic of Germany (investigation No. 731-TA-140 (Preliminary)), Italy (investigation No. 731-TA-141 (Preliminary)), Japan (investigation No. 731-TA-142 (Preliminary)), and Switzerland (investigation No. 731-TA-144 (Preliminary)) of spindle belting, 2/ provided for in items 358.14 and 358.16 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On August 4, 1983, a petition was filed with the Commission and the Department of Commerce by Barber Manufacturing Co. alleging that an industry in the United States is materially injured or threatened with material injury by reason of imports from the Federal Republic of Germany, Italy, Japan, the

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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/ The subject of these investigations is belting, of man-made fibers, or of such fibers and rubber and plastic, designed for use on spindles and coated, filled, or laminated with rubber or plastics.

Netherlands, and Switzerland of certain spindle belting which are being sold in the United States at LTFV. Accordingly, effective August 4, 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 from these five countries.

On August 18, 1983, Barber Manufacturing Co. notified the Commission and Commerce that it had amended its petition to omit the allegation concerning imports from the Netherlands. Accordingly, the Commission terminated investigation No. 731-TA-143 (Preliminary), concerning certain spindle belting from the Netherlands (48 F.R. 40576, September 8, 1983).

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 on August 12, 1983 (48 F.R. 36677). The conference was held in Washington, D.C., on August 25, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury [1/] by reason of imports of spindle belting from the Federal Republic of Germany (West Germany), Italy, Japan, or Switzerland, [2/] which are allegedly sold at less than fair value (LTFV). [3/]

Indicators of the industry's performance regarding the existence of a reasonable indication of material injury were inconclusive. However, we base our negative determinations in these investigations on the absence of a reasonable indication of a causal nexus between the imports from any of the countries under investigation and the domestic industry's alleged injury. There was no underselling of the domestic product by imports from any country, or suppression or depression of domestic prices. In addition, purchases of imports were based primarily on nonprice factors such as quality, marketing, and distribution advantages.

1/ Because there is a well-established domestic spindle belting industry, material retardation of the establishment of a domestic industry is not an issue in this investigation.

2/ Petitioner originally alleged that there were LTFV imports from the Netherlands. 48 F.R. 36677, Aug. 12, 1983. In response to petitioner's Aug. 16, 1983, request to withdraw the petition, the investigation with regard to the Netherlands was never initiated by the Department of Commerce and therefore was terminated by the Commission on Aug. 30, 1983. 48 F.R. 40575, Sept. 8, 1983.

3/ We have made our determinations in these investigations on a case-by-case basis.

Domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 4/ "Like product" is defined at section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with," the article subject to an investigation. 5/

The imported product which is the subject of these investigations is spindle belting, a flat, flexible band composed of synthetic fibers which have been coated, filled, or laminated with plastic or synthetic rubber. 6/ The imported product is normally sold to a U.S. distributor in slabs of varying widths 7/ and then slit into belts of the required width, typically one-quarter to two inches. 8/ Either the importers, the U.S. distributors, or the end user may perform the slitting operation and then cut the belting to the required length so that the ends can be joined in an endless belt. 9/

4/ 19 U.S.C. § 1677(4)(A).
5/ 19 U.S.C. § 1677(10).
6/ Report at A-2.
7/ For example, for the Swiss importer, Habasit Belting, Inc. (Habasit), these slabs are from 20 to 48 inches wide. Post-Conference Brief of Habasit at 2.
8/ Report at A-3.
9/ Id. at A-4. Habasit's U.S. facilities for slitting and cutting to length are considered service operations rather than manufacturing or production operations. See Conference Transcript at 74.

Spindle belting is used primarily in textile machinery to drive the spindles in spinning frames. 10/ It is also used as light-duty conveyor belting. 11/ The first spindle belting was introduced in the United States as original equipment on high-speed textile machines imported from Europe in the early 1960's. 12/ The market now consists primarily of replacement belts for these high-speed machines and for older, slower textile machines in use in the United States since prior to 1960.

Imported spindle belts are available in three types, each of which is best suited to a particular type of yarn spinning. The Swiss producer, Habasit A.G. (Habasit), 13/ manufactures three types which are generally recognized as the industry standards: (1) a coated belt for normal operations (TS-5), (2) a laminated belt for oily or wet operations (TS-10), and (3) a belt which is both laminated and coated for use with equipment with a spindle clutch or detension device (TO). Other foreign producers generally manufacture comparable types of spindle belting. 14/

10/ Report at A-2. The spindle belting is passed around two or more pulleys, cylinders, or cones located at the bottom of the machine and serves to transfer power to the spindles from a motor. Id.

11/ For example, the belts imported by Seigling America, Inc., made in West Germany, are used by the tobacco industry. Conference Transcript at 127. This use of the product is believed to be minor. See Report at A-3.

12/ Report at A-2. Since the entry of the product into the domestic market and during the period of this investigation, domestic market share has been relatively small and imports have been the predominant source of the product.

13/ Habasit originally developed spindle belting in the 1960's and continues to dominate the market. Post-Conference Brief of Habasit at 7.

14/ The West German producer Ernst Siegling manufactures a lightweight (TTS-3) and a heavyweight (TTS-6) belt. Post-Conference Brief of Siegling at 11. The Japanese importer Nitta International, Inc. (Nitta), offers two types of spindle belts for textile applications, the KS-100 and the KSG-250. Post-Conference Brief of Nitta at 12. Three styles are imported from Italy--HS1, HST IR, and PO.

Domestic spindle belting is made of a synthetic fabric which has been coated or laminated, or both. Petitioner Barber Manufacturing Co. (Barber) weaves the fabric and performs all the coating, laminating, and slitting operations. 15/ Barber's spindle belts are produced in three styles: a coated belt, a laminated belt, and a laminated belt with a special antistatic coating. 16/ The only other domestic producer, J. E. Rhoads & Sons, Inc. (Rhoads), 17/ purchases nylon fabric on contract from an independent weaving mill and performs operations necessary to produce spindle belting comparable to the lightweight model. 18/ The domestic product is used to drive the spindles on textile spinning machines. 19/ 20/

15/ Report at A-3. Barber introduced its product in 1977, several years after the product was introduced and the market developed by importers.

16/ Conference Transcript at 22; a letter from Barber to a prospective customer which advertised these belts as being similar to those of Habasit. Exhibit 1 of Prepared Statement for Preliminary Conference of James T. McIntyre, Jr. on behalf of Habasit.

17/ Rhoads appeared at the Preliminary Conference in opposition to the petition since it does not feel that imports of spindle belting have injured the domestic industry. Conference transcript at 151. Rhoads is also an importer of a heavier weight spindle belting from Switzerland, which accounts for a small share of total imports. Id. at A-7.

18/ Report at A-6.

19/ Id.

20/ There is another product produced by petitioner, woven cotton tape, which is also used on textile spindles. This product has similar uses, but it has different characteristics; it is made of different materials and is less durable. We do not find the overlap in uses between woven cotton tape and spindle belting to be sufficient to warrant considering woven cotton tape as part of the appropriate "like product."

Based on the basis of the foregoing, we find the like product to be spindle belting made of manmade fabrics which have been laminated, filled, or coated with rubber or plastics, in all three styles. We find the domestic industry to be composed of the operations of petitioner, Barber, and those of Rhoads which produce spindle belting.

Condition of the domestic industry 21/

In evaluating the condition of the domestic industry, we have considered data on shipments, market share, production, capacity utilization, and employment. 22/ Information on the industry's financial condition was also evaluated, but is of limited utility. 23/

Domestic shipments increased moderately in 1981 over the 1980 level and increased again in 1982. 24/ Shipments declined slightly during January-June 1983 from those in the corresponding period of 1982. 25/ Apparent U.S. consumption went up in 1981, decreased in 1982, and then increased again in January-June 1983 from January-June 1982, returning to approximately the peak level of 1981. 26/ The domestic industry's market

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21/ Because the domestic industry comprises only two firms, data on the domestic industry are confidential business information. Thus, this information is discussed only in general terms.
22/ Rhoads did not provide questionnaire data on employment or on its financial condition. Since it accounts for only a small portion of the domestic production, we conclude that the information developed is representative of the overall industry trends.
23/ See discussion infra at 8-9.
24/ Report at A-8-9.
25/ Id. at A-8.
26/ Id. at A-5.

share went up slightly in 1982 and then decreased slightly in January-June 1983 from the comparable 1982 period. 27/ Thus, its market share in January-June 1983 was approximately the same as it was in 1980 and 1981. 28/

Because of the existence of large inventories in 1980 which were reduced during the period of this investigation, domestic production declined from 1980 to 1982 and in January-June 1983 29/ from those in the comparable period. A decrease in domestic capacity to produce spindle belting was due to the transfer of machinery from spindle belting production to other products by Rhoads, 30/ while petitioner's capacity remained constant. 31/ Capacity utilization demonstrated no apparent trend, declining moderately in 1981, increasing in 1982, and declining again in January-June 1983 compared to January-June 1982. 32/

The number of employees engaged in the production of spindle belting remained stable while the number of hours worked by the employees decreased. 33/ However, wages paid to these employees, which increased in tandem with productivity, almost doubled from 1980 to 1982. 34/

As previously indicated, information on the domestic industry's financial condition is of limited usefulness to our analysis. The best available

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27/ Id. at A-20.
28/ Id.
29/ Id. at A-8.
30/ Id.
31/ Id.
32/ Id.
33/ Id. at A-10.
34/ Some of this increase is due to the assignment of more highly skilled workers to the spindle belting operations in 1981 and 1982. Id. at A-11.

financial information is for the overall operations of the petitioner. 35/ 36/ 37/ Gross income decreased by almost half, and ratios of net sales to gross income, operating income, and net income all decreased from 1980 to 1982. The figures improved slightly for the interim period of 1983 in comparison with those for the same period of 1982. 38/

Our analysis of the condition of the domestic industry reveals that financial difficulties may exist and that other indicators of the industry's performance are mixed.

No reasonable indication of material injury by reason of alleged LTFV imports

In making its determination on material injury, the Commission is required to consider the volume of the subject imports, the impact of the

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35/ The overall operations of the petitioner include both woven cotten tape and spindle belting. However, the percentage of petitioner's operations devoted to production of spindle belting is small. Petitioner was unable to disaggregate financial data. Therefore, the financial data primarily reflect the woven cotton tape operations, which we have determined are not part of the domestic industry.

36/ Commissioner Stern notes that the difficulties experienced by the domestic industry appear to be due to a decline in demand for a product which is not the subject of this investigation. Synthetic spindle belting seems to be replacing woven cotton tape as the textile industry employs a growing percentage of more modern, high-speed textile machinery imported from Europe. Since price has not been a factor in purchases of imported spindle belting, technological innovation, rather than alleged sales at less than fair value, is indicated as the source of possible injury to the domestic producers.

37/ Commissioner Haggart notes that the financial information regarding petitioner's overall operations is not indicative of the financial condition of petitioner's spindle belting operations, which are only a small portion of its overall operations. Even if this financial information is viewed as indicative of the financial condition of the domestic spindle belting industry, for the reasons set forth in the following section, she has determined that no causal link exists between the subject imports and difficulties experienced by the domestic industry.

38/ Report at A-13-14.

imports on the price of the domestic product, the effect of the imports on the domestic industry, and any other relevant factors. 39/

Price analysis of the imported products and the domestic product reveals the absence of any underselling or price suppression or depression. Thus, despite increases in imports from some countries under investigation either absolutely or relatively, there is no reasonable indication that the imports affected the price of the domestic product.

Imports from each of the various countries involved in these investigations followed different trends during the period under investigation. 40/ As a share of apparent U.S. consumption, importers' shipments of spindle belting from Switzerland decreased and importers' shipments from West Germany were essentially stable, while importers' shipments from both Italy and Japan increased. 41/ Import volume followed similar trends. 42/

Prices for each model of spindle belting from each country involved were compared with those for the corresponding domestic model. 43/ Since imported and domestic spindle belting is generally sold to distributors, which take ownership of the product they sell, rather than to agents or end users, price comparisons were made of sales to distributors. 44/

39/ Section 771(7)(B); 19 U.S.C. § 1677(7)(B). Because of the limited number of importers of this product, information on import volumes and prices is confidential. Thus, this information is discussed only in general terms.
40/ Report at A-20.
41/ Id.
42/ Id. at A-16.
43/ Some of the underselling alleged by petitioner was based on a comparison of prices for different models.
44/ Report at A-21. We did not have sufficient information to enable us to compare sales to end users.

The price comparisons revealed that each of the imported products is marketed at a substantially higher price than the domestic product. List prices provided by the importers, in fact, are up to several times those of the petitioner's product. 45/ Since products are often sold for less than list price, comparisons were also made on actual sales, including all discounts and incentives offered. These transaction prices show that the domestically produced belts consistently undersold the imports from all four countries.

The imported product was consistently sold at a substantially higher price than the domestic product throughout this investigation. Imports from Japan, whose prices were closest to the domestic price, were sold at prices approximately one-third higher than the domestic price for the least expensive belt and more than twice as high as that for the most expensive. 46/ For none of the three models compared, those models closest to Habasit's TS-5, TS-10, and TO, were the prices of imports from any of the countries lower than those of the petitioner during the period from January 1981 to June 1983. 47/

Because the subject imports were sold at a higher price than the domestic product, there has been no price suppression or depression. It appears that the petitioner could have increased its price to account for any increases in

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45/ Price List of Barber Manufcturing Co., Dec. 17, 1980; price list of Habasit, Feb. 16, 1981, at Exhibit 3 of Prepared Statement of James T. McIntyre, Jr.; list price for Nitta International, Inc., Jan. 14, 1983, at Exhibit 2 and 3 of Post-Conference Submission of Nitta.
46/ Report at A-23.
47/ Id. at A-26.

cost of goods sold and still would have been underselling all the importers. 48/

Lost-sales data confirmed testimony at the conference 49/ that purchasing decisions are based primarily on factors other than price. Purchasers stated that the quality of the product and the marketing were more important. 50/ No specific instances of sales lost on the basis of price were confirmed. 51/

Petitioner stated that its problems are a result of the number of suppliers to the limited market for spindle belting and the number of distributors and salesmen active in this market. 52/ However, as shown above, any increase in competition resulting from these factors is not reflected either in loss of market share by the domestic industry or in underselling by the imports.

No reasonable indication of threat of material injury by reason of alleged LTFV imports

In making a threat determination, we evaluate the rate of increase of imports allegedly sold at LTFV into the U.S. market, the capacity of the exporting country to generate exports, and the likelihood that such exports will be directed to the U.S. market. The information must show that "the threat is real and injury imminent, not a mere supposition or conjecture." 53/

48/ See id. at A-12. The petitioner has not increased its prices since December 1980.
49/ Conference Transcript at 73, 99, 137.
50/ Report at A-28-29.
51/ Id.
52/ Petitioner's Post-Conference Submission at 2-3.
53/ S. Rep. No. 249, 96th Cong., 1st Sess. 89 (1979).

Imports from Switzerland and West Germany actually declined over the period of investigation. 54/ Imports from Japan, while increasing early in the period of investigation, decreased by more than one-half in January-June 1983 from those in the comparable 1982 level. Imports from Italy increased from a relatively low level in 1980. 55/

Importers' inventories significantly decreased for Italy, Switzerland, and West Germany in 1982. 56/ There is nothing in the record to indicate that there will be any increase in these countries' capacity or that their exports will be directed to the U.S. market.

Inventories of spindle belting from Japan increased during the period. 57/ As noted above, Japan is decreasing its current imports to the United States and appears to be selling off these inventories. In view of the considerable price disparity between the imports from Japan and the domestic product and the fact that purchasing decisions are based primarily on factors other than price, 58/ we do not find the past or anticipated trends of such imports 59/ to be a potential source of future material injury.

Conclusion

As discussed above, we do not find any indication of underselling by imports or price suppression or depression, and we were not able to confirm any lost sales for any of the countries under investigation. In light of an

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54/ Report at A-16.
55/ Id.
56/ Id. at A-17.
57/ Id.
58/ Id. at A-28-29.
59/ Conference Transcript at 142.

absence of any reasonable indication of a causal link between the subject imports and any difficulties the domestic industry is experiencing, we find that there is no reasonable indication of material injury or threat of material injury by reason of the imports allegedly sold at LTFV from West Germany, Italy, Japan, or Switzerland.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On August 4, 1983, Barber Manufacturing Co. (Barber), a U.S. producer of spindle belting, filed petitions with the U.S. International Trade Commission and the Department of Commerce alleging that an industry in the United States is materially injured or threatened with material injury by reason of imports of certain spindle belting, provided for in items 358.14 and 358.16 of the Tariff Schedules of the United States (TSUS), from the Federal Republic of Germany (West Germany), Italy, Japan, the Netherlands, and Switzerland, which are allegedly being sold in the United States at less than fair value (LTFV). Accordingly, effective August 4, 1983, the Commission instituted antidumping investigations Nos. 731-TA-140, 141, 142, 143, and 144 (Preliminary) under section 733 of the Tariff Act of 1930. In a letter dated August 18, 1983, however, Barber notified the Commission and Commerce that it had amended its petition to omit the allegation concerning imports from the Netherlands. Accordingly, the Commission terminated investigation No. 731-TA-143 (Preliminary), concerning certain spindle belting from the Netherlands. The statute directs that the Commission make its determinations in the remaining cases within 45 days after its receipt of the petition, or by September 19, 1983.

Notice of 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 August 12, 1983 (48 F.R. 36677). 1/ The conference was held in Washington, D.C., on August 25, 1983. 2/

Nature and Extent of Alleged Sales at LTFV

According to the petitioner, the alleged LTFV margins on imports are as follows:

Source	LTFV margin (percent)
West Germany	7.6
Italy	5.3
Japan	31.6
Switzerland	7.7

1/ The termination notice on investigation No. 731-TA-143 (Preliminary) was published in the Federal Register on Sept. 8, 1983 (48 FR. 40575). Copies of the Commission's notices are presented in app. A.

2/ A list of witnesses appearing at the conference is presented in app. B.

The Product

Description

Belts and belting for machinery are flexible bands, usually broad and flat, made of various raw materials. These bands pass around two or more pulleys, cylinders, cones, or the like. The types under consideration here are used to drive textile spindles in spinning frames.

In the spinning process, fibers are drawn and twisted onto spindles, a process necessary to strengthen yarns before they are used in the manufacture of woven and knit fabrics. In these spinning frames, spindle belting passes around plastic or aluminum pulleys located at the bottom of the machines and transfers power from a motor to the spindles.

Spindle belting can be made from all textile fibers; however, in recent years almost all spindle belting has consisted of mainly manmade fibers, especially nylon. Most spindle belting contains two (but some may have more) textile fabrics laminated together; the laminate is formed by a heated plastic solution forced between the fabrics. Some spindle belting is made from one fabric upon which a plastic coating is fused. Large quantities of both types of spindle belting are also given synthetic rubber (polyurethane 1/) coatings, which lengthen the life of the belt and prevent slippage. All spindle belting under consideration here is cut into narrow widths from a wider fabric or slab.

Spindle belting is an improved form of a product known as spindle tape, which is not covered in these investigations. Spindle tape is a woven, narrow fabric, originally made of cotton but now also made of manmade fibers. Spindle tape is generally not laminated or coated and is a less expensive, shorter lived product. In general, mills that operate slower speed spinning equipment are the major users of spindle tape.

According to testimony offered at the conference in these investigations, 2/ spindle belting initially entered the U.S. market in the early 1960's. R. J. Dick Co., a U.S. distributor in the textile industry, first imported spindle belting from Habasit A. G. in Switzerland. In 1968, Habasit Belting, Inc., was formed as the U.S. distributor for Habasit's varied line of transmission and conveyor belting, which included spindle belting. Although other foreign suppliers followed shortly thereafter, it was not until 1977 that Barber first began to market spindle belting comparable to the imported products. Barber's line of spindle belting, called Permadrive, was modeled after Habasit's most popular spindle belting, and its marketing literature often referred to its spindle belting as being the U.S. alternative to Habasit belting. 3/

1/ Polyurethane is a plastic material developed from petrochemicals.
2/ Transcript of the, conference p. 72.
3/ Ibid., p. 74.

Uses

As previously discussed, spindle belting is used primarily to drive spindles on yarn-spinning equipment, but in its wider widths it may also be used as light-duty conveyor belting. Barber reported that * * * percent of its spindle belting sales were to the textile industry; J. E. Rhoads & Sons, Inc., the other known U.S. producer, estimated that over * * * percent of its domestically produced belting was sold for nontextile applications. The major importers reported that over 98 percent of their spindle belting sales were made to the textile industry.

Manufacturing process

The manufacture of spindle belting involves two major operations. The first is the weaving of the fabric used in making spindle belting. The petitioner weaves nearly all the spindle belt fabric made in the United States on one loom. 1/ All imported spindle belting, whether slit or unslit, is made from fabric woven in a foreign country.

The second major operation in the manufacture of spindle belting is the combination laminating and finishing operation. In this operation, one, two, or more fabrics are fed simultaneously to a laminating and finishing machine. The machine subjects the fabric or fabrics to an adhesive bath, places the desired finish on one or more fabrics, sets the finish, laminates the fabrics together, and cures the entire product in a heated oven. The slab, as the product is now called, is then removed from the machine and, generally, treated with belt-fusing cements and compounds on its ends. In some instances, the fusing compounds are not placed on the ends of the spindle belting until after it has been slit into usable widths.

The slab is next loaded on a slitting machine equipped with rotating or stationary knives. The knives are set for cutting widths ranging from one-fourth of an inch to two inches. The cut belts are wound onto rolls and shipped to distributors or directly to the spinning plants. The same machine can cut spindle belting for stock, to standard widths commonly used by the spinning industry, or to nonstandard widths to meet special orders. The slit belt may then be sold in full-length coils, or may be cut to lengths meeting customer specifications. Cut belting is generally skived or feathered at the ends so that when joined together the seam will not adversely affect the performance of the belt. At the spinning machine in the plant where it is used, the spindle belting is made endless by a portable heat press, which fuses the ends of the belting.

The petitioner performs the weaving of the fabric and all the coating, laminating, and slitting operations. Most imports arrive in slab form and are slit by either the importers or by firms that distribute the belting to the spinning mills.

1/ Some fabric that can be used for spindle belting is also woven domestically on contract authorized by a manufacturer/distributor of spindle belts. However, the quantity woven in this manner is small.

U.S. tariff treatment

The spindle belting covered in these investigations is classified under items 358.14 and 358.16 of the TSUS. Item 358.14 covers belting in chief value of manmade fibers, and item 358.16 covers belting in chief value of manmade fibers and plastics or rubber. 1/ The current column 1, or most-favored-nation, rate of duty for item 358.14 is 6 cents per pound plus 11.5 percent ad valorem; that for item 358.16 is 4.2 percent ad valorem. The column 2 rate for item 358.14 is 74 percent ad valorem, and that for item 358.16 is 25 percent ad valorem. 2/

The current column 1 rates of duty reflect the fourth stage of annual reductions resulting from concessions granted during the Tokyo round of the Multilateral Trade Negotiations (MTN) conducted under the General Agreement on Tariffs and Trade. The pre-MTN column 1 rate of duty for item 358.14 was 12.5 cents per pound plus 15 percent ad valorem, and for item 358.16, 6 percent ad valorem. The staged reductions and their effective dates are as follows (cents per pound and percent ad valorem):

Effective Jan. 1--	Item 358.14	Item 358.16
1980	11¢ + 14.1%	5.6%
1981	9¢ + 13.3%	5.1%
1982	7¢ + 12.4%	4.7%
1983	6¢ + 11.5%	4.2%
1984	4¢ + 10.6%	3.8%
1985	3¢ + 9.8%	3.3%
1986	1¢ + 8.9%	2.9%
1987	8%	2.4%

Imports from the least developed developing countries (LDDC's) 3/ have been dutiable since January 1, 1980, at the rate of 8 percent ad valorem for item 358.14 and 2.4 percent ad valorem for item 358.16.

1/ Belting for machinery classified in TSUS items 358.14 or 358.16 is within the scope of these investigations only if it is designed for use on spindles and coated, filled, or laminated with rubber or plastics.

2/ The rates of duty in col. 1 are most-favored-nation rates, and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates do not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the "LDDC" column. The rates of duty in column 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ The rates of duty in the "LDDC" column are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging of duty reductions) and are applicable to products of the least developed developing countries designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP.

Imports of spindle belting covered in item 358.14 recently became eligible for duty-free treatment under the GSP (effective April 1983). 1/ The four countries covered in these investigations, West Germany, Italy, Japan, and Switzerland, are not eligible for GSP privileges.

The U.S. Market

Apparent U.S. consumption

Apparent U.S. consumption of spindle belting fluctuated during 1980-82 but showed an overall decline of 15 percent (table 1). Apparent consumption increased from 6.2 million inch-feet in 1980 to 6.7 million inch-feet in 1981, or by 7 percent, but then declined by 21 percent the following year. Apparent consumption increased sharply in January-June 1983, registering a 28-percent increase over that in January-June 1982.

Table 1.--Spindle belting: U.S. producers' domestic shipments, importers' shipments, and apparent U.S. consumption, 1980-82, January-June 1982, and January-June 1983

Period	Domestic shipments	Importers' shipments	Apparent U.S. consumption
	1,000 inch-feet		
1980	***	***	6,244
1981	***	***	6,679
1982	***	***	5,297
Jan.-June--			
1982	***	***	2,556
1983	***	***	3,281

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

1/ The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, implemented by Executive Order No. 11888, of Nov. 24, 1975, applies to merchandise imported on or after January 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985. It provides for duty-free treatment of eligible articles imported directly from designated beneficiary developing countries. Eligible articles are identified in the column marked "GSP" with an "A" and include item 358.14. The designation "A" means that all beneficiary developing countries are eligible for the GSP.

U.S. producers

Only one U.S. firm, Barber Manufacturing Co., located in North Carolina, manufactures both the fabric and the spindle belting slab used in making spindle belts. This firm also slits the belting slab into usable widths and prepares the resultant product for installation on spinning machines. Spindle belting production accounted for about * * * percent, on average, of Barber's total production hours during 1980-82. Woven cotton tape is its other, principal, product.

The Commission has been able to identify one other spindle belting producer, J. E. Rhoads & Sons, Inc. (Rhoads), 1/ headquartered in Newark, Del. Rhoads purchases the fabric used in spindle belting on contract from an independent weaving mill, and then performs the necessary fabrication to transform this nylon fabric into spindle belting slabs. Rhoads will also slit the slabs upon customer order into use widths. Spindle belting represents a minor product line for the firm. Primarily, Rhoads manufactures and markets a variety of industrial transmission and conveyor belting materials, which are sold to a wide spectrum of U.S. industries. 2/ Barber accounted for * * * percent of the U.S. market in 1982 and Rhoads, for * * * percent.

U.S. importers

From the net import file maintained by the U.S. Customs Service, the Commission was able to identify 10 firms that have imported spindle belting into the United States. Spindle belting imports originated in five countries, with Switzerland and Japan accounting for the largest share in 1982 (table 2).

* * *, was the only firm importing from a country not subject to these investigations. Its imports in 1982 totaled * * * inch-feet out of a total exceeding * * * inch-feet. For the sake of efficiency in data presentation, and since no discernible distortion results, imports from the Netherlands have been excluded in future calculations of and references to total imports of spindle belting.

1/ J. E. Rhodes also imports spindle belting and appeared at the conference in opposition to the petition.

2/ Transcript of the conference p. 153.

Table 2.--Spindle belting: U.S. importers' shares of total imports, by firms, locations, and sources, 1982

Firm	Establishment location	Source	Share of total imports in 1982
			Percent
Siegling America, Inc.	Englewood, N.J.	West Germany	***
* * *	* * *	Italy	***
* * *	* * *	Italy	1/ ***
Nitta International, Inc.	Norcross, Ga.	Japan	***
Habasit Belting, Inc.	Chamblee, Ga.	Switzerland	***
* * *	* * *	Switzerland	***
J. E. Rhoads & Sons, Inc.	Newark, Del.	Switzerland	***
* * *	* * *	Netherlands	***
* * *	* * *	Switzerland	1/ ***
* * *	* * *	Switzerland	1/ ***

1/ This firm did not return the Commission's questionnaire but did provide an estimate for its 1982 imports of spindle belting.

Source: Compiled from Customs' net import file and the witness list for the Commission's conference.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of spindle belting declined from * * * inch-feet in 1980 to * * * inch-feet in 1981, or by * * * percent, and then increased by * * * percent in 1982 (table 3). Production declined by * * * percent in January-June 1983 compared with that in the corresponding period of 1982.

Table 3.--Spindle belting: U.S. production, capacity, and capacity utilization, 1980-82, January-June 1982, and January-June 1983

Period	Production	Capacity	Capacity utilization
	Inch-feet		Percent
1980	***	***	***
1981	***	***	***
1982	***	***	***
Jan.-June--			
1982	***	***	***
1983	***	***	***

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

Domestic capacity to produce spindle belting declined from * * * inch-feet in 1980 to * * * inch-feet in 1982, or by * * * percent. Rhoads was solely responsible for this decline, as it transferred machinery from spindle belting production to other products. Capacity remained unchanged in January-June 1983 compared with that in January-June 1982.

Capacity utilization followed the same trend as production during 1980-82. From * * * percent in 1980, capacity utilization declined to * * * percent in 1981 and then increased to * * * percent in 1982. In January-June 1983, capacity utilization declined sharply to * * * percent, well below the rate of * * * percent in January-June 1982.

U.S. producers' shipments

Neither domestic producer reported any intracompany or intercompany transfers nor any export shipments during the period examined in the investigations. Therefore, domestic shipments account for 100 percent of all shipments reported by the domestic industry.

U.S. producers' shipments of spindle belting increased moderately during 1980-82, by * * * percent in 1981 and by * * * percent in 1982. Shipments in January-June 1983 declined by * * * percent compared with shipments in January-June 1982 (table 4). Shipments did not follow the more pronounced decline reported for production because of sharp reductions in U.S. producers' inventories.

Table 4.--Spindle belting: U.S. producers' shipments, 1980-82, January-June 1982, and January-June 1983

Period	Quantity	Value	Average unit value
	Inch-feet		Cents per inch-foot
1980	***	***	***
1981	***	***	***
1982	***	***	***
Jan.-June--			
1982	***	***	***
1983	***	***	***

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

U.S. producers' inventories

Yearend inventories of spindle belting held by U.S. producers declined each year during 1980-82. Inventories declined from * * * inch-feet in 1980 to * * * inch-feet in 1982, or by * * * percent. As of June 30, 1983, inventories held by U.S. producers had declined to * * * inch-feet. The ratio of inventories to sales followed a similar trend, declining from * * * percent in 1980 to * * * percent in 1981 and to * * * percent in 1982, as shown in the following tabulation:

Period	Inventories (inch-feet)	Ratio of inventories to sales (percent)
1980	***	***
1981	***	***
1982	***	***
January-June--		
1982	***	1/ ***
1983	***	1/ ***

1/ Based on annualized total commercial shipments.

U.S. employment, wages, and productivity

Barber's average total employment declined throughout 1980-82 (table 5). 1/ From a high of * * * employees in 1980, average total employment

1/ Rhoads did not provide employment data in its questionnaire.

declined to * * * in 1981 and to * * * in 1982. Since the number of production and related workers producing spindle belting remained unchanged during 1980-82, the decline reported for all production and related workers can be attributed to layoffs of those workers involved in the production of woven cotton tape. In January-June 1983, average employment in all categories remained unchanged from that in the corresponding period of 1982.

The number of hours worked by Barber's production and related workers engaged in the production of all products declined * * * percent and the hours worked by those workers producing spindle belting declined * * * percent during 1980-82. In January-June 1983, hours worked increased for all production and related workers at Barber.

Table 5.--Average number of employees of Barber Manufacturing Co., total and production and related workers, and hours worked by the latter, 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January-June	
				1982	1983
	Average number of employees				
All persons	***	***	***	***	***
Production and related workers producing--					
All products	***	***	***	***	***
Spindle belting	***	***	***	***	***
	Hours worked				
Production and related workers producing--					
All products 1,000 hours--	***	***	***	***	***
Spindle belting 1,000 hours--	***	***	***	***	***

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

Wages paid to Barber's production and related workers making spindle belting increased from * * * in 1980 to * * * in 1981 but then declined to * * * in 1982.

The following tabulation, which is based on data submitted in response to the Commission's questionnaires, shows average hourly wages paid by Barber to production and related workers:

	All products	Spindle belting
1980	***	***
1981	***	***
1982	***	***

The tabulation shows that after 1980, average hourly wages paid to production and related workers producing spindle belting were considerably higher than those paid to production and related workers engaged in the production of all products. This is because the more highly skilled workers were assigned to the spindle belting operation in 1981 and 1982.

Labor productivity, measured in inch-feet of spindle belting per hour worked, increased by * * * percent from 1980 to 1981 and by * * * percent in 1982 (table 6). Unit labor costs for spindle belting operations increased from * * * cents per inch-foot in 1980 to * * * cents in 1981, or by * * * percent. Unit labor costs declined by * * * percent in 1982.

Table 6.--Spindle belting: Labor productivity, hourly compensation, and unit labor costs for Barber Manufacturing Co., 1980-82, January-June 1982, and January-June 1983

Item	1980	1981	1982	January-June--	
				1982	1983
Labor productivity:					
Quantity					
inch-feet per hour--	***	***	***	***	***
Percentage change-----	1/	***	***	1/	***
Hourly compensation: 2/					
Value-------per hour--	***	***	***	***	***
Percentage change-----	1/	***	***	1/	***
Unit labor costs:					
Value					
cents per inch-foot--	***	***	***	***	***
Percentage change-----	1/	***	***	1/	***

1/ Not available.
2/ Includes hourly wages plus fringe benefits.

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

None of the production or related workers at Barber Manufacturing are covered by collective bargaining agreements.

Financial experience of Barber Manufacturing Co. 1/

Barber does not maintain separate accounting records that distinguish its spindle belting operation from its other operations, and spindle belting accounts for a rather small share of Barber's total net sales. Such sales ranged from * * * percent of total company sales in 1981 to * * * percent in 1982.

Overall company operations.--Net sales, cost of goods sold, and general, selling, and administrative expenses * * * (table 7). 2/

* * * * * * *

Barber is a small, family-owned corporation; earnings are normally taken out of this type of corporation in the form of salaries. Officers' salaries * * * as shown in the tabulation:

* * * * * * *

Both operating income and net income before taxes * * *.

Overall financial condition.--As shown in table 8, Barber's overall company operation is * * *.

* * * * * * *

1/ Rhoads did not provide financial data in its questionnaire.
2/ Barber's fiscal year is October to September.

Table 7.--Income-and-loss experience of Barber Manufacturing Co. on its overall company operations, accounting years ended Sept. 30 of 1980-82 and interim periods ended June 30, 1982, and June 30, 1983

Item	1980	1981	1982	Interim period ended June 30--	
				1982	1983
Net sales					
1,000 dollars--	***	***	***	***	***
Cost of goods sold:					
Raw materials					
1,000 dollars--	***	***	***	***	***
Labor-------do----	***	***	***	***	***
Other factory					
costs 1/--do----	***	***	***	***	***
Total---do----	***	***	***	***	***
Gross income--do----	***	***	***	***	***
General, selling,					
and administra-					
tive expenses:					
Officers' salaries:					
1,000 dollars--	***	***	***	***	***
All other general,					
selling, and					
administra-					
tive expenses					
1,000 dollars--	***	***	***	***	***
Total---do----	***	***	***	***	***
Operating income					
or (loss)---do----	***	***	***	***	***
Other income or					
(expense):					
Interest (expense):					
1,000 dollars--	***	***	***	***	***
Other income or					
(expense), net					
1,000 dollars--	***	***	***	***	***
Total---do----	***	***	***	***	***
Net income or					
(loss) before					
income taxes					
1,000 dollars--	***	***	***	***	***

See footnotes at end of table.

Table 7.--Income-and-loss experience of Barber Manufacturing Co. on its overall company operations, accounting years ended Sept. 30 of 1980-82 and interim periods ended June 30, 1982, and June 30, 1983--Continued

Item	1980	1981	1982	Interim period ended June 30--	
				1982	1983
Depreciation and amortization expense 1,000 dollars--	***	***	***	***	***
Cash flow from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales:					
Gross income percent--	***	***	***	***	***
Operating income or (loss) percent--	***	***	***	***	***
Net income or (loss) before income taxes percent--	***	***	***	***	***
Cost of goods sold---percent--	***	***	***	***	***
General, selling, and administrative expenses percent--	***	***	***	***	***
Officers' salaries: percent--	***	***	***	***	***
Ratio of spindle belting net sales to total company net sales percent--	***	***	***	2/ ***	***

1/ * * *.
2/ Estimated.

Source: Compiled from financial statements supplied by Barber Manufacturing Co.

Table 8.--Financial condition of Barber Manufacturing Co. as of Sept. 30 of 1980-82 and June 30, 1982, and June 30, 1983

Item	As of Sept. 30--			As of June 30--	
	1980	1981	1982	1982	1983
Current assets:					
Cash-------1,000 dollars--	***	***	***	***	***
Accounts receivable-do----	***	***	***	***	***
Inventories (LIFO)--do----	***	***	***	***	***
Prepaid insurance---do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Plant, property, and equipment:					
Cost-------1,000 dollars--	***	***	***	***	***
Less depreciation---do----	***	***	***	***	***
Book value----------do----	***	***	***	***	***
Total assets----do----	***	***	***	***	***
Current liabilities:					
Accounts payable 1,000 dollars--	***	***	***	***	***
Accrued payroll taxes 1,000 dollars--	***	***	***	***	***
Accrued taxes, other 1,000 dollars--	***	***	***	***	***
Accrued interest----do----	***	***	***	***	***
Total current liabilities---1,000 dollars--	***	***	***	***	***
Note payable-* * * 1,000 dollars--	***	***	***	***	***
Note payable-* * * 1,000 dollars--	***	***	***	***	***
Note payable-* * * 1,000 dollars--	***	***	***	***	***
Common stock--------do----	***	***	***	***	***
Retained earnings---do----	***	***	***	***	***
Total liabilities and shareholders' equity: 1,000 dollars--	***	***	***	***	***
Working-capital ratio-----	***	***	***	***	***
Net sales per dollar of total assets----------	***	***	***	1/ ***	1/ ***
Ratio of net income or (loss) before income taxes to--					
Total assets-----percent--	***	***	***	1/ ***	1/ ***
Investment in plant and equipment:					
Cost----------percent--	***	***	***	1/ ***	1/ ***
Book value--------do----	***	***	***	1/ ***	1/ ***

1/ Interim data are not comparable to full-year data.

Source: Compiled from financial statements supplied by Barber Manufacturing Co.

Consideration of the 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, the Commission may take into consideration such factors as the rate of increase in U.S. imports alleged to be sold at LTFV, U.S. market penetration by such imports, the amount of imports held in inventory in the United States, and the capacity of producers in the countries subject to the investigations to generate exports (including the availability of export markets other than the United States).

U.S. imports of spindle belting from all sources increased significantly during 1980-82, from * * * inch-feet in 1980 to * * * inch-feet in 1982, or by 30 percent. In January-June 1983, however, spindle belting imports totaled * * * inch-feet, which represented a 13-percent decline from the quantity imported in the comparable period of 1982 (table 9).

Table 9.--Spindle belting: U.S. imports for consumption, by sources, 1980-82, January-June 1982, and January-June 1983

(In thousands of inch-feet)

Source	1980	1981	1982	January-June--	
				1982	1983
West Germany	***	***	***	***	***
Italy	***	***	***	***	***
Japan	***	***	***	***	***
Switzerland	***	***	***	***	***
Total 1/	***	***	***	***	***

1/ Represents an estimated 97 percent of total imports.

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

Only imports from Japan increased without interruption during 1980-82. Starting in mid-1981, Nitta International, Inc., moved its U.S. headquarters from New Jersey to Georgia in order to position itself closer to the hub of the textile market. Subsequent to this move, imports from Japan increased dramatically, rising from * * * inch-feet in 1981 to * * * inch feet in 1982. However, imports from Japan in January-June 1983, declined compared with those in the same period of 1982. Imports of spindle belting from Switzerland also declined in January-June 1983, whereas those from Italy and West Germany increased. Market penetration data are presented in the section on the causal relationship between LTFV imports and injury.

U.S. importers' inventories

End-of-period inventories held by all importers of spindle belting increased from * * * inch-feet in 1979 to * * * inch-feet in 1980, or by 47 percent. Inventories fell by 3 percent in 1981 before rising sharply once again in 1982 (table 10). During 1979-82, inventories of imports from Japan and Italy showed a buildup, and those from Switzerland and West Germany declined. Inventories of imports from Japan accounted for less than * * * percent of total importers' inventories in 1980 but climbed to * * * percent in 1981 and * * * percent in 1982.

Table 10.--Spindle belting: U.S. importers' end-of-period inventories, by sources, 1979-82

(In inch-feet)

Source	1979	1980	1981	1982
West Germany	***	***	***	***
Italy	***	***	***	***
Japan	***	***	***	***
Switzerland	***	***	***	***
Total	***	***	***	***

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

Foreign producers' capacity and ability to generate exports

Information on foreign producers' ability to produce spindle belting and to generate exports is provided in the following sections. Data are presented for the major producers in West Germany, Japan, and Switzerland. No information regarding Italy's domestic spindle belting industry was available for this preliminary investigation.

West Germany.--Counsel for Siegling America, Inc., provided the following information on the West German producer Ernst Siegling: 1/

* * * * * * *

Japan.--Counsel for Nitta International, Inc., provided the following data on its spindle belting production, capacity, and capacity utilization:

* * * * * * *

Nitta's total exports of spindle belting and exports to the United States were as follows:

* * * * * * *

Switzerland.--Counsel for Habasit Belting, Inc., provided the following information on the operations of Habasit A.G., the dominant Swiss producer of spindle belting exported to the United States: 2/

* * * * * * *

1/ Postconference submission by counsel for Siegling America, Inc., on Sept. 1, 1983, p. 4.

2/ Postconference submission by counsel for Habasit Belting, Inc. on Sept. 1, 1983, pp. 1-2.

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

U.S. importers' shipments and market penetration

Importers' total U.S. shipments increased from * * * inch-feet in 1980 to * * * inch-feet in 1981 and then declined to * * * inch-feet in 1982, for an overall decrease of 17 percent during 1980-82 (table 11). In January-June 1983, importers' shipments increased by 32 percent over those in the corresponding period of 1982.

Table 11.--Spindle belting: U.S. importers' shipments, by sources, 1980-82, January-June 1982, and January-June 1983

(In thousands of inch-feet)

Source	1980	1981	1982	January-June--	
				1982	1983
West Germany	***	***	***	***	***
Italy	***	***	***	***	***
Japan	***	***	***	***	***
Switzerland	***	***	***	***	***
Total	***	***	***	***	***

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

Importers' shipments, on average, accounted for approximately * * * percent of apparent U.S. consumption during 1980-82, rising to * * * percent in January-June 1983 (table 12).

Table 12.--Spindle belting: Imports' and domestic producers' share of apparent U.S. consumption, 1980-82, January-June 1982, and January-June 1983

(In percent)

Period	Imports from--					Domestic producers		
	West Germany	Italy	Japan	Switzerland	Total	Barber	Rhoads	Total
1980	***	***	***	***	***	***	***	***
1981	***	***	***	***	***	***	***	***
1982	***	***	***	***	***	***	***	***
Jan.-June--								
1982	***	***	***	***	***	***	***	***
1983	***	***	***	***	***	***	***	***

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

Imports from West Germany.--During 1980-82, West Germany's share of the spindle belting market in the United States remained relatively stable. Accounting for * * * percent of U.S. consumption in 1980, imports from West Germany dropped to * * * percent in 1981 and then returned to * * * percent in 1982 and January-June 1983.

Imports from Italy.--Italy's share of the U.S. spindle belting market increased from * * * percent in 1980 to * * * percent in 1981 and to * * * percent in 1982. Its share further increased to * * * percent in January-June 1983, compared with its * * * percent share in the corresponding period of 1982.

Imports from Japan.--During 1980-82, Japan rapidly expanded its presence in the U.S. spindle belting market. Japan supplied well under * * * percent of U.S. consumption in 1980, but an increasing share in 1981 and 1982. By January-June 1983, Japan accounted for * * * percent of apparent U.S. consumption.

Imports from Switzerland.--Although Switzerland supplied the largest share of U.S. spindle belting demand during 1980-82, its share declined progressively each year. Switzerland supplied * * * percent of U.S. consumption in 1980, * * * percent in 1981, and * * * percent in 1982. In January-June 1983, Switzerland's share continued to decline, slipping to * * * percent from * * * percent in the corresponding period of 1982.

Prices

Spindle belting is sold by both U.S. producers and importers in a similar manner. Basic prices, published in price lists, are determined by the specific construction and by the width and length of the belt. Barber, the petitioner, and the importers sell to distributors at a discount from the suggested retail price lists; these distributors then resell directly to the spinning mills that use the belting. Discounts to distributors may be fixed, as is the case with Barber, or may depend on the value of the total sale. Barber discounts 45 percent from its list price for distributors and 25 percent for end users buying large quantities direct from Barber. Habasit, an importer of Swiss belting, provides larger discounts as the value of the sale rises, to a maximum of 35 percent, with additional reductions for the purchase of a full-length coil.

Barber's distributors are textile mill supply houses, which carry diverse products, including, for example, belting, light bulbs, soaps, and other items necessary to conduct the entire operation of the mill. In the case of importers, the distributors generally carry only those products related to the actual spinning and weaving operations. As a result, according to testimony of the petitioner, the importers' distributor salesmen may have a closer working relationship with those involved in the actual use of the belt than would the salesmen selling the domestic product. 1/

The distributors for both Barber and the importers take ownership of the belting they sell, rather than serving only as their supplier's agent. The distributors' profits are therefore determined by their markup over the price they pay; neither the producer nor the importers have control over the price at which the distributor sells the product to the end user. Barber reports that its distributors generally received prices close to the published list prices until recently, but that this markup has declined significantly owing to competition from imports.

Spindle belting is produced in a wide slab and may be slit to specific widths by the producer, the importer, or in some cases, the distributor. Barber and some importers will sell a specific quantity of belting at the same price whether in a full-width coil or slit to any standard width. Other importers sell only full-width coils, but will slit to customer specifications at no additional cost, or provide discounts for the purchase of a full-width coil.

Spindle belting may also be sold in full-length coils (either slit or full-width) or may be cut to lengths meeting the customers' specifications. If cut, the ends are usually feathered (skived) to allow the end user to join them in a smooth seam. Both Barber and the importers charge a fixed amount for each cut in addition to, and independent of, the basic cost for the material in the belt; these charges are comparable for most suppliers. Barber and the importers will also join the ends of the belt to produce an endless belt at customer request, for an additional charge. Because most belts must be installed on the spindles before this joint is made, this service represents only a small part of any suppliers' business.

1/ Transcript of the, conference p. 25.

The Commission requested the U.S. producers and importers to provide price data on their two largest sales of each of three belting specifications in each quarter during 1981, 1982, and January-June 1983. 1/ The information reported from Barber and Habasit generally supports their claims that they sell according to specific price lists and published discounts. No price lists were submitted by other importers for comparison with the reported prices.

Price comparisons.--Barber reported that prices to distributors for its three belting products remained unchanged during January 1981-June 1983 (tables 13 to 15). 2/ The three products' lowest prices during the period were * * * cents per inch-foot, * * * cents per inch-foot, and * * * cents per inch-foot for products 1 to 3, respectively.

Imports from Japan of product 1 were sold at * * * cents per inch-foot in each quarter for which data were reported. The price of product 2 imported from Japan declined * * * percent from * * * cents per inch-foot in January-March 1982 to * * * cents in October 1982-June 1983. The price for product 3 was relatively steady in 1981 at * * * to * * * cents per inch-foot, but increased to * * * cents in April-June 1982 before settling at * * * cents in July 1982-June 1983.

The prices of product 1 imported from West Germany increased slightly from * * * cents in 1981 to * * * cents in early 1982, but declined to * * * cents per inch-foot in July 1982-June 1983. The price of product 2 remained relatively steady at about * * * cents per inch-foot in 1981 and early 1982 but declined to * * * cents in October 1982-June 1983. No prices were reported for product 3 from West Germany.

The prices of product 1 from Switzerland 3/ remained relatively steady at * * * to * * * cents per inch-foot for the entire period January 1981-June 1983. The prices for product 2 generally fluctuated between * * * and * * * cents per inch-foot during the period. In October-December 1982, however, the price declined slightly to * * * cents per inch foot as a result of a special incentive program for November-December 1982. The price for product 3 fluctuated between * * * cents and * * * cents per inch-foot during January 1981-June 1983.

1/ Data were requested for belting which most closely matched the specifications of Habasit's TS-5, TS-10, and TO belting.

2/ Rhoads did not provide price data for its U.S.-produced belting in its questionnaire.

3/ Prices shown in the tables represent only those of Habasit. Two other importers selling Swiss belting reported prices somewhat higher than those of Habasit. However, the share of total imports from Switzerland represented by these importers was less than * * * percent. Therefore, Habasit's prices are both the lowest charged for Swiss belting and the most representative of such imports.

Table 13.--Spindle belting: U.S. producer's and importers' prices to distributors for product 1, 1/ by quarters, January 1981-June 1983

(In cents per inch-foot)

Period	U.S.-produced	Japan	West Germany	Switzerland 2/	Italy
1981:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
Ocotober-December	***	3/	***	***	***
1982:					
January-March	***	3/	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1983:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***

1/ Product most closely matching the specifications of Habasit's TS-5 belting.

2/ Prices are those of Habasit only.

3/ No prices reported.

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

Table 14.--Spindle belting: U.S. producer's and importers' prices to distributors for product 2, 1/ by quarters, January 1981-June 1983

(In cents per inch-foot)

Period	U.S. produced	Japan	West Germany	Switzer-land 2/	Italy
1981:					
January-March	***	3/	***	***	***
April-June	***	3/	***	***	***
July-September	***	3/	3/	***	***
October-December	***	3/	***	***	***
1982:					
January-March	***	***	3/	***	***
April-June	***	***	***	***	***
July-September	***	***	3/	***	***
October-December	***	***	***	***	***
1983:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***

1/ Product most closely matching the specifications of Habasit's TS-10 belting.

2/ Prices are those of Habasit only.

3/ No prices reported.

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

Table 15.--Spindle belting: U.S. producer's and importers' prices to distributors for product 3, 1/ by quarters, January 1981-June 1983

(In cents per inch-foot)

Period	U.S.-produced	Japan	Switzerland 2/	Italy
1981:				
January-March	***	***	***	3/
April-June	***	3/	***	3/
July-September	***	3/	***	3/
October-December	***	***	4/	3/
1982:				
January-March	***	***	***	3/
April-June	***	***	***	***
July-September	***	***	4/	***
October-December	***	***	***	***
1983:				
January-March	***	***	***	***
April-June	***	***	***	***

1/ Product most closely matching the specifications of Habasit's TO belting.
2/ Prices are those of Habasit only.
3/ No prices reported.
4/ Prices reported were for special orders at substantially higher prices.

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

Imports from Italy of product 1 were sold at * * * cents per inch-foot through 1981, but at * * * cents in 1982 and 1983. The price of product 2 from Italy was * * * cents in 1981, increased * * * percent to * * * cents in 1982, and then declined to * * * cents in January-June 1983. The price of product 3 imported from Italy remained at * * * cents per inch-foot from April 1982 through June 1983; no prices were reported in 1981.

For none of the three products for which data were requested were the prices of imports lower than those of Barber, the petitioner, during January 1981-June 1983.

Exchange rates.--Nominal and real exchange rates of the currencies of Japan, West Germany, Italy, and Switzerland are shown in table 16. The currencies of Japan, West Germany, and Italy declined in nominal value during January 1981-March 1983, by 12 percent, 13 percent, and 27 percent, respectively. The Swiss franc increased in nominal value by 5 percent during the period.

The real value 1/ of the four currencies in terms of the dollar followed similar trends, with the exception of the Swiss franc. Japan had a lower inflation rate than the United States, causing the real value of the yen to decline 15 percent in the period shown. The low inflation rate in Switzerland had a similar effect, converting a 5-percent nominal appreciation of the Swiss franc into a 7-percent depreciation relative to the U.S. dollar. West Germany and Italy had higher inflation rates than the United States, slightly offsetting the effects of the decline in the market value of their currencies. The real value of the deutsche mark declined only 9 percent from January 1981 to March 1983, and the value of the lira declined 11 percent.

Lost sales

Barber was the only U.S. producer that supplied the Commission with allegations of sales lost to competitive foreign products during the period January 1981 through August 1983. Barber's allegations were not specific in detail, lacking total quantities involved and/or the actual outcome of the competitive encounter. Further, in some instances it was not clear whether the alleged lost sales were the result of lower prices offered on comparable imported belting.

The lost-sales allegations were supplied in two formats. One involved copies of distributors' reports to the petitioner, with references to foreign competition highlighted. The other took the form of handwritten notes taken by the petitioner from telephone conversations with distributors, involving price competition from foreign belting.

1/ The real value of a currency is the nominal value adjusted for the differential between wholesale price inflation rates in the United States and the foreign country.

Table 16.--Nominal and real exchange rates for the currencies of Japan, West Germany, Italy, and Switzerland, by quarters, January 1981-March 1983

(In U.S. dollars per unit of foreign currency)

Period	Japan (yen)	West Germany deutsche mark	Italy (lira)	Switzerland (franc)
	Nominal exchange rate			
1981:				
Jan.-Mar--------	100.0	100.0	100.0	100.0
Apr.-June-------	93.4	87.9	88.0	102.4
July-Sept-------	90.7	90.5	89.0	103.3
Oct.-Dec--------	96.0	93.2	87.3	103.2
1982:				
Jan.-Mar--------	85.6	87.1	79.2	104.0
Apr.-June-------	83.1	85.5	75.8	104.2
July-Sept-------	78.3	83.2	73.7	104.8
Oct.-Dec--------	89.8	88.4	76.6	104.8
1983:				
Jan.-Mar--------	88.1	86.6	72.5	104.9
	Real exchange rate			
1981:				
Jan.-Mar--------	100.0	100.0	100.0	100.0
Apr.-June-------	92.2	88.0	90.3	93.4
July-Sept-------	89.9	91.7	93.8	96.3
Oct.-Dec--------	95.0	95.7	95.8	105.7
1982:				
Jan.-Mar--------	84.4	90.5	89.0	99.7
Apr.-June-------	81.3	89.5	86.7	92.3
July-Sept-------	77.6	87.4	86.6	89.6
Oct.-Dec--------	88.1	93.2	93.0	97.5
1983:				
Jan.-Mar--------	85.4	91.0	89.4	93.1

Source: International Monetary Fund, International Financial Statistics, July 1983.

A summary of conversations between Commission staff and the aforementioned distributors and with certain customers mentioned in the allegations is presented below.

* * *.--* * *. * * *, its purchases of Barber's spindle belting have declined considerably. Underselling by distributors handling Habasit's (Switzerland) and Nitta's (Japan) spindle belting reportedly contributed directly to the decline in its purchases of Barber's belting. * * * stated that no customer had complained of quality problems with Barber's belting.

* * *.--* * *. * * * stated that it has had increasing difficulty selling Barber's belting due to competition from lower priced foreign-produced belting, specifically belting from Japan, Switzerland, and West Germany. Nevertheless, * * *'s representative could not cite any examples of an end user which had used Barber's belting and then switched to foreign-made belting. He did recall one instance where he had to accept a lower commission in order to secure a sale of Barber's belting. This low-priced competition was from belting made in West Germany.

In response to a question regarding any feedback from the mills on Permadrive's performance, * * * stated that some end users had complained of lint buildup and bonding problems (making the belt endless on the machine) with the Barber belting.

* * *.--This firm, * * *, uses both spindle belting (70 percent of its spindle-driving needs) and woven cotton tape (30 percent). It buys both imported and domestic spindle belting and reported stable purchases of Barber's belting over the past 3 years. With respect to quality, * * * rated both imported and domestic products equal.

* * *.--* * * spins a wide variety of cotton yarns. * * * purchases spindle belting from a distributor and did not know who the manufacturer was.

* * *.--* * * also purchases spindle belting from a distributor and did not know whether it was imported or made in the United States.

* * *.--* * *. * * *.

* * * * * * *

Performance, not pricing, was stated as the primary factor influencing the selection of a particular line of spindle belting. Only after different makes of belting proved that they could perform at an acceptable level would price enter the selection process. Barber's belting did not pass this first test and thus was not considered on the basis of its price.

Other major end users not specifically named in Barber's lost-sales allegations were contacted in order to further pursue the quality issue raised by * * *.

* * *.--* * * reported use of both woven cotton tape and spindle belting. Cotton tape was supplied by domestic manufacturers, including Barber; all spindle belting used was foreign produced. * * * was not aware of any domestic producer of spindle belting.

* * *.--* * *. All its spindle belting is supplied by distributors providing imported spindle belting. While * * *'s purchasing agent did not have any test results to support his statements, his recollection of * * *'s testing of Barber's product was not favorable. He indicated that it tended to stretch and "load up" (accumulate excessive amounts of lint on the belt). * * * did not find it to be an acceptable alternative to the imported belting that it continues to use.

APPENDIX A

COMMISSION NOTICES

[Investigations Nos. 731-TA-140, 141, 142, 143, and 144 (Preliminary)]

Import Investigation on Certain Spindle Belting From the Federal Republic of Germany, Italy, Japan, the Netherlands, and Switzerland

AGENCY: United States International Trade Commission.

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

EFFECTIVE DATE: August 4, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of preliminary antidumping investigations under section 773(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 the Federal Republic of Germany, Italy, Japan, the Netherlands, and Switzerland of belting, of man-made fibers, or of such fibers and rubber or plastics, all the foregoing designed for use on spindles and coated, filled, or laminated with rubber or plastics, provided for in items 358.14 and 358.16 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. Lawrence Rausch, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0286.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on August 4, 1983, by Barber Manufacturing Co., a domestic producer of spindler belts. The Commission must make its determinations in the investigations within 45 days after the date of the filing of the petition, or by September 19, 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 section 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), 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 § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b), as amended by 47 FR 33682, Aug. 4, 1982).

In addition to the foregoing, 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 accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions.—Any person may submit to the Commission on or before September 1, 1983, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

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 August 25, 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. Lawrence Rausch (202-523-0286), not later than August 22, 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 33682, Aug. 4, 1982), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982). Further information concerning the conduct of the conference will be provided by Mr. Rausch.

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

Issued: August 9, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-22139 Filed 8-11-83; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 731-TA-143 (Preliminary)]

Certain Spindle Belting From the Netherlands; Termination of Preliminary Antidumping Investigation

AGENCY: United States International Trade Commission.

ACTION: Termination of preliminary antidumping investigation.

EFFECTIVE DATE: August 29, 1983.

SUMMARY: On August 4, 1983, the Commission instituted 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 the Federal Republic of

Germany, Italy, Japan, the Netherlands, and Switzerland of certain spindle belting (specifically, belting, of man-made fibers, or of such fibers and rubber or plastics, all the foregoing designed for use on spindles and coated, filled, or laminated with rubber or plastics, provided for in items 358.14 and 358.16 of the Tariff Schedules of the United States), which are alleged to be sold in the United States at less than fair value (see 48 FR 36677, August 12, 1983). These investigations were instituted in response to a petition filed by Barber Manufacturing Co., a domestic producer of spindle belting. On August 18, 1983, however, Barber Manufacturing amended its petition so as to omit the allegation concerning imports from the Netherlands. Accordingly, on August 24, 1983, the Department of Commerce instituted antidumping investigations only with respect to imports of certain spindle belting from the Federal Republic of German, Italy, Japan, and Switzerland. Therefore, pursuant to § 207.14 of its Rules of Practice and Procedure (19 CFR 207.14), the Commission hereby gives notice of the termination of preliminary antidumping investigations No. 731-TA-143 (Preliminary), concerning certain spindle belting from the Netherlands.

FOR FURTHER INFORMATION CONTRACT: Mr. Lawrence Rausch, Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436, telephone 202-523-0286.

Issued: August 30, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-24566 Filed 9-7-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-140, 141, 142, and 144 (Preliminary)

CERTAIN SPINDLE BELTING FROM THE FEDERAL REPUBLIC OF GERMANY, ITALY, JAPAN, AND SWITZERLAND

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations on August 25, 1983, in the Hearing Room (Room 331) of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the petition

Barber Manufacturing Co.
Charlotte, N.C.

Nicholas W. Schiffli; President, Barber Manufacturing Co.

In opposition to the petition

Hansell & Post--Counsel
Washington, D.C.
On behalf of

Habasit A.G. (Switzerland)

James T. McIntyre, Jr.)
James H. Landon)--OF COUNSEL
John D. Maiers)

Covington & Burling--Counsel
Washington, D.C.
Wormser, Kiely, Alessandroni, Hyde & McCann--Counsel
New York, N.Y.
On behalf of

Siegling America, Inc., an importer of spindle belting from the Federal Republic of Germany

John Pharr; President, Siegling America, Inc.

Harvey M. Applebaum)
Timothy A. Harr)--OF COUNSEL
Robert F. Jacobs)

CALENDAR OF PUBLIC CONFERENCE--Continued

In opposition to the petition--Continued

Hamel, Park, McCabe & Saunders--Counsel
Washington, D.C.
On behalf of

Nitta International, Inc. (Japan)

Takehiko Nitta; Nitta International, Inc.
Charles Elder; Nitta International, Inc.

Malcolm R. Pfunder)
Henry Roemer McPhee) --OF COUNSEL

Howrey & Simon--Counsel
Washington, D.C.
On behalf of

J.E. Rhoads & Sons, Inc.

Kenneth R. Bull; Vice President, J.E. Rhoads & Sons, Inc.

Robert L. Green, Jr.--OF COUNSEL