

**INDUSTRIAL BELTS FROM
ISRAEL, ITALY, JAPAN,
SINGAPORE, SOUTH KOREA
TAIWAN, THE UNITED KINGDOM
AND WEST GERMANY**

Determinations of the Commission in
Investigations Nos. 701-TA-293-295
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigations

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Determinations of the Commission in
Investigations Nos. 731-TA-412-419
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigations

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information that would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 701-TA-293-295 (Preliminary) and
731-TA-412-419 (Preliminary)

INDUSTRIAL BELTS FROM ISRAEL, ITALY, JAPAN, SINGAPORE, SOUTH KOREA,
TAIWAN, THE UNITED KINGDOM, AND WEST GERMANY

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from Israel, Singapore, and South Korea of industrial belts, 2/ provided for in items 358.02, 358.06, 358.08, 358.09, 358.11, 358.14, 358.16, 657.25, and 773.35 of the Tariff Schedules of the United States, that are alleged to be subsidized by the Governments of Israel, Singapore, and South Korea. The Commission also determines, 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 or threatened with material injury by reason of imports from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany of industrial belts that are alleged to be sold in the United States at less than fair value (LTFV).

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/ For purposes of these investigations, the subject industrial belts include belting and belts for machinery, in part or wholly of rubber or plastics. These belts are used for transmitting power and may be finished or unfinished, whether cured or uncured, and are included regardless of cross-sectional configuration. Imports excluded from the scope of these investigations are conveyor belts and automotive belts.

Background

On June 30, 1988, a petition was filed with the Commission and the Department of Commerce by The Gates Rubber Co., Denver, CO, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of industrial belts from Israel, Singapore, and South Korea and by reason of LTFV imports from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany. Accordingly, effective June 30, 1988, the Commission instituted preliminary countervailing duty investigations Nos. 701-TA-293-295 (Preliminary) and preliminary antidumping investigations Nos. 731-TA-412-419 (Preliminary).

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, DC, and by publishing the notice in the Federal Register of July 7, 1988 (53 F.R. 25550). The conference was held in Washington, DC, on July 22, 1988, 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 a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of industrial belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany that are allegedly sold at less than fair value (LTFV). We also determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of allegedly subsidized imports of industrial belts from Israel, Singapore, and South Korea. ^{1/} ^{2/}

Like product/domestic industry

The Commission begins its analysis by defining the relevant 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." ^{3/} "Like product," in turn, is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to

^{1/} Material retardation is not an issue and will not be discussed further.

^{2/} See American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986).

^{3/} 19 U.S.C. § 1677(4)(A).

an investigation" ^{4/}

The imported products subject to these investigations include certain power transmission belts defined in the Department of Commerce's (Commerce) Notice of Initiation as industrial power transmission belts. ^{5/} Industrial power transmission belts are used by virtually every industry in the United States and come in a wide range of sizes and specifications. ^{6/}

Petitioner excluded conveyor and automotive belts from its definition of power transmission belts, and Commerce instituted its investigations on that

^{4/} 19 U.S.C. § 1677(10). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

^{5/} Commerce's Notice of Initiation describes the scope of the investigation as:

industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520, and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether endless (i.e. closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

53 Fed. Reg. 28034 (July 26, 1988).

^{6/} Report of the Commission (Report) at A-8.

basis.^{7/} Petitioner proposed that the Commission find a single like product definition consisting of industrial power transmission belts as defined by Commerce; thus, arguing that conveyor and automotive belts be excluded from the like product definition. All but one of the respondents, on the other hand, proposed a like product covering all power transmission belts (including automotive belts but not conveyor belts) on the grounds that the differences in characteristics and uses between automotive and industrial belts do not rise to the level of different like products.^{8/}

The Commission's definition of the "like product" is, of necessity, based on the facts of each case.^{9/} In determining the appropriate like product(s), the Commission typically considers a number of factors, including physical characteristics and uses, interchangeability between the articles,

^{7/} Automotive belts are used to drive the accessories (alternators, air conditioners, etc.) on passenger cars, trucks, buses and other vehicles. They are generally used individually. According to information supplied by petitioner, automotive belts have fewer layers or components than industrial belts, have fewer recipes for undercord and overcord stock, and a smaller number of sizes. Report at A-9.

^{8/} Respondent: Pirelli, while agreeing that automotive belts should be considered within the universe of like products, proposed two like products; namely, synchronous power (timing) transmission belts and nonsynchronous power transmission belts. Pirelli argues that synchronous belts are produced on different equipment, perform different functions, and are different in appearance from non-synchronous belts. Pirelli asserts that nonsynchronous belts are not interchangeable with synchronous belts. There is some evidence in the record to suggest that synchronous and nonsynchronous belts are in fact interchangeable. See Post-Conference Brief of petitioner at 58. Should these investigations return for a final determination, we will consider this issue further.

^{9/} See, e.g., Asociacion Colombiana De Exportadores De Flores v. United States, Slip Op. 88-91 at 9, n.2. (Ct. Int'l Trade, July 14, 1988).

channels of distribution, customer perceptions of the articles, and common manufacturing facilities and production employees. ^{10/} No single factor is dispositive and the Commission is in fact free to consider other factors that it deems relevant in a given investigation.

The Commission considers minor variations between products to be an insufficient basis for finding separate like products, ^{11/} and instead looks for clear dividing lines between products. ^{12/}

We begin our analysis of this issue by noting that respondents are correct in asserting that the Commission's like product determination is not limited by the Commerce Department's scope of investigation. ^{13/} The

^{10/} Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, Invs. Nos. 731-TA-351 and 353 (Final), USITC Pub. 2014 (September 1987); 64K Dynamic Random Access Memory Components from Japan, Inv. No. 731-TA-270 (Final), USITC Pub 1862 (June 1986). Another factor sometimes cited as bearing on the like product determination is price. Flores at 12, n. 8.

^{11/} See, S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979) cited in Flores at 8-9. It is up to the Commission to determine what is a minor difference. Flores at 9.

^{12/} See, e.g., 3.5" Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Preliminary), USITC Pub. 2076 (April 1988).

^{13/} We note that the Court of International Trade has held that the Commission's like product determination need not be coterminous with Commerce's class or kind determination, and has specifically held that the Commission may make a like product and consequent domestic industry determination that is narrower than Commerce's "class or kind" determination. Badger-Powhatan, Div. of Figgie v. United States, 608 F. Supp. 653 (Ct. Int'l Trade 1985). We note that the court, in Flores at 2-3, stated "First, very little evidence regarding the entire flower industry was obtained. It is difficult to fault the dissent for this, as it sought to obtain information on
(Footnote continued on next page)

Commission must decide, based on statutory criteria and the facts of an investigation, how the like product and domestic industry are to be defined. Even if articles are excluded from Commerce's definition of imports subject to investigation, such articles can be excluded from the domestic like product only if they do not meet the definition of like product. In reaching our like product determination, we categorically reject as unfounded petitioner's claim that the Commission is legally precluded from defining the like product to be different than the products subject to investigation as defined by Commerce. ^{14/} While Commerce's "class or kind" determination, and the scope of its investigation, define the universe of imported articles subject to investigation, the Commission, in determining what domestic articles are like the imported articles, must analyze the characteristics and uses of such imported articles and determine what domestic products share those characteristics and uses.

Although the facts of these investigations appear at this time to support a like product definition that is coextensive with the imports now subject to

(Footnote continued from previous page)

flowers other than the seven investigated, particularly information on one flower, roses, but it was outvoted on this point. (Footnote 3) It is unclear whether the type of information sought to be obtained would have shed any light on the like product issue..." Such statements suggest that the Commission may consider information beyond that defined by Commerce in assessing the like product issue.

^{14/} See Certain Fresh Cut Flowers from Canada, Chile, Colombia, Costa Rica, Ecuador, Israel, and the Netherlands, Invs. Nos. 731-TA-327-331 (Final), and Invs. Nos. 701-TA-275-278 (Final), USITC Pub. No. 1956 at 10 (Mar. 1987); See also 64K Dynamic Random Access Memory Components from Japan, Inv. No. 731-TA-270 (Final), USITC Pub. No. 1862 (June 1986).

investigation, such a conclusion is not compelled as a matter of law. We reject a construction of the controlling statute that would reduce the Commission's like product/domestic industry determinations to rubber-stamping petitioner's definitions as adopted by Commerce, as the petitioner's line of reasoning in this case would suggest.

Based on the record now before us in these preliminary investigations, we find that automotive belts and industrial belts are generally produced in the United States on equipment, and by workers, specifically dedicated to one or the other lines. ^{15/} Moreover, we are persuaded that automotive belts are introduced into the stream of commerce through entirely different channels of distribution than are industrial belts. ^{16/} While the evidence is conflicting as to interchangeability within a given category of power transmission belt, we find only limited evidence that automotive and industrial belts are interchangeable over more than a very narrow range of uses. ^{17/} For the purposes of these preliminary investigations, we feel that there is sufficient information to warrant the exclusion of automotive belts from our definition of the like product. However, if these investigations return for final determinations, we will reexamine this issue.

^{15/} Report at A-9. Commissioner Rohr notes that there is some evidence that this may be true for certain subcategories of industrial belts and will examine the issue further should these investigations return for final determinations.

^{16/} Report at A-21.

^{17/} Report at A-8-A-9.

Finally, we note that the definition we accept for the purposes of these preliminary investigations includes a variety of different power transmission belts with certain differences in some characteristics and uses. This includes synchronous and nonsynchronous belts, and nylon-core belting. ^{18/} We do not have sufficient data before us to exclude any of these articles or identify separate like products/domestic industries. Accordingly, we determine, for purposes of these preliminary investigations, that the like product is industrial power transmission belts, excluding conveyor and automotive belts, and that the domestic industry is comprised of U.S. producers manufacturing the like product. ^{19/}

Problems with data collection ^{20/}

Despite our best efforts to obtain complete information in these investigations, we have, nonetheless, encountered several problems concerning data collection. Although we were able to obtain an overview of the domestic industry in terms of units of product, we have been unable to obtain the same

^{18/} Several U.S. firms that import nylon-core belting requested that nylon-core belting be excluded from our investigations. These importers claim that they do not compete with petitioner, and that nylon-core belting is not manufactured in the United States. Petitioner asserts that nylon-core belting should be included in the definition of the like product.

^{19/} We note that petitioner has asserted that the operations in the United States that cut imported belt sleeves into finished belts are not properly part of the domestic industry. The data now before us are inconclusive on this issue. We will examine more thoroughly the nature and extent of these cutting operations should these investigations proceed to final.

^{20/} Commissioner Cass joins his colleagues in this discussion. See Additional Views of Commissioner Cass on this matter.

overview in terms of pounds of product due to the inability of two U.S. producers to report data on that basis. Weight-based data may be more meaningful in these investigations than unit-based data because they more accurately reflect the raw material components and provide a closer relationship of volume to price.

Several U.S. importers were unable to provide quantity data in either units (17 percent) or pounds (23 percent). Further, certain U.S. importers failed to respond as to their imports from Korea and Taiwan. Import figures for these countries were estimated based on export data provided by the foreign producers; however, as a result, value is understated inasmuch as it does not include freight, insurance, and import duties. Finally, the pricing data we were able to collect in 45 days are also very limited. In view of these gaps, we note that our determinations are necessarily based on incomplete information that nevertheless constitutes the best information available. We will endeavor to augment the record should these investigations return for final determinations.

Condition of the domestic industry ^{21/}

In assessing the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, and financial

^{21/} Our discussion of the domestic industry necessarily focuses on units because data on the basis of weight falls within the Commission's guidelines regarding confidentiality. Two firms did not provide quantity data in pounds.

performance. ^{22/} No single factor is determinative, and in each investigation the Commission must consider the particular nature of the relevant industry in making its determination.

Apparent U.S. consumption of industrial belts was 75.8 million units in 1985, 73.0 million units in 1986, 80.2 million units in 1987, and 22.5 million units in interim (January-March) 1988, compared with 19.5 million units for interim 1987. In terms of value, consumption was \$243.4 million in 1985, \$215.9 million in 1986, \$241.8 million in 1987, and \$66.3 million in interim 1988, compared with \$58.5 million in interim 1987. ^{23/}

U.S. production of industrial belts remained relatively constant from 1985 through 1987: the domestic producers' output was 73.9 million units in 1985, 73.1 million units in 1986 and 74.1 million units in 1987. Production increased in interim 1988 to 21.1 million units as compared with 18.1 million units in interim 1987. ^{24/} Domestic capacity to produce industrial belts declined from 117.2 million units in 1985 to 112.8 million units in 1986, increased to 115 million units in 1987, and declined slightly to 28.7 million units in interim 1988 as compared with 28.8 million units in interim 1987. ^{25/} Capacity utilization based on units was 63.1 percent in 1985, 64.8 percent in 1986, 64.4 percent in 1987, and 73.4 percent in interim 1988

^{22/} 19 U.S.C. § 1677(7)(C)(iii).

^{23/} Report at A-15.

^{24/} Id. at A-25. We note that interim data may not be probative of a trend.

^{25/} Id.

as compared with 62.7 percent in interim 1987. ^{26/}

U.S. domestic producers' shipments declined from 68.3 million units valued at \$214.2 million in 1985 to 64.6 million units valued at \$184.2 million in 1986; rose to 69.1 million units valued at \$204.2 million in 1987, and were 19.2 million units valued at \$55.5 million in interim 1988 as compared with 16.8 million units valued at \$49.5 million in interim 1987. The unit value of the domestic shipments declined erratically throughout the period under investigation from \$3.14 in 1985 to \$2.85 in 1986 to \$2.95 in 1987, and to \$2.89 in interim 1988. ^{27/} Inventories held by U.S. producers increased from 19.3 million units in 1985 to 21.3 million units in 1986, declined to 19.7 million units in 1987, and were 19.9 million units in interim 1988 as compared to 21.2 million units in interim 1987. The ratio of inventories to U.S. shipments was 28.3 percent in 1985, 33.0 percent in 1986, 28.5 percent in 1987, and 25.9 percent in interim 1988 as compared to 31.4 percent in interim 1987. ^{28/}

The number of employees producing industrial belts declined from 2,141 in 1985 to 1,888 in 1987, and increased to 2,034 in interim 1988. Hours worked

^{26/} Id.

^{27/} Id. at A-27. In terms of pounds, domestic shipments followed the same trends as units -- unit value in terms of pounds, however, declined steadily throughout the period of investigation.

^{28/} Id. at A-30.

and wages paid followed generally the same trend. ^{29/} Productivity as measured by the number of industrial belts produced per hour was 17.5 in 1985, 18.9 in 1987 and 14.1 in interim 1988. ^{30/}

Financial data for the U.S. industry reveal that net sales were \$243.4 million in 1985, \$216.8 million in 1986, \$230.3 million in 1987, and \$51.3 million in interim 1988 as compared with \$47.0 million in interim 1987. Operating income as a ratio to net sales was 7.6 percent in 1985, 3.9 percent in 1986, 6.6 percent in 1987, and 7.5 percent in interim 1988 compared with 7.1 percent in interim 1987. One firm reported operating losses in 1985, as compared with three in 1986, and two in 1987. ^{31/ 32/}

Cumulation

Section 771(7)(C)(iv) of the Trade and Tariff Act of 1984 directs the Commission cumulatively to assess the volume and effect of imports from two or more countries if the imports are subject to investigation and if they compete

^{29/} Id. at A-32.

^{30/} Id. at A-33. On the basis of pounds produced per hour, productivity measured 11.8 pounds in 1985 rose to 12.0 pounds in 1987 and fell to 11.6 pounds in interim 1988.

^{31/} Id. at A-37.

^{32/} Commissioners Eckes, Lodwick and Rohr note that the economic indicators in this industry are mixed. While industry performance has generally improved from 1986 levels, this improvement has been inconsistent. Some key indicators have consistently declined, including market share, employment and net sales. For the purposes of these preliminary investigations, they conclude there is a reasonable indication that the domestic industry is currently experiencing material injury.

with each other and with like products of the domestic industry in the U.S. market. ^{33/} To determine the existence of competition among the imports and the domestic like product, the Commission has considered, among others, the following factors:

- (1) the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell, in the same geographical market, of imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
- (4) whether the imports are simultaneously present in the market. ^{34/}

No single factor is determinative, and the list of factors is not exclusive.

We determine, based on the information available to us in these preliminary investigations, that imports from the countries under investigation compete with each other and with the domestic like product and that, consequently, cumulation is mandatory under the statute.

^{33/} 19 U.S.C. § 1677(7)(C)(iv). In these preliminary investigations, there is no dispute that the subject imports from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany are subject to investigation.

^{34/} Electrolytic Manganese Dioxide from Greece, Ireland, and Japan, Invs. Nos. 731-TA-406-408 (Preliminary), USITC Pub. 2097 (July 1988); Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Invs. Nos. 303-TA-19 and 20 and Invs. Nos. 731-TA-391-399 (Preliminary), USITC Pub. 2083 at 30-31 (May 1988).

In most instances industrial belts for a particular application, regardless of source, are fully interchangeable. It appears, based on the record, that quality differences among belts from all sources are minor or nonexistent, ^{35/} and do not affect purchasing decisions. ^{36/} Imported and domestic belts are sold or offered for sale throughout the United States, so there is an overlap of geographical markets. ^{37/} Virtually all industrial belts are sold through the same channels of distribution, i.e., through industrial belt distributors in the replacement belt market, and directly or through distributors to producers in the original equipment manufacturer market. ^{38/} Finally, the available information shows simultaneous imports from each of the countries subject to investigation. ^{39/}

Although several respondents argued that cumulation is inappropriate, they failed to address both the statutory mandate that the Commission cumulate when the subject imports and domestic like product compete, and the factors the Commission considers in determining the existence of such

^{35/} Commissioner Rohr notes that there is no evidence that any such quality differences rise to the level that persuaded the Commission that cumulation was inappropriate in Certain Welded Carbon Steel Pipes and Tubes from the People's Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. No. 1885 (Aug. 1986).

^{36/} Report at A-77, A-79-A-81; Petitioner's Post Conference Brief at 25-27.

^{37/} Report at A-21, A-56.

^{38/} Id. at A-21.

^{39/} Id. at A-46.

competition. ^{40/} Thus, for purposes of these preliminary investigations we determine that the imports compete with each other and with the domestic like product and that we must cumulatively assess the volume and price effect of the allegedly subsidized and LTFV imports from each of the countries subject to investigation. If these cases return for final investigation, the Commission will develop additional information concerning the degree of competition between the imports and the domestic like product and the extent to which other considerations may render certain imports noncompetitive for cumulation purposes.

Reasonable Indication of Material Injury by Reason of the Allegedly Subsidized and LTFV Imports from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany

Pursuant to 19 U.S.C. § 1673b(a), the Commission must determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of the

^{40/} Respondent Optibelt Corporation argues that West German and British imports should not be cumulated because they are declining at a time when other imports and domestic sales are growing, and relies on the Court of International Trade's decision in USX Corp. v. United States, 682 F.Supp. 60, 73 (1988), for the proposition that such differing trends would preclude cumulation. The USX decision, however, explicitly related to pre-1984 law, rendering Optibelt's argument irrelevant under the current statutory scheme. Optibelt also made unsubstantiated claims that a portion of its merchandise occupies a specialty market niche. Respondent Pirelli Industrial Products, Inc. argues that some imported belts do not compete with the domestic product but presented no support for this claim. We note that there is no need for all of the domestic like product to compete with all of the imports. Rather, "sufficient evidence of overlap in the market" may indicate that there is competition among the imports and the domestic product.

subject imports. In making this determination the Commission considers, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. ^{41/} The Commission may also take into account any information concerning possible alternative causes of injury to the domestic industry, but it may not weigh causes. ^{42/} In preliminary investigations, the Commission declines to reach a negative determination unless "the record as a whole contains clear and convincing evidence that there is no material injury, or threat of such injury," by reason of the imports under investigation, and "no likelihood exists that contrary evidence will arise in a final investigation." ^{43/}

The volume of industrial belts imported from the countries under investigation was 8.7 million units in 1985, declined to 8.3 million units in 1986, increased substantially to 11.0 million units in 1987, and was 3.1 million units in the 1988 interim compared with 2.5 million for the corresponding period of 1987. ^{44/} The value of the subject imports was \$17.4 million in 1985, declined to \$14.5 million in 1986, rose to \$19.3 million in 1987, and was \$5.6 million in interim 1988 compared with \$4.1

^{41/} 19 U.S.C. § 1677(7)(B).

^{42/} See S. Rep. No. 249, 96th Cong., 1st Sess. 57-58, 74; Hercules, Inc. v. United States, 973 F.Supp. 454, 481-82 (Ct. Int'l Trade 1987).

^{43/} See American Lamb Co. v. United States, 785 F.2d 994, 1001 (Fed. Cir. 1986).

^{44/} Report at A-46.

million in interim 1987. ^{45/}

Market penetration by the subject imports increased throughout the period of investigation, from 9.8 percent of units shipped in 1985 to 11.4 percent in 1986, to 12.9 percent in 1987, and 13.2 percent in interim 1988. ^{46/} The imports under investigation also account for growing percentages of the U.S. market by value -- specifically, 10.3 percent of value in 1985, 12.1 percent in 1986, 13.1 percent in 1987, and 13.8 percent in interim 1988. ^{47/}

The prices of domestic industrial belts generally fell during the period of investigation. ^{48/} Import prices overall also showed a declining trend, although imports from individual countries may have risen, fluctuated, or remained static. ^{49/} The absence of full questionnaire responses makes it difficult to determine meaningful import price trends in these preliminary investigations. Imports from each country under investigation generally undersold the U.S. product, frequently by substantial margins. ^{50/} In addition, the Commission was able to confirm numerous instances of lost

^{45/} Id.

^{46/} Id. at A-51, A-53. The Commission's import penetration data suffer from apparent underreporting because of the failure of some importers to respond to questionnaires. We would expect this deficiency to be corrected in any final investigations.

^{47/} Id.

^{48/} Id. at A-60-A-61.

^{49/} Id. at A-60-A-66.

^{50/} Id. at A-66-A-73.

revenues and lost sales by the domestic industry to the subject imports. 51/ 52/ 53/

Given the evidence of declining prices and underselling by imports, coupled with the growth of import volume and market penetration and the condition of the domestic industry, we conclude there is a reasonable indication that the allegedly unfair imports are a cause of material injury to the domestic industry.

Reasonable Indication of Threat of Material Injury by Reason of Allegedly Subsidized and LTFV Imports from Israel, Italy, Japan, Singapore, Republic of Korea, Taiwan, the United Kingdom, and West Germany 54/ 55/

The statute sets forth factors that the Commission is to consider in determining whether there is a reasonable indication of a threat of material

51/ Id. at A-76-A-83.

52/ Acting Chairman Brunsdale also notes the evidence in the record indicating that the industrial belt market is very price competitive. Domestic and foreign producers engage in head-to-head bidding in the original equipment market, and domestic producers and distributors of imports appear to offer similar products on similar terms in the replacement market. She therefore finds on this record a reasonable indication that a domestic industry is materially injured "by reason of" the subject imports. See Internal Combustion Engine Fork Lift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. No. 2082 at 86 (May 1988) (Additional Views of Vice Chairman Ann E. Brunsdale).

53/ Commissioner Liebeler notes that evidence of underselling (or overselling), although important to the issue of product substitutability, is not probative to the issue of causation of material injury. Likewise, she does not find evidence of "lost sales" to be particularly useful information. Information on lost sales is rarely provided in a systematic and unbiased fashion by the participants. See Internal Combustion Engine Fork Lift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. No. 2082 (May 1988) (Additional Views of Chairman Susan Liebeler); Nitrile Rubber from Japan, Inv. No. 731-TA-384 (Final), USITC Pub. No. 2090 (June 1988) (Dissenting Views of Chairman Susan Liebeler).

54/ Commissioner Rohr joins his colleagues in the discussion of this section. See the Additional Views of Commissioner David B. Rohr on threat.

55/ Commissioner Liebeler does not join her colleagues in this section of the opinion. See the Additional Views of Commissioner Susan Liebeler.

injury by reason of the imports under investigation. These factors include:

- (1) if a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement); ^{56/}
- (2) the ability and likelihood of the foreign producers to increase the level of exports to the United States due to increased production capacity or unused capacity;
- (3) any rapid increase in penetration of the U.S. market by imports and the likelihood that the penetration will increase to injurious levels;
- (4) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise;
- (5) any substantial increase in inventories of the merchandise in the United States;
- (6) underutilized capacity for producing the merchandise in the exporting country;
- (7) any other demonstrable adverse trends that indicate the probability that importation of the merchandise will be the cause of material injury; and
- (8) the potential for product shifting. ^{57/}

In addition, in order to conclude that there is a reasonable indication of threat of material injury from the subject imports, the Commission must find that the threat of material injury is real and that actual injury is

^{56/} The General Agreement on Tariffs and Trade Agreement on Subsidies and Countervailing Measures.

^{57/} 19 U.S.C. § 1677(7)(F)(i).

imminent. Such a determination may not be made on the basis of mere conjecture or supposition. 58/ 59/

Petitioner alleged that the subsidies conferred on the subject merchandise from Israel, Singapore, and Korea include export subsidies. In the absence of a determination by the Commerce Department on this question or other independent evidence, we will accept petitioner's allegation in these preliminary investigations.

There appears to have been a rapid increase in import penetration by imports from the subject countries but our information on this question is not complete for each country. The same is true concerning the ability and likelihood of foreign producers to increase their level of exports to the United States.

Currently available information indicates that the subject imports generally have undersold the domestic product and have had a price depressive or suppressive effect. Import inventories, measured in either pounds or units, increased during the period of investigation. This information, again, is incomplete and will be augmented in any final investigations. Information concerning foreign producers' ability to generate exports is incomplete, but shows a generally high level of foreign capacity utilization.

58/ Id.

59/ In making our determination on threat in these investigations, we examined the limited data available for each country. Most of these data are confidential. We did not address the extent to which cumulative analysis may be applicable, as cumulation would not change our determinations in these preliminary investigations. We will consider the issue of cumulation in any final investigations.

On the basis of the information available, we cannot say there is clear and convincing evidence that the allegedly unfair imports for each of the subject countries do not pose a real and imminent threat to the domestic industry.

ADDITIONAL VIEWS OF COMMISSIONER SUSAN LIEBELER

I determine that there is a reasonable indication that an industry in the United States is materially injured by reason of alleged less than fair value imports (LTFV) imports of industrial belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom and West Germany and alleged subsidized imports of industrial belts from Israel, Singapore, and South Korea.

I join the Commission in its discussion of like product and domestic industry, problems with data collection, cumulation and reasonable indication of material injury. Because of the serious problems in the completeness, quality and comparability of the data in this investigation, I am unable to conclude that the record contains clear and convincing evidence that there is no material injury by reason of the subject imports and further that there is no likelihood that contrary evidence will arise in a final investigation. Indeed, as noted in the Commission opinion, the Commission intends to collect additional data on imports from Korea and Taiwan and weight-based data from domestic producers.

Because I have found a reasonable indication of material injury by reason of the subject imports, I do not reach the issue of threat of material injury.

ADDITIONAL VIEWS OF COMMISSIONER DAVID B. ROHR

In analyzing the issue of threat, I initially note that much of the data on which the Commission would rely is missing, is incomplete, or was provided on a basis which does not permit comparison with other imports or with the domestic industry. The Commission will endeavor to correct these problems and obtain additional information should these cases return to the Commission for final investigations. 1/ I have joined in the majority views because I concur in my colleagues' ultimate affirmative conclusions as to threat. In order to assist the parties, I believe it important to explain to the extent possible the individual country data I had to rely on as the best information available. I recognize that much of the data, in particular unit values, are of very limited probative value in this investigation. For the purposes of these preliminary investigations, I will discuss briefly the information that the Commission has been able to obtain. 2/

1/ Inventories held by importers were partially supplied on the basis of units and partially on the basis of pounds, and partially on the basis of value. Report at A-43. While many of the foreign industries involved in these investigations did supply the Commission with information, this information remains incomplete. Id. at A-42. As previously noted, pricing data, which is necessary to evaluate the likelihood of future price impacts is incomplete. Id. at A-59-A-60. The information of the foreign industries outlined below is extracted from the Report at Table 15, A-44. Imports and unit value data are contained in the Report at Table 16, A-46-A-47. Pricing data are extracted from the Report at Tables 26-31, A-67-A-72, and Appendix F.

2/ Because of confidentiality problems, most of this data can only be discussed in general terms. Nevertheless, I did consider such information in reaching my determination. I note, for example, that inventories, while they cannot be discussed with respect to individual countries, are generally significant in relationship to U.S. imports from the countries involved.

Israel

Information provided by the Israeli producer 3/ was on the basis of all belts rather than the belts subject to investigation. The data may be overstated, but by an unknown amount. Capacity utilization cannot be calculated because production and capacity were calculated using different units. Exports to the United States are declining, both on the basis of quantity and value. 4/ Market share calculations are unreliable because there is no segregation between the articles subject to investigation and all belts; however, based on USITC questionnaire responses, market share is declining. Unit values rose sharply in the 1988 interim. 5/ Our pricing data show substantial margins of underselling in almost all comparisons. I cannot conclude that there is clear and convincing evidence that Israeli imports will not have an impact on the domestic industry in the imminent future.

Italy

Production data provided by the Italian producer is confidential. 6/ 7/ U.S. imports from Italy to the United States declined in 1986, increased

3/ Report at A-44, Table 15.

4/ See, post-conference brief of Magam at p.17. Import statistics collected by the Commission do tend to confirm decreasing Israeli shipments to the United States from 1985 through 1987. Magam reported that it does not export automotive belts to the United States. (See post-conference brief of Magam at p. 15.)

5/ Transcript at 152 (counsel for Magam stated that Magam had raised its prices in 1988).

6/ Report at A-44, Table 15.

7/ Capacity was not provided on a segregated basis for the the subject articles; therefore, capacity utilization cannot be calculated.

substantially in 1987 and, were considerably greater in interim 1988 compared with interim 1987. Italian market share, based on responses to USITC questionnaires, increased over the period of investigation. Unit values, also based on USITC questionnaire responses, indicate that price per unit dropped in 1986, recovered somewhat in 1987, and then declined in interim 1988. 8/ Our pricing data show substantial, though decreasing, margins of underselling in most comparisons.

Japan

Production data on the Japanese industry are confidential. 9/ U.S. imports from Japan generally increased throughout the period. Market penetration, based on questionnaire responses, increased from 1985 to 1987. 10/ Japanese unit value dropped in 1986, rose in 1987 and, rose in the interim period. Our pricing data, though limited, show significant margins of underselling in many instances, which appear to be increasing in the more recent periods.

Singapore

Virtually all data concerning the Singaporean industry are confidential. Based on our evaluation of the data, we cannot conclude that there is clear and convincing evidence that such imports will not continue or possibly increase their impact on the domestic industry.

8/ Report at A-47, Table 16.

9/ Id. at Table 15, A-44.

10/ Id. at A-53.

Korea

Information supplied by the Korean producer 11/ indicates that production, capacity and capacity utilization increased throughout the period of investigation. World-exports account for an important share of Korean production. U.S. imports from Korea from 1985 through 1987 declined in quantity but increased in value; however, both quantity and value increased in interim 1988 compared with interim 1987. Market penetration, based on questionnaire responses, declined from 1985 to 1987 but was higher than at any other period in interim 1988. Korean unit values increased from 1985 through 1987 but declined in interim 1988 compared with interim 1987. There is a reasonable indication that Korean imports will have an impact on the domestic industry.

Taiwan

Production information supplied by Taiwanese producers 12/ is confidential. U.S. imports from Taiwan increased throughout the period. Market penetration, based on questionnaire responses, increased throughout the period of investigation and was at its highest level in interim

11/ See, Post-conference submission of Dongil Rubber Belt Co., Ltd., at Exhibit I.

12/ Report at Table 15, A-44.

1988. 13/ Taiwanese unit values remained stable in 1985 and 1986, rose in 1987, and dropped to their lowest level in interim 1988. 14/ The few pricing comparisons show substantial, although increasing margins of underselling. There is a reasonable indication that Taiwanese imports will have an impact on the domestic industry in the imminent future.

United Kingdom

Information provided by British producers 15/ was on the basis of all belts rather than the belts subject to investigation. With regard to the subject imports, the data may be overstated or understated, but by an unknown amount. U.S. imports (calculated in dollars) more than doubled from 1985 to 1986, declined in 1987 but were about double 1985 levels. Composite inventory data were not available because one producer reported quantities and a second producer reported values. Market penetration, based on questionnaire responses, generally increased from 1985 to 1987; in the interim comparison, market penetration remained essentially constant. British unit values fell from 1985 to 1986, remained stable in 1987, and dropped in interim 1988. The pricing data show substantial underselling in 1986, decreasing underselling in 1987 and interim 1988. We cannot conclude there is clear and convincing

13/ Id. at A-53.

14/ Id. at A-47.

15/ Report at Table 15, A-44.

evidence that British imports will not have an impact on the domestic industry in the imminent future.

West Germany

Information provided by West German producers 16/ was on the basis of all belts rather than the belts subject to investigation. With regard to the subject imports, the data may be overstated or understated, but by an unknown amount. These figures are confidential. The West German producers did not provide usable data on exports to the United States because one producer reported quantities and a second producer reported values. Market penetration increased on the basis of quantity (but decreased on the basis of value) from 1985 to 1987 and remained essentially constant in the interim comparison. West German unit values declined sharply from 1985 to 1986, rose slightly in 1987 and were higher in interim 1988 compared with interim 1987. The pricing data show substantial underselling. We cannot conclude that there is clear and convincing evidence that German imports will not have an impact on the domestic industry in the imminent future.

The data concerning the future course of imports from each of the subject countries are mixed. Data are not available for all countries on all of the statutorily enumerated threat factors. I cannot say there is clear and convincing evidence regarding the future course of imports from any of these countries. I cannot, however, say that there is clear and convincing evidence that any of these imports will have no impact. When I consider the

16/ Id.

information that is available about such imports, I must do so in conjunction with an evaluation of the condition of the domestic industry. In this context, I cannot conclude that is clear and convincing evidence that the imports from the countries subject to investigation do not pose a real and imminent threat to the domestic industry. 17/

17/ In making these determinations, I do not address the extent to which the principles of cumulation analysis may be applicable to these investigations. I will consider this issue should this matter return for final investigations.

ADDITIONAL VIEWS OF COMMISSIONER RONALD A. CASS

I join the Commission in its unanimous determination that, in these preliminary investigations, there exists a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of less than fair value imports of industrial power transmission belts^{1/} from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany, and subsidized imports of industrial power transmission belts from Israel, Singapore, and South Korea. These views point out additional information that will be needed in this complex investigation to make any final investigation reliable.

In making a preliminary determination, the Commission must determine whether there exists a "reasonable indication" that a domestic industry has been materially injured or threatened with material injury by reason of the imports under investigation.^{2/} The Commission has developed a two-part test to determine whether a reasonable indication of material injury or threat of material injury exists.^{3/} Under that test, the Commission will make an affirmative preliminary determination of material injury unless, first, there exists "clear and convincing" evidence that the subject imports have

^{1/} For purposes of these preliminary determinations I join my colleagues in their definition of the like product, though I share their concerns that this like product definition should be reexamined at the time of any final investigation.

^{2/} See 19 U.S.C. § 1673b (a).

^{3/} Id. See, e.g., Top-of-the-Stove Stainless Steel Cooking Ware from Korea and Taiwan, Invs. Nos. 731-TA-304 - 305 (Preliminary), USITC Pub. 1820 (March 1986); Low-Fuming Brazing Copper Wire and Rod from France, New Zealand, and South Africa, Invs. Nos. 701-TA-237 and 731-TA-245-247 (Preliminary), USITC Pub. 1673 (April 1985).

not materially injured the domestic industry; and second, it is unlikely that evidence sufficient to establish such injury would be developed in a final investigation. The U.S. Court of Appeals for the Federal Circuit, in American Lamb Co. v. United States^{4/}, has found this test permissible under the governing statute. Thus, although available information may be inadequate to support an affirmative final determination, that fact alone does not bar an affirmative determination in a preliminary investigation. In such circumstances, the Commission should assess the likelihood that the missing evidence will affect the outcome of a final determination, and in particular that the missing evidence might result in an affirmative determination.^{5/}

It is clearly true here that additional evidence could be uncovered in any final investigations that would be probative on the issues we must resolve. These related investigations are exceptionally complex. They involve a very large number of respondents.^{6/} These investigations also involve a very large number of individual products, at present all subsumed within our like product definition.^{7/} Partly as a consequence of these facts, the petition alleges an extraordinary range of dumping and subsidy

4/ 785 F.2d 994 (Fed. Cir. 1986).

5/ Electrolytic Manganese Dioxide from Greece, Ireland, and Japan, Invs. Nos. 731-TA-406-408, USITC Pub. 2097, (July, 1988) (Additional Views of Vice Chairman Anne E. Brunsdale and Commissioners Susan Liebeler and Ronald A. Cass); at 23-24.

6/ The Commission staff sent importers' questionnaires to more than 70 importing firms, including both the firms identified by the petitioner and many additional firms identified by U.S. Government records as importing substantial values of the relevant merchandise. Report at a-19.

7/ See, e.g., report at a-2-10.

margins.^{8/} All of these factors contribute to the possibility that an investigation more complete than that which has been possible within the very tight deadlines of a preliminary investigation will present new information of a highly probative nature.

The large number of respondents presents particular problems in gathering data in a short time. Of the more than 70 firms identified as substantial importers of industrial belts, only 25 responded with data usable in these preliminary investigations. There is no basis for belief that the limited data now available present a very reliable picture of the markets for industrial belts, particularly with respect to the import competition in our domestic market. For example, the importers of industrial belts from Taiwan that responded to our questionnaire account for less than half of the exports from Taiwan; likewise, the reported information by firms importing from South Korea accounts for a tiny fraction of the total imports of industrial belts from that country.

Likewise, domestic and import price data are extremely problematic in this investigation. The staff report indicates that our pricing data covers only 68% of total U.S. production, 43% of the imports from Japan, 7% of the imports from Taiwan, 22% of the imports from the United Kingdom, and 50% from West Germany.^{9/} It is difficult to understand how this Commission can with any confidence assess the impact of LTFV or subsidized imports on the

^{8/} See, e.g., Report at a-11. The alleged dumping margins range between 0% and 269.8%. For each country, a wide range of margins is alleged; of the eight, the smallest range is 38.7 percentage points, while the largest is 269.8 percentage points.

^{9/} Report at a-59, n. 2.

domestic industry when we have so little information on the effects that import prices may have on domestic markets.

Furthermore, the extreme heterogeneity of products hidden within our like product definition reduces the utility of industry data available to us. For example, the volumes in the Commission report^{10/} may represent very different product mixes in different categories and changing product mixes over time, or they might reflect comparable and stable product mixes. The significance of volume changes and of the absolute figures reported may depend on this information which is not now available. Similarly, the extreme diversity of reported unit values for imports from the various Respondents^{11/} might indicate either that it is inappropriate to cumulate the exports of all the named countries because they do not compete or that disparate product mixes within their exports causes divergences in unit values. Any definitive resolution of the cumulation question depends on this information. We cannot now resolve that question on the information we have. The Commission's report presents information on imports and domestic shipments using three different measurements: units, pounds, and value.^{12/} Yet all three become unreliable in the presence of product heterogeneity.^{13/} The staff's efforts to normalize across uniformly defined

^{10/} Report at a-15.

^{11/} See Report at a-47.

^{12/} Report at a-46-55.

^{13/} While the Commission opinion argues that pounds are likely to be a more accurate measurement of quantity than are units, I see little reason to accept this view. It is clear that our product definition contains substantial price diversity. Given that a pound of a complex product may be more costly than a pound of a simpler product, pounds need not be any more reliable a measure of output or shipments than are units.

products for purposes of comparison has yielded extremely sketchy data.^{14/} Clearly, our ability at this point to measure in any meaningful way the effect of the LTFV and subsidized imports on the domestic industrial belts industry might be substantially improved by further staff efforts to obtain meaningful data on prices and quantities of domestic and foreign output.

For these reasons, there is a substantial possibility that additional information may be developed in any final investigation which could affect its outcome. It therefore would be inappropriate for us to terminate the investigation at this time.

Given the inadequacies of the data, it seems appropriate that the Commission explain the factors in this case that may affect its final determination, to guide the parties and the Commission staff in gathering and presenting additional information should we reach a final investigation. The Commission has presented its view of the current data in its unanimous opinion, in which I join. Because my own approach to Title VII cases involves some information which the Commission as a whole does not consider, I separately address the nature of the uncertainty I perceive at this time.

First, as the Commission's opinion points out,^{15/} the like product definition that the Commission has adopted, and in which I join, may turn out to be inappropriate on further examination. The distinction between automotive and industrial belts, while credible on the limited information before us, is hardly so persuasive as to be beyond challenge, and any further attention the parties and the Commission staff pay to this issue in

^{14/} Report at a-60-73.

^{15/} Supra at 6-7.

a final investigation should be most helpful. There may be substantial room for substitution by users between automotive and industrial belts;^{16/} similarly, belt manufacturers may be able to manufacture both types of belts on the same machinery^{17/} and so substitute between them when changes in their relative prices make that desirable. Though final consumers may buy these products through different channels of distribution, it appears possible that the two kinds of belts may move through identical channels prior to reaching the final consumer.^{18/} Likewise, the grouping of all industrial belts into a single category, on further examination, may turn out to be less helpful than several more narrow categories.^{19/} Another factor that contributes substantially to the uncertainty which would on the present record attend any final determination is the degree to which the products of the various respondents, along with fairly traded imports, can be substituted for each other and for the domestic product. Petitioner has named a very large number of Respondents. If it is appropriate to cumulate imports from all these countries in a final investigation, then substitution between them cannot affect their aggregate impact on the domestic industry. It is, however, clear that there are many other countries that export industrial belts to the United States; the eight named countries apparently accounted for only about 75% of total U.S.

^{16/} Report at a-8-10.

^{17/} *Id.* Though belt manufacturers may be able to produce the different kinds of belts on the same equipment, I note that Petitioner Gates Rubber Co. at present uses separate equipment. Report at a-9.

^{18/} *Id.* at a-9.

^{19/} Report at a-7-8.

imports (in value terms) of industrial belts in 1987.^{20/} More information on the relation of the subject imports one to another and of the subject imports to other imports may prove important to evaluation of the domestic industry as well as the propriety of cumulation.^{21/} In addition, more information about product mixes in reported sales volumes, and price information corrected for product mix, would be especially helpful.

As the Court of International Trade^{22/} has recently reminded us, the Commission should not base preliminary determinations on the possibility that an apparently affirmative determination might turn into a negative determination at the final; the statutory standard requires that the Commission instead consider whether an apparent negative determination might become affirmative at final. That admonition is germane in these determinations. Additional information concerning the matters discussed here could affect the outcome of any final investigations either affirmatively or negatively. The possibility that additional information tending to show material injury, or the threat of injury, may be so

^{20/} Report at a-46. The largest exporter to the U.S. of the eight in terms of value (Japan) exports only 35% of the total exports to the U.S. from the eight named countries; the largest three of the eight account for only 62% of total exports from the eight to the U.S.

^{21/} See 19 U.S.C. § 1673d(b). Failure to cumulate at the stage of a final investigation might well result from a finding by the Commerce that the country in question did not engage in any unfair trade practice and hence that its products are not "subject to investigation." See 19 U.S.C. § 1677(7)(c)(iv). It is also possible that the sales now going to one of the unfairly trading Respondents might have been made by a country not a Respondent here in the absence of the unfair trade practice. In either case, cumulation is inappropriate, and the unfair trade practice cannot be said to have materially injured the domestic industry.

^{22/} Yuasa-General Battery Corporation v. United States, No. 85-04-00483, slip op. at 5-6 (Court of International Trade, July 12, 1988).

persuasive as to result in a final affirmative determination dictates the result I must reach here. The importance of the missing information compels me to reach affirmative determinations at this time.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On June 30, 1988, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by The Gates Rubber Co., Denver, CO, alleging that an industry in the United States is being materially injured, or threatened with material injury, by reason of imports of industrial belts that have been subsidized by the Governments of Israel, the Republic of Korea (Korea), and Singapore, and by reason of imports of industrial belts from Israel, Italy, Japan, Korea, Singapore, Taiwan, the United Kingdom, and West Germany that are being sold in the United States at less than fair value (LTFV).

Accordingly, effective June 30, 1988, the Commission instituted the following countervailing duty investigations under section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)) and the following 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 threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports of industrial belts 1/ provided for in items 358.02, 358.06, 358.08, 358.09, 358.11, 358.14, 358.16, 657.25, and 773.35 of the Tariff Schedules of the United States (TSUS):

Countervailing duty investigations:

Israel (investigation No. 701-TA-293 (Preliminary),
Singapore (investigation No. 701-TA-294 (Preliminary), and
Korea (investigation No. 701-TA-295 (Preliminary), and

Antidumping investigations:

Israel (investigation No. 731-TA-412 (Preliminary),
Italy (investigation No. 731-TA-413 (Preliminary),
Japan (investigation No. 731-TA-414 (Preliminary),
Singapore (investigation No. 731-TA-415 (Preliminary),
Korea (investigation No. 731-TA-416 (Preliminary),
Taiwan (investigation No. 731-TA-417 (Preliminary),
United Kingdom (investigation No. 731-TA-418 (Preliminary), and
West Germany (investigation No. 731-TA-419 (Preliminary).

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, DC, and by publishing notice in the Federal Register.

1/ For the purposes of these investigations, the subject "industrial belts" include belting and belts for machinery, in part or wholly of rubber or plastics. These belts are used for transmitting power and may be finished or unfinished, whether cured or uncured, and are included regardless of cross-sectional configuration. Imports excluded from the scope of these investigations are conveyor belts and automotive belts.

on July 7, 1988 (53 FR 25550). 1/ The public conference was held in Washington, DC, on July 22, 1988, 2/ and the vote was held on August 9, 1988. The applicable statute directs the Commission to notify Commerce of its preliminary determination within 45 days after the date of filing of the petition, or in these investigations by August 15, 1988. Industrial belts have not been the subject of any other investigation conducted by the Commission.

The Products

Description

Industrial belts can be divided into two broad categories; (1) power drive belts used for transmitting power, and (2) conveyor belts used for transporting goods or materials. These investigations cover only imports of those power drive belts (excluding automotive belts) 3/ that are in part or wholly of rubber or plastics and also have a tensile member of cord, yarn, or fabric for reinforcement purposes. 4/ Automotive belts are under-the-hood or front-end engine drive belts that are utilized to assist in propelling or moving motor vehicles such as automobiles, vans, trucks, etc., and industrial and agricultural vehicles such as road graders, cranes, tractors, and combines. Belts for industrial and agricultural vehicles and equipment that are not utilized for front-end engine drive, and unfinished or partially completed belts, such as sleeves or cores, whether cured or not, are considered industrial power belts or components of such belts and are included in the scope of these investigations.

Industrial power drive belts are flexible bands that pass around two or more pulleys, sprockets, or sheaves and are used to transmit power from one drive (driveR, the source) to another drive (driveN, the recipient). Thus, the type and specifications of the appropriate or most efficient belt to be selected will depend on the type of application, machine, work to be done, the horsepower rating and speed (RPM) of the driveR, the required speed (RPM) of the driveN sheave or pulley, and the approximate center distance. A proper belt drive must accomplish the following three basic functions to be usable: (1) transmit the power without slippage; (2) transmit the power at a usable driveN shaft speed; and (3) transmit the power between two or more shafts separated by some distance.

1/ The Commission's notice of institution is presented in app. A.

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

3/ The petition was filed on only industrial belts and petitioner states that the Commission should examine only U.S. operations on industrial belts in making its determinations. However, respondents contend that the entire power drive belt industry (i.e., industrial plus automotive belts) should be examined.

4/ In a letter submitted July 19, 1988, counsel for petitioner limited the industrial belts covered by the scope of the petition to those having reinforcement.

Most industrial power belts consist of three main components: (1) a tensile member (a textile, fiberglass, or steel cord, yarn, or fabric), which adds strength to withstand the tension imposed in transmitting power; (2) the base material (usually synthetic rubber, such as neoprene, or plastics), which forms the bulk of the belt and encloses the tensile member, and is referred to as the undercord and the overcord; and (3) adhesion material or gum, which bonds all the components together. These components would be layered in the following top-to-bottom order in the cross section of a typical industrial power transmission belt. The wrap or band would be outermost and would consist of a textile fabric cover, which protects the core of the belt from dirt, grit, oil, and other damaging materials. The wrap would be followed by the overcord layer, consisting of rubber. Next an adhesion gum or material, which is impregnated into a layer of rubber, would bond the overcord to the tensile cord and provide reinforcement and tensile strength to the belt. The tensile cord would then be followed by a second layer of adhesion gum or material that bonds the tensile cord to the undercord. The undercord would also consist of rubber (neoprene), the same as the overcord, but would not consist of the identical formula of ingredients such as chemicals, carbon black, etc. The bottom cross section layer would be the wrap or band which covers the entire outside surface of the belt.

There are two broad subdivisions of industrial power belts: (1) V-belts, and (2) synchronous or timing belts. There are also two other less significant subdivisions of industrial power belts: flat belts and round belts. Although the basic structure of each type and style is similar, the variations in the cross sections, tensile cord selection, and ingredient mix of the rubber or plastic results in different kinds and styles of belts. The appropriate combination of these variables will be determined by the particular power transmission requirements and the environment in which the belt will be utilized. The size of an industrial power belt is identified by its width and thickness (cross section) and its length, and is designated with a fixed nomenclature and standards set by the Rubber Manufacturers Association (RMA), the Mechanical Power Transmission Association (MPTA), and the International Standard Organization (ISO). More complete descriptions of industrial V-belts, synchronous belts, flat belts, and round belts and their various styles are presented below.

V-belts.--V-belts are shaped with a cross section like a "V" or a wedge, with all the power being transferred through the side or angle of the belt. The "V" shape allows more surface contact and less slippage between the belt and the sheave, because of the wedging action of the belt in the groove. Therefore, more power or force can be transmitted from a V-belt than from a flat belt, which has only one surface in contact with the sheave. There are two basic V-belt constructions: bandless (raw edge or cut edge), and banded. Bandless V-belts have cut edge side walls, cut precisely to exact dimensions, and notches molded in the belt to add more flexibility and lessen stress when bending. Banded V-belts have a fabric cover wound around the top surface to prolong the life of the belt by protecting it from damaging elements.

V-belts may be also classified as heavy duty or light duty (fractional horsepower). Heavy-duty belts are utilized on equipment with motors of one or more horsepower, and light-duty or fractional horsepower belts are used on equipment with a motor or power source of less than one horsepower. Heavy-duty industrial V-belts have two basic cross section styles: classical and narrow. There are three different sizes for the cross section of the narrow

style belt (designated as 3V, 5V, and 8V) and five sizes for the classical style (designated as A, B, C, D, and E), with some overlap in dimensions between the two styles. The narrow belt has a narrower width on top, which provides more surface on the side of the belt because of the angle of the wedge, whereas the classical belt has a wider top in proportion to its side surfaces. Because the cross section profile differs between the two styles of belts, the narrow style is considered a thicker belt in relationship to the width, which allows better support to the tensile member, therefore providing greater horsepower carrying capability. Each of these two styles can further be classified as a joined classical or joined narrow, when the classical or narrow belts are joined together by a high-strength tie band at the top surface. The classical or narrow molded-notch V-belt has notches molded into the belt, which are designed for relief or stress from bending. These can be either a single or joined type of V-belt. The notches also help in dissipating the heat created by rapid flexing, when the belt is run on fast, small-diameter sheaves. Double V-belts (hex belts) are generally used when the regular V-belt would have to transmit the power load or force to a flat pulley from the top (back) side of the belt, or in serpentine drives, which require the power load to be transmitted to sheaves from both the top and the bottom of the belt. V-ribbed belts are designed and constructed with a greater side surface exposed for use on a small-diameter pulley, which results in less wedging between the belt and sheave because of a 60-degree groove angle. The wedge angle for conventional type V-belts described above ranges from 36 to 40 degrees.

Synchronous belts.--Synchronous belts are referred to as timing belts or positive drive belts, with the transfer of power through the teeth on the belt. They are utilized primarily when the rotation of the drive shaft must be synchronized with the rotation of the driven shaft. Synchronous belts consist of four major parts: (1) tensile cord, (2) facing, (3) backing, and (4) teeth. The tensile cord must have low elongation characteristics, since expansion could result in a misfit of the teeth. Fiberglass is used mostly, although steel cables, kevlar, and polyester cord are used for certain applications. The facing is usually a textile fabric, which acts as a buffer surface to protect the teeth and to reduce friction. The backing and the teeth consist of rubber or neoprene. Double-sided synchronous belts are engineered with the teeth on both the front and back surfaces of the belt to transmit the maximum power load from either side of the belt. High-torque drive synchronous belts are engineered with curvilinear teeth that provide superior stress distribution and improve the load capacity and power transmission efficiency. Depending on the drive conditions, high torque drive synchronous belts can transmit 20 to 100 percent more power per inch of width than conventional synchronous belts.

Flat belts.--Flat belts are best described by their cross section; i.e., a rectangular shape that is wider than it is thick. There are two basic types of flat belts: (1) cordless (the entire belt consists of rubber or plastic plies or layers and does not contain a tensile member--these belts are excluded by petitioner from the scope of the investigations), and (2) corded (the rubber or plastic belt contains a tensile member, which provides additional support and strength). Corded flat belts have better stretch properties than the cordless or plied flat belts, which allows the corded flat belt to operate better on smaller pulleys. Flat belts usually have four major parts: (1) the cover (which completely surrounds the belt or, in some cases, is omitted entirely), (2) base material consisting of rubber or plastics,

(3) tensile members such as textile, fiberglass, yarn, or steel cords, or a sheet of plastic material, and (4) the adhesion materials that bond all the parts together. A flat belt can be substituted for a V-belt on numerous types of machines, if the sheave is replaced with a pulley. The pulley offers a flat surface necessary for the transfer of power through the bottom of the belt. Rubber flat belts are often used to replace leather flat belts on existing machinery and can be constructed for high speed applications. High-speed flat belts are made as light as possible by having two layers of tensile cord, each laid in different directions between the two thin plies of base materials.

Round belts.--Round belts consist of the same components as most other industrial power belts and have four major parts: (1) the cover, (2) base material, (3) tensile member, and (4) adhesion material. Round belts are usually made similar to V-belts and can utilize the sheaves made for V-belts. Usually round belts are special ordered and are made to specified lengths for original equipment (OE) purposes. The cross section of a round belt is shaped in a circle with the circumference wrapped with a cover material. This is followed by the base material (rubber or plastic), which has a center core of a tensile member. Instead of round, the tensile member is usually rectangular in shape, which provides greater strength. Round belts are produced in nine common sizes, ranging in diameter from 3/16 inch to 1-1/6 inches. Although not utilized as much as other types of industrial belts, round belts are used mostly for agricultural machinery and some light-duty or appliance drives.

Manufacturing processes

There are four main stages in the manufacturing of industrial power transmission belts: (1) parts manufacturing, (2) assembling or building, (3) curing or vulcanizing, and (4) finishing and packaging. These stages were observed by the staff at the petitioner's Denver plant, and it is believed that they are representative of other domestic and foreign producers' manufacturing processes with some minor variations possible. Also, the foreign and domestic producers are believed to utilize the same basic types of production machinery.

The first step of parts manufacturing involves mixing selected ingredients to produce the rubber (neoprene) stock and treating or coating the tensile cord. The tensile cord (yarn or fabric) usually consists of polyester, polyester/nylon, cotton/rayon, or cotton/polyester blends, and in some cases "high performance" aramid or Kevlar cords or yarns. These tensile cords are then coated with a latex or adhesive, heated, cured, and wound on spools for later use. At the same time in the compound room, ingredients of various chemicals, such as polymers, oil, fillers, carbon black, and pigments, are mixed to exact recipes. A typical recipe will include seven or eight ingredients, which are measured into paper bags. The contents of each bag will often weigh 3 to 6 pounds and must be accurate within one-tenth of an ounce. These ingredients and an exact amount of neoprene are then poured into a Banbury mixer to begin making the undercord and overcord stock. The sequence, timing, and temperature during mixing will determine the quality of the finished product. The batch of mixture is deposited on a mill or coil in a soft, taffy form to cool. This mixture, along with other batches of mixtures, are run through rollers several times to insure uniform blending of all the ingredients. The neoprene and chemical mixture is rolled out on a

conveyor belt in a strip approximately 2 feet wide, one-half inch thick, and 30 to 60 feet long. Several strips are then placed on top of each other and passed between heated drums during the calendaring process. This results in a uniform width of 52 inches and of a particular thickness to be placed on a continuous 420-yard roll to be used for undercord. A different roll of blended neoprene is further heated and cooled with a fabric impregnated with rubber or adhesive to form a roll of adhesive gum material. To produce overcord stock, another mixture of neoprene is bonded to a textile fabric, unrolled on a conveyor belt, cut into sections every other one of which is then pivoted 90 degrees and rejoined with a heat splice to the piece in front of it, and then rerolled. Cutting, pivoting, and rejoining the sections at 90 degree angles adds strength to the overcord stock.

The second main manufacturing stage is the assembly or building process. The following procedures will explain the steps necessary to manufacture a typical banded belt. Parts previously made or prepared are assembled in a building operation to produce uncut belt sleeves or cut belt cords. The undercord is built from several plies or layers of different undercord stock consisting of various mixtures of ingredients, which are each wrapped once around the building drum until the desired thickness and composition of undercord is obtained. The hollow steel building drum is expandable and is set to an exact circumference during this operation. Next the previously completed undercord is applied with an adhesive gum. This is followed by winding the tensile cord onto the undercord. Another ply of adhesive gum is applied over the tensile cord and then the overcord stock is wrapped around the drum in plies in the same manner as the undercord until the desired thickness and composition is obtained. ^{1/} The building operation is now complete with a sleeve configuration built on the drum. The sleeve, which is the proper thickness and construction and measures from 36 to 42 inches wide, is ready to be cut into uncured or raw cores. The sleeve is now cut with gang knives into belt cores. The drum is collapsed and the cores removed. The uncured cores are then skived. In this step, the rectangular cross-section cores are cut on the lower sides to a predetermined angle and weight to form a wedge or V shaped cross section. The skived uncured belts then go to the "flipper," a machine which wraps one to three plies of fabric onto the belt, depending upon the size and intended end use.

The belt cores are then cured or vulcanized in either of the following methods: (1) The shorter length belts are cured by the circular-mold method, using a number of circular rings stacked together so that the top of one ring and the bottom of the next ring form a v-shaped cavity. This type of mold uses multiple cavities (usually 24 to 30 belt cores, depending on the width) as a unit. The assembled mold is placed in a bag or diaphragm-type casing, which in turn is placed in a steam vulcanizer. High pressure steam forces the air bag against the tops of the belts and they are cured or vulcanized to their final shape. (2) The other type of cure is the gooseneck or open-end method. This type is utilized mostly for longer belts. In this method, the belts are held under tension and cured in sections as the molds are closed by the press. The belts are rotated two or more times after each sectional cure, until the entire length of the belt is cured.

^{1/} To build sleeves larger than the circumference of the drum, two drums are used, with the distance between them adjusted for the proper belt length.

The final manufacturing stage involves finishing and packaging. The belts are measured on two rotating pulleys and inspected for uniformity and length. Many of these belts have a tolerance of not more than several one-hundredths of an inch variation in length to be accepted and pass inspection. Although belts are inspected during the measuring operation, they are further inspected for visual defects by final quality inspectors before being released to packaging. It is believed that some domestic and foreign manufacturers may have slightly different types of machinery or operating procedures for inspections. Finally the belt is packaged and shipped to customers or to warehouses for inventory.

The assembly stage varies somewhat, however, for bandless V-belts and synchronous belts. The building process for a bandless V-belt is virtually identical to the banded process until the step of cutting the uncured sleeve in cores. At this point, in manufacturing a bandless belt, after the belt sleeve has been built, instead of square cutting raw belt cores, the knives are used to trim the ends of the raw, uncured sleeve. The uncured sleeve is removed from the building drum as a single unit and taken to be cured. The entire uncured sleeve is loaded into a cylindrical metal sleeve, which is the mold. High pressure steam forces an air bag out against the belt sleeve, which is against the metal cylinder, and the belt is cured. The sleeve after curing is then removed from the mold. The cured sleeve is then placed on a machine that will cut the V-belt sections from the sleeve to the required wedge-shaped belt specifications. The bandless belts are then measured, matched, inspected, and packaged for distribution.

Synchronous or timing belts are also made somewhat differently. A nylon fabric is wrapped around the building drum before the undercord is added. The undercord is followed by a fiberglass yarn with an s-twist wrapped once the entire width; then a fiberglass yarn with a z-twist is wrapped over it. After the adhesion fabric and overcore are added, it is ready for curing. The built-up drum is cured in a round mold where the sleeve is vulcanized and the teeth on the belt are molded in. The sleeve will then be cut to proper width, and the belt cores planed and sanded to insure proper width and thickness.

Uses

Industrial power drive belts are produced for two major purposes: (1) for original equipment (OE), and (2) for replacement purposes. The belts used as OE generally have more required specifications than belts designated for replacement. Also, belts used for OE are usually made to special order from specifications and tolerances requested by the OE manufacturer, whereas belts for replacement are usually selected by maintenance engineers or machinery operators from existing inventories. The replacement belt selected is often of different specifications than the OE belt.

Generally, no one type or group of specifications for an industrial power drive belt is used exclusively for a particular machine or piece of equipment. As many as 25 or more different belts could be utilized on 1 machine depending on the various circumstances involved. Factors such as cost, durability, type of motor, schedule of maintenance, accessibility of the existing belt on the machine, size and condition of the drive sheaves, and length of the belt will help determine which type of belt or specifications will be the most efficient. Also, the expected frequency of operation of the

equipment is a deciding factor. How often the belt is used, whether for intermittent service (3-5 hours daily or seasonal use), normal service (8-10 hours daily), or continuous service (16-24 hours daily) will affect the choice of belt to be installed.

Industrial power belts are utilized by almost every industry in the United States and come in a wide range of sizes and specifications. The following list includes many of the various types of machinery and equipment that utilize industrial power belts:

| | |
|------------------------|------------------------------------|
| Agitators for liquids | Laundry machinery |
| Air compressors | Mining machinery |
| Appliances | Office equipment |
| Blowers and exhausters | Paper mill beaters |
| Brick machinery | Piston pumps |
| Bucket elevators | Printing machinery |
| Centrifugal pumps | Pulverizers |
| Circular saws, planers | Punches-presses-shears |
| Drill presses | Rotary pumps |
| Dough mixers | Revolving and vibratory screens |
| Fans | Saw mill machinery |
| Generators | Textile machinery |
| Hammer mills | Washers |
| Hoist elevators | Woodworking machinery |
| Lime shafts | |

Virtually all of these machines or equipment can use different types or specifications of belts. In some cases, the sheaves will be replaced at the same time as the belts.

Industrial and automotive belt comparison

Although imported automotive belts are not included in the scope of these investigations, the term is often used and the similarities and differences are often discussed. At present, the staff has found limited evidence that automotive and industrial belts are interchangeable and compete with each other. It is agreed that both types share some common characteristics and similar manufacturing procedures. At least two foreign producers 1/

1/ At the public conference, Mr. Wilkening of Arntz-Optibelt K.G. stated ". . . one of the largest manufacturers in Europe is using the same product and putting both numbers on them. It's a fan belt number and industrial belt number. And if you like, we can send you samples" (transcript of public conference (TR), p. 191). Counsel for Optibelt subsequently submitted 9 different V-belts, 7 belts produced by Continental AG and 2 belts produced by Peter--both West German firms. The samples provided the staff were belts that Arntz Optibelt got out of its own inventory and are likely not the only examples of such dual stamping. No specific evidence has been presented to staff at this time of specific sales of dual stamped belts in the United States. However, Optibelt Corp. reported sales to U.S. customers of 2 of the same types of belts (identical industrial belt No. to those which Continental had dual stamped with an automotive No. as well) that it had imported from its parent firm.

manufacture some belts that can function for either industrial or automotive purposes. Each belt is marked with both an industrial belt stock number and an automotive stock number, so that the customer can readily identify and use it for either end-use purpose.

Automotive belts (usually V-belts) are used to drive the accessories (alternators, air conditioners, etc.) on passenger cars, trucks, buses, and other vehicles. These automotive belts can transmit from less than 1 horsepower (fractional) up to 15 or 20 horsepower, depending on the engine size and speed. Automotive belts are usually used individually, although multiple belts are used frequently on large engines to increase the horsepower range.

Gates separates its production operations on industrial belts from its operations on the automotive belts. Automotive belts are manufactured on the same type of equipment as industrial belts, however their production does not intermingle, and the equipment is designated for either industrial or automotive belt manufacturing. There is an exception when producing the undercord and overcord stock. All rubber compounds are made in the same Banbury mixers according to various specifications and then directed to the appropriate production line.

According to information supplied by the petitioner, automotive belts have fewer layers or components than industrial belts. There are also fewer recipes for undercord and overcord stock and fewer sizes in comparison with the industrial belts. The cross-section characteristics (top width, thickness, and drive angle) usually differ between the automotive and industrial belts. Automotive belts must generally provide more flexibility, have higher heat resistance, and be able to function in somewhat oily conditions, whereas industrial belts must provide greater strength and durability. Automotive belts are usually operated for not more than several hours at a time, while certain industrial belts will run continuously. Automotive belts are usually not replaced for 4 or 5 years, whereas many industrial belts used in the machinery in the nation's factories are replaced on a scheduled maintenance plan after so many hours of operation. Automotive belts are usually not replaced until there is a malfunction or breakdown of the automobile.

However, according to testimony by Andrew Wechsler on behalf of respondents, there is no essential difference in characteristics between industrial and automotive belts and there is no logical division of power belts (which range from small belts for appliances to large belts for industrial machinery) into industrial belts and automotive belts. Also, certain properties such as greater heat resistance do not always pertain more to one type of belt than to the other. One example cited of very little difference between industrial belts and automotive belts is Gates' timing belts that, he states, are "virtually identical" (TR, pp. 112-114).

Customers of automotive belts need the belt manufacturer's catalog to purchase the correct belt size, since they are listed by automobile type, model, and year. Purchasers of industrial belts have numerous choices, depending on the belt characteristics and properties that are considered the most important. A typical automotive belt will probably fit 20 or more different automobiles of various makes, models, and years, whereas 20 or more different industrial belts could be applicable to a single industrial

machine. All types of automotive belts are distributed throughout the country, while the distribution of industrial belts is limited to more of the types of belts which are used in that particular geographic location by the local industries and customers.

U.S. tariff treatment

The industrial power drive belts under investigation, along with other belts not covered by the investigations, are classified for tariff purposes as belting and belts in part 4C of schedule 3, part 3G of schedule 6, and part 12C of schedule 7 of the Tariff Schedules of the United States (TSUS). The belting and belts classified in schedule 3 (TSUS items 358.02, 358.06, 358.08, 358.09, 358.11, 358.14 and 358.16) are for machinery, and are made of textile fibers or of such fibers and rubber or plastics. Industrial power drive belts classified in schedule 6 (TSUSA item 657.2520) are included with belts and belting in chief weight of wire. The classification of belts and belting in schedule 7 (TSUS item 773.35) is included with those for machinery, of rubber or of plastics and not containing textile fibers. The column 1 (most-favored-nation) rates of duty for imports of industrial belts and belting range from a low of 2.4 percent ad valorem to a high of 8 percent ad valorem, as shown in the following tabulation:

| TSUS Item | Rate of duty | | Column 2 |
|--------------|------------------------------|---------------------------------|------------|
| | Column 1 | Special | |
| | -----Percent ad valorem----- | | |
| 358.02 | 5.1 percent | Free (E*, I) | 30 percent |
| 358.06 | 5.1 percent | Free (A, E*) 2.6 percent (I) | 30 percent |
| 358.08 | 6 percent | 3 percent (I) | 66 percent |
| 358.09 | 7.5 percent | 3.8 percent (I) | 50 percent |
| 358.11 | 5.4 percent | Free (E*) 2.7 percent (I) | 65 percent |
| 358.14 | 8 percent | Free (A) 4 percent (I) | 74 percent |
| 358.16 | 2.4 percent | Free (E*) 1.2 percent (I) | 25 percent |
| 657.25 | 5.7 percent | Free (A*, E, I) | 45 percent |
| 773.35 | 4.2 percent | Free (A, E, I) | 25 percent |

Preferential tariff treatments for all the TSUS items covered in the investigations, as shown in the above tabulation, are listed in the special rates column followed by the codes A, A*, E, E*, or I. As indicated by codes A and A*, the Generalized System of Preference (GSP), enacted as title V of the Trade Act of 1974 and extended by the Trade and Tariff Act of 1984, provides duty-free entry to specified eligible articles imported from designated beneficiary developing countries and is scheduled to remain in effect until July 1993. Israel, Korea, Singapore, and Taiwan are eligible for treatment as designated beneficiary developing countries pursuant to the GSP. Imports under TSUS items indicated with codes E and E* are also eligible for

duty-free treatment under the Caribbean Basin Economic Recovery Act (CBERA). 1/ None of the countries listed in the petition is eligible for CBERA special duty rates. Those imports indicated by the code I are applicable to products of Israel under the United States-Israel Free Trade Area Implementation Act of 1985, as provided in general headnote 3(e) (viii) of the TSUS. Where no preferential rate is provided for products of Israel, the column 1 rate applies.

Legislation to replace the TSUS with the Harmonized Tariff Schedule (HTS) of the United States is currently before the U.S. Congress. 2/ In general, the tariff treatment of industrial power drive belts in the HTS would be similar to that currently in effect under the TSUS. These belts would be classified in chapter 39 (Plastics and Articles Thereof), chapter 40 (Rubber and Articles Thereof), and chapter 59 (Articles of a Kind Suitable For Industrial Use).

Nature and Extent of Alleged Subsidies and Alleged Sales at LTFV

The petitioner alleged that various government programs in Israel, Korea, and Singapore have conferred subsidies on producers of industrial belts in those countries. These programs are enumerated in Commerce's notices of initiation 3/ and include various grants and loan preferences, and export and tax incentives.

The petitioner also alleged that industrial belts are being, or are likely to be, sold in the United States at LTFV. The dumping margins (in percent) alleged are presented in the following tabulation:

| | | | |
|-------------|--------------|------------------|-------------|
| Israel..... | 3.8 - 252.5 | Singapore..... | 0.0 - 42.2 |
| Italy..... | 2.3 - 138.7 | Taiwan..... | 0.0 - 38.7 |
| Japan..... | 11.3 - 176.5 | United Kingdom.. | 3.4 - 123.7 |
| Korea..... | 0.0 - 145.7 | West Germany.... | 0.0 - 269.8 |

1/ The CBERA affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67 and implemented by Presidential Proclamation 5133 of Nov. 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after Jan. 1, 1984; it is scheduled to remain in effect until Sept. 30, 1995.

2/ Serving as the basis for the HTS, the Harmonized Commodity Description and Coding System, known as the Harmonized System or HS, is intended to serve as the single modern product nomenclature for use in classifying products for customs tariff, statistical, and transport documentation purposes. Based on the Customs Cooperation Council Nomenclature, the HS is a detailed classification structure containing approximately 5,000 headings and subheadings describing articles in trade. The provisions are organized in 96 chapters arranged in 20 sections that, along with the interpretation rules and the legal notes to the chapters and sections, form the legal text of the system. Parties to the HS convention agree to base their customs tariffs and statistical programs upon the HS nomenclature.

3/ Commerce's notices of initiation of its investigations, for both the countervailing and antidumping investigations, as published in the Federal Register on July 26, 1988, are presented in app. C; a copy of the Japan antidumping initiation, as republished in the Federal Register in its entirety on Aug. 4, 1988, is also presented in app. C.

Alleged dumping margins for Israel were based on comparisons of U.S. price and foreign market value based on Gates' export prices. Alleged dumping margins for the remaining countries were based on comparisons of U.S. price and foreign market values calculated by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount, adjusting for differences in credit terms between the home market and the United States, and then converting to U.S. dollars by using the applicable exchange rate.

Petitioner alleged that critical circumstances exist within the meaning of section 733 of the Tariff Act of 1930 with respect to each of the subject eight countries. Petitioner also alleged that critical circumstances exist within the meaning of section 703(e)(1) of the Tariff Act of 1930 with respect to imports from Israel, Korea, and Singapore.

The U.S. Market

The petitioner states that there is only one product subject to investigation and that product is all industrial belts, whether timing or V-belts, round or flat belts. In conversations with the staff prior to the drafting of the Commission's questionnaires, petitioner specifically requested that the Commission limit the scope of its questionnaires to industrial belts (asking no information on automotive belts) and that the Commission look at only one product--industrial belts--comprising all industrial belts and belting rather than subdividing industrial belts into separate products, e.g., timing belts, V-belts, flat belts, etc.

The industrial belts included within the scope of the petition are many and varied. They range in size from small belts, such as those in sewing machines and electronic equipment, to huge belts over 100 feet long used on the larger machinery in many industries. They are sold as individual belts in endless (i.e., closed loop) form, as sleeves of endless product that are then cut to the appropriate width by distributors, and as long lengths of V-belting or flat belting that are then cut to size by either a distributor or jobber or by the end user.

During conversations with counsel for the petitioner and representatives of Gates, the Commission staff was told that the appropriate measure of quantity to use in these investigations would clearly be units, that the industry measured the production in terms of units rather than weight, and that any quantitative measurement based on pounds would be an estimate at best. Nevertheless, because of the wide diversity in the product, and because official import statistics use pounds as the only measure of quantity, the staff drafted its questionnaires to ask for virtually all quantity data on the basis of both pounds and units and encourage questionnaire recipients to estimate, to the best of their ability, a conversion from units to pounds.

What the staff did not fully understand at the time of the drafting of the questionnaire was that although individual V-belts and timing belts, where the vast majority of U.S. production and even the bulk of imports lies, are sold (and records are available) on the basis of units, such is not the case for all products. A flat, nylon core belting product, not described in the

petition but included by the petitioner within its product definition, 1/ is bought, sold, inventoried, and records kept with square meters or square yards, as the only measure of quantity. Although many importers of this product were able to convert their quantity figures into pounds, none were able to convert into units. Because this product, if made in the United States, 2/ is believed to account for a very small fraction of total U.S. production of industrial belts, it does not present a problem in the reporting of U.S. industry data. However, since flat nylon core belting makes up * * * percent of the value of all industrial belt imports; * * * percent of the value of such imports from Italy, Japan, and West Germany, together; and * * * percent of the value of total combined imports from the eight subject countries, the problem of inability to provide quantitative data is not insignificant.

1/ Upon receipt of the Commission's importers' questionnaire, several U.S. firms that import nylon core belting contacted the staff and stated that they did not believe that they were intended to be included in the Commission's investigations, that they did not consider themselves as competitors of Gates and vice-versa, that there is no U.S. production of nylon core belting, and requested exclusion from the investigations. One such importer, * * * of * * *, stated that he was told by * * * of Gates that the investigations did not apply to the kind of products imported by his firm. The staff contacted counsel for the petitioner to verify whether nylon core belting was intended to be within or outside of the scope of the petition. Counsel stated that nylon core belting was included and pointed out that Gates produces endless flat belts, depicted in its Industrial Belts and Sheaves product description book (Public Exhibit D to the petition) on pp. 66, 67, and 69. Counsel for the petitioner further confirmed at the public conference that nylon core belting is included within the product scope (TR, pp. 75-79). In response to questions posed at the conference, counsel for the petitioner submitted, in app. F to its post-conference brief, a clipping from Machine Design, July 7, 1988, describing how advancements in polymer science are increasing the potential of flat belts to transmit power in applications that traditionally use V-belts. There were no known foreign producers of nylon core belting named in the petition, nor were there any U.S. producers or U.S. importers of the product named in the petition. Only by sending questionnaires to importers identified in the Customs net import file was staff made aware of this nylon core belting product.

2/ In a telephone conversation, on Aug. 3, 1988, counsel for the petitioner stated that there are indeed domestic producers of nylon core belting and submitted a letter to staff that stated "[t]here are in fact three domestic producers of oriented nylon core flat industrial transmission belting who together account for about 16% of U.S. consumption of such belting . . . The five known importers, including Nitta, account for about 78% of U.S. consumption of such belting. The imports of such belts and belting are dominant in the U.S. market, and U.S.-produced oriented nylon core flat industrial power transmission belting is especially vulnerable to unfair import competition." Attached to counsel's letter was a list of three firms that are named as producers of nylon core belting (J.E. Rhoades, Page Belting Co., and Shingle Belting--Rhoades and Page were also named as importers), five additional firms are named as importers of nylon core belting (Siegling American, Inc.; Habasit Belting, Inc.; Nitta; Leder Inc.; and Chiorino), and four U.S. producers of endless woven belts (Tex Tech Industries, Fenner Manheim, Belting Industries, and Periphall Products). None of the firms on the list were named in the petition and staff has not verified any of the firms as U.S. producers as of the writing of this report; however, staff has received importers' questionnaires from six of the seven importers of nylon core belting named in the Aug. 3, 1988, submission.

Polyurethane V-link belting, 1/ which is sold in long lengths on spools and is then cut by distributors or end users, is measured in feet and conversion to units is highly suspect although * * * did estimate such conversion for its imports of this product. V-link belting accounted for * * * percent of the value of reported imports from the United Kingdom in 1987 and, together with nylon core belting, 2/ made up almost 30 percent of the total value of industrial belt imports in 1987, 20.2 percent of the total value of such belts from Italy, Japan, the United Kingdom, and West Germany, together, and 15.5 percent of the value of total combined industrial belt imports from the eight subject countries.

Apparent U.S. consumption

Apparent U.S. consumption of industrial belts, as calculated by adding domestic firms' U.S. shipments of their own production plus U.S. shipments of imported product by the importers, is shown in table 1. 3/ Although pounds

1/ Polyurethane V-link belting or "segmented" V-link belting is a product specifically mentioned in the petition (see description on p. 20 of petition). At page 23, the petition states "[T]he following table indicates the trade names by which the imported and the like domestic belts of each category are offered and sold in the United States" (emphasis added). There are four U.S. industrial belt producers with trade names listed: Gates (Vulcu^RLink and Nu-T-Link^R, depicted at p. 44 of the Industrial Belts and Sheaves product description book in Public Exhibit D to the petition), Dayco (Thorolink), Durkee-Atwood (Sturdy Link), and Thermoid (V-Link). In actual point of fact, none of these U.S. firms produce any V-link belting--they buy it either from * * *, * * * in the United Kingdom, or from * * *. * * * said that before he completed the questionnaire, he contacted * * * and * * * of Gates and they indicated that they were surprised that he had received a questionnaire inasmuch as neither * * * nor * * * had been named in the petition.

2/ Although both nylon core belting and V-link belting are included in the product description defined by petitioners, neither is produced by a domestic firm that has indicated support of the petition. The staff has no information on U.S. production of nylon core belting, except for that supplied in the aforementioned Aug. 3, 1988, letter from counsel for the petitioner) as of the writing of this report; certainly none of the U.S. firms responding to the Commission's questionnaire (and the staff received responses from all firms named as producers in the petition) produce nylon core belting. Although there is a U.S. producer of V-link belting, Fenner America, Inc. (Fenner Manheim), it, along with its parent company, J.H. Fenner & Co. in The United Kingdom, is on record in opposition to the petition.

3/ U.S. producers and importers generally compete head to head in the market place (see section of report entitled "Channels of distribution"). Therefore, the import component of apparent U.S. consumption has been selected as U.S. shipments of the imported product rather than U.S. imports per se. Apparent U.S. consumption on the basis of units does not vary significantly no matter which method of computation is used. Apparent U.S. consumption on the basis of value, however, is increased by the increase in the selling price over the imported price; the selling price includes cutting and other costs incurred by the importers plus their profits.

Table 1
Industrial belts: Domestic producers' U.S. shipments, U.S. shipments of imported product, and apparent U.S. consumption, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|---|-----------|---------|---------|-----------------|--------|
| | | | | 1987 | 1988 |
| Quantity | | | | | |
| Domestic producers' U.S. shipments: <u>1/</u> | | | | | |
| Quantity (1,000 units)..... | 68,287 | 64,588 | 69,125 | 16,838 | 19,243 |
| Percentage change..... | <u>2/</u> | -5.4 | +7.0 | <u>2/</u> | +14.3 |
| Importers' U.S. shipments of imports from-- <u>1/</u> | | | | | |
| Subject countries: | | | | | |
| Quantity (1,000 units)... | 7,408 | 8,344 | 10,359 | 2,510 | 2,971 |
| Percentage change..... | <u>2/</u> | +12.6 | +24.1 | <u>2/</u> | +18.4 |
| All other sources (1,000 units)..... | 83 | 110 | 715 | 120 | 277 |
| Total (1,000 units)..... | 7,491 | 8,454 | 11,074 | 2,630 | 3,248 |
| Apparent U.S. consumption: | | | | | |
| Quantity (1,000 units)..... | 75,778 | 73,042 | 80,199 | 19,468 | 22,491 |
| Percentage change..... | <u>2/</u> | -3.6 | +9.8 | <u>2/</u> | +15.5 |
| Value | | | | | |
| Domestic producers' U.S. shipments: <u>1/</u> | | | | | |
| Value (1,000 dollars)..... | 214,170 | 184,216 | 204,198 | 49,477 | 55,535 |
| Percentage change..... | <u>2/</u> | -14.0 | +10.8 | <u>2/</u> | +12.2 |
| Importers' U.S. shipments of imports from-- <u>1/</u> | | | | | |
| Subject countries: | | | | | |
| Value (1,000 dollars).... | 25,046 | 26,050 | 31,643 | 7,794 | 9,134 |
| Percentage change..... | <u>2/</u> | +4.0 | +21.5 | <u>2/</u> | +17.2 |
| All other sources (1,000 dollars)..... | 4,148 | 5,606 | 5,968 | 1,216 | 1,638 |
| Total (1,000 dollars).... | 29,194 | 31,656 | 37,611 | 9,010 | 10,772 |
| Apparent U.S. consumption: | | | | | |
| Value (1,000 dollars)..... | 243,364 | 215,872 | 241,809 | 58,487 | 66,307 |
| Percentage change..... | <u>2/</u> | -11.3 | +12.0 | <u>2/</u> | +13.4 |

1/ Includes company transfers and domestic shipments.

2/ Not available.

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

would likely be a better quantitative measure than units, 1/ there is a greater degree of nonresponse in pounds than in units, both among U.S. producers and importers of product sourced from the subject eight countries. 2/

Apparent U.S. consumption of industrial belts, both on the basis of units and value, fell in 1986, rose in 1987, and continued to rise in January-March 1988 compared with the prior-year period. The value of apparent U.S. consumption dipped from \$243 million in 1985 to \$216 million in 1986, rose to \$242 million in 1987, and rose again in the partial year periods from \$58 million in January-March 1987 to \$66 million in the corresponding period of 1988.

Respondents contend that there is no clearcut distinction between industrial belts and automotive belts in the types of production processes, the skills of the labor force employed, and the types of machinery used, 3/ and they have encouraged the Commission to consider the U.S. industry to be U.S. producers of all power belts, both industrial and automotive, and the domestic "like" product to be all power belts. To the best of the staff's knowledge, there are no additional firms producing automotive belts that do not also produce industrial belts. Therefore, to define the like domestic product as all power belts would not result in the addition of any new firms.

Apparent U.S. consumption of all power belts, as shown in table 2, is understated both in units and value. In addition to the understatement of the industrial belt component (chiefly a deficiency in quantitative reporting by importers), there is a sizeable understatement of the import component of automotive belts, both on the basis of quantity and of value, because of nonresponse by several large importers, e.g., * * *, sourcing largely from Japan and West Germany.

The quantity and value of apparent U.S. consumption of all power belts, as compiled from data in questionnaire responses, followed the same general trends as that of industrial belts--decreasing in 1986, rising in 1987, and then rising again in January-March 1988, compared with the corresponding

1/ Andrew Weschler of Economics Incorporated, an economic consulting firm, testified at the public conference that "...with a diversity of products and the way they are shipped, with the changing composition of the market and the imports and with fluctuation in prices it's probably going to be best and most understandable to rely on pounds. I've counseled my clients to do everything they can to provide pounds measurements and I think you will do best to look at that." (TR, p. 125).

2/ All U.S. producers completing questionnaires provided information on their U.S. shipments of industrial belts in units; however, * * *, accounting for * * * percent of the value of 1987 U.S. shipments, did not provide information on pounds. U.S. shipments of imports of industrial belts are understated in both measures of quantity. Firms accounting for 16.9 percent of the value of 1987 imports of industrial belts from the eight subject countries were unable to provide U.S. shipments in units and firms accounting for 23.1 percent of the value of 1987 imports of industrial belts from the eight subject countries were unable to provide U.S. shipments in pounds.

3/ Transcript of the public conference, pp. 115-119. Andrew Weschler further stated that if a single power belt industry were not defined, "the Commission should seriously consider relying on 771(7)(d) for establishment data rather than artificially constructed product line data" (TR, p. 119).

Table 2

Power belts: Domestic producers' U.S. shipments, U.S. shipments of imported product, and apparent U.S. consumption, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|---|-----------|---------|---------|-----------------|---------|
| | | | | 1987 | 1988 |
| Quantity | | | | | |
| Domestic producers' U.S. shipments: <u>1/</u> | | | | | |
| Quantity (1,000 units)..... | *** | 168,128 | 169,050 | 39,922 | 42,214 |
| Percentage change..... | <u>2/</u> | *** | +0.5 | <u>2/</u> | +5.7 |
| Importers' U.S. shipments of imports from-- <u>1/</u> | | | | | |
| Subject countries: | | | | | |
| Quantity (1,000 units)... | 13,155 | 15,251 | 18,367 | 4,208 | 4,978 |
| Percentage change..... | <u>2/</u> | +15.9 | +20.4 | <u>2/</u> | +18.3 |
| All other sources | | | | | |
| (1,000 units)..... | *** | 1,608 | 2,076 | 554 | 1,861 |
| Total (1,000 units)..... | *** | 16,859 | 20,443 | 4,762 | 6,839 |
| Apparent U.S. consumption: | | | | | |
| Quantity (1,000 units)..... | 196,096 | 184,987 | 189,493 | 44,684 | 49,053 |
| Percentage change..... | <u>2/</u> | -5.7 | +2.4 | <u>2/</u> | +9.8 |
| Value | | | | | |
| Domestic producers' U.S. shipments: <u>1/</u> | | | | | |
| Value (1,000 dollars)..... | *** | *** | *** | *** | *** |
| Percentage change..... | <u>2/</u> | -8.4 | +6.1 | <u>2/</u> | +8.3 |
| Importers' U.S. shipments of imports from-- <u>1/</u> | | | | | |
| Subject countries: | | | | | |
| Value (1,000 dollars).... | 33,079 | 36,340 | 44,959 | 10,198 | 13,384 |
| Percentage change..... | <u>2/</u> | +9.9 | +23.7 | <u>2/</u> | +31.2 |
| All other sources | | | | | |
| (1,000 dollars)..... | *** | *** | *** | *** | *** |
| Total (1,000 dollars).... | *** | *** | *** | *** | *** |
| Apparent U.S. consumption: | | | | | |
| Value (1,000 dollars)..... | 506,941 | 474,342 | 508,298 | 117,016 | 130,254 |
| Percentage change..... | <u>2/</u> | -6.4 | +7.2 | <u>2/</u> | +11.3 |

1/ Includes company transfers and domestic shipments.

2/ Not available.

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

year-earlier period. Apparent consumption dipped by 6.4 percent from \$507 million in 1985 to \$474 million in 1986 and rose to \$508 million in 1987, representing an increase of 7.2 percent. Apparent U.S. consumption in January-March 1988, at \$130 million, was up 11.3 percent over the corresponding period in 1987.

U.S. producers

There have been several changes in plant ownership among firms producing power belts during the period under investigation. In June 1986, Gates bought the timing belt business from Uniroyal; in October 1986 Armtek Corp. bought the worldwide rubber operations of Dayco Corp. and turned the U.S. assets over to a newly formed, wholly owned subsidiary called Dayco Products, Inc. (Dayco); and in December 1986 the B.F. Goodrich Co. sold the assets of its Hose and Belts Division to the H.K. Porter Co., Inc., which in turn transferred the assets to its wholly owned subsidiary, Thermoid, Inc. (Thermoid). In responding to the Commission's questionnaire, firms were required to report data for the entire period of investigation, not just for the period since purchase. Likewise, throughout this report, unless otherwise specified, a reference to a firm encompasses not only the current firm, but also its predecessor.

There are seven known U.S. firms producing industrial belts and of these seven firms, four also produce automotive belts. The production of both types of belts is heavily concentrated, with three firms, * * *, accounting for about 88 percent of the number of industrial belts produced during 1985-87. There are two new greenfield plants as of 1988. One, the Illinois Manufacturing Division of MBL (USA) Corp. (MBL), began production in March 1988. The second new plant, Bando Manufacturing of America, expects to begin production in September 1988. Both of these new plants will produce both industrial and automotive belts.

On page 168 of its petition, Gates states that the MBL plant at Ottawa, IL, and Bando's BMA plant in Bowling Green, KY, should be excluded from the domestic industry. No mention was made in the petition of excluding the Chemi-flex division of MBL or Fenner Manheim. Fenner Manheim did not complete its questionnaire in time for inclusion in the report. Although the MBL plant at Ottawa is in operation now, it was in a start-up phase during January-March 1988, the last period for which data were collected, with less than one month's operation and therefore its data have not been included. MBL's Chemi-flex plant, which has been in operation throughout the period of investigation, is included in the domestic industry data presented. As shown in the tabulation of U.S. producers, MBL's Chemi-flex plant accounts for a very small share of U.S. production of industrial belts.

The U.S. producers, their position with respect to the petition, their shares of total U.S. power belt production in 1987 (on the basis of units produced) of both industrial and automotive belts, and their plant locations are shown in the following tabulation:

| <u>Firm</u> | <u>Position on petition</u> | <u>Share of U.S. production of power belts</u> | | | <u>Plant location</u> |
|--|-----------------------------|--|-------------------------|--------------|---|
| | | <u>Indus- trial</u> | <u>Auto- motive</u> | <u>Total</u> | |
| | | <u>-----</u> | <u>-----</u> | <u>-----</u> | |
| BMA <u>1/</u> | Opposes | <u>1/</u> | <u>1/</u> | <u>1/</u> | Bowling Green, KY |
| Dayco | *** | *** | *** | *** | Fort Scott, KS Springfield, MO Walterboro, SC Waynesville, NC Williston, SC |
| Durkee- Atwood | *** | *** | *** | *** | New Hope, MN <u>2/</u> Red Wing, MN |
| Fenner America Inc. (Fenner Manheim) <u>3/</u> | Opposes | *** | *** | *** | Manheim, PA |
| Gates | Supports | *** | *** | *** | Denver, CO Elizabethtown, KY Moncks Corner, SC Siloam Springs, AR |
| Goodyear | *** | *** | *** | *** | Lincoln, NE |
| MBL <u>4/</u> | Opposes | *** | *** | *** | Lombard, IL (Chemi-flex Div.) Ottawa, IL <u>5/</u> |
| Thermoid | *** | *** | *** | *** | Elgin, SC |

1/ Subsidiary of Bando Chemical Industries, Ltd., of Japan. BMA expects to begin production in September 1988, with a * * * units per year capacity for all power belts.

2/ Ceased production of power drive belts as of May 1, 1988.

3/ Subsidiary of J.H. Fenner & Co., Ltd., of Marfleet Hull, the United Kingdom.

4/ Subsidiary of Mitsuboshi Belting, Ltd., of Kobe, Japan (with *** percent ownership by Kuriyama Corp., Osaka, Japan).

5/ Plant began operation in March 1988 with * * * units per year capacity for all power belts.

U.S. importers

The Commission sent importers' questionnaires to each of the firms identified by petitioner as a U.S. producer or a U.S. importer of industrial belts and also to 72 additional firms identified by the Customs net import file as having imported merchandise that was valued over \$*** during October 1987-June 1988 and was entered under TSUSA items 358.0210, 358.0290, 358.0610, 358.0690, 358.1400, 358.1600, or 773.3520. The Commission received usable data from 25 firms that reported imports of industrial belts during the period of investigation.

These 25 firms are believed to account for all, or the vast majority, of imports from Israel, Italy, Japan, Singapore, the United Kingdom, and West Germany. Although the two importers of Taiwan product named in the petition responded to the questionnaire, as well as one original equipment manufacturer, their imports accounted for less than one-half of the exports from Taiwan; also, although imports of industrial belts from Korea were reported by one firm, such imports accounted for a very small fraction, *** of estimated imports of industrial belts from Korea. Therefore, staff used responses from the foreign exporters to estimate the imports of the missing importers of product from Taiwan and Korea.

U.S. importers that did complete the Commission's questionnaire, the countries from which they source their product, and the share of total 1987 import value of industrial belts from all sources accounted for by each, are presented in the following tabulation:

| <u>U.S. importer</u> | <u>Share of total imports (percent)</u> | <u>Source of imports</u> |
|----------------------|---|--|
| *** | *** | Japan and West Germany |
| *** | *** | Italy |
| *** | *** | Israel, Italy, and Korea |
| *** | *** | United Kingdom |
| *** | *** | Taiwan |
| *** | *** | Italy |
| *** | *** | West Germany |
| *** | *** | Switzerland |
| *** | *** | Japan |
| *** | *** | Italy and West Germany |
| *** | *** | Japan |
| *** | *** | Taiwan |
| *** | *** | United Kingdom and West Germany |
| *** | *** | Switzerland |
| *** | *** | Italy, Japan, Taiwan, United Kingdom, and West Germany |
| *** | *** | Japan |
| *** | *** | United Kingdom |
| *** | *** | West Germany |
| *** | *** | United Kingdom |
| *** | *** | Switzerland |
| *** | *** | Japan |
| *** | *** | Canada, Mexico, and United Kingdom |
| *** | *** | Japan and Singapore |
| *** | *** | United Kingdom |

Channels of distribution

Domestic producers and importers sell industrial belts in the U.S. market directly to unrelated original equipment manufacturers (OEM's) and to distributors. Distributors, in turn, sell to OEM's and supply the end-user replacement markets in the geographical regions they serve. Large volume end users generally are sold direct by domestic producers and by importers. Some large end users, such as * * * and * * *, import belts direct for their own use. The percentage of sales volume sold to distributors compared with that sold directly to OEM's varies among domestic producers and importers. The tabulation below lists the percentage shares of shipments of U.S.-produced and imported industrial and automotive belts sold to OEM's and to distributors in 1987 by selected firms, based on quantity.

| <u>Source</u> | <u>Industrial market</u> | | <u>Automotive market</u> | |
|---------------|---------------------------------|---------------------|--------------------------|---------------------|
| | <u>OEM's</u> | <u>Distributors</u> | <u>OEM's</u> | <u>Distributors</u> |
| | ----- (Percentage Shares) ----- | | | |

* * * * *

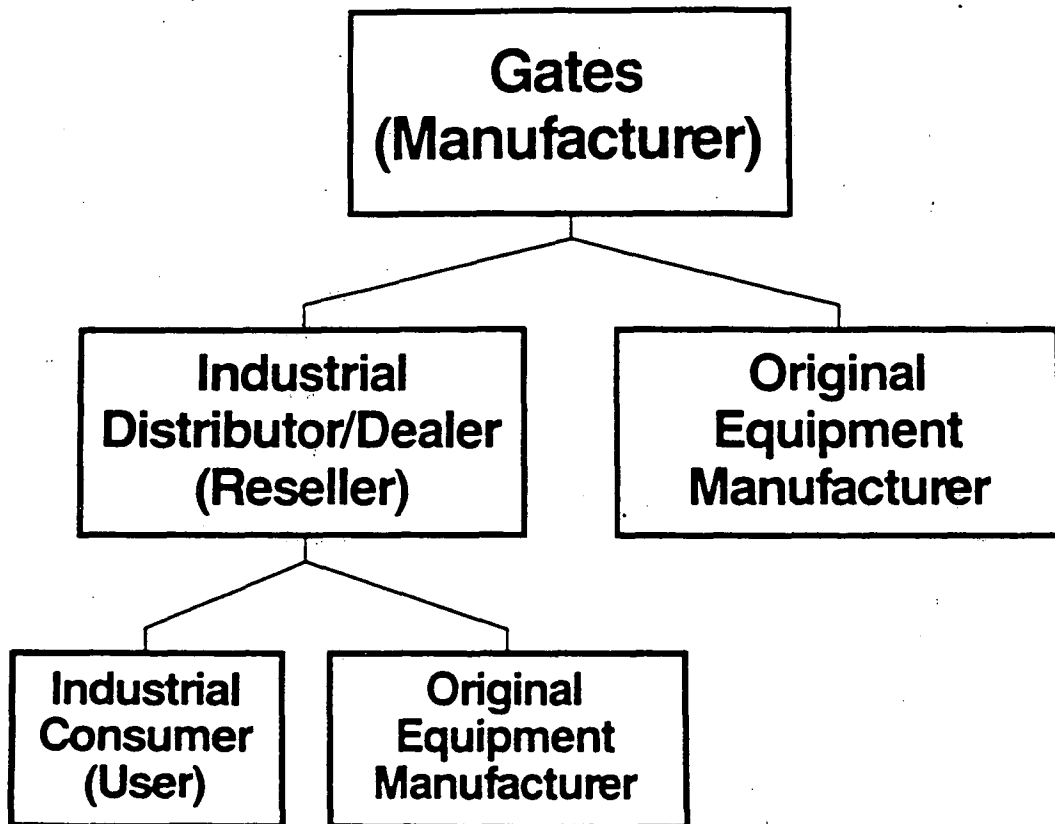
Industrial belts are marketed through different channels of distribution than are automotive belts. Automotive warehouse distributors do not also distribute industrial belts and vice versa. Industrial belt distributors sell to the OEM market directly or to professional maintainers of industrial equipment and to appliance parts outlets serving the replacement market. Auto parts outlets do not carry replacement belts for appliances, such as washers, dryers, vacuum sweepers, etc. Although distributors stock a full line of industrial belts, distribution of industrial belts reflects a pattern of market specialization focused on the power transmission demands of each distributor's geographic location. Generally, distributors carry a single brand of industrial belts.

Gates has an in-house sales force that serves the OEM market directly with account sales managers and covers the distributor accounts and the OEM customers that go through distributors with district sales managers. Some domestic producers use independent factory representatives (reps) to cover the market for industrial belts for both types of accounts. Prior to 1986, Goodyear used distributors of pulleys to cover the distributor market. Since then, Goodyear has developed a network of industrial belt distributors that buy direct.

The replacement market provides the largest segment of demand for industrial belts, estimated by Gates at roughly 60 percent of total demand in terms of quantity. Overall, Gates serves the market from seven strategically located regional warehouses. The channels of distribution for automotive and industrial belts are shown in figures 1 and 2.

Figure 1
Channels of distribution for industrial belt products

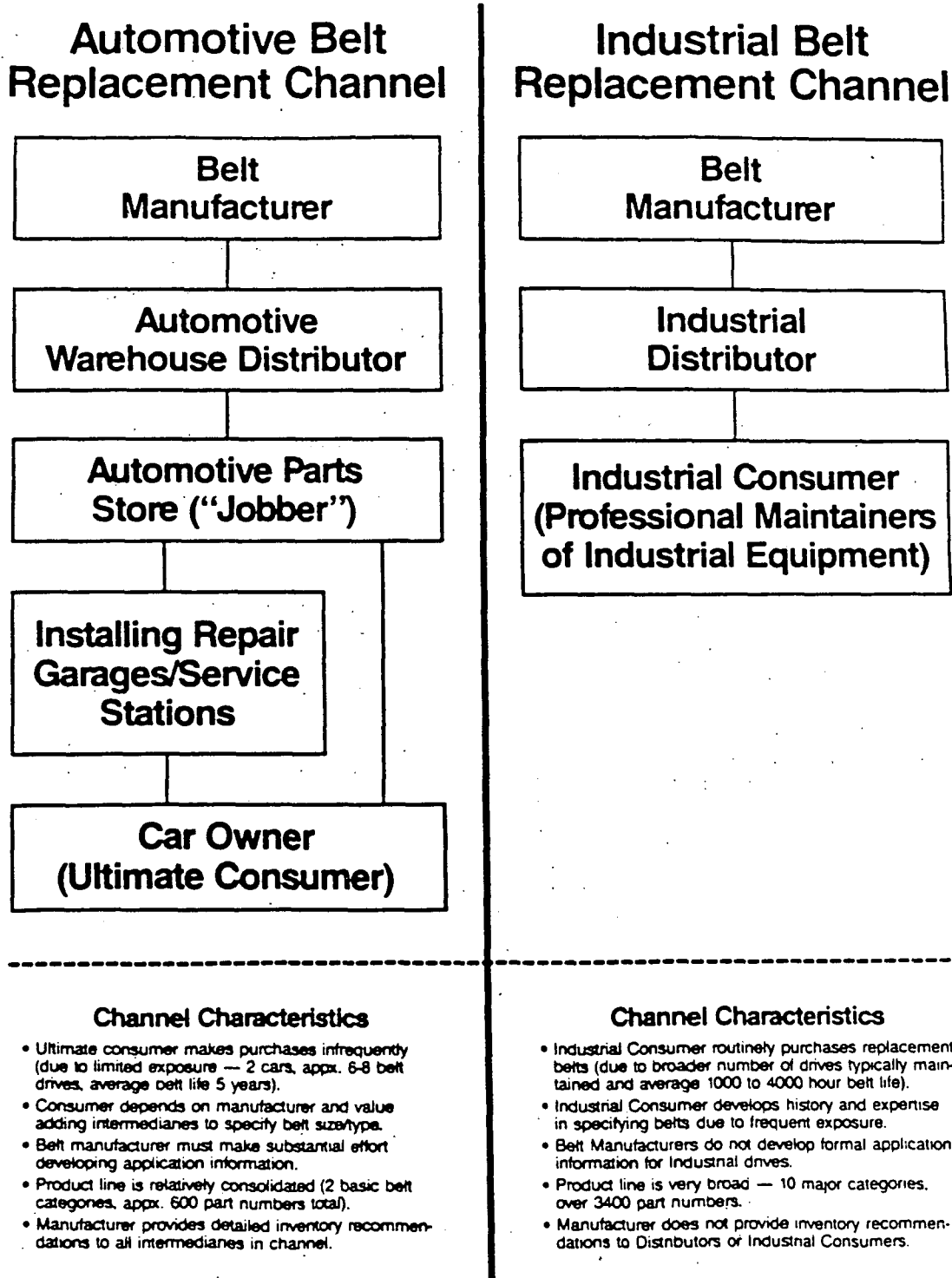
Industrial Belt Products Movement Into The Marketplace



Note: Original equipment manufacturers may purchase either directly from belt manufacturers or from industrial distribution depending upon such factors as:

- Price competition
- Inventory carrying requirements
- Packaging of components (other goods and services)
- Other value-added services required by the original equipment manufacturer

Figure 2
Channels of distribution for automotive and industrial replacement belts



Source: The Gates Rubber Co., conference exhibits.

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

U.S. production, capacity, and capacity utilization

Table 3 shows U.S. producers' production and average capacity, ^{1/} on the basis of both units and weight, for industrial belts and for all power belts. Because * * *, accounting for * * * percent of reported industrial belt capacity and production in units during January 1985-March 1988, could not provide the Commission with information on the basis of weight in time for inclusion in this report, units are considered the more reliable measure of quantity.

U.S. production of industrial belts during 1985-87 varied less than 1 percent--it dipped slightly from 74 million units in 1985 to 73 million units in 1986 before increasing in 1987 to slightly over the 1985 level. However, during January-March 1988, production was 21 million units, representing an increase of 16 percent over the level of production in the comparable period of 1987. U.S. firms exhibited offsetting increases and decreases in production during 1985-87, but in the January-March 1988 period all firms but * * * reported increased production over the comparable 1987 period. On the basis of weight, reported production increased throughout the period, but with the inclusion of data from * * *, production weight would likely have mirrored the trends in units.

Production of all power belts dropped by 6 percent from 192 million units in 1985 to 180 million units in 1986 and then decreased by another 1 percent to 178 million units in 1987. The drop in production between 1985 and 1986 is because * * * reported a decrease of * * * units--* * * of which were automotive power belts instead of industrial belts; all firms other than * * * reported increased production between 1985 and 1986. The decrease in production between 1986 and 1987 is chiefly accounted for by a decrease in production of * * * units reported by * * *. Production of all power belts during January-March 1988 was 47 million units, up 7 percent from the level in January-March 1987. All firms except * * * reported increased production in the partial-year 1988 period, compared with production in partial-year 1987. As a share of the units of all power belts produced, industrial belts increased throughout the period--from 38 percent in 1985 to 41 percent in 1986 (and January-March 1987), to 42 percent in 1987, and to 45 percent in January-March 1988.

^{1/} U.S. production and capacity figures reflect production from such raw materials as rubber, plastics, textile cords and fabric, etc. Not included in these figures are cutting imported sleeves into timing belts, cutting imported flat slabs or sheets of belting material into tailor-made flat belts, nor cutting imported V-link belting to size. At the public conference, counsel for the petitioner stated that cutting timing belt sleeves into individual belts did not constitute essential transformation and Mr. Ralph Rivera of Gates stated that when Gates sells sleeves to distributors to cut to size, it does not sell the sleeves at a price reduced as much as 15 percent compared with the price charged for already-cut timing belts. Also not included in the production and capacity figures reported are * * *.

Table 3
Power belts: U.S. productive capacity, production, and capacity utilization, by types, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|--------------------------------|---------|---------|---------|-----------------|--------|
| | | | | 1987 | 1988 |
| Quantity (1,000 units) | | | | | |
| Average capacity: | | | | | |
| All power drive belts..... | 269,821 | 242,383 | 243,892 | 61,045 | 60,902 |
| Industrial belts..... | 117,157 | 112,775 | 115,024 | 28,848 | 28,703 |
| Production: | | | | | |
| All power drive belts..... | 192,159 | 180,013 | 177,895 | 44,077 | 47,316 |
| Industrial belts..... | 73,879 | 73,120 | 74,058 | 18,099 | 21,076 |
| Quantity (1,000 pounds) 1/ | | | | | |
| Average capacity: | | | | | |
| All power drive belts..... | *** | *** | *** | *** | *** |
| Industrial belts..... | *** | *** | *** | *** | *** |
| Production: | | | | | |
| All power drive belts..... | *** | *** | *** | *** | *** |
| Industrial belts..... | *** | *** | *** | *** | *** |
| Capacity utilization (percent) | | | | | |
| On the basis of units: | | | | | |
| All power drive belts..... | 73.1 | 74.3 | 72.9 | 72.2 | 77.7 |
| Industrial belts..... | 63.1 | 64.8 | 64.4 | 62.7 | 73.4 |
| On the basis of pounds: 1/ | | | | | |
| All power drive belts..... | 64.1 | 65.8 | 63.7 | 63.1 | 69.9 |
| Industrial belts..... | 55.8 | 58.2 | 57.6 | 56.1 | 64.7 |

1/ * * * did not provide information on pounds.

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

The reported average practical capacity to produce industrial belts decreased from 117 million units in 1985 to 113 million units in 1986, or by 4 percent, and then increased to 115 million units in 1987. Reported capacity during January-March 1988, at 29 million units, was only slightly below reported capacity during January-March 1987. Generally, firms reported increasing or essentially stable capacity throughout the period with the following exceptions: a * * *-unit decrease by * * * in 1986 as a result of * * * and a * * *-unit decrease by * * * in 1987. With the projected closure of the Gates' Denver plant, a decrease in capacity of * * * units per year will result. However, capacity of the new MBL plant at Ottawa, IL, and the new Bando plant at Bowling Green, KY, will result in a * * *-unit-per-year

increase in capacity for all power belts by yearend 1990 and about * * *-unit-per-year capacity for industrial belts. 1/

The reported average practical capacity to produce all power belts generally followed the trends of the industrial belts except that the drop in 1986 was steeper (8 percent) and the increase in 1987 was considerably less. The drop in capacity in 1986 was because of a * * *-unit decrease by * * * in automotive belt capacity in addition to the decrease in * * *'s industrial belt capacity discussed above.

Capacity utilization for industrial belts, on the basis of units, which was 63-65 percent during 1985-87, rose to 73 percent in January-March 1988. This increase in capacity utilization was mostly a result of increased production in January-March 1988 of 3 million units, compared with the levels in the year-earlier period, but also was aided by a slight decrease in reported capacity. Capacity utilization for industrial belts on the basis of weight tended to be lower, about 7 percentage points lower in most periods, than capacity utilization in units, but it followed the same trends.

Capacity utilization in units for all power belts, at 73-74 percent, was 8-10 percentage points higher than that of industrial belts during 1985-87, reflecting a higher capacity utilization ratio for automotive belts (81-82 percent during 1985-87) than for industrial belts. Although the capacity utilization for all power belts increased to 78 percent in January-March 1988, most of the increase was a result of increased capacity utilization for industrial belts (automotive belt capacity utilization remained at 81 percent) and the spread between the industrial belts and all power belts decreased to 4 percentage points.

The reported average practical capacity to produce industrial belts accounted for 45 percent of the reported capacity to produce all power belts in 1985 and 47 percent for all subsequent periods. With the exceptions of Thermoid and MBL's Chemi-flex plant, which produce only industrial belts, U.S. producers produce automotive belts and other products in the same facilities as they produce industrial belts. Therefore, capacity figures presented in table 3 for both the industrial belts and all power belts have resulted from a certain degree of allocation.

U.S. producers' U.S. shipments and export shipments

Data reported by domestic firms on their shipments for the U.S. market and their shipments for the export market are presented in table 4. Units are considered a more reliable indication of quantity because weight data were not provided by * * *, which accounted for * * * percent of the units and * * * percent of the value of U.S. shipments of industrial belts in 1987 and * * * percent of both the units and value of U.S. shipments of all power belts in 1987.

1/ Bando estimates a * * * percent industrial, * * * percent automotive, split in its initial production but expects to * * * until within 5 years, it estimates industrial belts will account for closer to * * * percent. MBL estimates an increase in annual power belt capacity from * * * units at yearend 1988 to * * * units by yearend 1990, and expects that its initial product split * * * percent industrial, * * * percent automotive, on the basis of units and * * * percent industrial, * * * percent automotive, on the basis of raw materials consumed, will shift gradually * * *.

Table 4
Power belts: Shipments of U.S. producers, by types, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|----------------------------------|---------|---------|---------|-----------------|--------|
| | | | | 1987 | 1988 |
| <u>Quantity (1,000 units)</u> | | | | | |
| All power belts: | | | | | |
| U.S. shipments..... | *** | 168,128 | 169,050 | 39,922 | 42,214 |
| Export shipments..... | *** | 12,113 | 15,142 | 3,769 | 4,039 |
| Total shipments..... | *** | 180,241 | 184,192 | 43,691 | 46,253 |
| Industrial belts: | | | | | |
| U.S. shipments..... | 68,287 | 64,588 | 69,125 | 16,838 | 19,243 |
| Export shipments..... | 4,531 | 4,989 | 6,618 | 1,426 | 1,683 |
| Total shipments..... | 72,818 | 69,577 | 75,743 | 18,264 | 20,926 |
| <u>Quantity (1,000 pounds)</u> | | | | | |
| All power belts: | | | | | |
| U.S. shipments..... | *** | *** | *** | *** | *** |
| Export shipments..... | *** | *** | *** | *** | *** |
| Total shipments..... | *** | *** | *** | *** | *** |
| Industrial belts: | | | | | |
| U.S. shipments..... | *** | *** | *** | *** | *** |
| Export shipments..... | *** | *** | *** | *** | *** |
| Total shipments..... | *** | *** | *** | *** | *** |
| <u>Value (1,000 dollars)</u> | | | | | |
| All power belts: | | | | | |
| U.S. shipments..... | *** | *** | *** | *** | *** |
| Export shipments..... | *** | *** | *** | *** | *** |
| Total shipments..... | *** | *** | *** | *** | *** |
| Industrial belts: | | | | | |
| U.S. shipments..... | 214,170 | 184,216 | 204,198 | 49,477 | 55,535 |
| Export shipments..... | 13,594 | 12,991 | 15,907 | 3,484 | 4,208 |
| Total shipments..... | 227,764 | 197,207 | 220,105 | 52,961 | 59,743 |
| <u>Unit value (per unit)</u> | | | | | |
| All power belts: | | | | | |
| U.S. shipments..... | \$2.57 | \$*** | \$*** | \$*** | \$*** |
| Export shipments..... | 1.83 | *** | *** | *** | *** |
| Average shipments..... | 2.53 | *** | *** | *** | *** |
| Industrial belts: | | | | | |
| U.S. shipments..... | 3.14 | 2.85 | 2.95 | 2.94 | 2.89 |
| Export shipments..... | 3.00 | 2.60 | 2.40 | 2.44 | 2.50 |
| Average shipments..... | 3.13 | 2.83 | 2.91 | 2.90 | 2.85 |
| <u>Unit value (per pound) 1/</u> | | | | | |
| All power belts: | | | | | |
| U.S. shipments..... | \$6.54 | \$6.44 | \$6.31 | \$6.11 | \$6.06 |
| Export shipments..... | 5.23 | 5.13 | 4.82 | 4.94 | 4.67 |
| Average shipments..... | 6.47 | 6.36 | 6.22 | 6.02 | 5.98 |
| Industrial belts: | | | | | |
| U.S. shipments..... | 5.72 | 5.37 | 5.24 | 5.18 | 5.07 |
| Export shipments..... | 6.20 | 5.30 | 4.83 | 5.08 | 4.72 |
| Average shipments..... | 5.75 | 5.37 | 5.21 | 5.17 | 5.04 |

1/ Computed from data supplied by firms reporting both quantity and value data.

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

Shipments of industrial belts for the U.S. market decreased by 5.4 percent from 68 million units in 1985 to 65 million units in 1986; the value of U.S. shipments, which fell to a greater extent, or by 14 percent, decreased from \$214 million in 1985 to \$184 million in 1986. Since 1986, U.S. shipments have increased, both on the basis of quantity and value. In 1987, the quantity of U.S. shipments, at 69 million units, was 7 percent more than a year earlier and 1 percent more than the level in 1985. Although the value of U.S. shipments increased by 11 percent in 1987, it still remained 5 percent below the level of 1985. U.S. shipments during January-March 1988 were 14 percent higher than the year-earlier period on the basis of units and 12 percent higher on the basis of value.

Exports of industrial belts increased in quantity throughout the period, from 4.5 million units in 1985 to 6.6 million units in 1987, and then continued to rise, to 1.7 million units in January-March 1988, compared with 1.4 million units in the corresponding period of 1987. On the basis of value, exports dipped from \$13.6 million in 1985 to \$13.0 in 1986 before increasing to \$15.9 million in 1987; export value continued to rise in January-March 1988, to \$4.2 million, compared with \$3.5 million in January-March 1987.

Shipments of all power belts for the U.S. market fell by about 8 percent from * * * units, valued at \$***, in 1985 to 168 million units, valued at \$***, in 1986. Virtually all of this decrease in U.S. shipments in 1986 is attributable to * * *. Since 1986, U.S. shipments of all power belts have increased, both in units and in value. The units increased by less than 1 percent in 1987 but the value increased by 6 percent. In January-March 1988, U.S. shipments of units were up 6 percent and the value of these shipments was up 8 percent.

The shares of the quantity (units) and value of U.S. shipments of all power belts accounted for by industrial and automotive belts are presented in the following tabulation (in percent):

| <u>Period</u> | <u>Industrial belts</u> | | <u>Automotive belts</u> | |
|-----------------|-------------------------|--------------|-------------------------|--------------|
| | <u>Units</u> | <u>Value</u> | <u>Units</u> | <u>Value</u> |
| 1985..... | *** | *** | *** | *** |
| 1986..... | 38.4 | *** | 61.6 | *** |
| 1987..... | 40.9 | *** | 59.1 | *** |
| January-March-- | | | | |
| 1987..... | 42.2 | *** | 57.8 | *** |
| 1988..... | 45.6 | *** | 54.4 | *** |

Automotive belts had a bigger share of the U.S. market for all power belts in every period, but industrial belts steadily increased their share throughout the period.

Three firms, * * *, dominate the industrial and automotive belt market, although the share of total U.S. shipments each firm accounts for varies considerably between quantity (units) and value and between industrial and automotive belts. The share of the quantity (in units) and value of U.S.

shipments that each firm accounts for, by type of belt, is shown in the following tabulation (in percent):

| <u>Firm</u> | <u>Industrial belts</u> | | <u>Automotive belts</u> | | <u>All power belts</u> | |
|-------------|-------------------------|--------------|-------------------------|--------------|------------------------|--------------|
| | <u>Quantity</u> | <u>Value</u> | <u>Quantity</u> | <u>Value</u> | <u>Quantity</u> | <u>Value</u> |

* * * * * * *

About 57 percent of reported 1987 U.S. shipments of all power belts were to distributors, and virtually all of the remainder were to original equipment manufacturers. Reported shipments of industrial belts were mostly to original equipment manufacturers, closely followed by shipments to distributors.

Classical V-belts accounted for over one-fifth of 1987 U.S shipments of industrial belts. Other high-volume belts include fractional horsepower V-belts, synchronous belts, V-ribbed belts, and special light-duty belts. The reported U.S. shipments to distributors and to original equipment manufacturers by firms able to estimate their shipments by industrial belt type are shown in the following tabulation:

| <u>Type belt</u> | <u>Distributors</u> | | <u>Original equipment manufacturers</u> | |
|------------------------|-------------------------------|-------------------------|---|-------------------------|
| | <u>Quantity (1,000 units)</u> | <u>Percent of total</u> | <u>Quantity (1,000 units)</u> | <u>Percent of total</u> |
| V-belts: | | | | |
| Classical..... | *** | 25.4 | *** | 21.5 |
| Narrow..... | *** | 5.3 | *** | 1.7 |
| Jointed classical..... | *** | 1.2 | *** | 1.6 |
| Joint narrow..... | *** | .4 | *** | .5 |
| Classical Mo N..... | *** | 4.9 | *** | 2.8 |
| Double V..... | *** | .2 | *** | .2 |
| Fractional HP..... | *** | 15.4 | *** | 14.1 |
| V-ribbed..... | *** | 9.3 | *** | 15.4 |
| Variable speed..... | *** | 2.3 | *** | 1.7 |
| Spliced..... | *** | 1.7 | *** | .7 |
| Special light duty.... | *** | 3.1 | *** | 12.7 |
| Timing belts: | | | | |
| Synchronous..... | *** | 12.3 | *** | 11.0 |
| Double synchronous.... | *** | .3 | *** | .1 |
| High torque..... | *** | 5.4 | *** | 4.0 |
| Other..... | | <u>12.8</u> | *** | <u>11.8</u> |
| Total..... | *** | 100.0 | *** | 100.0 |

U.S. producers' inventories

U.S. producers' reported end-of-period inventories of power transmission belts that were produced in their U.S. establishments are presented in table 5. The trends in inventory levels for industrial belts and for all power belts are the same: inventories rose in 1986, fell in 1987, and fell in March 1988 compared with March 1987.

Table 5

Power belts: End-of-period inventories held by U.S. producers, 1985-87, January-March 1987, and January-March 1988.

| Item | 1985 | 1986 | 1987 | January-March-- | |
|---|--------|--------|--------|-----------------|--------|
| | | | | 1987 | 1988 |
| <u>End-of-period inventories (1,000 units)</u> | | | | | |
| All power drive belts..... | *** | *** | *** | *** | *** |
| Industrial belts..... | 19,339 | 21,309 | 19,679 | 21,172 | 19,915 |
| <u>End-of-period inventories (1,000 pounds)</u> | | | | | |
| All power drive belts..... | *** | *** | *** | *** | *** |
| Industrial belts..... | *** | *** | *** | *** | *** |
| <u>Ratio to U.S. shipments (percent) 1/</u> | | | | | |
| On the basis of units: | | | | | |
| All power drive belts..... | 23.6 | 26.2 | 24.4 | 28.5 | 25.7 |
| Industrial belts..... | 28.3 | 33.0 | 28.5 | 31.4 | 25.9 |
| On the basis of pounds: | | | | | |
| All power drive belts..... | 25.3 | 26.4 | 24.2 | 28.1 | 24.2 |
| Industrial belts..... | 27.3 | 30.8 | 27.2 | 28.3 | 25.2 |
| <u>Ratio to total shipments (percent) 1/</u> | | | | | |
| On the basis of units: | | | | | |
| All power drive belts..... | 22.0 | 24.4 | 22.4 | 26.0 | 23.4 |
| Industrial belts..... | 26.6 | 30.6 | 26.0 | 29.0 | 23.8 |
| On the basis of pounds: | | | | | |
| All power drive belts..... | 23.8 | 24.8 | 22.7 | 26.2 | 22.7 |
| Industrial belts..... | 25.5 | 28.4 | 24.7 | 26.1 | 23.1 |

1/ Ratios are based on data supplied by firms that reported both inventory and shipments information. Partial-year ratios are based on annualized shipments.

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

The ratio of end-of-period inventories (in units) to preceding period total shipments ranged from 24 to 31 percent for industrial belts during the period of investigation. A comparatively lower inventory level is held for automotive belts--resulting in inventory-to-shipments ratios ranging from 22 to 26 percent during the period. The levels of inventories reported by individual firms varied considerably; e.g., in 1987 the inventory-to-shipment ratios ranged from a low of * * * percent for * * * to a high of * * * percent for * * *.

U.S. employment, wages, and productivity

Data on total employment and hours worked by and compensation paid to production and related workers (PRW's) in establishments wherein power belts are produced are presented in table 6.

Generally, the number of PRW's, hours worked by them, and both wages and total compensation paid increased in 1986, decreased in 1987, and then increased in January-March 1988, compared with the corresponding period of 1987. Hourly wages and hourly total compensation paid to PRW's producing industrial belts decreased during 1985-87. However, such hourly payments to PRW's producing all power belts and to those producing all products of the establishments increased during 1985-87. All three groupings of employees received increased hourly payments in January-March 1988, compared with the corresponding period of 1987.

Data on productivity on the basis of pounds are incomplete because * * * did not provide production data. However, the same general relationships between all power belts and industrial belts (i.e., lower productivity and higher unit costs for industrial belts) exist regardless of quantity measurement, although the differences are much more dramatic with units as the quantity measurement.

In response to a question in the Commission's questionnaire, three firms indicated that they had reduced the number of PRW's producing industrial belts some time after January 1985 and an additional two firms reported such reductions in PRW's producing all power belts, as shown in the following tabulation:

| <u>Firm</u> | <u>Product</u> | <u>Date of reduction</u> | <u>PRW's (Number)</u> | <u>Duration of reduction</u> |
|-------------|----------------|--------------------------|-----------------------|------------------------------|
| * | * | * | * | * |

Certain production and related workers of four of the U.S. firms are unionized. The PRW's of Dayco, Goodyear, Durkee-Atwood (Red Wing), and Gates (Denver and Elizabethtown Belting and Hose plant) belong to the United Rubber Workers; the PRW's of Gates (Elizabethtown Polyflex plant) belong to the International Union of Electrical Workers; PRW's at Durkee-Atwood (New Hope), which ceased production of power belts in May 1988, belong to the United Auto Workers. PRW's employed by MBL's Chemi-flex plant, by Gates' Moncks Corner and Siloam Spring plants, and by Thermoid do not belong to a union.

Table 6

Average number of all employees and production and related workers (PRW's) in establishments producing industrial belts, hours worked, 1/ wages and total compensation 2/ paid, labor productivity, hourly compensation, and unit labor production costs, 1985-87, January-March 1987, and January-March 1988 3/

| Item | 1985 | 1986 | 1987 | January-March-- | |
|---|---------|---------|---------|-----------------|---------|
| | | | | 1987 | 1988 |
| Average number of employees.. | 7,131 | 7,090 | 6,843 | 6,732 | 6,862 |
| <u>Number of PRW's</u> | | | | | |
| All products of establish- ments..... | 5,548 | 5,604 | 5,439 | 5,332 | 5,566 |
| All power drive belts..... | 3,234 | 3,327 | 2,954 | 2,917 | 3,135 |
| Industrial belts..... | 2,141 | 2,169 | 1,888 | 1,902 | 2,034 |
| <u>Hours worked by PRW's (1,000)</u> | | | | | |
| All products of establish- ments..... | 11,500 | 11,977 | 11,810 | 5,138 | 5,403 |
| All power drive belts..... | 6,332 | 6,587 | 6,015 | 1,985 | 2,143 |
| Industrial belts..... | 4,218 | 4,231 | 3,919 | 1,397 | 1,499 |
| <u>Wages paid to PRW's (1,000 dollars)</u> | | | | | |
| All products of establish- ments..... | 122,866 | 130,649 | 129,525 | 50,317 | 54,176 |
| All power drive belts..... | 64,760 | 67,887 | 61,999 | 17,253 | 19,552 |
| Industrial belts..... | 42,521 | 42,584 | 38,912 | 11,195 | 12,652 |
| <u>Total compensation paid to PRW's (1,000 dollars)</u> | | | | | |
| All products of establish- ments..... | 162,332 | 173,106 | 172,687 | 67,479 | 72,971 |
| All power drive belts..... | 83,065 | 87,057 | 79,718 | 22,139 | 25,181 |
| Industrial belts..... | 55,181 | 55,080 | 50,304 | 14,485 | 16,311 |
| <u>Hourly wages paid to PRW's</u> | | | | | |
| All products of establish- ments..... | \$10.68 | \$10.91 | \$10.97 | \$9.79 | \$10.03 |
| All power drive belts..... | 10.23 | 10.31 | 10.31 | 8.69 | 9.12 |
| Industrial belts..... | 10.08 | 10.06 | 9.93 | 8.01 | 8.44 |
| <u>Hourly total compensation paid to PRW's</u> | | | | | |
| All products of establish- ments..... | \$14.12 | \$14.45 | \$14.62 | \$13.13 | \$13.51 |
| All power drive belts..... | 13.12 | 13.22 | 13.25 | 11.15 | 11.75 |
| Industrial belts..... | 13.08 | 13.02 | 12.84 | 10.37 | 10.88 |

See footnotes at end of table.

Table 6--Continued

Average number of all employees and production and related workers (PRW's) in establishments producing industrial belts, hours worked, 1/ wages and total compensation 2/ paid, labor productivity, hourly compensation, and unit labor production costs, 1985-87, January-March 1987, and January-March 1988 3/

| Item | 1985 | 1986 | 1987 | January-March-- | |
|----------------------------|-----------------------------------|--------|--------|-----------------|--------|
| | | | | 1987 | 1988 |
| | Productivity (per hour) <u>4/</u> | | | | |
| On the basis of units: | | | | | |
| All power drive belts..... | 30.3 | 27.3 | 29.6 | 22.2 | 22.1 |
| Industrial belts..... | 17.5 | 17.3 | 18.9 | 13.0 | 14.1 |
| On the basis of pounds: | | | | | |
| All power drive belts..... | 12.9 | 12.3 | 12.5 | 12.6 | 11.9 |
| Industrial belts..... | 11.8 | 11.8 | 12.0 | 11.7 | 11.6 |
| | Unit labor costs <u>5/</u> | | | | |
| On the basis of units: | | | | | |
| All power drive belts..... | \$0.43 | \$0.48 | \$0.45 | \$0.50 | \$0.53 |
| Industrial belts..... | .75 | .75 | .68 | .80 | .77 |
| On the basis of pounds: | | | | | |
| All power drive belts..... | 1.10 | 1.21 | 1.19 | 1.14 | 1.25 |
| Industrial belts..... | 1.20 | 1.25 | 1.23 | 1.22 | 1.28 |

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

2/ Includes wages and contributions to Social Security and other employee benefits.

3/ Firms providing employment data accounted for 100 percent of reported total shipments in 1987.

4/ Calculated using data from firms that provided information on both production and hours worked.

5/ On the basis of total compensation paid. Calculated using data from firms that provided information on both total compensation paid and production.

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

Financial experience of U.S. producers

Six producers, accounting for virtually all reported U.S. production of industrial belts in 1987 (* * *), supplied separate income-and-loss data on the overall operations of their establishments in which power belts are produced, all power belts (automotive and industrial), and industrial belts. The aggregate profitability level of all power belts exceeded that of industrial belts in each of the reporting periods, because of higher profit margins in the automotive belt category.

Two Japanese-owned firms (MBL and Bando) have recently invested in new plants. 1/ * * *.

Overall establishment operations.--In addition to automotive and industrial belts, some of the companies produce automotive hoses and other rubber products within their establishments. The overall establishment income-and-loss experience of the U.S. producers is presented in table 7.

Operations on all power belts.--Net sales of all power belts declined 6.8 percent from \$537.7 million in 1985 to \$501.3 million in 1987, as shown in table 8. Operating income was \$74.4 million in 1985, \$67.4 million in 1986, and \$73.0 million in 1987. Operating income margins, as a percent of sales, were 13.8 in 1985, 13.0 in 1986, and 14.6 in 1987. Operating losses were reported by one firm in 1985, three in 1986, and two in 1987.

Net sales for the interim period ended March 31, 1988, were \$***, an increase of 6.2 percent over interim 1987 sales of \$***. Operating income was \$*** and \$*** in interim 1987 and interim 1988, respectively. Operating income margins, as a percent of sales, were * * * and * * * in interim 1987 and interim 1988, respectively. Two firms reported operating losses in interim 1987 and one firm reported losses in interim 1988.

Operations on industrial belts.--Net sales of industrial belts declined 11.0 percent from \$243.4 million in 1985 to \$216.8 million in 1986, as shown in table 9. Sales rose 6.2 percent to \$230.3 million in 1987. Operating income was \$18.6 million in 1985, \$8.4 million in 1986, and \$15.2 million in 1987. Operating income margins, as a percent of sales, were 7.6 in 1985, 3.9 in 1986, and 6.6 in 1987. Operating losses were reported by one firm in 1985, three in 1986, and two in 1987.

Net sales for the interim period ended March 31, 1988, were \$51.3 million, an increase of 9.1 percent over interim 1987 sales of \$47.0 million. Operating income was \$3.4 million and \$3.9 million in interim 1987 and interim 1988, respectively. Operating income margins, as a percent of sales, were 7.1 and 7.5 in interim 1987 and interim 1988, respectively. Two firms reported operating losses in interim 1987 and one firm reported a loss in interim 1988.

A summary of income-and-loss data for both automotive and industrial belts is presented in table 10. The automotive belt data were obtained by subtracting table 9 from table 8. As shown, automotive belt income was significantly above industrial belt income. 2/

1/ * * *. MBL: The State of Illinois provided a \$2 million loan for plant and equipment and \$500,000 in job training funds. The City of Ottawa spent \$900,000 on road, land, water, and sewer improvements to prepare the 30-acre site. The plant also has been given sales tax and real estate tax benefits and abatements (see petition at p. 9). * * *.
2/ * * *.

Table 7

Income-and-loss experience of U.S. producers on the overall operations of their establishments within which power belts are produced, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

| Item | 1985 | 1986 | 1987 | Interim period ended Mar. 31-- | |
|--|---------|---------|---------|-----------------------------------|---------|
| | | | | 1987 | 1988 |
| Value (1,000 dollars) | | | | | |
| Net sales..... | 830,463 | 821,589 | 803,010 | 247,267 | 299,619 |
| Cost of goods sold..... | 530,264 | 536,676 | 547,048 | 169,048 | 206,105 |
| Gross profit..... | 300,199 | 284,913 | 255,962 | 78,219 | 93,514 |
| General, selling, and administrative expenses... | 213,197 | 202,978 | 177,878 | 56,332 | 68,012 |
| Operating income..... | 87,002 | 81,935 | 78,084 | 21,887 | 25,502 |
| Startup or shutdown expense..... | 1,239 | 3,030 | 868 | 307 | 255 |
| Interest expense..... | 1,344 | 1,401 | 3,928 | 1,211 | 743 |
| Other expense, net..... | 12,591 | 7,524 | 8,206 | 4,197 | 4,521 |
| Net income before income taxes..... | 71,828 | 69,980 | 65,082 | 16,172 | 19,983 |
| Depreciation and amorti- zation included above..... | 24,766 | 28,484 | 26,838 | 8,310 | 9,056 |
| Cash flow ^{1/} | 96,594 | 98,464 | 91,920 | 24,482 | 29,039 |
| Share of net sales (percent) | | | | | |
| Cost of goods sold..... | 63.9 | 65.3 | 68.1 | 68.4 | 68.8 |
| Gross profit..... | 36.1 | 34.7 | 31.9 | 31.6 | 31.2 |
| General, selling, and administrative expenses... | 25.7 | 24.7 | 22.2 | 22.8 | 22.7 |
| Operating income..... | 10.5 | 10.0 | 9.7 | 8.9 | 8.5 |
| Net income before income taxes..... | 8.6 | 8.5 | 8.1 | 6.5 | 6.7 |
| Number of firms reporting | | | | | |
| Operating losses..... | 1 | 3 | 2 | 2 | 1 |
| Net losses..... | 1 | 3 | 2 | 2 | 1 |
| Data..... | 6 | 6 | 6 | 6 | 6 |

^{1/} Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 8

Income-and-loss experience of U.S. producers on their operations producing all power belts, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

| Item | 1985 | 1986 | 1987 | Interim period ended Mar. 31-- | |
|--|---------|---------|---------|-----------------------------------|------|
| | | | | 1987 | 1988 |
| <u>Value (1,000 dollars)</u> | | | | | |
| Net sales..... | 537,666 | 518,997 | 501,340 | *** | *** |
| Cost of goods sold..... | 321,581 | 317,750 | 313,533 | *** | *** |
| Gross profit..... | 216,085 | 201,247 | 187,807 | *** | *** |
| General, selling, and administrative expenses... | 141,709 | 133,832 | 114,777 | *** | *** |
| Operating income..... | 74,376 | 67,415 | 73,030 | *** | *** |
| Startup or shutdown expense..... | 1,239 | 3,030 | 868 | *** | *** |
| Interest expense..... | 848 | 826 | 1,916 | *** | *** |
| Other expense, net..... | 3,846 | 1,972 | 8,293 | *** | *** |
| Net income before income taxes..... | 68,443 | 61,587 | 61,953 | *** | *** |
| Depreciation and amorti- zation included above..... | 14,228 | 16,368 | 18,608 | *** | *** |
| Cash flow <u>1/</u> | 82,671 | 77,955 | 80,561 | *** | *** |
| <u>Share of net sales (percent)</u> | | | | | |
| Cost of goods sold..... | 59.8 | 61.2 | 62.5 | *** | *** |
| Gross profit..... | 40.2 | 38.8 | 37.5 | *** | *** |
| General, selling, and administrative expenses... | 26.4 | 25.8 | 22.9 | *** | *** |
| Operating income..... | 13.8 | 13.0 | 14.6 | *** | *** |
| Net income before income taxes..... | 12.7 | 11.9 | 12.4 | *** | *** |
| <u>Number of firms reporting</u> | | | | | |
| Operating losses..... | 1 | 3 | 2 | 2 | 1 |
| Net losses..... | 1 | 3 | 2 | 2 | 1 |
| Data..... | 6 | 6 | 6 | 5 | 5 |

1/ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 9

Income-and-loss experience of U.S. producers on their operations producing industrial belts, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

| Item | 1985 | 1986 | 1987 | Interim period ended Mar. 31-- | |
|--|---------|---------|---------|-----------------------------------|--------|
| | | | | 1987 | 1988 |
| Value (1,000 dollars) | | | | | |
| Net sales..... | 243,434 | 216,772 | 230,284 | 47,043 | 51,309 |
| Cost of goods sold..... | 166,239 | 154,329 | 167,791 | 33,799 | 37,237 |
| Gross profit..... | 77,195 | 62,443 | 62,493 | 13,244 | 14,072 |
| General, selling, and administrative expenses... | 58,604 | 54,069 | 47,343 | 9,887 | 10,212 |
| Operating income..... | 18,591 | 8,374 | 15,150 | 3,357 | 3,860 |
| Startup or shutdown expense..... | 939 | 1,637 | 503 | 179 | 127 |
| Interest expense..... | 620 | 573 | 1,277 | 394 | 308 |
| Other expense, net..... | 793 | 706 | 3,427 | 729 | 1,155 |
| Net income before income taxes..... | 16,239 | 5,458 | 9,943 | 2,055 | 2,270 |
| Depreciation and amorti- zation included above..... | 8,375 | 9,169 | 10,635 | 3,014 | 3,039 |
| Cash flow ^{1/} | 24,614 | 14,627 | 20,578 | 5,069 | 5,309 |
| Share of net sales (percent) | | | | | |
| Cost of goods sold..... | 68.3 | 71.2 | 72.9 | 71.8 | 72.6 |
| Gross profit..... | 31.7 | 28.8 | 27.1 | 28.2 | 27.4 |
| General, selling, and administrative expenses... | 24.1 | 24.9 | 20.6 | 21.0 | 19.9 |
| Operating income..... | 7.6 | 3.9 | 6.6 | 7.1 | 7.5 |
| Net income before income taxes..... | 6.7 | 2.5 | 4.3 | 4.4 | 4.4 |
| Number of firms reporting | | | | | |
| Operating losses..... | 1 | 3 | 2 | 2 | 1 |
| Net losses..... | 1 | 3 | 2 | 2 | 1 |
| Data..... | 6 | 6 | 6 | 5 | 5 |

^{1/} Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 10

Income-and-loss experience of U.S. producers on their operations producing all power belts, by product category, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

| Item | 1985 | 1986 | 1987 | Interim period ended Mar. 31-- | |
|-------------------------------------|---------|---------|---------|-----------------------------------|--------|
| | | | | 1987 | 1988 |
| <u>Value (1,000 dollars)</u> | | | | | |
| Net sales: | | | | | |
| Automotive belts..... | 294,232 | 302,225 | 271,056 | *** | *** |
| Industrial belts..... | 243,434 | 216,772 | 230,284 | 47,043 | 51,309 |
| Total power belts..... | 537,666 | 518,997 | 501,340 | *** | *** |
| Gross profit: | | | | | |
| Automotive belts..... | 138,890 | 138,804 | 125,314 | *** | *** |
| Industrial belts..... | 77,195 | 62,443 | 62,493 | 13,244 | 14,072 |
| Total power belts..... | 216,085 | 201,247 | 187,807 | *** | *** |
| Operating income: | | | | | |
| Automotive belts..... | 55,785 | 59,041 | 57,880 | *** | *** |
| Industrial belts..... | 18,591 | 8,374 | 15,150 | 3,357 | 3,860 |
| Total power belts..... | 74,376 | 67,415 | 73,030 | *** | *** |
| <u>Share of net sales (percent)</u> | | | | | |
| Gross profit: | | | | | |
| Automotive belts..... | 47.2 | 45.9 | 46.2 | 44.0 | 46.6 |
| Industrial belts..... | 31.7 | 28.8 | 27.1 | 28.2 | 27.4 |
| Total power belts..... | 40.2 | 38.8 | 37.5 | *** | *** |
| Operating income: | | | | | |
| Automotive belts..... | 19.0 | 19.5 | 21.4 | 18.9 | 22.1 |
| Industrial belts..... | 7.6 | 3.9 | 6.6 | 7.1 | 7.5 |
| Total power belts..... | 13.8 | 13.0 | 14.6 | *** | *** |

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

Investment in productive facilities.--Six firms provided data on their investment in establishment productive facilities and total assets and five firms provided data on assets to produce power belts. These data are presented in table 11. * * *

Capital expenditures.--Six companies supplied data on capital expenditures for their overall establishment operations, and five companies supplied such data on their all power belt operations and on their industrial belt operations. These data are presented in table 12.

Research and development expenses.--Six companies furnished data on research and development expenditures for their overall establishment operations. Five companies supplied such data on their power belt and industrial belt operations (table 13).

Capital and investment.--The Commission requested U.S. producers to describe any actual or potential negative effects of imports of industrial belts from the eight countries cited in the petition on their firms' growth, investment, and ability to raise capital. Their responses are shown in appendix D.

Table 11

Power belts: Value of property, plant, and equipment (fixed assets) of U.S. producers, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

(In thousands of dollars, except where noted)

| Item | As of end of accounting | | | As of Mar. 31-- | |
|--|-------------------------|---------|---------|-----------------|-----------|
| | year-- 1985 | 1986 | 1987 | 1987 | 1988 |
| All products of establishments: | | | | | |
| Fixed assets: | | | | | |
| Original cost..... | 439,738 | 460,119 | 390,218 | *** | *** |
| Book value..... | 203,860 | 201,717 | 223,692 | *** | *** |
| Total assets <u>1/</u> | *** | *** | *** | *** | *** |
| Return on fixed assets | | | | | |
| (percent) <u>2/</u> | 42.7 | 40.6 | 34.9 | <u>3/</u> | <u>3/</u> |
| Return on total assets | | | | | |
| (percent) <u>4/</u> | 29.0 | 24.6 | 21.4 | <u>3/</u> | <u>3/</u> |
| All power belts: | | | | | |
| Fixed assets: | | | | | |
| Original cost..... | *** | *** | *** | *** | *** |
| Book value..... | *** | *** | *** | *** | *** |
| Total assets <u>5/</u> | *** | *** | *** | *** | *** |
| Return on fixed assets | | | | | |
| (percent) <u>2/</u> | 67.0 | 56.3 | 58.6 | <u>3/</u> | <u>3/</u> |
| Return on total assets | | | | | |
| (percent) <u>4/</u> | 30.4 | 27.0 | 26.9 | <u>3/</u> | <u>3/</u> |
| Industrial belts: | | | | | |
| Fixed assets: | | | | | |
| Original cost..... | 130,034 | 140,882 | 129,799 | 110,898 | 115,814 |
| Book value..... | 57,979 | 60,201 | 67,206 | 51,858 | 52,637 |
| Total assets <u>5/</u> | *** | *** | *** | *** | *** |
| Return on fixed assets | | | | | |
| (percent) <u>2/</u> | 31.8 | 14.1 | 23.7 | <u>3/</u> | <u>3/</u> |
| Return on total assets | | | | | |
| (percent) <u>4/</u> | 14.3 | 6.3 | 11.6 | <u>3/</u> | <u>3/</u> |

1/ Defined as book value of fixed assets plus current assets.

2/ Defined as operating income or loss divided by book value of fixed assets.

3/ Not available.

4/ Defined as operating income or loss divided by total assets.

5/ Defined as total establishment assets multiplied by the ratio of the book value of the product fixed assets to the book value of the establishment fixed assets.

Note.--Return on assets calculated from data of firms supplying data on both income and assets.

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

Table 12

Power belts: Capital expenditures by U.S. producers, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

(In thousands of dollars)

| Item | 1985 | 1986 | 1987 | Interim period ended Mar. 31-- | |
|--|--------|------|--------|-----------------------------------|-------|
| | | | | 1987 | 1988 |
| All products of establishments: | | | | | |
| Land and land improvements..... | *** | *** | *** | *** | *** |
| Building and leasehold improvements..... | *** | *** | *** | *** | *** |
| Machinery, equipment, and fixtures..... | 42,443 | *** | 32,390 | *** | *** |
| Total..... | 49,632 | *** | 35,549 | 3,234 | *** |
| All power belts: | | | | | |
| Land and land improvements..... | *** | *** | 207 | *** | *** |
| Building and leasehold improvements..... | *** | *** | 1,580 | *** | *** |
| Machinery, equipment, and fixtures..... | *** | *** | 13,854 | *** | *** |
| Total..... | *** | *** | 15,641 | *** | *** |
| Industrial belts: | | | | | |
| Land and land improvements..... | *** | *** | *** | *** | 0 |
| Building and leasehold improvements..... | *** | *** | *** | *** | 171 |
| Machinery, equipment, and fixtures..... | *** | *** | 6,723 | 497 | 1,036 |
| Total..... | *** | *** | 8,238 | *** | 1,207 |

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

Table 13

Power belts: Research and development expenses by U.S. producers, accounting years 1985-87 and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

(In thousands of dollars)

| Item | 1985 | 1986 | 1987 | Interim period ended Mar. 31-- | |
|-------------------------------------|------|------|------|-----------------------------------|------|
| | | | | 1987 | 1988 |
| All products of establishments..... | *** | *** | *** | *** | *** |
| All power belts..... | *** | *** | *** | *** | *** |
| Industrial belts..... | *** | *** | *** | *** | *** |

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

Consideration of the Question of
Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors 1/--

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation.

1/ Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

The available information on the nature of the subsidies alleged in the petition (item (I) above) is presented in the section of this report entitled "Nature and extent of alleged subsidies and alleged sales at LTFV"; the available data on foreign producers' operations (items (II) and (VI) above) and on the potential for "product-shifting" (item VIII) are presented in the section entitled "Ability of foreign producers to generate exports"; and information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the causal relationship between allegedly subsidized and LTFV imports and the alleged material injury." Available information on U.S. inventories of the subject products (item (V)) follows.

U.S. importers' inventories

Most of the firms importing industrial belts reported that they maintained inventories, although OEM's reported generally maintaining low levels. Quantitative data reported in units and pounds are shown in table 14 and value data for those firms providing it that were unable to provide quantitative data are presented in the footnotes to that table. Inventories of industrial belts from the eight subject countries, combined, increased throughout the period on both the basis of units and the basis of pounds. Most of the increases are because of consistently rising inventories of imports from Japan.

Ability of foreign producers to generate exports

The staff requested that counsel for firms in Israel, Italy, Korea, Japan, Singapore, the United Kingdom, and West Germany obtain certain information from their clients. Inasmuch as the Taiwan firms have elected to not obtain counsel, the staff requested the same information directly from the firms named in the petition.

The information requested by the staff was the quantity, both in units and in pounds, of the firms' production, capacity, home-market shipments, exports to the United States, and third-country exports of both their industrial belts and their automotive belts. All firms responded to the staff request but, as was the case with both producer and importer questionnaires, the completeness of the data supplied varied considerably. Some firms were unable to provide data in both measurements of quantity requested, and certain data were provided only by value. Additionally, some firms indicated that they were unable to separate their data into industrial versus automotive belts. Information provided by the foreign producers is presented in table 15.

Table 14

Industrial belts: End-of-period inventories held by U.S. importers, by sources, 1985-87, January-March 1987, and January-March 1988

| Source | January-March-- | | | | |
|---------------------------|----------------------------|-------|-------|-------|-------|
| | 1985 | 1986 | 1987 | 1987 | 1988 |
| | Quantity (1,000 units) 1/ | | | | |
| Israel 2/..... | *** | *** | *** | *** | *** |
| Italy 2/..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea 2/..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom 3/..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 2,413 | 2,416 | 3,143 | 2,488 | 3,070 |
| All other sources..... | *** | *** | *** | *** | *** |
| Total..... | *** | *** | *** | *** | *** |
| | Quantity (1,000 pounds) 1/ | | | | |
| Israel 2/..... | *** | *** | *** | *** | *** |
| Italy 2/..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea 2/..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom 3/..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 557 | 667 | 783 | 693 | 838 |
| All other sources..... | *** | *** | *** | *** | *** |
| Total..... | *** | *** | *** | *** | *** |

1/ Only 8 firms (* * *) provided data both in units and pounds. There were 5 additional firms (* * *) that provided information on the basis of units, and an additional 3 firms (* * *) provided information on the basis of pounds.

2/ Understated in that data do not include inventories reported in value by * * *. End-of-period inventories reported by * * * ranged from \$*** to \$*** for imports from Israel, from \$*** to \$*** for imports from Italy, and from \$*** to \$*** for imports from the Republic of Korea.

3/ Understated in that data do not include inventories of V-link belting reported by * * * that ranged from * * * linear feet to * * * linear feet during the period of investigation.

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

Table 15

Industrial and automotive belts: Selected data for producers in Israel, Italy, Japan, the Republic of Korea, Singapore, Taiwan, the United Kingdom, and West Germany, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | | |
|-------------------------|------|------|------|-----------------|------|---|
| | | | | 1987 | 1988 | |
| <u>Industrial belts</u> | | | | | | |
| | * | * | * | * | * | * |
| <u>Automotive belts</u> | | | | | | |
| | * | * | * | * | * | * |
| <u>All power belts</u> | | | | | | |
| | * | * | * | * | * | * |

Source: Compiled from data provided by counsel for firms in Israel, Italy, Japan, the Republic of Korea, Singapore, the United Kingdom, and West Germany, and from data provided by the firms in Taiwan.

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

U.S. imports

U.S. imports ^{1/} of industrial belts, as reported in responses to the Commission's questionnaires, are presented in table 16. The data shown are understated because of the inability of some firms to provide quantity data on the basis of pounds or units (or both) and because of incomplete reporting. However, data shown are believed to account for over 90 percent of imports of industrial belts, although slight understatement of the value of imports from Korea and Taiwan is likely for reasons previously mentioned and considerable understatement of the quantity of imports, both in units and in pounds, exists because of the inability of firms to convert the quantity data readily available to them into the units and pounds requested by the Commission's questionnaire.

Reported imports of industrial belts from the eight subject countries are considerably less than those estimated by the petitioner on page 170 of its petition. Possible reasons for this include importation of fewer industrial belts and more automotive belts in the basket classifications than petitioner had estimated, and misleading customs classification, e.g., classification of certain conveyor belting into TSUSA item 773.3520 (belting of rubber or

^{1/} The staff compiled import data by supplementing the data received in questionnaire responses with an estimate of the "missing" imports sourced from Taiwan and Korea. Although foreign producers provided excellent data to the Commission staff, import coverage from these two countries was unacceptably low. In the case of Taiwan, all firms named in the petition responded to the Commission's questionnaires in a timely manner; however, reported imports of industrial belts by those firms accounted for less than one-half of the value of reported exports by the two Taiwan firms that supplied data to the Commission: Hsing Kwo and San Wu. Further data supplied by these Taiwan producers on sales to U.S. customers, including sales through export trading companies, were used to approximate the remaining imports. In the case of Korea, only one importer * * *, which imports from * * * in Korea, responded to the Commission's questionnaire. Dunlop, an importing firm named in the petition, hired counsel and filed a notice of appearance with the Secretary but provided no further information in these investigations. Although the staff sent questionnaires to three of four additional U.S. customers named by Dongil (and not named in the petition), it has not received their responses as of the writing of this report. Hence, as with the case of Taiwan, export data supplied by Dongil were used to approximate the missing imports. Because of time constraints, no attempts were made to adjust for differences in export and import periods or to increase the value of the exports by estimates of insurance, freight, and duties collected, nor to build a profit into the estimated selling price in the United States. Therefore, the value of imports of both industrial belts and all power belts from Taiwan and Korea are understated, and the imports reported in each period may not reflect clearing of U.S. customs.

Table 16
 Industrial belts: U.S. imports for consumption, by sources, 1985-87,
 January-March 1987, and January-March 1988

| Source | 1985 | 1986 | 1987 | January-March-- 1/ | |
|-----------------------------------|--------|--------|--------|--------------------|-------|
| | | | | 1987 | 1988 |
| <u>Quantity (1,000 units) 2/</u> | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 8,666 | 8,253 | 10,999 | 2,473 | 3,100 |
| All other sources..... | *** | *** | *** | *** | *** |
| Total..... | *** | *** | *** | *** | *** |
| <u>Quantity (1,000 pounds) 3/</u> | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 4,726 | 3,370 | 5,604 | 837 | 1,010 |
| All other sources..... | 153 | 198 | 421 | 98 | 215 |
| Total..... | 4,879 | 3,568 | 6,025 | 935 | 1,225 |
| <u>Value (1,000 dollars)</u> | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 17,377 | 14,468 | 19,276 | 4,143 | 5,618 |
| All other sources..... | 3,761 | 5,536 | 6,132 | 1,235 | 1,593 |
| Total..... | 21,138 | 20,004 | 25,408 | 5,378 | 7,211 |

See footnotes at end of table.

Table 16--Continued

Industrial belts: U.S. imports for consumption, by sources, 1985-87,
January-March 1987, and January-March 1988

| Source | 1985 | 1986 | 1987 | January-March-- 1/ | |
|------------------------|---------------------------|-------|-------|--------------------|-------|
| | | | | 1987 | 1988 |
| | Unit value (per unit) 4/ | | | | |
| Israel..... | \$*** | \$*** | \$*** | \$*** | \$*** |
| Italy..... | 2.40 | 2.09 | 2.30 | 2.96 | 2.42 |
| Japan..... | 1.71 | 1.33 | 1.54 | 1.29 | 1.45 |
| Republic of Korea..... | 1.40 | 1.58 | 2.00 | 1.71 | 1.61 |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | .78 | .78 | .85 | .77 | .73 |
| United Kingdom..... | 3.62 | 2.36 | 2.37 | 2.28 | 2.19 |
| West Germany..... | 3.78 | 1.91 | 1.94 | 1.88 | 2.00 |
| Average..... | 1.77 | 1.39 | 1.46 | 1.29 | 1.44 |
| All other sources..... | 4.69 | 7.35 | 1.53 | *** | *** |
| Average..... | 1.79 | 1.47 | 1.46 | 1.25 | 1.35 |
| | Unit value (per pound) 4/ | | | | |
| Israel..... | \$*** | \$*** | \$*** | \$*** | \$*** |
| Italy..... | 11.86 | 11.29 | 11.69 | 11.75 | 12.00 |
| Japan..... | 4.90 | 4.52 | 3.69 | 3.81 | 4.21 |
| Republic of Korea..... | 5/ | 5/ | 5/ | 5/ | 5/ |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | 2.22 | 2.13 | 2.08 | *** | *** |
| United Kingdom..... | 9.29 | 4.37 | 4.57 | 3.96 | 3.57 |
| West Germany..... | 8.12 | 4.75 | 4.92 | 5.23 | 4.65 |
| Average..... | 3.14 | 3.20 | 2.64 | 3.55 | 4.01 |
| All other sources..... | 23.35 | 26.83 | 13.66 | 11.63 | 6.78 |
| Average..... | 3.78 | 4.53 | 3.41 | 4.41 | 4.50 |

1/ There were 2 firms, accounting for less than 5 percent of the value of imports in 1987, that did not provide data for the January-March periods.

2/ Units are understated in that there are no quantity data in units for firms accounting for the following shares of the value of 1987 imports: Italy (***) percent), Japan (***) percent), Taiwan (***) percent), United Kingdom (***) percent), West Germany (***) percent), 8 subject sources (16.9 percent), all other sources (16.9 percent), and all sources combined (30.1 percent).

3/ Pounds are understated in that for firms accounting for the following shares of the value of 1987 imports there are no quantity data in pounds: Italy (***) percent), Japan (***) percent), the Republic of Korea (***) percent), Taiwan (***) percent), United Kingdom (***) percent), West Germany (***) percent), 8 subject sources (23.1 percent), all other sources (6.2 percent), and all sources combined (19.0 percent).

4/ Computed from data of firms providing data on both quantity and value of imports.

5/ Not available.

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

plastics that do not contain textile fibers and are other than flat) instead of item 773.3510 (such products, if flat). 1/

The value of U.S. imports of industrial belts from the subject eight countries decreased from \$17.4 million in 1985 to \$14.5 million in 1986 and then increased by 33 percent to \$19.3 million in 1987. The value of such imports continued to rise (by 36 percent) in January-March 1988 compared with imports in the year-earlier period. The value of imports from Italy, Japan, Singapore, and West Germany mirrored the trends of the combined total of the eight subject countries. The value of imports from Korea and Taiwan increased in every period; imports from Israel fell consistently throughout the period; and the value of imports from the United Kingdom peaked in 1986, fell in 1987, and remained essentially stable in January-March 1988 compared with the year-earlier period.

The value of U.S. imports of industrial belts presented in table 16 is larger than that which might be expected by respondents because of the inclusion of flat nylon core belting. Because there have been no specific allegations of underselling in the U.S. market by imports of either nylon core belting or V-link belting, and because no foreign firm believed to be exporting these products to the United States (nor any U.S. firm importing these products) was named in the petition, imports of industrial belts excluding those two products are presented in the following tabulation (in thousands of dollars):

| <u>Source</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>January-March--</u> | |
|---------------------|-------------|-------------|-------------|------------------------|-------------|
| | | | | <u>1987</u> | <u>1988</u> |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 15,572 | 11,674 | 16,282 | 3,331 | 4,545 |
| All other sources.. | *** | *** | *** | *** | *** |
| Total..... | *** | *** | *** | *** | *** |

The values of U.S. imports of all power belts presented in table 17 is known to be understated in that a number of firms believed to be importing automotive belts (but few, if any, industrial belts) have not responded to the Commission's questionnaire. These firms, whose names were obtained from the Customs net import file, rather than the petition, are largely automotive producers and firms dealing in automotive products for the replacement market.

1/ Inasmuch as these are statistical breakouts only and do not involve differences in duties collected, reporting may be more lax on the part of Customs or the importers. * * * of conveyor belts * * * and whose imports are valued at millions of dollars per year, accounts for * * * of the imports from Israel not accounted for by * * * 's power belts. This results in a very large overstatement of the value of imports estimated by petitioner.

Table 17

Power belts: U.S. imports for consumption, by sources, 1985-87, January-March 1987, and January-March 1988

| Source | 1985 | 1986 | 1987 | January-March-- 1/ | |
|----------------------------|--------|--------|--------|--------------------|--------|
| | | | | 1987 | 1988 |
| Quantity (1,000 units) 2/ | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 14,243 | 15,730 | 18,772 | 4,109 | 4,986 |
| All other sources..... | 913 | 1,708 | 3,508 | *** | *** |
| Total..... | 15,156 | 17,438 | 22,280 | *** | *** |
| Quantity (1,000 pounds) 3/ | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 5,479 | 4,530 | 6,161 | 1,132 | 1,510 |
| All other sources..... | 354 | 593 | 1,006 | 201 | 377 |
| Total..... | 5,833 | 5,123 | 7,167 | 1,333 | 1,887 |
| Value (1,000 dollars) | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 24,525 | 24,795 | 30,707 | 6,707 | 10,026 |
| All other sources..... | 4,865 | 7,742 | 8,502 | 1,829 | 2,518 |
| Total..... | 29,390 | 32,537 | 39,209 | 8,536 | 12,544 |

See footnotes at end of the table.

Table 17--Continued

Power belts: U.S. imports for consumption, by sources, 1985-87, January-March 1987, and January-March 1988

| Source | 1985 | 1986 | 1987 | January-March-- 1/ | |
|------------------------|---------------------------|-------|-------|--------------------|-------|
| | | | | 1987 | 1988 |
| | Unit value (per unit) 4/ | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | 2.44 | 2.09 | 2.29 | 3.06 | 2.43 |
| Japan..... | 2.09 | 1.80 | 1.98 | 1.74 | 2.57 |
| Republic of Korea..... | .75 | .78 | .77 | .76 | .83 |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | .76 | .76 | .84 | .76 | .75 |
| United Kingdom..... | 4.23 | 2.49 | 3.28 | 3.59 | 4.38 |
| West Germany..... | 2.41 | 1.90 | 1.98 | 1.99 | 2.01 |
| Average..... | 1.56 | 1.38 | 1.45 | 1.39 | 1.78 |
| All other sources..... | 1.64 | 1.77 | 1.17 | 1.10 | .94 |
| Average..... | 1.57 | 1.42 | 1.41 | 1.35 | 1.60 |
| | Unit value (per pound) 4/ | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | 12.00 | 11.66 | 12.05 | 11.75 | 12.37 |
| Japan..... | 5.74 | 5.26 | 5.31 | 4.39 | 5.68 |
| Republic of Korea..... | 5/ | 5/ | 5/ | 5/ | 5/ |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | 2.22 | 2.13 | 2.08 | *** | *** |
| United Kingdom..... | 14.72 | 6.18 | 7.48 | 8.26 | 9.00 |
| West Germany..... | 7.24 | 5.56 | 5.53 | 5.81 | 5.13 |
| Average..... | 3.51 | 3.82 | 3.50 | 4.19 | 5.00 |
| All other sources..... | 13.21 | 12.68 | 8.07 | 8.63 | 6.32 |
| Average..... | 4.10 | 4.86 | 4.14 | 4.87 | 5.27 |

1/ There were 4 firms, accounting for about 5 percent of the value of imports in 1987, that did not provide data for the January-March periods.

2/ Units are understated in that there are no quantity data available for firms accounting for 20 percent of the value of imports in 1987.

3/ Pounds are understated in that there are no quantity data available for firms accounting for 24 percent of the value of imports in 1987.

4/ Computed from data of firms providing data on both quantity and value of imports.

5/ Not available.

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

The value of reported U.S. imports of all power belts from all sources increased throughout the period, from \$29.4 million in 1985 to \$32.5 million in 1986 and \$39.2 million in 1987; such imports increased to \$12.5 million in January-March 1988 compared with \$8.5 million in the corresponding period of 1987. There were no reported imports of automotive belts from Israel and such imports from Italy, Singapore, and Taiwan were not substantial. However, the value of Korean exports of automotive belts to the United States is over three times the value of such exports of industrial belts. Imports of automotive belts from Japan, the United Kingdom, and West Germany are sizeable (and expected to be understated since U.S. subsidiary companies of automobile manufacturers in these countries that were identified by the Customs net import file have not responded to the Commission's questionnaire).

U.S. market penetration by imports

U.S. shipments of industrial belts by importers and the penetration of these imports into the U.S. market for industrial belts are presented in table 18. As shown, U.S. shipments of imports from the eight subject countries increased in both quantity and value throughout the period of investigation. As with import data, quantities in units are understated largely because of the inability of importers to convert those products that are sold in linear-foot or square-foot measurements into units. The value of U.S. shipments of imports from the subject eight countries is greater than the estimated value of imports presented on page 170 of the petition in 1985, 1986, and January-March 1987, but lower in 1987 and the most recent partial-year period.

The penetration of imported industrial belts from the eight subject countries into the U.S. industrial belt market, although understated because of questionnaire nonresponse, increased throughout the period from 9.8 percent of the units shipped in 1985 to 11.4 percent in 1986, 12.9 percent in 1987, and 13.2 percent in January-March 1988. On the basis of value, market penetration by imports from the eight subject countries was slightly higher than the market penetration by units and likewise increased in every period--from 10.3 percent in 1985 to 12.1 percent in 1986, 13.1 percent in 1987, and 13.8 percent in January-March 1988.

Should the Commission decide that there is one power belt industry in the United States and that it comprises both industrial and automotive belts, the market penetration previously discussed would be overstated. U.S. shipments of imports of all power belts ^{1/} are presented in table 19 and, together with U.S. shipments of their production by U.S. firms, are used to compute apparent U.S. consumption of all power belts. The penetration by industrial belts from the subject eight countries into the U.S. market for all power belts increased throughout the period--from 3.8 percent of the units in 1985, to 4.5 percent in 1986, 5.5 percent in 1987, and 6.1 percent in January-March 1988. On the basis of value, market penetration by the imported product was higher and likewise increased in every period--from 4.9 percent in 1985 to 5.5 percent in 1986, 6.2 percent in 1987, and 7.0 percent in January-March 1988.

^{1/} As with U.S. imports of all power belts, U.S. shipments of such imports are understated because of the nonresponse of several automotive companies to the Commission's questionnaire.

Table 18

Industrial belts: U.S. shipments of domestic product, U.S. shipments of imported product, by sources, apparent U.S. consumption, and the share of apparent U.S. consumption accounted for by imported product, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|---|---------|---------|---------|-----------------|--------|
| | | | | 1987 | 1988 |
| <u>Quantity (1,000 units)</u> | | | | | |
| U.S. shipments of their own production by U.S. firms... | 68,287 | 64,588 | 69,125 | 16,838 | 19,243 |
| U.S. shipments of U.S. importers' product from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 7,408 | 8,344 | 10,359 | 2,510 | 2,971 |
| All other sources..... | 83 | 110 | 715 | 120 | 277 |
| Total..... | 7,491 | 8,454 | 11,074 | 2,630 | 3,248 |
| Total apparent U.S. consumption..... | 75,778 | 73,042 | 80,199 | 19,468 | 22,491 |
| <u>Value (1,000 dollars)</u> | | | | | |
| U.S. shipments of their own production by U.S. firms... | 214,170 | 184,216 | 204,198 | 49,477 | 55,535 |
| U.S. shipments of U.S. importers' product from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 25,046 | 26,050 | 31,643 | 7,794 | 9,134 |
| All other sources..... | 4,148 | 5,606 | 5,968 | 1,216 | 1,638 |
| Total..... | 29,194 | 31,656 | 37,611 | 9,010 | 10,772 |
| Total apparent U.S. consumption..... | 243,364 | 215,872 | 241,809 | 58,487 | 66,307 |

Table 18--Continued

Industrial belts: U.S. shipments of domestic product, U.S. shipments of imported product, by sources; apparent U.S. consumption, and the share of apparent U.S. consumption accounted for by imported product, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|---|-------|-------|-------|-----------------|-------|
| | | | | 1987 | 1988 |
| Percentage distribution of the quantity of consumption | | | | | |
| U.S. shipments of their own production by U.S. firms... | 90.1 | 88.4 | 86.2 | 86.5 | 85.6 |
| U.S. shipments of U.S. importers' product from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 9.8 | 11.4 | 12.9 | 12.9 | 13.2 |
| All other sources..... | .1 | .2 | .9 | .6 | 1.2 |
| Total..... | 9.9 | 11.6 | 13.8 | 13.5 | 14.4 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Percentage distribution of the value of consumption | | | | | |
| U.S. shipments of their own production by U.S. firms... | 88.0 | 85.3 | 84.4 | 84.6 | 83.8 |
| U.S. shipments of U.S. importers' product from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 10.3 | 12.1 | 13.1 | 13.3 | 13.8 |
| All other sources..... | 1.7 | 2.6 | 2.5 | 2.1 | 2.5 |
| Total..... | 12.0 | 14.7 | 15.6 | 15.4 | 16.2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

Table 19

Power belts: U.S. shipments of domestic product, U.S. shipments of imported product, by sources, apparent U.S. consumption, and the share of apparent consumption accounted for by U.S. shipments of industrial belts, by sources, 1985-87, January-March 1987, and January-March 1988.

| Item | 1985 | 1986 | 1987 | January-March-- | |
|--|---------|---------|---------|-----------------|---------|
| | | | | 1987 | 1988 |
| <u>Quantity (1,000 units)</u> | | | | | |
| U.S. shipments of their own power belt production by U.S. firms..... | *** | 168,128 | 169,050 | 39,922 | 42,214 |
| U.S. shipments of U.S. importers' power belts from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 13,155 | 15,251 | 18,367 | 4,208 | 4,978 |
| All other sources..... | *** | 1,608 | 2,076 | 554 | 1,861 |
| Total..... | *** | 16,859 | 20,443 | 4,762 | 6,839 |
| Total apparent U.S. consumption..... | 196,096 | 184,987 | 189,493 | 44,684 | 49,053 |
| <u>Value (1,000 dollars)</u> | | | | | |
| U.S. shipments of their own power belt production by U.S. firms..... | *** | *** | *** | *** | *** |
| U.S. shipments of U.S. importers' power belts from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 33,079 | 36,340 | 44,959 | 10,198 | 13,384 |
| All other sources..... | *** | *** | *** | *** | *** |
| Total..... | *** | *** | *** | *** | *** |
| Total apparent U.S. consumption..... | 506,941 | 474,342 | 508,298 | 117,016 | 130,254 |

Table 19--Continued

Power belts: U.S. shipments of domestic product, U.S. shipments of imported product, by sources, apparent U.S. consumption, and the share of apparent consumption accounted for by U.S. shipments of industrial belts, by sources, 1985-87, January-March 1987, and January-March 1988

| Item | 1985 | 1986 | 1987 | January-March-- | |
|--|-------|-------|-------|-----------------|-------|
| | | | | 1987 | 1988 |
| Percentage distribution of the quantity of consumption | | | | | |
| U.S. shipments of their own power belt production by U.S. firms..... | *** | 90.9 | 89.2 | 89.3 | 86.1 |
| U.S. shipments of U.S. importers' industrial belts from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 3.8 | 4.5 | 5.5 | 5.6 | 6.1 |
| All other sources..... | 1/ | .1 | .4 | .3 | .6 |
| Total..... | 3.8 | 4.6 | 5.8 | 5.9 | 6.6 |
| U.S. shipments of U.S. impor- ters' automotive belts..... | *** | 4.5 | 4.9 | 4.8 | 7.3 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Percentage distribution of the value of consumption | | | | | |
| U.S. shipments of their own power belt production by U.S. firms..... | *** | *** | *** | *** | *** |
| U.S. shipments of U.S. importers' industrial belts from-- | | | | | |
| Israel..... | *** | *** | *** | *** | *** |
| Italy..... | *** | *** | *** | *** | *** |
| Japan..... | *** | *** | *** | *** | *** |
| Republic of Korea..... | *** | *** | *** | *** | *** |
| Singapore..... | *** | *** | *** | *** | *** |
| Taiwan..... | *** | *** | *** | *** | *** |
| United Kingdom..... | *** | *** | *** | *** | *** |
| West Germany..... | *** | *** | *** | *** | *** |
| Subtotal..... | 4.9 | 5.5 | 6.2 | 6.7 | 7.0 |
| All other sources..... | .8 | 1.2 | 1.2 | 1.0 | 1.3 |
| Total..... | 5.8 | 6.7 | 7.4 | 7.7 | 8.3 |
| U.S. shipments of U.S. impor- ters' automotive belts..... | *** | *** | *** | *** | *** |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

1/ Less than 0.05 percent.

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

Prices

Market characteristics.--Both domestic producers and U.S. importers of industrial belts publish price lists. List prices have traditionally been used as a basis for discounts which, in turn, depend on prevalent industry levels and competitive pricing patterns and positions. Standard quantity discounts based on stocking levels or annual volumes are offered to distributors on regular orders for inventory.

During the subject time period, increasingly intense price competition between and among domestic producers and importers to win or hold large end-user and OEM accounts created numerous meet-competition situations that required either quoting prices at discounts below distributors' regular "best buy" cost levels or losing key account volume. According to * * *, adhering to regular discounts from list price has become "more and more difficult."

Domestic producers have responded to below-distributor-cost price competition from imported industrial belts with rebates. Rebates include an amount to cover the difference between the regular "best buy" discount, termed the "100-level" distributor cost, and the below-cost quote to the distributor plus an amount to cover part, never all, of that distributor's lost profit margin. Discounts below the 100-level cost are approved on an individual transaction basis upon documentation of competing price quotes. According to purchasers, some importers quote prices below distributor cost directly to large end users and OEM's and then shop for an established distributor in those end users' geographic region to take on the line of imported industrial belts and supply the subject end users on a just-in-time shipment basis. The distributor is offered a discount below the prevailing market level consistent with the below-market-level prices quoted direct to the end users. As an added incentive to take on the imported belt line, the same discount is occasionally extended to the distributor as an ordinary cost price. In addition to the below-market-level discounts they offer, termed "on-invoice" discounts by purchasers, importers also offer rebates.

Pricing for direct sales by producers or importers to the OEM market is based on an OEM price schedule for small OEM accounts. According to Gates, prices are set at or above those of comparable belts priced through a distributor. Larger OEM's or those that require special belt construction are supplied on a cost-plus basis. These latter accounts require the technical service of market specialists with experience in both similar and different industries and with similar belts. According to Gates, pricing for larger OEM's is at or below comparable distributor levels. Major OEM contract awards generally involve a stable product history, i.e., the same spec belt(s) using the same respective drive system(s) to transmit power; price, through bid competition, is the major determinant in winning or holding such accounts.

Distributors sell to major consumers through bid competition. Awards based on price quotes are for a blanket purchase order, with shipment releases as the purchaser's demand requires or by predetermined schedule. Generally, blanket orders by major consumers do not specify particular stock numbers or belt sizes but involve a guaranteed price level by type of belt, i.e., belt category, for the life of the contract, usually 1 year. Quantities are not

fixed but are based on anticipated annual requirements of the purchaser. In ordinary competitive circumstances, a distributor seeking a blanket order would quote a price level at the so called "125" level, in effect, 25 percent above distributor cost. Distributors also sell to walk-in customers and small consumers and supply major accounts on a "fill-in" basis. Prices to these classes of trade are made at list or standard quantity discounts from list. An example of the range of distributor pricing to various consumers of industrial belts is shown below in figure 3. An explanatory diagram of "level" pricing is presented in figure 4 on the following page.

Figure 3
Industrial belts: Example of the range of distributor pricing to various consumers

| <u>Distributor</u> | <u>Consumer</u> |
|--------------------|--|
| | Consumer 1 (walk-in) pays \$16.00 |
| | Consumer 2 (small account) pays \$14.00 |
| | Consumer 3 (fill-in at major) pays \$12.50 |
| | Consumer 4 (major/rebated) pays \$9.00 |
| | Consumer 5 (major/rebated) pays \$8.50 |

Buys 5 belts at \$10.00 each
 Sells to 5 consumers

Distributor receives rebates on sales to Nos. 4 and 5.

Average purchase price becomes \$8.98 after rebates.

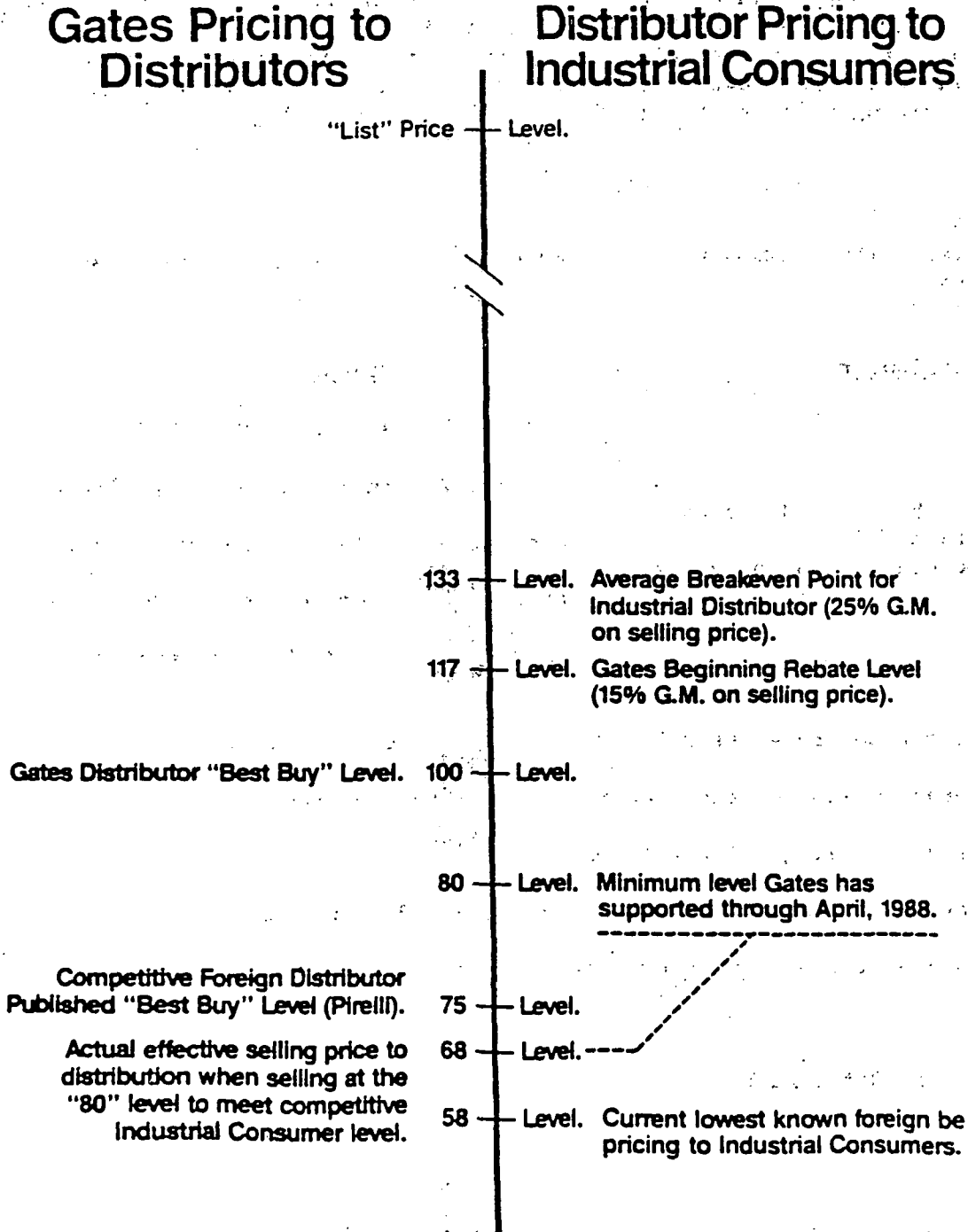
Average selling price becomes \$11.90.

Gross profit margin after rebates equals 24.5 percent.

Gross profit amount after rebates equals \$14.60.

Source: The Gates Rubber Co.

Figure 4
Industrial belts: Diagram of "level" pricing



Source: The Gates Rubber Co., conference exhibits.

Questionnaire price data.--The Commission requested net U.S. f.o.b. selling prices and quantities for seven specific industrial belt products from U.S. producers and importers of the subject belts. U.S. producers and importers were requested to report the f.o.b. price data separately for sales of products 1 to 3 to OEM's and products 4 to 7 to distributors. Price data were requested for the largest sale and for total sales of the products specified, by quarters, during January 1985-June 1988. The seven products for which price data were requested are shown below. 1/

PRODUCT 1: NARROW V-BELT--3V750. Narrow high capacity performance, as defined by RMA and ISO standards, cut edge or wrapped construction, polyester and neoprene, 65 to 80 inches in circumference.

PRODUCT 2: FRACTIONAL HORSEPOWER V-BELT--4L300. Wrapped construction, fractional horsepower belt, as defined by RMA and ISO standards, with polyester tensile material, 25 to 35 inches in circumference.

PRODUCT 3: TIMING BELT--4053M09. High torque, tooth profile, as defined by RMA and ISO standards, with neoprene material and nylon facing, and fiberglass tensile material. Competitive tooth profile, STPD or RPP.

PRODUCT 4: CLASSICAL V-BELT--B75. Classical profile, as defined by RMA and ISO standards, wrapped product.

PRODUCT 5: NARROW V-BELT--3V710. Narrow high capacity performance, as defined by RMA and ISO standards, cut edge or wrapped construction.

PRODUCT 6: FRACTIONAL HORSEPOWER V-BELT--4L280. Wrapped or cut-edge, fractional horsepower belt, as defined by RMA and ISO standards.

PRODUCT 7: TIMING BELT--120XL037. Classical, trapezoidal toothed timing belt, as described in RMA and ISO standards.

Three U.S. producers of belts and seven importers of the subject foreign belts reported the requested price data, but not necessarily for every product or period. 2/ No price data were reported for any of the requested belts

1/ The petitioner, The Gates Rubber Co., identified the 7 industrial belt products as large volume products representative of products sold in the U.S. industrial belt market, and representative of industrial belts imported from Israel, Italy, Japan, Korea, Singapore, Taiwan, the United Kingdom, and West Germany.

2/ The 3 U.S. producers reporting the requested price data accounted for approximately 68 percent of the total reported value of U.S. producers' domestic shipments of the subject industrial belts during January 1985-March 1988. During the same period, the 7 responding importers accounted for 100 percent of the total reported value of U.S. imports of the subject belts from Israel, 77 percent from Italy, 43 percent from Japan, 96 percent from Singapore, 7 percent from Taiwan, 22 percent from the United Kingdom, and 50 percent from West Germany.

imported from Korea. Usable questionnaire price data were limited for some countries. Responding U.S. producers and importers generally were not able to net out all rebates and discounts from the reported price data. Therefore, any price trends or price comparisons based on these data should be used cautiously. 1/

Price trends.--Price trends for the subject domestic and imported industrial belts are based on indexes of the reported quarterly weighted-average net f.o.b. selling prices to OEM's and distributors during January 1985-June 1988. The price data were calculated from the net f.o.b. selling prices of the largest sales weighted by the total quantities of all sales for each product and quarter for which price data were reported. 2/ The average prices weighted by total sales quantities are shown in table 20 for U.S.-produced belts and tables 21-25 for belts imported from Israel, Italy, Japan, Singapore, and the United Kingdom, respectively. Trends in the prices of belts imported from Taiwan are based on very limited data and are also discussed below but not shown in the tables. Prices of belts imported from West Germany were reported for only a single quarter and are not shown in the tables. Questionnaire price data based on product prices weighted by the largest-sale quantities (instead of total sales quantities) are shown in appendix E tables E-1 through E-4 for the specified belt products imported from Japan, Singapore, the United Kingdom, and West Germany, respectively. Pricing data for largest sales were more frequently reported for these four countries than product prices weighted by total sales quantity. These prices are discussed briefly in the text.

United States.--Based on U.S. producers' average net U.S. f.o.b. prices weighted by total sales quantities, quarterly selling prices of the specified domestic industrial belt products generally fell during January 1985-June 1988 with the exception of products 1 and 2 sold to OEM's (table 20). 3/

1/ The net f.o.b. value of total reported sales of the 7 belt products accounted for 0.3 percent of total reported U.S. shipments of domestic industrial belts during January 1985-March 1986, 1.6 percent of total reported U.S. imports from Israel, 0.5 percent from Italy, 0.2 percent from Japan, 1.2 percent from Singapore, 0.1 percent from Taiwan, 0.2 percent from the United Kingdom, and 0.1 percent from West Germany.

2/ Some importing firms were able to report prices and quantities of only their largest sale of the specified industrial belt products and were not able to report the total quantity sold for the products during the periods requested. App. tables E-1 through E-4 show net f.o.b. selling prices for the largest sale weighted by the quantity of the largest sale for all firms who reported this price information. These latter data may be useful in assessing price trends where prices of largest sales weighted by total sales quantities were not available.

3/ Based on producer price indexes (PPI) reported by the U.S. Bureau of Labor Statistics (BLS), U.S. producers' quarterly selling prices of industrial belts fell by about 17 percent during January 1985-June 1988. In comparison, during the same period the quarterly PPI for all rubber belts fell by about 4 percent, while the PPI for all rubber products rose by about 6 percent. The BLS price data may include some list prices and therefore may not accurately reflect changes in actual transaction prices.

Table 20

Industrial belts: Average f.o.b. sales prices weighted by total sales quantities to OEM's and to distributors for belts produced in the United States, by quarters, January 1985-June 1988

| Period | (Per belt) | | | | | | |
|---------------|----------------|-----------|-----------|-----------------------|-----------|-----------|-----------|
| | Sales to OEM's | | | Sales to distributors | | | |
| | Product 1 | Product 2 | Product 3 | Product 4 | Product 5 | Product 6 | Product 7 |
| 1985: | | | | | | | |
| Jan.-Mar..... | \$*** | \$*** | 1/ | \$*** | \$*** | \$*** | \$*** |
| Apr.-June.... | *** | *** | 1/ | *** | *** | *** | *** |
| July-Sept.... | *** | *** | 1/ | *** | *** | *** | *** |
| Oct.-Dec..... | *** | *** | 1/ | *** | *** | *** | *** |
| 1986: | | | | | | | |
| Jan.-Mar..... | *** | *** | 1/ | *** | *** | *** | *** |
| Apr.-June.... | *** | *** | 1/ | *** | *** | *** | *** |
| July-Sept.... | *** | *** | 1/ | *** | *** | *** | *** |
| Oct.-Dec..... | *** | *** | 1/ | *** | *** | *** | *** |
| 1987: | | | | | | | |
| Jan.-Mar..... | *** | *** | 1/ | *** | *** | *** | *** |
| Apr.-June.... | *** | *** | \$*** | *** | *** | *** | *** |
| July-Sept.... | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec..... | *** | *** | *** | *** | *** | *** | *** |
| 1988: | | | | | | | |
| Jan.-Mar..... | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June.... | *** | *** | *** | *** | *** | *** | *** |

1/ Not available.

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

Selling prices of domestic industrial belt product 1 sold to OEM's fluctuated but rose by 17 percent, or from \$*** to \$*** per belt, during January 1985-June 1988. Prices of product 2 sold to OEM's also increased during this period, by 88 percent, but this increase occurred in April-June 1988, as prices of product 2 were generally below their initial period value during most of the period. Prices of product 3 sold to OEM's fell by 10 percent, or from \$*** to \$*** per belt, during April 1987-June 1988, the only period for which data reported. Prices of products 4 to 7 sold to distributors generally fell during January 1985-June 1988, with declines ranging from 38 percent for product 4 to 14 percent for product 7.

Israel.--U.S. importers reported the requested price data for imported Israeli industrial belt products 4 to 6 sold to distributors during January 1985-June 1988 (table 21). Based on average net U.S. f.o.b. prices weighted by total sales quantities, quarterly selling prices of the imported industrial belt products 4 to 6 fluctuated but generally rose during the period, by 16, 33, and 1 percent, respectively.

Table 21

Industrial belts: Average f.o.b. sales prices weighted by total sales quantities to distributors 1/ for belts imported from Israel, by quarters, January 1985-June 1988

| (Per belt) | | | |
|-----------------------|-----------|-----------|-----------|
| Period | Product 4 | Product 5 | Product 6 |
| 1985: | | | |
| January-March..... | \$*** | \$*** | \$*** |
| April-June..... | *** | *** | *** |
| July-September..... | *** | *** | *** |
| October-December..... | *** | *** | *** |
| 1986: | | | |
| January-March..... | <u>2/</u> | <u>2/</u> | <u>2/</u> |
| April-June..... | <u>2/</u> | <u>2/</u> | <u>2/</u> |
| July-September..... | <u>2/</u> | <u>2/</u> | <u>2/</u> |
| October-December..... | <u>2/</u> | <u>2/</u> | <u>2/</u> |
| 1987: | | | |
| January-March..... | *** | *** | *** |
| April-June..... | *** | *** | *** |
| July-September..... | *** | *** | *** |
| October-December..... | *** | *** | *** |
| 1988: | | | |
| January-March..... | *** | *** | *** |
| April-June..... | *** | *** | *** |

1/ Data are not available on sales of products 1 through 3 to OEM's or on sales of product 7 to distributors.

2/ Not available.

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

Italy.--U.S. importers reported the requested price data for imported Italian industrial belt products 4 to 7 sold to distributors during January 1985-June 1988 (table 22). Based on average net U.S. f.o.b. prices weighted by total sales quantities, quarterly selling prices of imported belt product 4 generally fell during the period, by about 10 percent from \$*** to \$*** per belt. Prices of imported products 5 to 7, however, generally rose during the period, by 24 percent for product 5 and 2 percent for both products 6 and 7.

Japan.--Based on data reported for partial periods, U.S. importers' average net U.S. f.o.b. prices weighted by total sales quantities showed mixed trends in quarterly selling prices of imported Japanese industrial belt product 1 sold to OEM's and products 4 to 6 sold to distributors during the few periods reported (table 23). Meaningful price trends could not be calculated for imported belt products 2 and 7 because of insufficient price data. No price data were reported for product 3 imported from Japan. Prices of imported belt product 1 sold to OEM's fell by 2 percent, or from \$*** to \$*** per belt, during April 1987-June 1988. Prices of imported products 4 and 6 sold to distributors remained unchanged during April 1987-March 1988. Prices of imported product 5 sold to distributors rose by 19 percent, or from \$*** to \$*** during April 1987-June 1988.

Table 22

Industrial belts: Average f.o.b. sales prices weighted by total sales quantities to distributors 1/ for belts imported from Italy, by quarters, January 1985-June 1988

| (Per belt) | | | | |
|-----------------------|-----------|-----------|-----------|-----------|
| Period | Product 4 | Product 5 | Product 6 | Product 7 |
| 1985: | | | | |
| January-March..... | \$*** | \$*** | \$*** | \$*** |
| April-June..... | *** | *** | *** | *** |
| July-September..... | *** | *** | *** | *** |
| October-December..... | *** | *** | *** | *** |
| 1986: | | | | |
| January-March..... | *** | *** | *** | *** |
| April-June..... | *** | *** | *** | *** |
| July-September..... | *** | *** | *** | *** |
| October-December..... | *** | *** | *** | *** |
| 1987: | | | | |
| January-March..... | *** | *** | *** | *** |
| April-June..... | *** | *** | *** | *** |
| July-September..... | *** | *** | *** | *** |
| October-December..... | *** | *** | *** | *** |
| 1988: | | | | |
| January-March..... | *** | *** | *** | *** |
| April-June..... | *** | *** | *** | *** |

1/ Data are not available on sales of products 1 through 3 to OEM's.

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

Table 23

Industrial belts: Average f.o.b. sales prices weighted by total sales quantities to OEM's and to distributors for belts imported from Japan, by quarters, April 1987-June 1988 1/

| (Per belt) | | | | | | |
|-----------------------|----------------|-----------|-----------------------|-----------|-----------|-----------|
| Period | Sales to OEM's | | Sales to distributors | | | |
| | Product 1 | Product 2 | Product 4 | Product 5 | Product 6 | Product 7 |
| 1987: | | | | | | |
| April-June..... | \$*** | \$*** | \$*** | \$*** | \$*** | <u>2/</u> |
| July-September..... | *** | *** | *** | *** | *** | <u>2/</u> |
| October-December..... | *** | <u>2/</u> | *** | *** | *** | \$*** |
| 1988: | | | | | | |
| January-March..... | *** | <u>2/</u> | *** | *** | *** | <u>2/</u> |
| April-June..... | *** | <u>2/</u> | <u>2/</u> | *** | <u>2/</u> | <u>2/</u> |

1/ Data are not available for sales prior to April-June 1987. There were no reported sales of product 3 to OEM's

2/ Not available.

Source: Compiled from data submitted in response to questionnaires of the

U.S. importers' reported net U.S. f.o.b selling prices weighted by the largest-sale quantities showed that quarterly selling prices of imported Japanese industrial belt product 1 sold to OEM's and product 5 sold to distributors generally fell, by 10 and 16 percent, respectively, during January 1985-June 1988 (app. table E-1).

Singapore.--U.S. importers' average net U.S. f.o.b. prices weighted by total sales quantities showed mixed trends in quarterly selling prices of imported Singapore industrial belt product 2 sold to OEM's and product 4 sold to distributors during the few periods reported (table 24). No other product prices weighted by total sales quantities were available for the specified belt products imported from Singapore. Prices of imported belt product 2 sold to OEM's fell by about 34 percent, or from \$*** to \$*** per belt, during January 1987-June 1988. On the other hand, prices of imported product 4 sold to distributors rose by about 6 percent, or from \$*** to \$*** per belt, during the period reported, July 1987-June 1988.

U.S. importers' reported net U.S. f.o.b selling prices weighted by the largest-sale quantities showed that quarterly selling prices of imported Singapore industrial belt product 2 sold to OEM's and product 4 sold to distributors generally fell, by 36 and 21 percent, respectively, during January 1985-June 1988 (app. table E-2).

Taiwan.--U.S. importers reported the requested price data for imported Taiwan industrial belt product 4 sold to distributors during January-June 1988 and the imported product 6 sold to distributors during July 1987-June 1988. No other product prices weighted by total sales quantities were available for the specified belt products imported from Taiwan. The limited data are not shown in a table. Based on the weighted-average net U.S. f.o.b. prices, quarterly selling prices of imported product 6 rose by 13 percent, or from \$*** to \$*** per belt, during the period reported. Insufficient price data did not allow a meaningful price trend to be calculated for product 4.

United Kingdom.--U.S. importers reported the requested price data for imported British industrial belt product 6 sold to distributors for a single quarter, April-June 1988, and imported belt product 7 sold to distributors during January 1985-June 1988 (table 25). The single quarter price is not shown in the table. Based on the weighted-average net U.S. f.o.b. prices, quarterly selling prices of imported product 7 fell by 7 percent, or from \$*** to \$***, during the period reported.

U.S. importers' reported net U.S. f.o.b selling prices weighted by the largest-sale quantities showed that quarterly selling prices of imported British industrial belt products 4 to 6 sold to distributors generally fell during January 1985-June 1988 with the exception of product 6 (app. table E-3). Selling prices of imported products 4 and 5 fell by 27 and 19 percent, respectively, during this period, while prices of imported product 6 fluctuated but rose, by about 3 percent.

Table 24

Industrial belts: Average f.o.b. sales prices weighted by total sales quantities to OEM's and to distributors for belts imported from Singapore, by quarters, January 1987-June 1988 1/

| (Per belt) | | |
|-----------------------|--------------------------------|---------------------------------------|
| Period | Sales of product 2 to OEM's | Sales of product 4 to distributors |
| 1987: | | |
| January-March..... | \$*** | <u>2/</u> |
| April-June..... | *** | <u>2/</u> |
| July-September..... | *** | \$*** |
| October-December..... | *** | *** |
| 1988: | | |
| January-March..... | *** | *** |
| April-June..... | *** | *** |

1/ Data are not available for sales prior to January-March 1987. There were no reported sales of products 1 and 3 to OEM's or sales of products 5 through 7 to distributors.

2/ Not available.

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

Table 25

Industrial belts: Average f.o.b. sales prices weighted by total sales quantities to distributors 1/ for belts imported from the United Kingdom, by quarters, January 1985-June 1988

| (Per belt) | | | |
|-------------|---------------------------------------|-------------|---------------------------------------|
| Period | Sales of product 7 to distributors | Period | Sales of product 7 to distributors |
| 1985: | | 1987: | |
| Jan.-Mar... | \$*** | Jan.-Mar... | \$*** |
| Apr.-June.. | *** | Apr.-June.. | *** |
| July-Sept.. | *** | July-Sept.. | *** |
| Oct.-Dec... | *** | Oct.-Dec... | *** |
| 1986: | | 1988: | |
| Jan.-Mar... | *** | Jan.-Mar... | *** |
| Apr.-June.. | *** | Apr.-June.. | *** |
| July-Sept.. | *** | | |
| Oct.-Dec... | *** | | |

1/ Data are not available on sales of products 1 through 3 to OEM's or products 4 and 5 to distributors; a single quarter (April-June 1988) of sales of product 6 to distributors is not shown in the table..

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

West Germany.--U.S. importers' reported net U.S. f.o.b selling prices weighted by the largest-sale quantities showed mixed trends in the quarterly selling prices of imported West German industrial belt products 4 to 7 sold to distributors during various periods reported (app. table E-4). Selling prices of imported products 4 and 5 fell by 27 and 19 percent, respectively, during January 1985-June 1988, while prices of imported product 6 rose by 3 percent. ^{1/} Prices of imported product 7 fluctuated but rose by about 8 percent during the period reported, April 1985-March 1988.

Price comparisons.--Price comparisons between the U.S.-produced and subject imported industrial belts are based on the quarterly weighted-average net f.o.b. selling prices to OEM's and distributors during January 1985-June 1987. The price data were based on net f.o.b. selling prices of the largest sale weighted by the total quantities of all sales for each product and quarter that price data were reported.

U.S. producers and importers generally reported in their questionnaire responses that U.S. freight costs did not significantly affect competition between the domestic and imported industrial belts. The percentage differences in prices weighted by total sales quantities of the domestic and imported industrial belt products are shown in tables 26 to 31 for Israel, Italy, Japan, Singapore, Taiwan, and the United Kingdom. The lone price comparison involving the imported West German belt product is discussed but not shown in a table.

Price comparisons based on product prices weighted by the largest-sale quantities are shown in appendix tables F-1 through F-4 for the specified belt products imported from Japan, Singapore, the United Kingdom, and West Germany, respectively. These latter price comparisons are discussed briefly in the text. Regardless of the basis for calculating weighted-average prices, comparisons between prices of the domestic and subject imported industrial belt products reported in questionnaire responses should be made with caution. In many periods the price data represent responses of a very limited number of firms. In addition, several U.S. producers and importers did not net out all discounts and rebates from their reported prices.

Israel.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices weighted by total sales quantities resulted in 30 quarterly price comparisons between domestic and imported Israeli industrial belt products 4 to 6 sold to distributors during January 1985-June 1988 (table 26). Twenty-nine of the 30 price comparisons showed that the imported Israeli products were priced less than the U.S.-produced products, averaging almost 39 percent below U.S. producers' prices. One price comparison showed the imported product to be priced above the domestic product.

^{1/} * * *

Table 26

Industrial belts: Margins of underselling or overselling 1/ for sales to distributors of belts from Israel, 2/ by products, and by quarters, January 1985-June 1988

(In percent)

| Period | Product 4 | Product 5 | Product 6 |
|-----------------------|-----------|-----------|-----------|
| 1985: | | | |
| January-March..... | 46 | 59 | 52 |
| April-June..... | 46 | 59 | 21 |
| July-September..... | 15 | 47 | 64 |
| October-December..... | 23 | 16 | 64 |
| 1986: | | | |
| January-March..... | <u>3/</u> | <u>3/</u> | <u>3/</u> |
| April-June..... | <u>3/</u> | <u>3/</u> | <u>3/</u> |
| July-September..... | <u>3/</u> | <u>3/</u> | <u>3/</u> |
| October-December..... | <u>3/</u> | <u>3/</u> | <u>3/</u> |
| 1987: | | | |
| January-March..... | 23 | 18 | 54 |
| April-June..... | 26 | 43 | 53 |
| July-September..... | 26 | 43 | 50 |
| October-December..... | 26 | 43 | 51 |
| 1988: | | | |
| January-March..... | 11 | 37 | 48 |
| April-June..... | (-1) | 31 | 37 |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 1 through 3 to OEM's or on sales of imported product 7 to distributors.

3/ Not available.

Note.--Percentage margins were calculated from unrounded figures.

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

Italy.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices weighted by total sales quantities resulted in 56 quarterly price comparisons between domestic and imported Italian industrial belt products 4 to 7 sold to distributors during January 1985-June 1988 (table 27). Of the 56 price comparisons, 53 showed that the imported Italian products were priced less than the U.S.-produced products, averaging about 22 percent below U.S. producers' prices. Four of the price comparisons showed the imported products to be priced above the domestic products, averaging almost 11 percent higher than U.S. producers' prices.

Table 27

Industrial belts: Margins of underselling or overselling 1/ for sales to distributors of belts from Italy, 2/ by products, and by quarters, January 1985-June 1988

(In percent)

| Period | Product 4 | Product 5 | Product 6 | Product 7 |
|-----------------------|-----------|-----------|-----------|-----------|
| 1985: | | | | |
| January-March..... | 22 | 43 | 33 | 39 |
| April-June..... | 22 | 42 | 33 | 21 |
| July-September..... | (-10) | 28 | 31 | 33 |
| October-December..... | (-10) | 28 | 31 | 24 |
| 1986: | | | | |
| January-March..... | 1 | 28 | 30 | 30 |
| April-June..... | <u>3/</u> | 28 | 30 | 28 |
| July-September..... | 1 | 28 | 31 | 30 |
| October-December..... | 0 | 30 | 30 | 30 |
| 1987: | | | | |
| January-March..... | 1 | 30 | 31 | 27 |
| April-June..... | 5 | 31 | 31 | 31 |
| July-September..... | 9 | 19 | 28 | 20 |
| October-December..... | 9 | 18 | 29 | 20 |
| 1988: | | | | |
| January-March..... | 4 | 17 | 27 | 24 |
| April-June..... | (-13) | 9 | 12 | 28 |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 1 through 3 to OEM's.

3/ Underselling by less than 0.5 percent.

Note.--Percentage margins were calculated from unrounded figures.

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

Japan.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices, weighted by total sales quantities, resulted in 21 quarterly price comparisons between domestic and imported Japanese industrial belt products 1 and 2 sold to OEM's and products 4 to 7 sold to distributors during April 1987-June 1988 (table 28). Sixteen of the 21 price comparisons showed that the imported Japanese products were priced less than the U.S.-produced products, averaging almost 24 percent below U.S. producers' prices. Five of the price comparisons showed the imported product to be priced above the domestic products, averaging about 23 percent higher than U.S. producers' prices.

Table 28
Industrial belts: Margins of underselling or overselling 1/ for sales to OEM's and distributors of belts from Japan, 2/ by products, and by quarters, April 1987-June 1988

| Period | (In percent) | | | | | |
|-----------------------|----------------|-----------|-----------------------|-----------|-----------|-----------|
| | Sales to OEM's | | Sales to distributors | | | |
| | Product 1 | Product 2 | Product 4 | Product 5 | Product 6 | Product 7 |
| 1987: | | | | | | |
| April-June..... | 3 | (-25) | 29 | 17 | 50 | <u>3/</u> |
| July-September..... | (-1) | (-50) | 29 | 7 | 47 | <u>3/</u> |
| October-December..... | 8 | <u>3/</u> | 28 | 8 | 47 | (-35) |
| 1988: | | | | | | |
| January-March..... | 10 | <u>3/</u> | 28 | 11 | 49 | <u>3/</u> |
| April-June..... | 10 | <u>3/</u> | <u>3/</u> | (-5) | <u>3/</u> | <u>3/</u> |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported product prior to April-June 1987. Data are not available on sales of imported products 3 to OEM's.

3/ Not available.

Note.--Percentage margins were calculated from unrounded figures.

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

The reported net U.S. f.o.b. selling prices weighted by the largest-sale quantities resulted in 25 quarterly price comparisons between domestic and imported Japanese industrial belt product 1 sold to OEM's and product 5 sold to distributors during January 1985-June 1988 (app. table F-1). Twenty of the 25 price comparisons showed that the imported Japanese products were priced less than the U.S.-produced products, averaging almost 6 percent below U.S. producers' prices. Five of the price comparisons showed the imported product to be priced above the domestic products, averaging about 11 percent higher than U.S. producers' prices.

Singapore.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices weighted by total sales quantities resulted in 10 quarterly price comparisons between domestic and imported Singapore industrial belt product 2 sold to OEM's and product 4 sold to distributors during January 1987-June 1988 (table 29). Seven of the 10 price comparisons showed that the imported Singapore products were priced less than the U.S.-produced products, averaging almost 22 percent below U.S. producers' prices. Three of the price comparisons showed the imported products to be priced above the domestic products, averaging almost 18 percent higher than U.S. producers' prices.

Table 29

Industrial belts: Margins of underselling or overselling 1/ for sales to OEM's and distributors of belts from Singapore, 2/ by products, and by quarters, January 1987-June 1988

| Period | (In percent) | |
|-----------------------|-----------------------------|------------------------------------|
| | Sales of product 2 to OEM's | Sales of product 4 to distributors |
| 1987: | | |
| January-March..... | (-22) | <u>3/</u> |
| April-June..... | (-16) | <u>3/</u> |
| July-September..... | 22 | 9 |
| October-December..... | 22 | 8 |
| 1988: | | |
| January-March..... | 27 | 8 |
| April-June..... | 61 | (-15) |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported product prior to January-March 1987. Data are not available on sales of imported products 1 and 3 to OEM's or products 5 through 7 to distributors.

3/ Not available.

Note.--Percentage margins were calculated from unrounded figures.

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

The reported net U.S. f.o.b. selling prices weighted by the largest-sale quantities resulted in 28 quarterly price comparisons between domestic and imported Singapore industrial belt product 1 sold to OEM's and product 4 sold to distributors during January 1985-June 1988 (app. table F-2). Nineteen of the 28 price comparisons showed that the imported Singapore products were priced less than the U.S.-produced products, averaging almost 15 percent below U.S. producers' prices. Nine of the price comparisons showed the imported product to be priced above the domestic products, averaging about 21 percent higher than U.S. producers' prices.

Taiwan.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices weighted by total sales quantities resulted in six quarterly price comparisons between domestic and imported Taiwan industrial belt products 4 and 6 sold to distributors during July 1987-June 1988 (table 30). Five of the six price comparisons showed that the imported Taiwan products were priced less than the U.S.-produced products, averaging about 36 percent below U.S. producers' prices. One price comparison showed that the imported product was priced above the domestic product.

Table 30

Industrial belts: Margins of underselling or overselling 1/ for sales to distributors of belts from Taiwan, 2/ by products, and by quarters, July 1987-June 1988

(In percent)

| Period | Product 4 | Product 6 |
|-----------------------|-----------|-----------|
| 1987: | | |
| July-September..... | 3/ | 50 |
| October-December..... | 3/ | 51 |
| 1988: | | |
| January-March..... | 1 | 46 |
| April-June..... | (-16) | 34 |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported product prior to July-September 1987. Data are not available on sales of imported products 1 through 3 to OEM's or products 5 and 7 to distributors.

3/ Not available.

Note.--Percentage margins were calculated from unrounded figures.

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

United Kingdom.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices weighted by total sales quantities resulted in 15 quarterly price comparisons between domestic and imported British industrial belt products 6 and 7 sold to distributors during January 1985-June 1988 (table 31). Twelve of the 15 price comparisons showed that the imported British products were priced less than the U.S.-produced products, averaging almost 10 percent below U.S. producers' prices. Three price comparison showed that the imported products were priced higher than the domestic products, averaging about 7 percent above U.S. producers' prices.

Table 31

Industrial belts: Margins of underselling or overselling 1/ for sales to distributors of belts from the United Kingdom, 2/ by products, and by quarters, January 1985-June 1988

| (In percent) | | | | | |
|---------------|--------------|--------------|---------------|--------------|--------------|
| Period | Product 6 | Product 7 | Period | Product 6 | Product 7 |
| 1985: | | | 1987: | | |
| Jan.-Mar..... | <u>3/</u> | 11 | Jan.-Mar..... | <u>3/</u> | (-4) |
| Apr.-June.... | <u>3/</u> | 11 | Apr.-June.... | <u>3/</u> | 5 |
| July-Sept.... | <u>3/</u> | 10 | July-Sept.... | <u>3/</u> | 5 |
| Oct.-Dec..... | <u>3/</u> | 9 | Oct.-Dec..... | <u>3/</u> | (-3) |
| 1986: | | | 1988: | | |
| Jan.-Mar..... | <u>3/</u> | 17 | Jan.-Mar..... | <u>3/</u> | 2 |
| Apr.-June.... | <u>3/</u> | 14 | Apr.-June.... | (-15) | 5 |
| July-Sept.... | <u>3/</u> | 17 | | | |
| Oct.-Dec..... | <u>3/</u> | 15 | | | |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 1 through 3 to OEM's or products 4 and 5 to distributors.

3/ Not available.

Note.--Percentage margins were calculated from unrounded figures.

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

The reported net U.S. f.o.b selling prices weighted by the largest-sale quantities resulted in 42 quarterly price comparisons between domestic and imported British industrial belt products 4 to 6 sold to distributors during January 1985-June 1988 (app. table F-3). Of the 42 price comparisons, 30 showed that the imported British products were priced less than the U.S.-produced products, averaging about 15 percent below U.S. producers' prices. Thirteen of the price comparisons showed the imported product to be priced above the domestic products, averaging about 7 percent higher than U.S. producers' prices.

West Germany.--Based on questionnaire responses of U.S. producers and importers, the reported net U.S. f.o.b. selling prices weighted by total sales quantities resulted in a single quarterly price comparison between domestic and imported West German industrial belt product 6 sold to distributors during April-June 1988. The price comparison showed that the imported product was priced almost 15 percent above the domestic product.

The reported net U.S. f.o.b selling prices weighted by the largest-sale quantities resulted in 47 quarterly price comparisons between domestic and imported West German industrial belt products 4 to 7 sold to distributors during January 1985-June 1988 (app. table F-4). Of the 47 price comparisons,

32 showed that the imported West German products were priced less than the U.S.-produced products, averaging almost 15 percent below U.S. producers' prices. Sixteen of the price comparisons showed the imported products to be priced above the domestic products, averaging about 8 percent higher than U.S. producers' prices.

Transportation factors

U.S. producers and importers reported in their questionnaire responses that domestic and imported industrial belts are generally shipped by truck to their U.S. customers, with U.S. freight costs typically averaging about 3 percent of the f.o.b. selling prices. The five U.S. producers and six importers responding to this part of the questionnaire indicated that U.S. inland transportation costs did not significantly affect price competition between the subject U.S.-produced and imported industrial belts. A majority of these firms also reported that they arrange freight to their customers, although the proportion of domestic producers doing so was higher than for the importing firms. In addition, questionnaire responses suggest that, in comparison with importers, U.S. producers sell a higher proportion of their industrial belts to customers located more than 100 miles from the supplying firms' U.S. selling locations.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that values of currencies of the eight foreign countries subject to these investigations generally appreciated in nominal and real terms relative to the U.S. dollar during January 1985-March 1988 (table 32). ^{1/} Exchange rate changes for the eight countries are discussed below.

West Germany.--The nominal value of the West German mark appreciated relative to the U.S. dollar by approximately 94 percent during January 1985-March 1988. An approximately 4-percent deflation rate in West Germany compared with about 1-percent inflation in the United States during this period, however, resulted in less appreciation of the West German mark in real terms compared with nominal terms. In real terms, the West German mark appreciated against the U.S. dollar during January 1985-March 1988 by approximately 83 percent, or 11 percentage points less than the appreciation in nominal terms.

Israel.--The nominal value of the Israeli sheqalim depreciated rapidly relative to the U.S. dollar during January 1985-March 1988, falling by approximately 54 percent, although most of this depreciation occurred by the end of 1985. A 204.7-percent increase in producer prices in Israel during January 1985-March 1988, compared with only a 1.2-percent increase in the United States, however, resulted in appreciation of the Israeli sheqalim in real terms vis-a-vis the U.S. dollar during this period. During January 1985-March 1988 the Israeli sheqalim appreciated in real terms by about 40 percent vis-a-vis the U.S. dollar.

^{1/} International Financial Statistics, June 1988.

Table 32

Indexes of the nominal and real exchange rates 1/ between the U.S. dollar and currencies of 8 specified countries, and indexes of producer prices in the foreign countries and the United States, 2/ by quarters, January 1985-March 1988

| Period | Israel | | | Italy | | | Japan | | |
|------------------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------------|-----------------------|-----------------------------|
| | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index 3/ | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index 3/ | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index 3/ |
| (January-March 1985=100) | | | | | | | | | |
| 1985: | | | | | | | | | |
| Jan.-Mar... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Apr.-June.. | 72.2 | 135.9 | 98.1 | 102.5 | 102.2 | 104.7 | 102.8 | 98.8 | 101.5 |
| July-Sept.. | 49.3 | 195.1 | 96.8 | 106.6 | 102.1 | 109.5 | 108.0 | 97.5 | 106.0 |
| Oct.-Dec... | 49.5 | 209.7 | 103.7 | 115.5 | 103.0 | 119.0 | 124.4 | 94.7 | 117.8 |
| 1986: | | | | | | | | | |
| Jan.-Mar... | 49.3 | 219.0 | 109.6 | 126.5 | 102.5 | 131.6 | 137.2 | 92.8 | 129.2 |
| Apr.-June.. | 49.3 | 229.5 | 117.2 | 131.3 | 100.7 | 136.9 | 151.5 | 89.4 | 140.1 |
| July-Sept.. | 49.2 | 237.1 | 121.2 | 140.8 | 99.9 | 146.2 | 165.4 | 87.0 | 149.7 |
| Oct.-Dec... | 49.2 | 244.0 | 124.4 | 145.4 | 100.6 | 151.5 | 160.8 | 86.1 | 143.5 |
| 1987: | | | | | | | | | |
| Jan.-Mar... | 45.8 | 258.1 | 121.0 | 154.7 | 102.1 | 161.8 | 168.2 | 85.6 | 147.4 |
| Apr.-June.. | 45.9 | 269.1 | 124.5 | 155.5 | 103.1 | 161.6 | 180.6 | 84.9 | 154.5 |
| July-Sept.. | 45.6 | 280.5 | 127.4 | 152.0 | 103.9 | 157.4 | 175.4 | 86.0 | 150.2 |
| Oct.-Dec... | 46.6 | 293.4 | 135.7 | 161.9 | 105.2 | 169.0 | 189.7 | 89.2 | 167.9 |
| 1988: | | | | | | | | | |
| Jan.-Mar... | 46.5 | <u>4/</u> 304.7 | 140.1 | 163.6 | 106.4 | 171.7 | 201.3 | 84.7 | 168.4 |
| Republic of Korea Singapore Taiwan | | | | | | | | | |
| | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index 3/ | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index 3/ | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index 3/ |
| 1985: | | | | | | | | | |
| Jan.-Mar... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Apr.-June.. | 96.7 | 100.1 | 96.7 | 100.7 | 97.8 | 98.5 | 98.8 | 99.2 | 98.0 |
| July-Sept.. | 95.1 | 100.3 | 95.9 | 100.9 | 96.2 | 97.7 | 97.5 | 98.6 | 96.7 |
| Oct.-Dec... | 94.1 | 100.9 | 94.9 | 105.5 | 94.5 | 99.7 | 98.3 | 98.0 | 96.4 |
| 1986: | | | | | | | | | |
| Jan.-Mar... | 94.5 | 99.8 | 95.8 | 104.5 | 87.3 | 92.5 | 100.2 | 97.1 | 98.8 |
| Apr.-June.. | 94.5 | 97.7 | 95.7 | 101.3 | 80.6 | 84.6 | 102.4 | 95.5 | 101.3 |
| July-Sept.. | 95.1 | 98.7 | 97.6 | 103.1 | 79.2 | 85.0 | 105.1 | 94.9 | 103.6 |
| Oct.-Dec... | 96.5 | 98.0 | 98.0 | 102.4 | 82.6 | 87.6 | 108.3 | 94.4 | 105.9 |
| 1987: | | | | | | | | | |
| Jan.-Mar... | 98.1 | 98.3 | 98.6 | 104.3 | 87.5 | 93.5 | 112.5 | 93.5 | 107.7 |
| Apr.-June.. | 101.3 | 99.4 | 101.5 | 105.4 | 89.2 | 94.7 | 121.3 | 91.9 | 112.4 |
| July-Sept.. | 103.9 | 99.5 | 103.0 | 106.3 | 89.9 | 95.2 | 129.0 | 90.8 | 116.7 |
| Oct.-Dec... | 104.9 | 99.9 | 104.0 | 109.3 | 88.2 | 95.7 | 133.0 | 89.6 | 118.3 |
| 1988: | | | | | | | | | |
| Jan.-Mar... | 108.7 | 101.6 | 109.1 | 110.9 | 88.0 | 96.4 | <u>5/</u> 137.5 | <u>5/</u> 89.8 | <u>5/</u> 122.0 |

See footnotes at end of table.

Table 32--Continued

Indexes of the nominal and real exchange rates 1/ between the U.S. dollar and currencies of 8 specified countries, and indexes of producer prices in the foreign countries and the United States, 2/ by quarters, January 1985-March 1988

| Period | (January-March 1985=100) | | | | | | |
|-------------|-----------------------------|-----------------------|--|-----------------------------|-----------------------|--|---------------------------|
| | United Kingdom | | | West Germany | | | U.S. Producer price index |
| | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index ^{3/} | Nominal exchange rate index | Pro-ducer price index | Real exchange rate index ^{3/} | |
| 1985: | | | | | | | |
| Jan.-Mar... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Apr.-June.. | 112.8 | 102.0 | 114.9 | 105.5 | 100.4 | 105.8 | 100.1 |
| July-Sept.. | 123.4 | 102.6 | 127.3 | 114.3 | 100.4 | 115.5 | 99.4 |
| Oct.-Dec... | 128.8 | 103.4 | 133.3 | 126.0 | 100.2 | 126.3 | 100.0 |
| 1986: | | | | | | | |
| Jan.-Mar... | 129.2 | 104.9 | 137.5 | 138.8 | 99.3 | 139.8 | 98.5 |
| Apr.-June.. | 135.3 | 106.6 | 149.3 | 145.0 | 97.8 | 146.7 | 96.6 |
| July-Sept.. | 133.6 | 107.0 | 148.6 | 156.1 | 96.8 | 157.1 | 96.2 |
| Oct.-Dec... | 128.2 | 107.8 | 143.2 | 162.2 | 95.4 | 160.3 | 96.5 |
| 1987: | | | | | | | |
| Jan.-Mar... | 138.2 | 109.2 | 154.6 | 177.0 | 95.1 | 172.5 | 97.7 |
| Apr.-June.. | 147.3 | 110.3 | 163.8 | 180.4 | 94.8 | 172.4 | 99.2 |
| July-Sept.. | 145.0 | 110.9 | 160.2 | 177.0 | 95.2 | 168.0 | 100.3 |
| Oct.-Dec... | 157.3 | 111.3 | 175.0 | 190.9 | 95.5 | 180.9 | 100.8 |
| 1988: | | | | | | | |
| Jan.-Mar... | 161.6 | 113.6 | 180.8 | 194.3 | 95.5 | 183.3 | 101.2 |

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.

2/ The producer price indexes are aggregate measures of inflation at the wholesale level in the United States and the above foreign countries.

Quarterly producer prices in the United States fluctuated but rose slightly, by 1.2 percent, during January 1985-March 1988. Producer prices in the Republic of Korea rose similarly at 1.6 percent during the same period; prices in Italy and the United Kingdom increased at a somewhat faster pace, by 6.4 and 13.6 percent, respectively, and prices in Israel jumped by 204.7 percent. On the other hand, producer prices in the West Germany, Japan, Singapore, and Taiwan declined, falling in a range from -4.5 percent in West Germany to -15.3 percent in Japan.

3/ The real values of the foreign currencies are the nominal values adjusted for the difference between inflation rates in the individual foreign countries and the United States, as measured by producer price indexes in these countries.

4/ Data for the first quarter of 1988 are based on Israeli producer price indexes reported for January-February.

5/ Data for the first quarter of 1988 are based on Taiwan exchange rates and producer prices for January-February.

Source: International Monetary Fund, International Financial Statistics, June 1988.

Italy.--The nominal value of the Italian lira appreciated relative to the U.S. dollar by approximately 64 percent during January 1985-March 1988. An approximately 6-percent inflation rate in Italy compared with about 1-percent inflation in the United States during this period resulted in a 72-percent appreciation of the Italian lira in real terms, which was somewhat greater than in nominal terms.

Japan.--The nominal value of the Japanese yen appreciated relative to the U.S. dollar by approximately 101 percent during January 1985-March 1988. An approximately 15-percent deflation rate in Japan compared with about 1-percent inflation in the United States during this period, however, resulted in less appreciation of the Japanese yen in real terms compared with nominal terms. In real terms, the Japanese yen appreciated against the U.S. dollar during January 1985-March 1988 by approximately 68 percent, or 33 percentage points less than the appreciation in nominal terms.

Korea.--The nominal value of the Korean won appreciated relative to the U.S. dollar by approximately 9 percent in both nominal and real terms during January 1985-March 1988. Similar rates of inflation in Korea and the United States during this period led to similar rates of nominal and real appreciation of the Korea won vis-a-vis the U.S. dollar.

Singapore.--The nominal value of the Singapore dollar appreciated relative to the U.S. dollar during January 1985-March 1988 by about 11 percent. An approximately 12-percent deflation rate in Singapore compared with about 1-percent inflation in the United States during this period, however, resulted in depreciation of the Singapore dollar in real terms against the U.S. dollar. In real terms, the Singapore dollar depreciated against the U.S. dollar during January 1985-March 1988 by approximately 4 percent.

Taiwan.--The nominal value of the new Taiwan dollar appreciated relative to the U.S. dollar during January 1985-March 1988 by about 38 percent. But an approximately 10-percent deflation rate in Taiwan compared with about 1-percent inflation in the United States during this period, resulted in less appreciation of the new Taiwan dollar in real terms compared with nominal terms. In real terms, the new Taiwan dollar appreciated against the U.S. dollar during January 1985-March 1988 by 22 percent, or 16 percentage points less than the appreciation in nominal terms.

United Kingdom.--The nominal value of the British pound appreciated relative to the U.S. dollar by approximately 62 percent during January 1985-March 1988. An approximately 14-percent inflation rate in the United Kingdom compared with about 1-percent inflation in the United States during this period, however, resulted in greater appreciation of the British pound in real terms compared with nominal terms. In real terms, the British pound appreciated against the U.S. dollar during January 1985-March 1988 by 81 percent, or 19 percentage points greater than the appreciation in nominal terms.

Lost revenue

* * * listed three instances of alleged lost revenue, involving two firms. The quantity involved totaled *** belts in blanket orders for annual supply, and an additional single sale of *** belts. In terms of value, the

alleged lost revenue totaled \$***. Commission staff investigated all three of the allegations. * * *, located in * * *, was named as awarding two blanket contracts to * * * in 1987 after that firm allegedly reduced its initial price quote to meet competition from lower price quotes for product allegedly imported from West Germany. * * * reduced its initial offer price of *** cents per belt to *** cents on an anticipated annual quantity of *** belts and similarly revised its initial offer of *** cents to *** cents per belt on a second request for a quote on anticipated volume of *** belts that same year. * * *, purchasing agent for * * *, explained that * * * manufactures * * *. * * * confirmed the facts virtually as alleged, but with two exceptions. The imported competing belts were from Taiwan not West Germany, and the competing import quote was *** cents per belt. The revised domestic bid was "close enough" to win the awards. There were no quality differences between the competing belts. * * * tests the belts thoroughly before rating the vendor as an acceptable bidder. Three steps are involved in the test process. First, the belts must meet * * * specs; then, the cord is tested; and finally the V grooves and belt length are checked. If these spec tests are passed, * * * puts the belts through a life test of 500 hours. Only then is the product labeled acceptable. * * * noted that the quoted price is good for the length of the contract, in these cases, 1 year. Lost revenue in these two instances amounted to an estimated \$*** based on anticipated quantity requirements.

* * * was named by * * * in an instance of lost revenue in * * * 1987 involving a sale to that * * * firm. The award was for *** industrial belts. The initial domestic price of \$*** per belt was reduced to \$***, allegedly to meet a competing offer price of \$*** per belt for imported belts from Japan. * * *, purchasing manager, was contacted and asked to check the facts. As yet, he has not responded to the ITC staff inquiry. The alleged lost revenue in this instance totaled \$***.

* * * listed 25 alleged lost revenue examples. They amounted to a total of roughly \$200,000 in alleged lost revenues. * * * provided two examples of alleged lost revenue involving blanket order sales awarded to * * * by * * *. These two instances involved * * *. * * * won a blanket order award in June 1988 to supply industrial belts to * * * through * * *. The anticipated annual volume was estimated at more than *** belts for * * * categories of industrial belts. * * * alleged that it approved prices to * * * below the 100 level to enable * * * to quote prices to * * * at levels of 58 to 86 for the * * *. 1/ * * * allegedly faced severe low-price competition from * * * belts imported from Japan.

* * *, purchasing manager for * * *, confirmed the facts as alleged. There were * * * bidders competing for the * * * contract. * * * were given serious consideration. * * * were judged as unable to perform for capital requirement reasons and inability to supply product on a just-in-time basis. * * * was competing through * * *, a * * * distributor of * * * belts. * * * was competing through * * *. * * * was quoting prices on * * * belts. * * * won the award but had to cut its offer price *** percent below the * * *-approved levels. * * * explained that the standard rebate margin based on * * *-approved levels below the 100 level amounted to a gross margin of 15 percent for * * *. The * * * award cut the * * * margin to only 5 percent. "You can't operate on 5 percent," * * * emphasized. The reason for taking the award, he explained, was strategic. * * * has to maintain high V-belt volume

1/ See diagram on distributor cost level in the price section.

to justify the "best price" inventory that is necessary to support the demand requirements for * * * 's other customers in the * * * region. Without the * * * base, * * * emphasized, this would be difficult, perhaps impossible, given today's tough import competition.

During this bid competition, * * * was being enticed by * * * to take on the * * * belt line. * * * had in hand the * * * offer prices and used them as documentation to obtain the extra discounts from * * *. From former head-to-head competition with * * * belts, * * * also knew that * * * would be even lower in its prices. * * *. * * * will provide the Commission with a copy of this letter and other documentation verifying the prices attendant to the * * * award after * * *.

* * * cited * * * in another alleged instance of lost revenue in * * * 1988 that involved an award for a blanket order from * * *. This award was for an anticipated volume of *** belts for two classes of industrial belts. * * * alleged that it reduced its 100-level distributor price to permit the distributor to offer a sell price of 81 to * * *, thus approving a rebate to * * * that amounted to a 15 percent gross margin. * * * noted that until recently, * * * ' rebates had been at a level that provided only a 10 to 12 percent gross margin. He added that too many distributors faced with competition from low-priced imports were "walking away from such slim margins." The importers were offering extra discounts "up front" on the invoice and also rebating. This is more attractive to some distributors and purchasers, says * * *, than documenting a meet-competition situation, which is difficult to do in many cases.

* * * named * * * in an alleged instance of lost revenue that involved reducing initial price quotes to meet competition from lower offer prices for industrial belts imported from Singapore. * * * won an award in * * * 1988 to supply * * * with a variety of industrial belts that would total an estimated \$*** in annual volume. * * * alleged that it reduced its prices for specified belts by amounts that ranged from 6 to 29 percent in order to win this blanket order award for 1988. * * *, the Corporate Purchasing Manager, confirmed that his firm had awarded * * * a blanket order. * * * had been sourcing belts from * * * at lower prices based on a corporate-wide program * * *. There had been quality problems with * * * belts at the * * * facility. Another * * * facility had supply problems with the * * * distributor in that area. Consequently, these factors, together with the price reductions of * * * to meet lower prices for * * * belts imported from Singapore, resulted in a partial switch to * * * for 1988 supply. * * *, the negotiator for the award, confirmed the price reductions as alleged. He commented that perhaps * * * the * * * annual volume was still going to * * *. He estimated the company-wide industrial belt volume in the * * * region to be roughly \$*** to \$*** annually. The industrial belt market is very competitive currently and suppliers' margins are low, he added. The maintenance people at * * * see * * * belts as "running better" than * * * belts. Other facilities have been satisfied with * * * belts and the low prices.

* * * named * * * in another alleged lost revenue in * * * 1988. * * *, in the face of alleged competition from low prices for * * * belts imported from Singapore, reduced its prices to * * *, approving sell prices by * * * to * * * that were from 25 to 45 percent below 100-level distributor buy prices.

***, buyer for ***, confirmed that *** had reduced its initial prices as alleged. The order was for annual requirements for ***. Prices on the competing *** belts were quoted by ***, a distributor in the *** region. *** said that *** needed local distributor supply to keep on-hand inventory down. Although the *** plants try to operate on a belt replacement schedule, this doesn't always work and at times a key belt is needed at once. *** belts were not priced quite as low as *** belts but were "close enough," said ***. He noted that *** did have a "national agreement" with ***, but that regional buyers can "go local" as competitive conditions and *** needs require.

In another lost revenue allegation, *** named *** as involved in a sale of a broad variety of industrial belts in *** 1988, after *** approved sell prices from 2 to 34 percent below 100-level distributor prices in order to compete with prices offered for belts imported from the United Kingdom or West Germany. ***, a representative of ***, confirmed the facts as alleged. He said that the award was made to his firm by ***. *** provided *** with invoices for ***, saying, "these are the prices you have to meet." Prior to this award, *** had only about *** percent of ***'s volume, a few special belts not offered by ***. *** wanted to "buy American" so *** tried to solicit all the business and won the award, which amounts to about \$*** per year. *** netted about a *** percent gross profit margin after the *** rebate. He emphasized that the rebate system is "a pain in the neck." His office spends 2 days a month documenting the sales made at approved discounts below cost. The only reason for taking a sale at such a low margin, *** said, is to try to "keep us active with ***."

*** added that he is losing business to imports every day. He asserted that he can sell against domestic belt competition but not against imports, which are normally offered at prices 20 to 25 percent below ***'s cost, and at times as much as 30 to 40 percent lower. As an example, he cited ***, an OEM that makes ***. This account, roughly \$*** per year, was lost to sales by *** at "substandard prices," 25 percent below ***'s prices.

*** listed seven instances of alleged lost revenue in 1986-87 that involved seven different purchasers. The total amount of alleged lost revenue amounted to \$317,000. The staff investigated one of these allegations involving ***. In *** 1986, *** reduced its price for an order of *** dryer belts from \$*** to *** cents per belt in competing against belts imported from Japan and allegedly offered at *** cents per belt. This allegation was confirmed in general terms by ***. He is collecting the facts on this transaction and will provide them to the Commission's staff.

Lost sales

*** listed 17 examples of alleged lost sales that totaled \$215,089 in 1986-87. These alleged lost sales involved 13 different purchasers.

*** was identified by *** as the purchaser in an alleged lost sale in *** 1986 of *** belts of a single stock number, ***. ***'s price of *** cents per belt was rejected, allegedly in favor of a competing quote of *** cents per belt for substitute belts imported from Japan. ***, buyer for

***, a manufacturer of ***, confirmed the purchase at the price alleged. The Japanese belts were *** product, purchased through a *** distributor. This supply satisfied ***'s requirements from *** 1986 to *** 1987. The 14 percent lower price for the *** belt gave the *** distributor the sale. ***, however, switched to *** belts in the late summer of 1987 for the next season's requirement. ***, selling through a *** distributor, met the *** and *** prices and won the award. *** noted that *** has received and tested samples of belts from Taiwan but has not purchased any in volume.

*** named *** in another lost sale allegation. In *** 1987, *** quoted a price of *** cents per belt for a blanket order of *** industrial belts but allegedly lost the sale to a competing bid of *** cents for belts imported from Singapore or Japan. ***, purchasing manager for ***, explained the circumstances related to this allegation. Quality and price both must be acceptable to ***. *** had received samples from *** and subsequently bought a shipment of *** belts from that domestic source. ***, he said, uses roughly *** to *** of that particular belt per year. It is a replacement belt for ***; *** sells to *** throughout the United States. The first shipment from *** was good. The second shipment had a quality problem; the cogs in the belt were not spaced correctly in one small section of the belt. *** explained that they had shipped from another plant and ***. *** slowly worked off the bad inventory and then turned to ***. *** sent *** belts that were too long.

According to ***, ***'s initial quote was *** cents per belt in the alleged lost sale instance, but it was later revised to *** cents. *** offered the same belt at *** cents with a *** discount of *** cents per belt. *** rates the *** belts as very high quality. This fact, plus the lower net price and the prior quality problem with the shipment of *** belts, gave *** the *** account for the subject belt through ***, a *** distributor. The *** belts are at times imported from Singapore and at other times from Japan. *** added that *** buys other belts from *** and from **. Overall, *** purchases a volume of *** replacement belts per year.

*** cited *** in another instance of a lost sale in bid competition for a blanket order for industrial belts for **. The annual anticipated volume totaled *** assorted industrial belts of specified stock numbers. The award allegedly went to imported belts from Japan. ***, a *** executive, explained that this award had gone to *** but in recent years had gone to distributors quoting on *** and *** belts. *** agreed to provide documentation from *** as to the competing bids and the award of the blanket purchase order to a *** distributor at very low prices. This documentation reveals that there were *** distributors bidding for all or part of this contract. Two distributors quoted prices on *** belts, one quoted prices on *** belts, *** quoted on *** belts, another quoted *** belt prices, and *** quoted *** belt prices. *** was the low bidder and won the award. This contract was for *** purchases of belts from *** 1987 through *** 1988. The next lowest bidder was the distributor quoting *** prices. Random price comparisons of *** prices for specific belts compared with competing *** prices for those belts and with the lowest competing prices for *** belts reflect margins of underbidding by the *** prices that ranged from 18 to 20 percent for *** belt prices, and from 21 to 23 percent for *** belt prices.

*** named *** in an example of a lost sale of *** industrial belts in bid competition for a blanket contract to supply ***. *** responded to the staff's inquiry in general terms but could not comment on the specific allegation. *** emphasized that currently, and in the past several years, there is "a lot of price cutting and substitution of sources" for industrial belts. *** serves the OEM market and the replacement market and buys from several domestic sources and occasionally purchases imported belts. If a purchaser does not specify a brand and focuses on price, *** will seek the best price source and quote that belt, at the same time recognizing that the company needs happy customers for repeat business. *** emphasizes that in the current market many times you can't make a fair profit and still get the business. Import competition has meant that being on the "best buy" list is not enough. He recalls that *** has not been able to win the *** contract in recent years and on occasion has not bothered to quote. As for the specifics of the subject allegation, a salesman, ***, handled the subject bid but is on vacation and will respond to the Commission's inquiry on his return.

Two lost sales allegations by *** cited ***, a *** distributor, as purchasing specific industrial belts imported from Japan in 1987. *** stated that his company, a full-line industrial parts distributor, sells *** to *** industrial belts nationally per year, 95 percent of which are replacement belts. Several years ago, *** decided to add industrial belts to its product line. *** approached ***, which declined. *** also declined, as did ***. *** accepted *** as a distributor. *** sells industrial belts primarily on an annual-contract basis. He "frequently turns to imports," but also has "a lot of belts made to specs." *** said he tries to keep this dimension of ***'s requirements domestic. *** currently multi-sources from *** and ***. Generally, *** puts out a request for quotes to three domestic producers for special belts. Domestic, he said, are "more small batch oriented" than the importers. He explained that he went offshore for availability reasons as well as price on standard belts. His major import sources, *** and ***, are warehousing all over the country. *** says that turnaround time for his orders is 3 working days for Japanese industrial belts compared with 7 days for domestic belts.

Currently, *** is talking to importers of Korean belts and to ***. He has tested *** products but has not purchased any as yet. Noting that industrial belts from Israel are substandard, *** stated that ***, an importer, formerly handled industrial belts from Israel and from ***, but now imports from various countries, and a purchaser such as *** doesn't know where the belts are coming from. This, *** added, causes quality problems.

*** listed two types of belts, *** and ***, alleging that *** rejected domestic quotes of \$*** and \$*** per belt in favor of imported belts from Japan quoted at \$*** and \$*** respectively. *** recalled that he had asked for quotes from three domestic producers. *** was given the blanket order for *** belts. No order was placed for the alleged *** industrial belts. *** shipped the belts. *** rejected the shipment because the belts did not meet specs in terms of the layered material in the belts. *** then turned to ***, whose shipment was accepted at a price of \$***, f.o.b. ***'s *** warehouse.

*** named *** in an instance of an alleged lost sale in 1987 of *** industrial belts. ***'s \$*** per belt offer price was rejected in favor of belts imported from Korea offered at \$*** per belt. *** acknowledged that he had turned to a foreign belt source to win a contract for a new account with ***. The domestic producer "may have offered a discount based on a rebate." *** emphatically said he "won't operate on a rebate basis." He "wants the price up front." *** said he is trying to work with *** but that import prices have been 25 to 30 percent lower. He won the *** contract for belts in 1988 with prices on imported *** belts. The final competing prices per belt were \$*** for *** belts, compared with \$*** for *** belts. The blanket order amounts to roughly \$***.

*** listed nine lost sales that involved six different firms. The total lost sales amounted to more than \$1.5 million. *** named *** in an alleged lost sale of *** industrial belts in *** 1986. ***'s quote of *** cents per belt was rejected, allegedly in favor of a competing price quote of *** cents per belt for imported belts from the United Kingdom. ***, senior buyer that handles this product, provided the following facts on this allegation. *** buys belts for ***. It sources various belts from *** and ***. These are *** belts and *** uses roughly *** to *** a year. This volume is split about evenly between the two sources. ***'s records show that the prices paid for these belts in 1986 ranged from *** to *** cents per belt. *** does not know whether the belts from *** are imported or not. *** is a domestic producer of industrial belts. A call to *** verified that they do indeed manufacture belts for *** in the *** plant. *** does import certain belts from *** in the United Kingdom. *** cannot track this alleged transaction without knowing the exact belt in question. If the domestic producer will identify the specific belt involved, *** will trace the source of that belt supplied to ***.

*** listed *** in an alleged lost sale of *** industrial belts in *** 1986. *** allegedly rejected a quote by *** of *** cents per belt in favor of a price of *** cents for belts imported from Japan. The staff contacted ***'s purchasing office, but the knowledgeable individuals were on vacation. *** does purchase belts in *** and is the *** for industrial belts for the company's own use as an OEM of ***.

Ultimately, *** and the industrial belts buyer, ***, responded to the ITC staff inquiry. *** indicated that *** was sourcing *** belts from Japan and Singapore. *** belts were purchased from ***, a *** distributor. *** belts were *** from Japan by ***. *** confirmed the quantity of *** belts and the competing price alleged by ***. *** explained, however, that the price of *** cents price per belt was an *** price for *** belts. The *** price amounts to *** cents per belt. The *** belts are purchased at a price of *** cents per belt, f.o.b. **, compared with ***'s offer price of *** cents, f.o.b. **.

*** added that ***. *** intends to dual source, but will try not to switch sources to the extent possible in the interest of improving quality control. Consequently, *** is in the process of regaining some of its lost volume in *** belts. A current testing program involving *** indicates that the *** belt is superior to the *** belt. This result is based on ***, ***. *** told *** that it was considering transferring production of the *** belt in question to ***. *** said it would gain cost advantages that it needed in the face of the severe import price

competition in the U.S. industrial belt market. * * * said that such a move to * * * would necessitate * * *. * * *.

* * * currently has roughly *** percent of * * *'s total * * * belt volume, which amounts to about * * * belts per year; * * * has the remaining *** percent. Several years ago, * * * belts were being tested alongside * * * belts. This same belt * * *, * * * stated. * * *. * * * did not cause this problem. * * *'s price was lower than * * *'s, and * * * took the * * * account for some time. * * * and has recovered some of the lost volume.

* * * named * * * in * * * alleged instances of lost sales for specific belts, identified by stock number. * * * alleged that in * * * 1987 it lost two orders that amounted to an anticipated annual volume of *** belts with a total value of \$***. A quote of *** cents per belt and *** cents per belt, respectively, for the two specified belts was rejected, allegedly in favor of competing quotes of *** cents and *** cents for imported belts from West Germany. In * * * 1987, * * * offer prices of *** cents and *** cents per belt for the two other specified belts were rejected, allegedly in favor of imported belts from Japan offered through a U.S. distributor at *** cents and *** cents per belt. The total anticipated volume involved was *** belts with a total value of \$***.

* * *, a * * * buyer located in * * *, could not locate information on the first two specified belts. * * * did confirm that the specified belts for which * * * quoted prices in * * * 1987 were * * * and that the alleged * * * offer prices were accurate. Since then, however, * * * stated that * * * and came in with a price of *** cents per belt. * * * explained that both of the belts involved in the * * * request for quotes are * * *. No contracts have been let, as yet. * * * noted that because of * * *, * * * has been instructed to buy parts for * * * only from North American sources, so long as they were "reasonably priced." * * * added that * * * may be purchasing industrial belts from offshore. Commission staff has ascertained that * * *.

* * * listed 47 examples of alleged lost sales supported by documentation. In total, they amounted to almost \$5 million in lost sales volume. * * * named * * *, a * * * distributor, in an instance of an alleged lost sale in * * * 1986 for a potential annual volume of roughly \$***. * * * approved an * * * "meet competition" request to quote selling prices to * * * for a broad range of industrial belts at below-100-level prices that ranged from 4 to 23 percent below 100-level distributor cost, but allegedly lost the sale to lower priced belts imported from Japan. * * *, an * * * executive, confirmed the facts as alleged, but noted that the discounted prices offered were as much as 30 percent below the 100-level distributor cost. * * * stated that the sale was lost to a competing distributor, * * *, who offered lower prices for * * * belts. * * *. According to * * *, * * * came into the area 4 years ago and "turned the market upside down." * * * established low "buy levels" direct to * * *. With orders in hand, * * * went to established distributors to entice them to take on the * * * line and service these orders on a rebate basis. * * * couldn't support such large accounts with its own distribution system, * * * asserted. The * * * blanket account amounts to a \$*** annual sales volume. In * * * 1987, * * * won back this account with extra approved discounts from * * * and a rebate of roughly 19 percent, less than the normal 25 percent margin * * * strives for.

APPENDIX A

FEDERAL REGISTER NOTICE OF THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

**INTERNATIONAL TRADE
COMMISSION**

(Investigations Nos. 701-TA-293, -294, and -295 (Preliminary) and 731-TA-412 Through -419 (Preliminary))

Industrial Belts From Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of the following preliminary countervailing duty investigations under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(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 industrial belts¹ that are alleged to be subsidized by the Governments of, and imported from— Israel (investigation No. 701-TA-293 (Preliminary)), Singapore (investigation No. 701-TA-294 (Preliminary)), and South Korea (investigation No. 701-TA-295 (Preliminary)).

The Commission hereby also 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 of industrial belts that are alleged to be sold in the United States at less than fair value, that are imported from—

¹ For the purposes of these investigations, the term "industrial belts" includes belting and belts for machinery, in part or wholly of rubber or plastics, provided for in items 358.02, 358.08, 358.08, 358.08, 358.11, 358.14, 358.16, 857.25, and 773.35 of the Tariff Schedules of the United States. Specifically excluded from the scope of these investigations are imports of conveyor belts and imports of automotive belts. (Automotive belts include belts for such motor vehicles as cars, buses, on-the-road trucks, etc., and also the front-end engine drive belts for industrial vehicles such as road graders and cranes; automotive belts do not include any belts for agricultural equipment).

Israel (investigation No. 731-TA-412 (Preliminary)).
 Italy (investigation No. 731-TA-413 (Preliminary)).
 Japan (investigation No. 731-TA-414 (Preliminary)).
 Singapore (investigation No. 731-TA-415 (Preliminary)).
 South Korea (investigation No. 731-TA-416 (Preliminary)).
 Taiwan (investigation No. 731-TA-417 (Preliminary)).
 The United Kingdom (investigation No. 731-TA-418 (Preliminary)), and
 West Germany (investigation No. 731-TA-419 (Preliminary)).

As provided in sections 703(a) and 733(a), respectively, the Commission must complete preliminary countervailing duty and antidumping investigations in 45 days, or in this case by August 15, 1988.

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), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: June 30, 1988.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-252-1183), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on June 30, 1988, by The Gates Rubber Co., Denver, CO.

Participation in the Investigations

Persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late

entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on July 22, 1988, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Bonnie Noreen (202-252-1183) not later than July 19, 1988, to arrange for their appearance. Parties in support of the imposition of countervailing and/or 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.

Written Submissions

Any person may submit to the Commission by or before 12:00 noon on July 28, 1988, a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8). 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 to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential

submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

By order of the Commission.

Kenneth R. Mason,
 Secretary.

Issued: July 1, 1988.

[FR Doc. 88-15233 Filed 7-6-88; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

LIST OF WITNESSES APPEARING AT
THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-293-295 (Preliminary)
and 731-TA-412-419 (Preliminary)

INDUSTRIAL BELTS FROM ISRAEL, ITALY, JAPAN, SINGAPORE, SOUTH KOREA,
TAIWAN, THE UNITED KINGDOM, AND WEST GERMANY

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on July 22, 1988, in room 100 of the USITC Building, 500 E Street, SW., Washington, DC.

In support of the imposition of countervailing and antidumping duties

Stewart and Stewart--Counsel
Washington, DC
on behalf of--

The Gates Rubber Co.

Mr. Ralph Rivera, Director of Marketing, Industrial Division
Mr. Don Austin, Vice President, Belt Manufacturing
Mr. Jerald D. Hoesel, Vice President, Controller
Mr. John Anderson, Manager, Market Research and Planning
Mr. James E. Nelson, International Counsel, Legal Department

Mr. Eugene L. Stewart--OF COUNSEL

In opposition to the imposition of countervailing and antidumping duties

Mr. Andrew R. Wechsler, Economists Incorporated

Sonnenberg, Anderson, O'Donnell & Rodriguez--Co-counsel
Chicago, IL, and
Graham & James--Co-counsel
Washington, DC
on behalf of--

MBL (USA) Corp., Mitsuboshi Belting Ltd., and
Mitsuboshi Belting (Singapore) Pte, Ltd.

Mr. Steven P. Sonnenberg)
Mr. Thomas F. Railsback)--OF COUNSEL
Mr. Yoshihiro Saito)

Gibson, Dunn & Crutcher--Counsel
Washington, DC
on behalf of--

Bando Chemical Industries Ltd. and Bando American, Inc.

Mr. Dick Browsky, Vice President of Sales, Bando American, Inc.

Mr. Joseph H. Price)
Mr. C. Scott Talbot)--OF COUNSEL

CALENDAR OF PUBLIC CONFERENCE--Continued

In opposition to the imposition of countervailing and antidumping duties--Con.

O'Melveny & Myers--Counsel
Washington, DC
on behalf of--

Optibelt Corp.

Mr. William Jenner, Vice President, Marketing & Sales

Mr. Gary N. Horlick--OF COUNSEL

Arnold & Porter--Counsel
Washington, DC
on behalf of--

Dongil Rubber Belt Co., Ltd.

Mr. Young-Ohn Park, Executive Director of International Trade
Mr. Hyung-Soo Kim, Director

Mr. Sukhan Kim)
Mr. Michael Faber) --OF COUNSEL

Skadden, Arps, Slate, Meagher & Flom--Counsel
Washington, DC
on behalf of--

Magam United Rubber Factories Ltd.

Mr. William E. Perry)
Mr. Thomas R. Graham) --OF COUNSEL

Brownstein, Zeidman & Schomer--Counsel
Washington, DC
on behalf of--

J.H. Fenner & Co., Ltd. and Fenner America, Inc.

Mr. Steven P. Kersner)
Mr. Ronald M. Wisla) --OF COUNSEL

Barnes, Richardson & Colburn--Counsel
Washington, DC
on behalf of--

Pirelli Industrial Products Corp.

Mr. Gaetano Mannino, General Manager

Mr. Matthew T. McGrath)
Mr. Peter A. Martin) --OF COUNSEL

APPENDIX C

FEDERAL REGISTER NOTICES OF THE
UNITED STATES DEPARTMENT OF COMMERCE

[A-508-801]

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Israel

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from Israel are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from Israel 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 (the Act), and that these imports materially injure, or threaten material injury, to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "FOR FURTHER INFORMATION CONTACT" section of this notice.

United States Price and Foreign Market Value

Petition considers the prices it must use to meet the competition as its best evidence of Israeli selling prices in the United States. United States price was based on distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner based foreign market value on its own export prices which its representative in Israel advises are necessary for its belts to be competitive in Israel. Petitioner also adjusted for any difference in credit terms between the United States and the home market.

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 3.8% to 252.5%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from Israel.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information

reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from Israel and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from Israel are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0810, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.50, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and

containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from Israel materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

July 20, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16800 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-03-M

(A-475-802)

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Italy

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured (hereinafter referred to as industrial belts), from Italy are being

or are likely to be sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from Italy 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

Petitioner considers the prices it must use to meet the competition as its best evidence of Italian selling prices in the United States. United States price was based on distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. That resulting price in local currency was then divided by the applicable exchange rate to obtain a price in

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 2.3% to 138.7%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from Italy.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from Italy and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from Italy are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts; in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protection order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from Italy materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

July 20, 1988.

Jan W. Marés,
Assistant Secretary for Import
Administration.

[FR Doc. 88-16001 Filed 7-25-88; 8:45 am]

(A-588-807)

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured. From Japan

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from Japan 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

Petitioner considers the prices it must use to meet the competition as its best evidence of Japanese selling prices in the United States. United States price was based on the distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, from Japan currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520 and representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. The resulting price in local currency is then divided by the applicable exchange rate to obtain a price in dollars.

Based on a comparison of United States price and foreign market value,

petitioners allege dumping margins ranging from 11.3% to 176.5%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from Japan.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from Japan and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from Japan are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from Japan materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.
July 20, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16802 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-05-M

[A-559-802]

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Singapore

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from Singapore are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates

Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from Japan 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

Petitioner considers the prices it must use to meet the competition as its best evidence of Singapore selling prices in the United States. United States price was based on distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. That resulting price in local currency is then divided by the applicable exchange rate to obtain a price in dollars.

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 0 to 42.2%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from Singapore.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from Singapore and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from Singapore are being, or are likely to be,

sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5110.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal

combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from Singapore materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.
July 20, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16803 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-05-M

[A-580-801]

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from South Korea

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from South Korea are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds

normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from South Korea 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

United States price was based on distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. That resulting price in local currency was then divided by the applicable exchange rate to obtain a price in dollars.

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 0 to 145.7%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from South Korea.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from South Korea and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from South Korea are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600,

657.2520, 773.3510, 773.3520 and currently classifiable under IIS item numbers 5910.00.10, 5910.00.90, 4010.01.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from South Korea materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

July 20, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16804 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-05-M

(A-583-804)

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Taiwan

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured (hereinafter referred to as industrial belts) from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from Taiwan 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "FOR FURTHER INFORMATION CONTACT" section of this notice.

United States Price and Foreign Market Value

Petitioner considers the prices it must use to meet the competition as its best evidence of Taiwanese selling prices in the United States. United States price was based on distributor's selling prices to industrial consumers. Petitioner

deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. That resulting price in local currency was then divided by the applicable exchange rate to obtain a price in dollars.

Based on comparison of United States price and foreign market value, petitioners alleged dumping margins ranging from 0 to 38.7%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from Taiwan.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from Taiwan and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from Taiwan are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from Taiwan materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated;

otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

July 20, 1988.

Jan. W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16805 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-G5-M

[Docket No. A-412-802]

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From the United Kingdom

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from the United Kingdom are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from the United Kingdom 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

Petitioner consider the prices it must use to meet the competition as its best evidence of the United Kingdom's selling prices in the United States. United States price was based on distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. That resulting price in local currency was then divided by the applicable exchange rate to obtain a price in dollars.

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 3.4% to 123.7%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from the United Kingdom.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from the United Kingdom and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from the United Kingdom are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist

with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate Tariff Schedules of the United States Annotated (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for 366 consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520, and currently classifiable under HS item numbers 5910.00.01, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These includes V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from the United Kingdom materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.
July 20, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16806 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-05-M

[A-428-802]

Initiation of Antidumping Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From the Federal Republic of Germany

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from the Federal Republic of Germany are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will

make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from the Federal Republic of Germany 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraph (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

Petitioner considers the prices it must use to meet the competition as its best evidence of German selling prices in the United States. United States price was based on distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. That resulting price in local currency was then divided by the applicable exchange rate to obtain a price in dollars.

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 0 to 269.8%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial

belts from the Federal Republic of Germany.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from the Federal Republic of Germany and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from the Federal Republic of Germany are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether

cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520, and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts, and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not discuss such information either publicly or under administrative protective order without written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from the Federal Republic of Germany materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act. July 20, 1988.

Jan W. Mares,
Assistant Secretary for Import
Administration.

[FR Doc. 88-16799 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-05-M

[C-508-832]

Initiation of Countervailing Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Israel

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Israel of industrial belts and components and parts thereof, whether cured or uncured (industrial belts), as described in the "Scope of Investigation" section of this notice, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action, so that it may determine whether imports from Israel materially injure, or threaten material injury to, a U.S. industry. The petition also alleges that "critical circumstances" exist within the meaning of section 703(e)(1) of the Tariff Act of 1930, as amended (the Act). If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 14, 1988, and we will make our preliminary determination on or before September 23, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Rick Herring or Barbara Tillman, Office of Investigations, Import Administration, Room B-099, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-0187 or 377-2438.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form from the Gates Rubber Company on behalf of the U.S. industry producing industrial belts. In compliance with the filing requirements of section 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Israel of industrial belts receive subsidies within the meaning of section 701 of the Act. In addition, the petition alleges that such imports materially injure, or threaten material injury to, the U.S. industry producing a like product. The petition also alleges that "critical

circumstances" exist within the meaning of section 703(e)(1) of the Act.

Since Israel is a "country under the Agreement" within the meaning of section 701(b) of the Act, the ITC is required to determine whether imports of the subject merchandise from Israel materially injure, or threaten material injury to, a U.S. industry.

Petitioner has alleged that it has standing to file the petition. Specifically, petitioner has alleged that it is an interested party as defined under section 771(9)(C) of the Act and that it has filed the petition on behalf of the U.S. industry manufacturing the products that are subject to this investigation.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "FOR FURTHER INFORMATION CONTACT" section of this notice.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on industrial belts from Israel and have found that it meets the requirements of section 702(b) of the Act. Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Israel of industrial belts, as described in the "Scope of Investigation" section of this notice, receive subsidies. If our investigation proceeds normally, we will make our preliminary determination on or before September 23, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, and 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10 and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Allegations of Subsidies

The petition lists a number of practices by the Government of Israel which allegedly confer subsidies on manufacturers, producers or exporters in Israel of industrial belts. We are initiating an investigation on the following alleged programs:

- *Benefits Under the Encouragement of Capital Investment Law (ECIL)*
 - Investment Grants
 - Long-term Industrial Development Loans
 - Accelerated Depreciation
 - Direct Reduction of Corporate Tax
 - Interest Subsidy Payments
- *Special Export Marketing Financing*
- *Exchange Rate Risk Insurance*
- *Encouragement of Research and Development Law (ERDL) Grants*
- *Labor Training Grants from the Ministry of Labor.*

Although alleged by petitioner, we are not investigating the following programs:

- *Benefits Under the Encouragement of Industry Law (EIL) of 1969*

The Department has previously investigated accelerated depreciation and income tax deductions under the EIL and found that these programs are not limited to specific regions or to a specific enterprise or industry, or group of enterprises or industries. See *Final Affirmative Countervailing Duty Determination: Industrial Phosphoric Acid from Israel*, (52 FR 25447, July 7, 1987) (*Phosphoric Acid*). Because petitioner has presented no new evidence or alleged changed circumstances with respect to this program, we are not initiating an investigation on this program.

- *Export Financing from the Bank of Israel*

In *Phosphoric Acid* we found that the interest rate charged by the Bank of Israel on loans under the Export Production Fund, the Export Shipments Fund, and the Imports for Export Fund were no longer preferential as of July 1985. We requested updated information from petitioner, if available. Petitioner presented information published in 1988. However, close examination of that information indicates that it was compiled in June 1985, before the date of our verification of *Phosphoric Acid*. Because our determination in *Phosphoric Acid* was based upon verified information which is more current than that supplied by petitioner, and indicates that loans under this program are no longer preferential, we are not investigating this program.

Allegation of Critical Circumstances

Petitioner alleges that critical circumstances exist with respect to imports of industrial belts from Israel. Petitioner claims that the products concerned benefit from export subsidies that are inconsistent with the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement of Tariffs and Trade, and that imports have been massive over a relatively short period. We will determine whether critical circumstances exist with respect to these imports in our preliminary and final determinations.

Notification of ITC

Section 702(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 nonproprietary information. We will also allow the ITC access to all privileged and business proprietary information in our files.

provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination By ITC

The ITC will determine by August 14, 1988, whether there is a reasonable indication that imports from Israel materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 702(c)(2) of the Act.

Jan W. Mares,

Assistant Secretary for Import Administration.

July 20, 1988.

[FR Doc. 88-16807 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-09-M

[C-590-802]

Initiation of Countervailing Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From the Republic of Korea

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in the Republic of Korea (Korea) of industrial belts and components and parts thereof, whether cured or uncured (industrial belts), as described in the "Scope of Investigation" section of this notice, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action, so that it may determine whether imports from Korea materially injure, or threaten material injury to, a U.S. industry. The petition also alleges that "critical circumstances" exist within the meaning of section 703(e)(1) of the Tariff Act of 1930, as amended, (the Act). If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 14, 1988, and we will make our preliminary determination on or before September 23, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Rick Herring or Barbara Tillman, Office of Investigations, Import Administration, Room B-099, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-0187 or 377-2438.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form from the Gates Rubber Company on behalf of the U.S. industry producing industrial belts. In compliance with the filing requirements of section 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Korea of industrial belts receive subsidies within the meaning of section 701 of the Act. In addition, the petition alleges that such imports materially injure, or threaten material injury to, the U.S. industry producing a like product. The petition also alleges that "critical circumstances" exist within the meaning of section 703(e)(1) of the Act.

Since Korea is a "country under the Agreement" within the meaning of section 701(b) of the Act, the ITC is required to determine whether imports of the subject merchandise from Korea materially injure, or threaten material injury to, a U.S. industry.

Petitioner has alleged that it has standing to file the petition. Specifically, petitioner has alleged that it is an interested party as defined under section 771(9)(c) of the Act and that it has filed the petition on behalf of the U.S. industry manufacturing the products that are subject to this investigation.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "FOR FURTHER INFORMATION CONTACT" section of this notice.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on industrial belts from Korea and have found that it meets the requirements of section 702(b) of the Act. Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers,

producers, or exporters in Korea of industrial belts, as described in the "Scope of Investigation" section of this notice, receive subsidies. If our investigation proceeds normally, we will make our preliminary determination on or before September 23, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, and 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10 and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Allegations of Subsidies

The petition lists a number of practices by the government of Korea which allegedly confer subsidies to manufacturers, producers or exporters in Korea of industrial belts. We are initiating an investigation on the following alleged programs:

- Short-Term Export Financing under the Foreign Trade Financing Regulations;
- Loans to Promising Small- and Medium-Sized Enterprises;
- Export Tax Reserves under Articles 22, 23, and 24 of the Act Concerning the Regulation of Tax Reduction and Exemption;
- Accelerated Depreciation under Article 25 of the Act Concerning the Regulation of Tax Reduction and Exemption;
- Special Depreciation under Article 11 of the Act Concerning the Regulation of Tax Reduction and Exemption;
- Tax Credits for Investment for Key Industries;
- Exemption from the Acquisition Tax under the Law for the Promotion of Income Sources in Rural Areas;
- Tax Incentives for Businesses Moving to a Provincial Area;
- Tax Incentives under the Free Export Zone Program;
- Unlimited Deduction of Overseas Entertainment Expenses under Article 18-2 of the Corporation Tax Act;
- Duty Drawback on Non-Physically Incorporated Items and Allowances for Excessive Loss and Wastage Rates;
- Tariff Reductions on Plant and Equipment under Article 28 of the Customs Law;
- Export Credit Financing from the Export-Import Bank of Korea (KXMB);
- Export Guarantees from the KXMB; and
- Loans for Expansion or Construction of Manufacturing Facilities.

Allegation of Critical Circumstances

Petitioner alleges that critical circumstances exist with respect to imports of industrial belts from Korea. Petitioner claims that the products concerned benefit from export subsidies that are inconsistent with the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade, and that imports have been massive over a relatively short period. We will determine whether critical circumstances exist with respect to these imports in our preliminary and final determination.

Notification of ITC

Section 702(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 nonproprietary information. We will also allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 14, 1988, whether there is a reasonable indication that imports from Korea materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 702(c)(2) of the Act. July 20, 1988.

Jan W. Mares,

Assistant Secretary for Import Administration.

[FR Doc. 88-16808 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-08-M

[C-559-803]

Initiation of Countervailing Duty Investigation; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Singapore

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Singapore of industrial belts and components and parts thereof, whether cured or uncured (industrial belts), as described in the "Scope of Investigation" section of this notice, receive benefits which constitute bounties or grants within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action, so that it may determine whether imports from Singapore of certain of the products included in the scope of this

investigation materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 14, 1988, and we will make our preliminary determination on or before September 23, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT: Rick Herring or Barbara Tillman, Office of Investigations, Import Administration, Room E-099, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-0187 or 377-2438.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form from the Gates Rubber Company on behalf of the U.S. industry producing industrial belts. In compliance with the filing requirements of section 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Singapore of industrial belts receive, directly or indirectly, certain benefits which constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (the Act).

Since Singapore is not a "country under the Agreement" within the meaning of section 701(b) of the Act, section 303 of the Act applies to this investigation. However, Singapore is a signatory to the General Agreement on Tariffs and Trade, and certain products included in the scope of this investigation [*i.e.*, those items classified under 358.0610, 358.069, 358.1400, 657.2520, 773.3510, and 773.3520 of the *Tariff Schedules of the United States Annotated (TSUSA)*] are nondutiable. Therefore, in accordance with section 303(a)(2), petitioner is required to allege that, and the ITC is required to determine whether, imports of these products from Singapore materially injure, or threaten material injury to, a U.S. industry.

The remaining TSUSA items, as described in the "Scope of Investigation" section of this notice, are dutiable. Therefore, in accordance with section 303(b) of the Act, petitioner is not required to allege that, and the ITC is not required to determine whether, imports of these products from Singapore materially injure, or threaten material injury to, a U.S. industry.

Petitioner has alleged that it has standing to file the petition. Specifically, petitioner has alleged that it is an

interested party as defined under section 771(9)(C) of the Act and that it has filed the petition on behalf of the U.S. industry manufacturing the products that are subject to this investigation.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of a countervailing duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on industrial belts from Singapore and have found that it meets these requirements. Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Singapore of industrial belts, as described in the "Scope of Investigation" section of this notice, receive bounties or grants. If our investigation proceeds normally, we will make our preliminary determination on or before September 23, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their

local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, and 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10 and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts, and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord of strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Allegations of Bounties or Grants

Petitioner lists a number of practices by the Government of Singapore which allegedly confer bounties or grants on manufacturers, producers or exporters in Singapore of industrial belts. We are initiating an investigation on the following programs:

- *Economic Expansion of Incentives Act of 1985 (EEIA)*

1. Part II, Pioneer Enterprises.
2. Part IV, Expansion of Established Enterprises.
3. Part VI, Product For Export.
4. Part VII, International Trade Incentives.
5. Part VIII, Foreign Loans for Productive Equipment.
6. Part IX, Royalties, Fees and Development Contributions.
7. Part X, Research and Development Investment Allowances, and Amendments thereto.

- *Income Tax Act (ITA)*

1. Section 14(B) and 14(C), Double Deduction for Export Promotion Expenses.
2. Section 14E, Double Deduction for R&D Expenses.
3. Section 19B, Writing Down Allowance for Expenditures Relating to Patents and Know-How.

- *Monetary Authority of Singapore (MAS) Rediscount Facility*

- *Singapore Economic Development Board (EDB) Programs*

1. Capital Assistance Scheme.
2. Product Development Assistance Scheme.
3. Initiatives in New Technologies.
4. Research and Development Incentives.

- *Research and Development Assistance Scheme (RDAS) Under the Singapore Science Council*

Although alleged by petitioner, we are not investigating the following programs:

- *Skills Development Fund Under the EDB*

The Department has previously investigated the Skills Development Fund under the EDB and has found that these loans are not limited to a specific enterprise or industry, or group of enterprises or industries. [See *Final Negative Countervailing Duty Determinations: Certain Textile Mill Products and Apparel from Singapore*, (50 FR 9840, March 12, 1985)]. Because petitioner has presented no new evidence or alleged changed circumstances with respect to the Skills Development Fund, we are not initiating an investigation on this program.

- *Location in Industrial Estates*

Petitioner alleges that the Jurong Town Corporation (JTC) controls most of the land and buildings used by international companies, and that the JTC provides prepared sites with infrastructural facilities at lower rents. Petitioner also alleges that the Singapore Science Park provides similar facilities for technology-oriented companies. We previously investigated location in industrial estates and determined that it was not limited to a specific enterprise or industry, or group of enterprises or industries. See *Final Negative Countervailing Duty Determination: Carbon Steel Wire Rod from Singapore* (51 FR 3357, January 27, 1986). In that determination, we stated that "location in industrial estates and rental charges cannot be considered countervailable unless the government limits which industries can locate in the industrial estates . . ." Because petitioner has not submitted any new evidence or alleged changed circumstances, we are not initiating an investigation on this program. With respect to the Singapore Science Park, the petitioner provided no supporting documentation that benefits are being provided through location in the Scienc

Park, nor that the Singapore industrial belt companies are located in the Science Park.

• *Section 16 of the ITA, Initial and Annual Allowances*

The Department has previously found that the depreciation allowances available under this program are standard in Singapore for all types of industrial buildings. See *Final Negative Countervailing Duty Determination: Carbon Steel Wire Rod from Singapore* (53 FR 16304, May 6, 1988) (*Wire Rod II*). Because petitioner has presented no new evidence or alleged changed circumstances with respect to this program, we are not initiating an investigation on this program.

• *Section 19A of the ITA, Accelerated Depreciation*

The Department has previously found that the accelerated depreciation available under this program applies to all capital expenditures except for automobiles and robotics, and that it is available to all enterprises in Singapore. See *Wire Rod II*. Because petitioner has presented no new evidence or alleged changed circumstances with respect to this program, we are not initiating an investigation on this program.

Allegation of Critical Circumstances

Petitioner alleges that critical circumstances exist within the meaning of section 703(e)(1) of the Act with respect to imports of industrial belts from Singapore. Petitioner claims that the products concerned benefit from export subsidies that are inconsistent with the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (the GATT Subsidies Code), and that imports have been massive over a relatively short period. Although not a signatory to the GATT Subsidies Code, Singapore is a member of the GATT. Insofar as certain items subject to this investigation are nondutiable, imports of those items will be investigated by the ITC to determine whether they materially injure, or threaten material injury to, a U.S. industry. For imports of those items that receive an injury test, we will determine whether critical circumstances exist in our preliminary and final determinations.

Notification of ITC

Section 702(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 nonproprietary

information. We will also allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 14, 1988, whether there is a reasonable indication that imports from Singapore of certain of the products included in the scope of this investigation materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, our investigation with respect to the products classified under TSUSA item numbers 358.0510, 358.0690, 358.1400, 657.2520, 773.3510, and 773.3520 will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 702(c)(2) of the Act.

Jan W. Mares,
Assistant Secretary for Import
Administration.

July 20, 1988.

[FR Doc. 88-16809 Filed 7-25-88; 8:45 am]

BILLING CODE 3510-05-M

International Trade Administration
(A-588-807)

Initiation of Antidumping Duty
Investigation; Industrial Belts and
Components and Parts Thereof,
Whether Cured or Uncured, From
Japan; Republication

Editorial Note: FR Doc. 88-16802 was originally published at page 28036 in the issue of Tuesday, July 26, 1988. In that publication some paragraphs were printed out of order. The corrected document is republished below in its entirety.

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping duty investigation to determine whether imports of industrial belts and components and parts thereof, whether cured or uncured, (hereinafter referred to as industrial belts) from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of this product materially injure, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 15, 1988. If that determination is affirmative, we will make a preliminary determination on or before December 7, 1988.

EFFECTIVE DATE: July 26, 1988.

FOR FURTHER INFORMATION CONTACT:
Mary S. Clapp, Office of Investigations,
Import Administration, International
Trade Administration, U.S. Department
of Commerce, 14th Street and
Constitution Avenue NW., Washington,
DC 20230; telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION:

The Petition

On June 30, 1988, we received a petition filed in proper form by Gates Rubber Company on behalf of the domestic industrial belts industry. In compliance with the filing requirements of 19 CFR 353.36, petitioner alleges that imports of industrial belts from Japan 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 (the Act), and that these imports materially injure, or threaten material injury to, a U.S. industry.

If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the Commerce official cited in the "For Further Information Contact" section of this notice.

United States Price and Foreign Market Value

Petitioner considers the prices it must use to meet the competition as its best evidence of Japanese selling prices in the United States. United States price was based on the distributor's selling prices to industrial consumers. Petitioner deducted, where appropriate, profit, movement charges, and import duties.

Petitioner calculated foreign market value by multiplying the published list price in the home market by a multiplier representing the distributor "best buy" discount. Petitioner also adjusted for any difference in credit terms between the United States and the home market. The resulting price in local currency is then divided by the applicable exchange rate to obtain a price in dollars.

Based on a comparison of United States price and foreign market value, petitioners allege dumping margins ranging from 11.3% to 176.5%.

Petitioners also allege that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of industrial belts from Japan.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on industrial belts from Japan and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of industrial belts from Japan are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 7, 1988.

Scope of Investigation

The United States has developed a system of tariff classification based on

the international harmonized system of Customs nomenclature. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate *Tariff Schedules of the United States Annotated* (TSUSA) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the TSUSA item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs offices have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are industrial belts and components and parts thereof, whether cured or uncured, from Japan currently provided for under TSUSA item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0890, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, 773.3520 and currently classifiable under HS item numbers 5910.00.10, 5910.00.90, 4010.10.10, and 4010.10.50.

The merchandise covered by this investigation includes certain industrial belts for power transmission. These include V-belts, synchronous belts, round belts and flat belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (i.e., closed loop) belts, or in belting in lengths or links. This investigation excludes conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks.

Notification of 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 nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in our files, provided it confirms in writing that it

will not disclose such information either publicly or under administrative protective order without the written consent of the Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 15, 1988, whether there is a reasonable indication that imports of industrial belts from Japan materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, it will proceed according to the statutory and regulatory procedures.

This notice is published pursuant to section 732(c)(2) of the Act.

July 20, 1988.

Jan W. Mares,
Assistant Secretary for Import
Administration.

[FR Doc. 88-16802 Filed 7-25-88; 8:45 am]

BILLING CODE 1505-01-M

APPENDIX D

IMPACT OF IMPORTS ON U.S. PRODUCERS'
GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Impact of imports on U.S. of producers' growth, investment, and ability to raise capital

The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of industrial belts from the eight countries on their firm's growth, investment, and ability to raise capital. Their responses are shown below:

* * * * *

APPENDIX E

NET F.O.B SELLING PRICES, WEIGHTED BY LARGEST-SALE QUANTITIES,
OF SPECIFIED INDUSTRIAL BELT PRODUCTS IMPORTED FROM JAPAN,
SINGAPORE, THE UNITED KINGDOM, AND WEST GERMANY

Table E-1

Industrial belts: Average f.o.b. sales prices weighted by largest-sale quantities to OEM's and to distributors for belts imported from Japan, 1/ by quarters, January 1985-June 1988

| Period | (Per belt) | |
|-----------------------|--------------------------------|---------------------------------------|
| | Sales of product 1 to OEM's | Sales of product 5 to distributors |
| 1985: | | |
| January-March..... | \$*** | \$*** |
| April-June..... | *** | *** |
| July-September..... | *** | *** |
| October-December..... | <u>2/</u> | *** |
| 1986: | | |
| January-March..... | *** | *** |
| April-June..... | *** | *** |
| July-September..... | *** | *** |
| October-December..... | <u>2/</u> | *** |
| 1987: | | |
| January-March..... | <u>2/</u> | *** |
| April-June..... | *** | *** |
| July-September..... | *** | *** |
| October-December..... | *** | *** |
| 1988: | | |
| January-March..... | *** | *** |
| April-June..... | *** | *** |

1/ Data are not available on sales of products 2 and 3 to OEM's and sales of products 4, 6, and 7 to distributors.

2/ Not available.

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

Table E-2

Industrial belts: Average f.o.b. sales prices weighted by largest-sale quantities to OEM's and to distributors for belts imported from Singapore, 1/ January 1985-June 1988

| Period | (Per belt) | |
|-----------------------|--------------------------------|---------------------------------------|
| | Sales of product 2 to OEM's | Sales of product 4 to distributors |
| 1985: | | |
| January-March..... | \$*** | \$*** |
| April-June..... | *** | *** |
| July-September..... | *** | *** |
| October-December..... | *** | *** |
| 1986: | | |
| January-March..... | *** | *** |
| April-June..... | *** | *** |
| July-September..... | *** | *** |
| October-December..... | *** | *** |
| 1987: | | |
| January-March..... | *** | *** |
| April-June..... | *** | *** |
| July-September..... | *** | *** |
| October-Decembr..... | *** | *** |
| 1988: | | |
| January-March..... | *** | *** |
| April-June..... | *** | *** |

1/ Data are not available on sales of products 1 and 3 to OEM's and sales of products 5 through 7 to distributors.

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

Table E-3

Industrial belts: Average f.o.b. sales prices weighted by largest-sale quantities to distributors for belts imported from the United Kingdom, 1/ by quarters, January 1985-June 1988

(Per belt)

| Period | Product 4 | Product 5 | Product 6 |
|-----------------------|-----------|-----------|-----------|
| 1985: | | | |
| January-March..... | \$*** | \$*** | \$*** |
| April-June..... | *** | *** | *** |
| July-September..... | *** | *** | *** |
| October-December..... | *** | *** | *** |
| 1986: | | | |
| January-March..... | *** | *** | *** |
| April-June..... | *** | *** | *** |
| July-September..... | *** | *** | *** |
| October-December..... | *** | *** | *** |
| 1987: | | | |
| January-March..... | *** | *** | *** |
| April-June..... | *** | *** | *** |
| July-September..... | *** | *** | *** |
| October-December..... | *** | *** | *** |
| 1988: | | | |
| January-March..... | *** | *** | *** |
| April-June..... | *** | *** | *** |

1/ Data are not available on sales of products 1 through 3 to OEM's and sales of product 7 to distributors.

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

Table E-4

Industrial belts: Average f.o.b. sales prices weighted by largest-sale quantities to distributors for belts imported from West Germany, 1/ by quarters, January 1985-June 1988

| (Per belt) | | | | |
|-----------------------|-----------|-----------|-----------|-----------|
| Period | Product 4 | Product 5 | Product 6 | Product 7 |
| 1985: | | | | |
| January-March..... | \$*** | \$*** | \$*** | <u>2/</u> |
| April-June..... | *** | *** | *** | \$*** |
| July-September..... | *** | *** | *** | *** |
| October-December..... | *** | *** | *** | <u>2/</u> |
| 1986: | | | | |
| January-March..... | *** | *** | *** | <u>2/</u> |
| April-June..... | *** | *** | *** | <u>2/</u> |
| July-September..... | *** | *** | *** | *** |
| October-December..... | *** | *** | *** | <u>2/</u> |
| 1987: | | | | |
| January-March..... | *** | *** | *** | <u>2/</u> |
| April-June..... | *** | *** | *** | <u>2/</u> |
| July-September..... | *** | *** | *** | <u>2/</u> |
| October-December..... | *** | *** | *** | *** |
| 1988: | | | | |
| January-March..... | *** | *** | *** | *** |
| April-June..... | *** | *** | *** | <u>2/</u> |

1/ Data are not available on sales of products 1 through 3 to OEM's.

2/ Not available.

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

APPENDIX F

MARGINS OF UNDERSELLING OR OVERSELLING BASED ON
INDUSTRIAL BELT PRICES WEIGHTED BY LARGEST-SALE QUANTITIES

Table F-1

Industrial belts: Margins of underselling or overselling 1/ for sales to OEM's and distributors of belts from Japan, 2/ by products, and by quarters, January 1985-June 1988

| Period | (In percent) | |
|-----------------------|--------------------------------|---------------------------------------|
| | Sales of product 1 to OEM's | Sales of produce 5 to distributors |
| 1985: | | |
| January-March..... | (-18) | 1 |
| April-June..... | 2 | 2 |
| July-September..... | 5 | (-23) |
| October-December..... | <u>3/</u> | 6 |
| 1986: | | |
| January-March..... | 5 | 6 |
| April-June..... | (-6) | 5 |
| July-September..... | 2 | 6 |
| October-December..... | <u>3/</u> | 6 |
| 1987: | | |
| January-March..... | <u>3/</u> | 6 |
| April-June..... | 2 | 8 |
| July-September..... | (-2) | 7 |
| October-December..... | 8 | 10 |
| 1988: | | |
| January-March..... | 10 | 14 |
| April-June..... | 10 | (-6) |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 2 or 3 to OEM's or products 4, 6, and 7 to distributors.

3/ Not available.

Note.--Percentage margins were calculated from unrounded figures.

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

Table F-2

Industrial belts: Margins of underselling or overselling 1/ for sales to OEM's and distributors of belts from Singapore, 2/ by products, and by quarters, January 1985-June 1988

| (In percent) | | |
|-----------------------|--------------------------------|---------------------------------------|
| Period | Sales of product 2 to OEM's | Sales of product 4 to distributors |
| 1985: | | |
| January-March..... | (-13) | 2 |
| April-June..... | (-15) | 7 |
| July-September..... | (-27) | (-28) |
| October-December..... | (-22) | 9 |
| 1986: | | |
| January-March..... | (-25) | 9 |
| April-June..... | 18 | 9 |
| July-September..... | 20 | 9 |
| October-December..... | 19 | 8 |
| 1987: | | |
| January-March..... | (-24) | 10 |
| April-June..... | (-20) | 8 |
| July-September..... | 22 | 8 |
| October-December..... | 22 | 8 |
| 1988: | | |
| January-March..... | 27 | 8 |
| April-June..... | 61 | (-15) |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 1 or 3 to OEM's or products 5 through 7 to distributors.

Note.--Percentage margins were calculated from unrounded figures.

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

Table F-3

Industrial belts: Margins of underselling or overselling 1/ for sales to distributors of belts from the United Kingdom, 2/ by products, and by quarters, January 1985-June 1988

(In percent)

| Period | Product 4 | Product 5 | Product 6 |
|-----------------------|-----------|-----------|-----------|
| 1985: | | | |
| January-March..... | (-10) | 13 | 15 |
| April-June..... | (-4) | 14 | 23 |
| July-September..... | (-1) | (-2) | 3/ |
| October-December..... | (-1) | (-2) | (-8) |
| 1986: | | | |
| January-March..... | (-2) | 20 | 3 |
| April-June..... | 9 | 19 | 11 |
| July-September..... | 9 | 20 | 13 |
| October-December..... | 17 | 20 | 18 |
| 1987: | | | |
| January-March..... | 23 | 20 | 14 |
| April-June..... | 8 | 19 | 7 |
| July-September..... | 8 | 18 | (-2) |
| October-December..... | 17 | 23 | 12 |
| 1988 | | | |
| January-March..... | 22 | 20 | (-13) |
| April-June..... | (-19) | 9 | (-27) |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 1 through 3 to OEM's or product 4 to distributors.

3/ Underselling by less than 0.5 percent.

Note.--Percentage margins were calculated from unrounded figures.

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

Table F-4

Industrial belts: Margins of underselling or overselling 1/ for sales to distributors of belts from West Germany, 2/ by products, and by quarters, January 1985-June 1988

| (In percent) | | | | |
|-----------------------|-----------|-----------|-----------|-----------|
| Period | Product 4 | Product 5 | Product 6 | Product 7 |
| 1985: | | | | |
| January-March..... | (-10) | 13 | 15 | <u>3/</u> |
| April-June..... | (-4) | 14 | 23 | 7 |
| July-September..... | (-1) | (-2) | <u>4/</u> | (-3) |
| October-December..... | (-1) | (-2) | (-8) | <u>3/</u> |
| 1986: | | | | |
| January-March..... | (-2) | 20 | 3 | <u>3/</u> |
| April-June..... | 9 | 19 | 11 | <u>3/</u> |
| July-September..... | 9 | 20 | 13 | 6 |
| October-December..... | 17 | 20 | 18 | <u>3/</u> |
| 1987: | | | | |
| January-March..... | 23 | 20 | 14 | <u>3/</u> |
| April-June..... | 8 | 19 | 7 | <u>3/</u> |
| July-September..... | 8 | 18 | (-2) | <u>3/</u> |
| October-December..... | 17 | 23 | 12 | (-13) |
| 1988: | | | | |
| January-March..... | 22 | 20 | (-13) | (-24) |
| April-June..... | (-19) | 9 | (-27) | <u>3/</u> |

1/ On the basis of comparisons of average net f.o.b. prices weighted by total sales quantities of domestic belts and imported belts. Overselling is indicated by the following symbol (-).

2/ Data are not available on sales of imported products 1 through 3 to OEM's.

3/ Not available.

4/ Underselling by less than 0.5 percent.

Note.--Percentage margins were calculated from unrounded figures.

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

