

CERTAIN PERSONAL WORD PROCESSORS FROM JAPAN AND SINGAPORE

Determinations of the Commission
in Investigations Nos. 731-TA-483
and 484 (Preliminary) Under the
Tariff Act of 1930, Together
With the Information Obtained
in the Investigations

USITC PUBLICATION 2344

DECEMBER 1990

**United States International Trade Commission
Washington, DC 20436**

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Anne E. Brunsdale, Acting Chairman

Seeley G. Lodwick

David B. Rohr

Don E. Newquist

Staff assigned:

Jonathan Seiger, Investigator

Kayla Taylor, Commodity–Industry Analyst

Jeffrey Anspacher, Economist

James Stewart, Accountant/Financial Analyst

George Thompson, Attorney

Robert Carpenter, Supervisory Investigator

**Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436**

CONTENTS

	<u>Page</u>
Determinations.....	1
Views of the Commission.....	3
Additional Views of Acting Chairman Anne E. Brunsdale.....	21
Views of Commissioner Seeley G. Lodwick.....	29
Additional Views of Commissioners Rohr and Newquist.....	35
Additional Views of Commissioner David B. Rohr.....	39
Information obtained in the investigations.....	A-1
Introduction.....	A-1
Previous and related investigations.....	A-1
Nature and extent of the alleged sales at LTFV.....	A-2
Japan.....	A-2
Singapore.....	A-3
The products.....	A-3
Scope of the investigations.....	A-3
Further description.....	A-4
The manufacturing process.....	A-5
Subassembly manufacture.....	A-5
Component assembly.....	A-5
Final assembly.....	A-5
U.S. tariff treatment.....	A-5
The U.S. market.....	A-6
Apparent U.S. consumption.....	A-6
Certain personal word processors.....	A-6
All personal word processors.....	A-7
Personal word processors and typewriters.....	A-8
U.S. producers.....	A-10
Personal word processors.....	A-11
Typewriters.....	A-12
Nature of U.S. production operations.....	A-12
U.S. importers.....	A-13
Channels of distribution.....	A-15
Consideration of alleged material injury to an industry in the United States.....	A-15
U.S. production, capacity, and capacity utilization.....	A-16
Personal word processors.....	A-16
Personal word processors and typewriters.....	A-16
U.S. producers' company transfers, domestic shipments, and export shipments.....	A-19
Personal word processors.....	A-19
Personal word processors and typewriters.....	A-21
U.S. producers' inventories.....	A-21
U.S. employment, wages, and productivity.....	A-25
Personal word processors.....	A-25
Personal word processors and typewriters.....	A-25
Financial experience of U.S. producers.....	A-28
Overall establishment operations.....	A-29
Operations on personal word processors.....	A-30
Operations on certain personal word processors.....	A-30
Operations on typewriters.....	A-31
***'s operations on personal word processors and typewriters.....	A-31

CONTENTS

	<u>Page</u>
Information obtained in the investigations--Continued	
Consideration of alleged material injury to an industry in the United States--Continued	
Financial experience of U.S. producers--Continued	
Investment in productive facilities.....	A-32
Capital expenditures.....	A-32
Research and development expenses.....	A-32
Capital and investment.....	A-32
Consideration of the question of threat of material injury.....	A-33
U.S. importers' inventories.....	A-35
Ability of foreign producers to generate exports and availability of export markets other than the United States.....	A-36
The Japanese industry.....	A-36
The Singapore industry.....	A-38
Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury.....	A-39
U.S. imports.....	A-39
Certain personal word processors.....	A-40
All personal word processors.....	A-40
Typewriters.....	A-40
U.S. market penetration by imports.....	A-42
Certain personal word processors.....	A-43
All personal word processors.....	A-43
Personal word processors and typewriters.....	A-43
Market characteristics.....	A-47
Prices.....	A-47
Questionnaire price data.....	A-48
Price trends.....	A-48
Price comparisons.....	A-53
Exchange rates.....	A-54
Lost sales and lost revenues.....	A-55
 Appendices	
A. <u>Federal Register</u> notices.....	B-1
B. List of participants in the public conference.....	B-9
C. Trade data for certain personal word processors.....	B-13
D. Comments received from U.S. producers on the impact of imports of certain personal word processors from Japan and Singapore on their growth, investment, ability to raise capital, and development and production efforts.....	B-15
E. U.S. imports under TSUS item 676.07 and HTS item 8469.10.00.....	B-17
F. Data on imports of certain major finished units of personal word processors.....	B-19

CONTENTS

Page

Figures

- | | |
|--|------|
| 1. Flow chart of Smith Corona's personal word processors, 1987-90..... | A-49 |
| 2. Flow chart of Brother's personal word processors, 1987-90..... | A-50 |
| 3. Flow chart of Panasonic's personal word processors, 1988-90..... | A-51 |

Tables

- | | |
|---|------|
| 1. Certain personal word processors: U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, January-September 1989, and January-September 1990..... | A-7 |
| 2. Personal word processors: U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, January-September 1989, and January-September 1990..... | A-8 |
| 3. Personal word processors and typewriters: U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, January-September 1989, and January-September 1990..... | A-9 |
| 4. Personal word processors and typewriters: U.S. producers' average-of-period capacity, production, and capacity utilization, by products and firms, 1987-89, January-September 1989, and January-September 1990..... | A-17 |
| 5. Personal word processors: Shipments of U.S. producers, by types and firms, 1987-89, January-September 1989, and January-September 1990..... | A-20 |
| 6. Personal word processors and typewriters: Shipments of U.S. producers, by types and firms, 1987-89, January-September 1989, and January-September 1990..... | A-22 |
| 7. Personal word processors and typewriters: End-of-period inventories of U.S. producers, by products and firms, 1987-89, January-September 1989, and January-September 1990..... | A-24 |
| 8. Total establishment employment and average number of production and related workers producing personal word processors and typewriters, hours worked, wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs, 1987-89, January-September 1989, and January-September 1990..... | A-26 |
| 9. Income-and-loss experience of U.S. producers on their overall establishment operations, accounting years 1987-89, January-September 1989, and January-September 1990..... | A-29 |
| 10. Income-and-loss experience of U.S. producers on their overall establishment operations, by firms, accounting years 1987-89, January-September 1989, and January-September 1990..... | A-30 |
| 11. Income-and-loss experience of U.S. producers on their operations producing personal word processors, accounting years 1987-89, January-September 1989, and January-September 1990..... | A-30 |

CONTENTS

	<u>Page</u>
Tables--Continued	
12. Income-and-loss experience of U.S. producers on their operations producing personal word processors, by firms, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-30
13. Income-and-loss experience of Smith Corona on its operations producing certain personal word processors, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-30
14. Income-and-loss experience of U.S. producers on their operations producing typewriters, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-31
15. Income-and-loss experience of U.S. producers on their operations producing typewriters, by firms, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-31
16. Income-and-loss experience of *** on its operations producing personal word processors and typewriters, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-32
17. Value of property, plant, and equipment of U.S. producers of personal word processors and typewriters, as of the end of accounting years 1987-89, January-September 1989, and January-September 1990.....	A-32
18. Capital expenditures by U.S. producers of personal word processors and typewriters, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-32
19. Research and development expenses by U.S. producers of personal word processors and typewriters, accounting years 1987-89, January-September 1989, and January-September 1990.....	A-32
20. Certain personal word processors: End-of-period inventories of U.S. importers, by sources, as of December 31, 1987-89, and as of September 30 of 1989 and 1990.....	A-35
21. Certain personal word processors: Japan's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1987-89, January-September 1989, and January-September 1990.....	A-37
22. Certain personal word processors: Singapore's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1987-89, January-September 1989, and January-September 1990.....	A-39
23. Personal word processors and typewriters: U.S. imports, by products, 1987-89, January-September 1989, and January-September 1990.....	A-41
24. Certain personal word processors: U.S. producers' shipments, U.S. shipments of imports from Japan, Singapore, and all other sources, and apparent consumption, 1987-89, January-September 1989, and January-September 1990.....	A-44
25. All personal word processors: U.S. producers' shipments, U.S. shipments of imports, and apparent consumption, 1987-89, January-September 1989, and January-September 1990.....	A-45

CONTENTS

	<u>Page</u>
Tables--Continued	
26. Personal word processors and typewriters: U.S. producers' shipments, U.S. shipments of imports, and apparent consumption, 1987-89, January-September 1989, and January-September 1990.....	A-46
27. Certain personal word processors: Company-specific and weighted-average net f.o.b. prices of product 1, by channels of distribution and by quarters, January 1988-September 1990.....	A-52
28. Certain personal word processors: Company-specific net f.o.b. prices of product 3, by channels of distribution and by quarters, January 1988-September 1990.....	A-52
29. Certain personal word processors: Smith Corona's net f.o.b. prices of products 1-3 to *** and of product 2 to ***, by quarters, January 1988-September 1990.....	A-52
30. Certain personal word processors from Singapore: Olivetti's and ***'s net f.o.b. prices of product 3, by channels of distribution and by quarters, January 1988-September 1990.....	A-52
31. Certain personal word processors: Margins of underselling (overselling) by imports of Brother, Panasonic, ***, and Olivetti, by products, channels of distribution, and quarters, January 1988-September 1990.....	A-53
32. Exchange rates: Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in specified countries, by quarters, January 1988-September 1990.....	A-55
C-1. Certain personal word processors: Salient data, 1987-89, January-September 1989, and January-September 1990.....	B-14
E-1. Automatic typewriters and word processing machines: U.S. imports from Japan, Singapore, and all other countries, 1987-89, January-September 1989, and January-September 1990.....	B-18

Note.--Information that would reveal business proprietary 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

Investigations Nos. 731-TA-483 and 484 (Preliminary)

CERTAIN PERSONAL WORD PROCESSORS FROM JAPAN AND SINGAPORE

Determinations

On the basis of the record¹ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports from Japan of certain personal word processors,² provided for in subheadings 8469.10.00 and 8473.10.00 of the Harmonized Tariff Schedule of the United States (previously under items 676.07 and 676.50 of the former Tariff Schedules of the United States), that are alleged to be sold in the United States at less than fair value (LTFV).

Further, the Commission determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Singapore of certain personal word processors that are alleged to be sold in the United States at LTFV.

Background

On November 6, 1990, a petition was filed with the Commission and the Department of Commerce by Smith Corona Corporation, New Canaan, CT, alleging that an industry in the United States is materially injured by reason of LTFV imports of certain personal word processors from Japan and Singapore.

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

² For a comprehensive description of the merchandise subject to these investigations, see, e.g., Department of Commerce, Initiation of Antidumping Duty Investigation: Personal Word Processors from Japan, 55 F.R. 49662, Nov. 30, 1990.

Accordingly, effective November 6, 1990, the Commission instituted preliminary antidumping investigations Nos. 731-TA-483 and 484 (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 November 14, 1990 (55 F.R. 47544). The conference was held in Washington, DC, on November 28, 1990, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the information obtained in these preliminary investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 1/ by reason of imports of certain personal word processors from Japan that are allegedly sold in the United States at less than fair value ("LTFV"). 2/ We also determine that there is no reasonable indication of material injury or threat thereof to an industry in the United States by reason of imports of certain personal word processors from Singapore that are allegedly sold in the United States at LTFV. 3/

1/ The legal standard in preliminary countervailing duty and antidumping investigations is set forth in sections 703(a) and 733(a) of the Act, 19 U.S.C. §§ 1671b(a), 1673b(a), which require the Commission to determine whether, based on the best information available at the time of the preliminary determination, there is a reasonable indication of material injury or threat thereof to a domestic industry, or material retardation of the establishment of a domestic industry by reason of the imports under investigation.

In applying this standard, the Commission may weigh the evidence before it to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation." American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986). In American Lamb, the Federal Circuit stated that the purpose of preliminary determinations is to avoid the cost and disruption to trade caused by unnecessary investigations and the "reasonable indication" standard requires more than a finding that there is a possibility of such injury. Id. at 1001-04.

2/ Acting Chairman Brunsdale and Commissioner Lodwick determine that there is a reasonable indication that an industry in the United States is materially injured. Commissioners Rohr and Newquist determine that there is a reasonable indication that an industry in the United States is threatened with material injury.

3/ Material retardation of an industry in the United States is not an issue in these investigations.

Like Product

In order to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the allegedly LTFV imports under investigation, the Commission must first determine the relevant domestic industry. The term "industry" is defined 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 that product." 4/ "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 articles subject to investigation." 5/ The Commission must determine what domestic product is "like" the imports under investigation.

The Commerce Department's (Commerce) notice of investigation defines the scope of the products subject to investigation 6/ as

personal word processing systems and major finished units thereof ("certain word processors"), which are defined as devices designed principally for the composition and correction of text. 7/

In considering what domestic products are like the articles included within the scope of the Commerce initiation notice in this investigation, the Commission must consider Commerce's interpretation of the scope of the outstanding antidumping duty order on Portable Electric Typewriters from

4/ 19 U.S.C. § 1677(4)(A).

5/ 19 U.S.C. § 1677(10).

6/ Commerce has responsibility for defining the imports that are subject to investigation. 19 U.S.C. §§ 1671, 1673; Algoma Steel Corp., Ltd. v. United States, 865 F.2d 240 (1989).

7/ 55 Fed. Reg. 49662, 49665 (Nov. 30, 1990). See Staff Report to the Commission (Staff Report) at Appendix B.

Japan, 45 Fed. Reg. 30,618 (1980). Specifically, Commerce's inclusion of portable electric typewriters with text memory within the scope of that order has been affirmed by the Court of Appeals for the Federal Circuit. 8/ In addition, Commerce has concluded:

that certain later developed portable electric typewriters, including so-called 'personal word processors (PWPs), are presumptively of the same class or kind as PETs [portable electric typewriters] within the order, if they meet the following seven physical criteria. To be of the same class or kind as a PET a typewriter must: be easily portable, with a handle and/or carrying case, or similar mechanism to facilitate its portability; be electric, regardless of source of power; comprised of a single, integrated unit; have a keyboard embedded in the chassis or frame of the machine; have a built-in printer; have a platen (roller) to accommodate paper; only accommodate its own or captive software. 9/

Personal word processors incorporating the above criteria are subject to the outstanding antidumping order on portable electric typewriters and are specifically excluded from the current investigations. 10/ The current investigations are "intended to include all dedicated word processors that are not included within the scope of the antidumping duty order covering portable electric typewriters." Petition at 8. 11/ Personal computers are also excluded from the scope of these investigations. 55 Fed. Reg. at 49664.

The Commission must determine what domestic product is like the subject imports defined by Commerce. The Commission's like product definition is

8/ Smith Corona Corp. v. United States, App. Nos. 89-1387, -1388, -1389, -1399, -1400 (Sept. 26, 1990).

9/ 55 Fed. Reg. 49662, 49663 (Nov. 30, 1990).

10/ Id. at 49664.

11/ The Court of International Trade has held that imports subject to an outstanding antidumping duty order cannot be included within the class or kind of merchandise in a subsequent investigation. NTN Bearing Corp. of America v. United States, 701 F. Supp. 226 (CIT 1988), vacated in part on other grounds and remanded, 892 F.2d 1004 (Fed. Cir. 1989).

based on the facts of each case. 12/ In determining the appropriate like product(s), the Commission typically has considered a number of factors relating to characteristics and uses, including: (1) physical appearance, (2) interchangeability, (3) channels of distribution, (4) customer perceptions of the product, (5) common manufacturing facilities and production employees, and (6) where appropriate, price. 13/ No single factor is necessarily dispositive, and the Commission may consider other factors that it finds are relevant depending on the facts of a particular investigation. Further, the Commission considers that minor variations among products provide an insufficient basis for finding separate like products. 14/

For purposes of these preliminary investigations, we determine the like product to be all personal word processors. The merchandise covered by these investigations consists of integrated personal word processing systems and major finished units thereof, which are defined as devices designed principally for the composition and correction of text. 15/ All personal word processors comprise the same essential physical characteristics: a keyboard for the entry of characters, numerals, and symbols, a video display, and a

12/ See Sony Corporation of America v. United States, 712 F. Supp. 978, 981 (CIT 1989).

13/ See, e.g., Antifriction Bearings (Other Than Tapered Roller Bearings) from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Invs. Nos. 303-TA-19 and 20 (Final) and 731-TA-391-399 (Final), USITC Pub. 2185 (May 1989), Views of Commissioners Eckes, Lodwick, Rohr and Newquist at 11.

14/ Id.; S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Sony Corporation of America v. United States, 712 F. Supp. 978, 981 (CIT 1989); Industrial Nitrocellulose from Brazil, Japan, the People's Republic of China, the Republic of Korea, the United Kingdom, and West Germany, Invs. Nos. 731-TA-439-444 (Final), USITC Pub. 2295 (June 1990) at 4; Cf. Nitrile Rubber from Japan, Inv. No. 731-TA-384 (Preliminary), USITC Pub. 2027 (Oct. 1987).

15/ Staff Report at A-3.

chassis or frame housing these components. In addition, all word processors generally include a printer with a platen and a printing mechanism. 16/ The personal word processor components may be integrated into one system or may be separate units that the user combines into one working system. 17/ The use of substantially similar components means that all personal word processors have an essentially similar physical appearance. There does not appear to be any appreciable difference between imports and the domestically-produced merchandise in terms of their essential components.

All personal word processors are produced in a similar fashion. Like other consumer electronics products, they are designed in modular configurations. 18/ The manufacturing process largely includes the fabrication and subassembly of printed-circuit boards and other units, and their final installation into a casing. 19/ The process is divided into three basic steps: subassembly manufacture, component assembly, and assembly of the finished product. 20/ All personal word processors may be produced on the same production lines using the same production workers. 21/

All personal word processors have the same essential use: the composition, manipulation, and printing of text. Although there are some allegations of quality differences between the foreign and domestic

16/ Id. at A-4.

17/ Id.

18/ Id. at A-5.

19/ Id.

20/ Id.

21/ Post-Conference Brief of Petitioner at 4; Transcript of the Conference ("Transcript") at 4.

merchandise, 22/ other information suggests that the products are of comparable quality. 23/

We see no basis for distinguishing between "certain" personal word processors and "all other" personal word processors. The only prominent differences between the two categories is that "all other" personal word processors comprise a single, integrated unit and are portable, while "certain" word processors have certain features (e.g., keyboard and printer) detached or detachable and are not necessarily portable. 24/ Both types of personal word processors are otherwise similar. None of the parties argue that "certain" personal word processors are a separate like product.

We do not believe that "office" word processors constitute a separate like product. The office machines share the same essential characteristics and componentry as personal word processors, and are used for the same purpose: the processing of text. There is some overlap in the channels of distribution for both types of machines. 25/ The differences between the two types of machines appear to be differences in degree, i.e., they share the same essential features, but the office systems are for the most part more durable. 26/

22/ Post-Conference Brief of Respondents Matsushita Electric Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., the Panasonic Company and Panasonic Communications Systems Company (collectively "Matsushita") at 64-65.

23/ Transcript at 31-32.

24/ See 55 Fed. Reg. 49662, 49663 (Nov. 30, 1990).

25/ Post-Conference Brief of Petitioner at 5-6.

26/ We also note that, in Portable Electric Typewriters from Japan, Inv. No. 731-TA-12 (Final), USITC Pub. 1062 (May 1980), the Commission determined the like product to be portable electric typewriters. However, the determination (continued...)

We also determine that "automatic" typewriters (i.e., with a text memory) are not part of the like product. The difference between personal word processors and automatic typewriters was aptly summarized thus:

The basic purpose of a typewriter is to type, i.e., to impress letters on paper. The basic purpose of a word processor, in contrast, is to draft and edit text, as well as to print it out. 27/

In order to meet these purposes, personal word processors have multi-line displays, significantly larger text display, unique keyboards with additional keys (such as cursor keys), significant internal memory, external memory storage capacity, and expanded internal hardware and software, which typewriters lack. 28/ Information before us shows that these physical differences are reflected in different capabilities and uses for each product, and that purchasers have different expectations and uses for the different products. 29/ The additional features of a personal word processor may provide the user with greater flexibility, and the purchase choice may be based on the customer's need for such flexibility. 30/ The record also reveals a significant price disparity between personal word processors and

26/(...continued)

does not discuss whether the Commission considered including office typewriters as part of the like product, and there is no indication that such inclusion was an issue in that case. The staff report discussed distinctions between portable and office models, USITC Pub. 1062 at A-2-3, but the Commission never discussed those distinctions as a basis for a separate like product definition. In any event, the Commission is not bound to follow in a subsequent case a like product definition presented in an earlier investigation. Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1088 (CIT 1988).

27/ Post-Conference Brief of Respondents Canon, Inc., Canon U.S.A., Inc., and Canon Business Machines, Inc. (collectively "Canon") at 15.

28/ Id. at 15-16; Post-Conference Brief of Matsushita at 38-42.

29/ Id.

30/ Id.

typewriters, and this disparity is attributable to the higher-cost features of personal word processors. 31/

Petitioner claims that automatic typewriters and personal word processors contain many of the same component parts and are either housed in the same jacket, with variations only in the size of the display, or are composed of the identical keyboard, printer, and memory device. Automatic typewriters and personal word processors are sold in the same overall price range. 32/ Both automatic typewriters and personal word processors are produced domestically at common manufacturing facilities, using common employees and production processes. 33/ Both articles may be sold through the same channels of distribution to the same class of customers. 34/

We find the differences between personal word processors and automatic typewriters outweigh the similarities. There is, however, conflicting information on many of the factors discussed above and a dearth of information on customer perceptions of the two products and the reasons why a purchaser would favor one product over the other. We shall seek additional information on this like product issue in any final investigation.

Also, we do not believe that personal computers are like personal word processors. Because of their proprietary operating system, personal word processors lack the capability to operate the types of software available for personal computers, which have industry-standard operating systems. 35/

31/ Id. at 42-43.

32/ Petition at 56-57; Transcript at 11-16.

33/ Post-Conference Brief of Petitioner at 4; Transcript at 16-18.

34/ Id. at 58-59; Transcript at 18.

35/ Petition at 58.

Further, the software in personal word processors is "captive" and cannot be altered, while personal computers can use different types of software and can, in fact, be used to create software. Personal computers typically are offered as a package of separate components, unlike personal word processors, which are for the most part sold complete. 36/ Because personal computers have greater capabilities than personal word processors, they have a somewhat different end-use and are perceived differently by consumers. 37/ Also, although personal word processors and personal computers are interchangeable to the extent that both can be used for typing a document, personal computers have far greater storage capabilities. 38/ In addition, personal computers are sold at a higher price than personal word processors. 39/ Finally, personal computers are for the most part manufactured by different producers, using different facilities and employees, and are largely sold through different channels of distribution. 40/

Domestic Industry

The statute defines the domestic industry as "the domestic producers as a whole of the like product, or those producers whose output of the like product constitutes a major proportion of the total domestic production of the product." 41/ The Commission has defined the like product to be personal word

36/ Id. at 57-58.

37/ Id. at 58-59; Post-Conference Brief of Petitioner at 8.

38/ Petition at 59-60.

39/ Id. at 60-61.

40/ Report at A-47.

41/ 19 U.S.C. § 1677(4).

processors, and therefore the domestic industry is defined as all producers of personal word processors in the United States.

An initial question in defining the domestic industry is whether the domestic operations of petitioner, and respondents Brother Industries, Ltd., Brother International Corporation and Brother Industries (U.S.A.), Inc. (collectively "Brother"), should be considered domestic producers.

Several respondents argue that petitioner is not a domestic producer of personal word processors but rather simply operates a "snap-together operation" in a foreign-trade zone in the United States where foreign-made components are assembled into finished personal word processors. 42/ Petitioner asserts that Brother's domestic operations merely constitute assembly of personal word processors from imported components, and that Brother is not a domestic producer. 43/

In considering whether a firm is a domestic producer (as opposed to an importer) the Commission has looked to the overall nature of production-related activities, including the extent and source of a company's capital investment, the technical expertise involved in production activity in the United States, the value added to the product in the United States, employment levels, the quantities and types of parts sourced in the United States, and any other costs and activities in the United States directly leading to

42/ Transcript at 126-129; Post-Conference Brief of Matsushita at 7-17; Post-Conference Brief of Canon at 17. Petitioner asserts that it is a domestic producer of personal word processors, Petition at 5, but does not otherwise address respondents' allegations.

43/ Id. at 4.

production of the like product. 44/ No single factor is determinative, and the determination rests on the facts of each case. 45/

In our judgment, both petitioner and Brother engage in sufficient production-related activity in the United States to be considered domestic producers for purposes of these preliminary investigations. Specifically, we base this finding on (1) the extent of actual production each firm performs in the United States and (2) our view that each adds sufficient domestic value to qualify as a domestic producer. 46/ However, we point out that the information before us does not allow a full analysis of all the factors the Commission typically considers in determining this issue, and that additional information will be sought in any final investigation. 47/ Also, we note that at this point Brother's production operations in the United States are relatively new, but should be better established by the time of any final investigation. At that point, we will review whether Brother's existing and planned operations in the United States qualify as domestic production.

Related Parties

Under the statute, the Commission may exclude "in appropriate circumstances" from the domestic industry domestic producers who are either

44/ See Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final), USITC Pub. 2163 (Mar. 1989) at 12-13; Generic Cephalexin Capsules from Canada, Inv. No. 731-TA-423 (Final) USITC Pub. 2211 (Aug. 1989) at 10-11.

45/ Id.

46/ Staff Report at A-19. The specific data concerning each company's domestic value added are business proprietary.

47/ Petitioner's location in a foreign-trade zone does not render it an importer. The Commission has previously stated that an operation in a U.S. foreign-trade zone that would otherwise qualify as a domestic producer will not be considered an importer because of its location in a zone. See Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final), USITC Pub. 2163 (Mar. 1989) at 14-17.

"related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise." 48/

The Commission has generally applied a two-step analysis to determine whether to exclude a domestic producer under the related parties provision. First, the Commission determines whether the company qualifies as a related party under section 771(4)(B). Second, the Commission determines whether, in view of the domestic producer's status as a related party, there are "appropriate circumstances" for its exclusion from the domestic industry definition. 49/ This provision may be used to avoid distortion in the aggregate data bearing on the condition of the domestic industry that might result from inclusion of related parties whose operations are shielded from the effects of the imports under investigation. 50/

Brother U.S.A. is related to a Japanese producer and importer of the subject merchandise from Japan. Brother U.S.A. represents a small percent of domestic production of personal word processors, but is a new entrant to the industry and has expressed plans to expand its domestic production in the near future. 51/ It does not appear that exclusion of Brother U.S.A. would affect the overall domestic industry trends. It is unclear whether imports made by Brother International, a company related to Brother U.S.A., had the effect of

48/ 19 U.S.C. § 1677(4)(B).

49/ See, e.g., Silicon Metal from Argentina, Brazil, and the People's Republic of China, Invs. Nos. 701-TA-304 and 731-TA-470-472 (Preliminary), USITC Pub. 2325 (Oct. 1990) at 11; Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390 (Final), USITC Pub. 2150 (Jan. 1989) at 15; Dry Aluminum Sulfate from Sweden, Inv. No. 731-TA-430 (Preliminary), USITC Pub. 2174 (Mar. 1989) at 11.

50/ Id.

51/ Brother's Post-Conference Brief at 5.

"shielding" the company from import competition. 52/ On balance, we determine in these preliminary determinations that Brother should not be excluded as a related party.

Because the Commission has defined the like product to be personal word processors, the relevant domestic industry consists of all producers of personal word processors.

Condition of the domestic industry

The statute directs the Commission to determine whether there is a reasonable indication that the domestic industry is materially injured by reason of the subject imports. 53/ "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 54/ In assessing material injury, the statute sets forth specific factors for the Commission to consider. 55/ No one factor is determinative, 56/ and the Commission is entitled to consider other economic factors relevant to analysis of the industry in question, as long as such factors are identified and their relevance is fully explained. 57/

52/ However, we also note that the ratio of Brother's imports or sales of imported merchandise to its domestic shipments raises a significant question about whether its imports have affected its performance. In a final investigation we will seek additional information on this issue.

53/ 19 U.S.C. §§ 1671b(a), 1673b(a).

54/ 19 U.S.C. § 1677(7)(A).

55/ See 19 U.S.C. § 1677(7)(C)(iii).

56/ 19 U.S.C. § 1677(7)(E)(ii) ("The presence or absence of any factor . . . shall not necessarily give decisive guidance with respect to the determination by the Commission of material injury.")

57/ 19 U.S.C. § 1677(7)(B).

Although the trade data and financial indicators show that the domestic industry was expanding through 1989, there was a marked downturn in these trends in the interim 1990 period. 58/ Thus, domestic production increased from 1987 through 1989 but fell markedly 59/ in interim 1990 over interim 1989 levels. 60/ Domestic capacity increased throughout the period of investigation, but capacity utilization, after rising through 1989, declined substantially in interim 1990 compared with interim 1989. 61/ The volume and value of domestic shipments also declined in the interim 1990 period, compared with interim 1989, after showing a sharp rise through 1989. 62/ Per-unit values decreased steadily. 63/ Domestic end-of-period inventories rose markedly throughout the period of investigation, but fell back slightly during interim 1990. 64/

The domestic industry's financial indicators also generally increased between 1987 and 1989 and declined precipitously during the interim 1990 period. Operating income on operations producing personal word processors

58/ Staff Report at A-16. Petitioner concurs that the alleged material injury to the domestic industry occurred primarily during the interim 1990 period. See, e.g., Transcript at 49; Post-Conference Brief of Petitioner at 14.

59/ The data concerning many of the indicia of injury are business proprietary, and the factors are thus discussed in general terms.

60/ Staff Report at A-16.

61/ Id.

62/ Id. at Table 5.

63/ Id.

64/ Id. at Table 7.

fell in interim 1990. 65/ Net sales, gross profitability and net income also fell in the interim 1990 period. 66/

In addition, the number of production-related workers, hours worked by production-related workers, and their wages and total compensation declined in interim 1990, after increasing between 1987 and 1989. 67/ In sum, the production, capacity, shipment, financial, and employment factors provide a reasonable indication that the domestic industry is currently experiencing material injury. 68/

Cumulation

Section 771(7)(C)(iv) of the Tariff Act of 1930 directs that:

[T]he Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with the like products of the domestic industry in the United States. 69/

The Commission has interpreted the statute to require cumulation when imports meet the following three criteria: (1) they must be subject to investigation, (2) they must compete with other imported products and the domestic like product, and (3) they must be marketed within a reasonably coincident period. 70/

65/ Id. at Table 11.

66/ Id.

67/ Id. at Table 8.

68/ Acting Chairman Brunsdale joins in this discussion of the condition of the domestic industry. However, she does not reach a separate legal conclusion concerning the presence or absence of material injury based on this information. While she does not believe an independent determination is either required by the statute or useful, she finds the discussion of the condition of the domestic industry helpful in determining whether any injury resulting from the allegedly LTFV imports is material.

69/ 19 U.S.C. § 1677(7)(c)(iv).

70/ See Chaparral Steel Co. v. United States, 901 F.2d 1097, 1101, 1105 (Fed. Cir. 1990).

In determining whether these criteria are met, the Commission has considered 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;
- (4) whether the imports are simultaneously present in the market. 71/

While no single factor is determinative and the list of factors is not exclusive, they are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product. 72/ Only a "reasonable overlap" of competition is required. 73/

The statute provides an exception to the cumulation requirement for "negligible" imports. 19 U.S.C. § 1677(7)(C)(v) provides:

71/ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F.Supp. 898, 902 (CIT 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

72/ See Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989); Granges Metallverken, AG v. United States, 716 F. Supp. 17 (CIT 1989); Florex v. United States, 705 F. Supp. 582 (CIT 1989).

73/ See Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (CIT 1989) ("Completely overlapping markets are not required"); Granges Metallverken AB v. United States, 716 F. Supp. 17, 21, 22 (CIT 1989) ("The Commission need not track each sale of individual sub-products and their counterparts to show that all imports compete with all other imports and all domestic like products . . . the Commission need only find evidence of reasonable overlap in competition"); Florex v. United States, 705 F. Supp. 582, 592 (CIT 1989) ("[c]ompletely overlapping markets is (sic) not required.")

- (v) TREATMENT OF NEGLIGIBLE IMPORTS.--The Commission is not required to apply clause (iv) or subparagraph (F)(iv) [concerning cumulation of imports in a threat of material injury analysis] in any case in which the Commission determines that imports of the merchandise subject to investigation are negligible and have no discernable adverse impact on the domestic industry.

In determining whether imports are negligible, the Commission is required to consider all relevant economic factors, including whether:

- (I) the volume and market share of the imports are negligible,
- (II) the sales transactions involving the imports are isolated and sporadic, and
- (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression. 74/

Olivetti (S) Pte., Ltd. ("Olivetti") is apparently the sole producer of personal word processors in Singapore. Olivetti began producing the subject merchandise in 1988, and, during the period of investigation, it produced and shipped one model to two customers: its related U.S. company, Olivetti U.S.A., and AT&T Information Systems, Inc. Olivetti claims that its facility in Singapore stopped producing this model in late 1989, and the last shipments were made in January 1990. 75/ There is no information on the record to contradict Olivetti's claim.

We determine that, under the unique circumstances presented here, the imports from Singapore should not be cumulated with those from Japan. The absence of continued imports, and the uncontroverted evidence showing no

74/ 19 U.S.C. § 1677(7)(C)(v). The legislative history to this provision indicates that the Commission is to apply the exception narrowly and that it is not to be used to subvert the purpose and the general application of the mandatory cumulation provision. See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. at 621.

75/ Transcript at 136.

likelihood of a resumption of imports, in this situation demonstrates that the Singaporean imports no longer compete with those of Japan and the domestic industry. Under these facts, we believe it would be inappropriate to find competition based solely on sales from inventory. 76/ The current trend in Singaporean shipments as a percentage of total consumption is connected with sales from inventory rather than imports, and therefore is unlikely to continue. 77/ Furthermore, we determine that imports from Singapore are negligible within the meaning of 19 U.S.C. § 1677(7)(C)(v).

76/ Indeed, the purposes of the antidumping statute would not be served by allowing an investigation to proceed where imports have ceased and will not resume.

77/ Staff Report at Table 25.

ADDITIONAL VIEWS OF ACTING CHAIRMAN ANNE E. BRUNSDALE
CERTAIN PERSONAL WORD PROCESSORS FROM JAPAN AND SINGAPORE

Inv. No. 731-TA-483 & 484 (Preliminary)

I concur in the Commission's determination that (1) there is a reasonable indication that a domestic industry is materially injured by reason of imports of certain personal word processors (CPWPs) from Japan allegedly sold at less than fair value (LTFV) and (2) there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of allegedly dumped imports of CPWPs from Singapore.

I join my colleagues' discussion of like product, domestic industry, related parties, condition of the domestic industry, and cumulation. All of my colleagues conclude that the domestic industry is materially injured and one concludes that there is no causal nexus between that injury and the dumped imports.¹

In my view, reaching a separate legal conclusion on the presence or absence of material injury, based on a review of the condition of the industry, is not required by the statute and does not serve any useful purpose. We are required by the statute to answer a specific question -- is there a reasonable indication that a domestic industry is materially injured by reason of dumped imports.²

In order to do that, it is necessary to compare the current

¹ Commissioner Rohr's affirmative determinations rest on a reasonable indication of threat of material injury.

² See 19 U.S.C. 1673(2).

condition of the domestic industry to that which would have existed if not for the allegedly dumped imports. If an industry is profitable, but would be twice as profitable if not for the presence of dumped imports, I would conclude that the industry is materially injured by reason of the dumped imports. If, on the other hand, an industry is in decline because its product is becoming obsolete and there is no indication that it would be better off if there were no dumped imports, then I would conclude that the industry is not materially injured by reason of the dumped imports. In my view, understanding the condition of the industry is important primarily in deciding whether there is a reasonable indication that any injury resulting from the dumped imports is material.³

Applicable Standard in Preliminary Determinations

My approach to preliminary determinations rests on the decision in American Lamb v. United States.⁴ The language employed by the court in American Lamb specifies that a negative determination is appropriate only when "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that

³ See Certain Light-Walled Rectangular Pipes and Tubes from Taiwan, Inv. No. 731-TA-410 (Final), USITC Pub. 2169 (March 1989) at 10-15 (Views of Chairman Brunsdale and Vice Chairman Cass).

⁴ 785 F.2d 994 (Fed. Cir. 1986).

contrary evidence will arise in a final investigation."⁵

As the Commission opinion points out, there are several issues, such as like product and domestic industry, where the Commission has some doubts and will be gathering more evidence. The final determination may depend on the additional information. In addition, since petitioner contends that it has been injured in the interim period, it will be particularly helpful to have the additional data.

Reasonable Indication of Material Injury by Reason of Allegedly LTFV Imports

In assessing the causation of injury by dumped imports the statute instructs the Commission to consider, among other factors: (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products.⁶

In considering the volume of imports, I take into account the volume both in absolute terms and in terms of their share of

⁵ Id., at 1001-04. "Clear and convincing" evidence supporting a negative determination must be "substantial." Since the Commission is permitted to weigh the evidence in the record, however, a negative preliminary determination may be issued even though some evidence supports an affirmative determination, and even if some reasonable doubt exists as to whether a negative determination is warranted. See, e.g., Buildex Inc. v. Kason Industries, Inc., 849 F.2d 1461, 1463 (Fed. Cir. 1988)

⁶ See 19 U.S.C. 1677(7)(B).

the relevant market. I also consider the dumping margin -- or, in preliminary investigations, the alleged dumping margin -- in order to determine the likely effect that dumping would have on the price and volume of subject imports. The higher the dumping margin the greater the difference between the dumped price of the imports and their price at fair value.⁷ This has a direct impact on the increased volume of imports that are sold because of dumping.

In considering the impact of the subject imports on U.S. prices of the like product and on domestic producers, I rely on economic analysis. First, I examine the relationship between the change in the price of a product and the resulting change in the quantity demanded of that product. This often depends on the presence or absence of close substitutes.⁸ If a small decline in the price of a product would lead to a large increase in purchases, subject imports would attract additional sales rather than taking sales away from domestic producers. Thus, the effect of dumped imports on the domestic industry would be mitigated.

Second, I examine the substitutability of the like product and the subject imports in the eyes of consumers. If the domestic like product and the subject imports are quite different, it is less likely that consumers of the domestic like

⁷ This assumes that any adjustment made by foreign producers would be in the price of imports, rather than in the home market price.

⁸ There are other factors that may affect the relationship between changes in price and changes in the quantity demanded. They are not, however, particularly relevant in this case.

product would switch to the import, given a small reduction in the import's price. If they are identical, one would expect consumers to switch quite readily.

Finally, I consider the likelihood that domestic firms and foreign firms would alter their sales in the United States if the price of the product changed. This indicates whether there would be a greater change in the price of the domestic like product or in the volume of output, as a result of the dumping.

Word Processors

Japanese imports of CPWPs make up roughly a third of all word processors purchased in the United States.⁹ In fact, Japan has been the largest exporter of CPWPs to the United States during the period of investigation.¹⁰ While imports from Japan have increased over the period of investigation, both in absolute terms and in terms of market share, the market share of U.S. producers has remained relatively stable.¹¹

While petitioner alleged dumping margins as high as 335.3 percent, Commerce suggests that the dumping margin is between 0 and 32.3 percent.¹² The dumping margin indicates the maximum

⁹ The like product includes all word processors, while the dumped imports under investigation include only certain personal word processors. See Views of the Commission at 4.

¹⁰ Staff Report at A-41, Table 23.

¹¹ The only exception is that U.S. producers' market share dropped -- sharply in value terms -- in the interim period. Staff Report at A-45, Table 25.

¹² Staff Report at A-2.

increase that would occur in the domestic price of imports if they were being sold at fair value. In other words, the best information indicates that CPWPs would have been, at a maximum, 32.3 percent more expensive, had they not been dumped. In order to determine the magnitude of the resulting injury, I estimate, using the technique detailed above, what prices and output would have been in the absence of dumping.

The quantity of word processors demanded is likely to be responsive to changes in price. This is due primarily to the existence of reasonably close substitutes on both the low end and the high end. Assuming that dumping resulted in the availability of relatively cheaper word processors, there are likely to be consumers who would purchase a word processor rather than an automatic typewriter. Similarly, people on the margin between buying a word processor or a personal computer might decide to buy a word processor, if its relative price fell.¹³ As a result, I expect that overall demand for word processors rose in response to the availability of allegedly unfairly priced imports. This most likely mitigated the effect of dumped imports on domestic producers of word processors.¹⁴

Imported CPWPs seem to be a close substitute for the same kinds of word processors produced domestically. However, the

¹³ Certainly, as the price of personal computers has fallen, we have seen people switch away from word processors.

¹⁴ Because the like product does not include automatic typewriters or personal computers, any injury to producers of those products is not relevant to our determination.

domestic like product contains a broader group of products than the imports. There may be consumers who have a special need for a portable product that is not included in the definition of CPWPs. Similarly, there may be some difference in features or in brand recognition between the subject imports and the domestic like product. While there are arguments to be made on both sides, I will give petitioner the benefit of the doubt in this preliminary investigation and assume that the subject imports and the domestic like product are reasonably close substitutes.

In conclusion, given the relatively weak preliminary standard, I find a reasonable indication that a domestic industry is injured by reason of dumped imports from Japan. The subject imports and the domestic like product are relatively close substitutes, Japanese imports have a substantial market share, and the dumping margin is significant.

VIEWS OF COMMISSIONER SEELEY G. LODWICK

Certain Personal Word Processors from Japan and Singapore
Investigations Nos. 731-TA-483 & 484 (Preliminary)

I conclude there is a reasonable indication of material injury to a domestic industry by reason of LTFV imports of certain personal word processors from Japan.^{1 2 3}

I. Conditions of Competition and the Business Cycle.

This industry is in decline. The personal computer ("PC") has made a personal word processor less attractive to many individuals because PCs contain many additional capabilities such as running additional types of software for business, educational and home uses. PCs can use the same software at home which one uses at the place of business. Also PCs can use more widely accepted and more powerful word processing PC software packages, common file formats and disk media, and industry standard hardware architectures.

There is still, however, a niche for personal word processors. There are still potential users who prefer a PWP because such users are intimidated by computer commands and only want to do word processing. Perhaps this pool of potential users is shrinking further, as the potential users learn the

¹ I concur with my colleagues' views concerning like product, domestic industry, related parties, condition of the industry and cumulation. I may revisit the like product question in the event of a final investigation.

² Material retardation is not an issue in this case.

³ I did not cumulate imports from Japan and Singapore because of the cessation of imports from Singapore, thus making such imports negligible. I reach a negative determination with regard to Singapore because of the lack of basis for any causal link between such imports and the declining condition of the domestic industry.

benefits and additional capabilities of PCs and as manufacturers and software developers continue to develop more "user friendly" features, such as menu-driven systems and the capability to use a "mouse" to move through the system. Other additional capabilities of a PC are sharing files with other individuals for editing and having a wider variety of professional output, type setting and printing, and other features which enhance the appearance of the product.

It appears that a major reason to purchase a personal word processor over a PC has been price. Several years ago when they were just introduced, complete PCs with printing capabilities and software may have cost several thousands of dollars. At that same time, the personal word processor, costing hundreds of dollars, was an attractive alternative for the home. PC prices, however, have declined precipitously since 1983. The lowest end IBM-compatible PC with a monitor, printer, operating system and word processing software, may now cost less than \$1,000 from any number of mail order computer houses.⁴ As the price gap between the lower end IBM compatible PC and the PWP continues to shrink, the PC becomes more attractive than the personal word processor.

These trends will continue to plague the personal word processor industry's output and capability to maintain attractive profit margins. Whereas the PC continues to be the major enemy of any personal word processor

⁴ For instance, in a recent Damark International, Inc. catalog, a Packard Bell XT IBM compatible PC, with an EGA color monitor, 640k of RAM, a 30 megabyte hard disk, and an MS/DOS operating system, sold for \$699. A software program with word processing and spreadsheet capabilities sold for \$9.99. Such a system with a low cost printer would sell far below \$1,000. Damark International is based in Minneapolis, MN.

In addition, much cheaper systems fully equipped for word processing can be found for the home, from companies such as Radio Shack (\$499), that are more competitive with the like product in terms of hardware features; i.e. they do not contain a hard disk.

producer, this does not mean that the presence of a significant share of LTFV imports is not in itself causing considerable adverse consequences for the domestic industry as defined. The presence of the PC as a substitute for a personal word processor does limit the extent to which the domestic personal word processor industry can increase or maintain current prices and makes the potential personal word processor market continually smaller. Our purpose in Title VII is not to weigh alternative causes of injury, but to determine whether the LTFV imports in a market are a cause of material injury to the producers of like products.

II. Import Penetration.

I consider the volume of imports from Japan to be significant in both absolute and relative terms.⁵ To the extent LTFV pricing enables such imports to enter or stay in the market, these imports represent sales opportunities which have a significant bearing on the performance of the domestic industry.

III. Price Effects.

Price trends.--The record demonstrates that personal word processor prices have either been declining or remained flat throughout the investigation.⁶ We therefore look to the question of price depression by reason of LTFV imports.

Underselling data.--The price data does not show any pattern of underselling by the imports. In fact, the domestic producer is often a price leader.⁷ This does not suggest in itself that the LTFV imports are not a

⁵ Staff Report at Table 23.

⁶ Report at Tables 28-30.

⁷ Id. at Table 31.

cause of injury. Without LTFV pricing, the domestic producer perhaps could have been a price leader at higher price levels, especially if there were no close substitutes for the imports in the market. If domestic and imported personal word processors were priced similarly, and assuming no LTFV pricing of the imports, one would expect at least higher sales levels by the domestic producers.

Substitution.--Imported and domestic word processors are not completely fungible because of differing features and other proprietary technology. The distribution channels, characteristics, uses and pricing, however, are similar. Imports and the domestic product may thus be considered close, albeit not perfect, substitutes. Therefore, a change in price may have a significant impact on market shares especially if the buyers tend to be price sensitive. Thus, the Japanese producers may have maintained a very large share in the market in large part through LTFV pricing.

Sensitivity of demand.--Given the preceding discussion regarding the PC as a substitute for the word processor and the reality that electronic typewriters are also fairly close substitutes, it would appear that demand for word processors may be significantly dependent on the relative prices of personal word processors, PCs and electronic typewriters. It would appear that as PCs continue to come down in price, there is greater pressure on word processor producers to maintain sufficiently lower prices because PWPs lack certain additional capabilities of the PC, etc.⁸ This suggests that the imports would not be significantly affecting the prices of the domestic

⁸ Although the record does not contain information with regard to PC sales, given the total sales of this market relative to the revenues of major PC makers, one may assume at present that the quantity of even low-end PCs dwarfs the presence of personal word processors by a considerable margin.

product; that is, in the absence of LTFV imports in the market, it is doubtful domestic word processor producers could enjoy significantly higher prices as PC prices continue to plummet. Therefore, I conclude that there is not a basis for determining significant adverse price effects caused by LTFV imports.

IV. Effects on the Domestic Industry.

In a market such as this, LTFV pricing may create sales for imports that may not have otherwise happened at all, take sales away from substitute products, and/or take away sales from domestic producers of the like product.

In this market, it does not appear that many new sales were created by the LTFV sales, given Smith Corona's position as a price leader. Given the increasingly attractive prices of a near-perfect substitute for simple word processing with many other features and considerable benefits, perhaps most LTFV import sales were taken away from low-end PC sales and not domestic production of the like product.

To the extent there is a displacement of domestic word processor sales by reason of LTFV imports, such sales injure the domestic industry producing the like product. Such displaced sales affect all output-related performance indicators such as shipments, employment and capacity utilization and the financial indicators of sales, profits and cash flows.

Regardless of the attractive price/performance of the PC relative to personal word processors, there is not enough basis on the record to determine conclusively that there is not a significant residual niche of buyers who strongly prefer word processors and would have otherwise opted for the domestic product. It is the competition in this residual market between the subject imports and the domestic like product that is the basis for the

preliminary injury determination. Given the large subject market share and similarity between the imports and domestic product, should even a substantial minority of these LTFV sales had otherwise gone to the domestic producers of the like product, there is a sufficient causal link to warrant an affirmative determination under the reasonable indication standard for preliminary investigations.

Based upon the instructions of American Lamb v. United States,⁹ a negative determination can not be made unless "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation." Before the conditions of American Lamb are met, the record needs to be more fully developed with regard to the competitive issues (i.e., comparative features, pricing, distribution channels, and other attributes affecting substitution) between the like product and the substitute products. The need for such information is an important factor in this preliminary affirmative determination.

Therefore, I determine there is a reasonable indication of material injury by reason of LTFV imports of certain personal word processors from Japan.¹⁰

⁹ 785 F.2d 994 (Fed. Cir. 1986).

¹⁰ I reach a negative determination with regard to Singapore.

Additional Views of Commissioners Rohr and Newquist
Concerning
Threat of Material Injury

If the Commission determines that an industry in the United States is not being materially injured by the imports subject to investigation, it must consider whether the industry is threatened with material injury by reason of such imports. ^{1/} The statute sets forth the following factors that the Commission is required to apply in its threat analysis:

- (1) if a subsidy is involved, information that the Commission has available to it as to the nature of the subsidy;
- (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;
- (8) the potential for product shifting;
- (9) in an investigation involving imports of both a raw agricultural product

^{1/} Commissioner Newquist believes that a stronger case has been made for threat of material injury than for present material injury by reason of the subject imports from Japan. However, in light of the Commission's intention to revisit the question of petitioner's status as a domestic producer as well as various like product issues, and because Commissioner Newquist cannot conclude that there is no likelihood that evidence supporting an affirmative present injury determination will later arise, he intends to revisit both material injury and threat of material injury in any final investigation.

and any product processed therefrom, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission with respect to either the raw or processed product;

- (10) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product. 2/

In addition, the Commission must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class of merchandise suggest a threat of material injury to the domestic industry. 3/ A threat of material injury must be real and imminent, and the Commission's determination may not be based on mere conjecture or supposition. 4/

Section 771(7)(F)(iv) of the statute 5/ gives the Commission discretion to cumulate the imports. Analysis of certain threat factors may be considered on a cumulative basis if the imports compete with each other and with the like product of the domestic industry in the U.S. market and are subject to any investigations under sections 303, 701, or 731 of the Tariff Act of 1930.

For the reasons set forth above regarding cumulation of Singaporean imports for purposes of our examination of causation of the existing injury, we do not cumulate them with imports from Japan for purposes of our threat analysis. We also note that import volumes from the two countries exhibit different trends, which weighs against cumulation in these investigations. 6/

2/ 19 U.S.C. § 1677(7)(F)(i).

3/ 19 U.S.C. § 1677(7)(F)(iii).

4/ 19 U.S.C. § 1677(7)(F)(ii); see Citrosuco Paulista v. United States, 704 F. Supp. 1075 (CIT 1988).

5/ 19 U.S.C. § 1677(7)(F)(iv); see Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068 (CIT 1988).

6/ Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

We determine that there is a reasonable indication of a threat of material injury by reason of the subject imports from Japan. We base this determination on the following considerations. First, Japanese production capacity increased throughout the investigation period including interim 1990, which showed a slight increase over interim 1989 levels. Moreover, Japanese production and capacity utilization decreased during interim 1990 over interim 1989. 7/ Finally, the Japanese industry operated at low capacity utilization levels throughout the period of our investigation and there remains substantial unused Japanese capacity that could be used to increase Japanese exports to the United States. 8/

While Brother has indicated its intention to move at least some additional portion of its personal word processor assembly operations to the United States, we note that there is a significant possibility of future imports of new lines of personal word processors from other producers. We cannot determine that there is not a real possibility of increased Japanese exports to the United States and greater price competition in the U.S. market.

Our concern is heightened by the apparent downturn in total personal word processor sales in the United States market. While we note that the evidence currently available does not indicate any present price suppression or depression, most of the price competition heretofore has been in a rapidly expanding market, at least through 1989. As demand decreases, there may be more incentive for the Japanese producers to reduce their U.S. prices in order to hold or increase market share. In such a situation we do not believe the data warrant the conclusion that there is clear and convincing evidence that

7/ Staff Report at Table 21.

8/ See id. at n.60.

imports will not have price suppressing or depressing effects. Further, we cannot conclude that no likelihood exists that evidence of such effects will arise in a final investigation. 9/

Moreover, the outstanding antidumping duty order on automatic typewriters could lead to product shifting, an issue we will seek to explore further in any final investigation.

We conclude that there is no reasonable indication of a threat of material injury by reason of allegedly LTFV imports from Singapore. The current absence of Singaporean production capacity for the subject personal word processors makes it unlikely that any Singaporean imports will occur in the future. There is no current indication that Olivetti will resume production, rendering that possibility too remote to be "real and imminent." The remaining Singaporean inventories are too low to pose a threat to the domestic industry. Thus, there is no likelihood that Singaporean market share will increase to an injurious level in the future.

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

**ADDITIONAL VIEWS OF COMMISSIONER DAVID B. ROHR
CONCERNING
LACK OF A CAUSAL NEXUS BETWEEN THE CONDITION OF
THE DOMESTIC INDUSTRY AND THE ALLEGED LTFV IMPORTS¹**

Under the bifurcated method of analysis in preliminary investigations under title VII, it is necessary to determine not only that there is a reasonable indication that the domestic industry is currently experiencing material injury, but also that there is a reasonable indication that the imports subject to the investigation are a cause of that injury. The Commission's analysis of the condition of this industry revealed such sharp downturns in such a number of indicators in the interim 1990 period that my colleagues, Commissioners Lodwick, Newquist, and I concluded that there was a reasonable indication that the industry is experiencing material injury.

The question for me is then whether the data provide a reasonable indication that imports are presently a cause of that injury. I do not believe the data provide such a reasonable indication. Particularly due to the lack of any relationship between the prices of the imports and the domestic industry's prices for the products and in the channels of distribution that the petitioner itself said were the most important to it, I do not believe there is any reason to continue an investigation into the present injury allegations made by the domestic industry.

In determining whether there is any causal nexus (or reasonable indication thereof) between the condition of the industry and the imports subject to investigation, the Commission traditionally looks at the factors enumerated in section 771(7)(B), that is, the volume, price, and other impacts of the imports under investigation. In making this

¹ I recognize that logically a discussion of whether imports are currently injuring the industry should precede a discussion of whether such imports threaten injury in the future. Nevertheless due to the complicated order of precedence applicable to Commission opinions, this discussion follows Commission Newquist and my joint views on threat. To clarify, in these additional views I am finding no reasonable indication of a causal nexus at this time between the imports from Japan and Singapore and the condition of the industry. I am also finding in my joint views with Commissioner Newquist that imports from Japan do threaten the industry in the future.

determination, the Commission also considers information demonstrating possible alternative causes to the injury being experienced by the domestic industry.² The Commission, however, is statutorily prohibited from "weighing causes." In the present investigation, I do not rely on the presence or absence of alternate causes because I do not view the primary data as supporting a reasonable indication of a causal nexus.

First, I note that the volume of imports from Japan showed consistent increases between 1987 and 1989. This was a period, however, in which the domestic industry showed no signs at all of any injury. In interim 1990, when the indicators of the industry's performance began to deteriorate, imports from Japan declined. Comparing the interim 1990 period with the interim 1989 period, the volume of imports declined by more than 15 percent.³ This compares to a drop in total consumption of less than 11 percent.⁴

An analysis of market penetration by the subject Japanese imports involves an analysis both of imports and shipments of imports, which latter indicator reflects movements in inventories of personal word processors.⁵ Under either indicator, there was a substantial jump, of between 10 and 15 percentage points, in Japanese market share in 1988, at a time in which there was no indication of any injury to the domestic industry. Injury, as exemplified by a very substantial decline in operating margins, does not appear until interim 1990. In that period, import market share (defined in terms of actual imports for consumption) declined by approximately 1.5 percentage points compared to interim

² See S. Rep. No. 249, 96th Cong., 1st Sess. 58 (1979). Such alternate causes may include "the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry. *Id.* at 57.

³ See Staff Report at Table 23. Petitioner has argued that in considering causation the Commission should examine imports other than those under investigation, specifically those excluded from the scope of this investigation due to their being covered by the scope of the previous antidumping duty order on portable electric typewriters. See Post-Conference Brief of Petitioner at 4-5. This is not statutorily permitted. Conversely when considering causation Petitioner also urges the Commission to narrow the domestic industry (and therefore apparent consumption for purposes of our examination of market share) to just "certain" word processors. See Post-Conference Brief of Petitioner at 1-2. This is also not statutorily permitted.

⁴ Staff Report at Table 2.

⁵ *Id.* at Tables 23-25.

1989 and was approximately 6 percentage points below the prior full year.

On the other hand, looking at shipments of imports the interim comparisons show a 1.5 percentage point increase in import market share, due to a drawdown of importer inventories. However, when considering the impact of this change, I must also concede that much larger changes in market shares occurred during other portions of the investigative period and had no effects comparable to what are alleged in this instance. In short, there were at best minor changes in Japanese market share in the interim period which are not sufficient in themselves for me to find that there is a reasonable indication of a causal nexus between the imports and the contemporaneous sharp declines in domestic industry operations.⁶

The pricing data is a critical element of this investigation. A variance analysis of producer profitability shows a significant negative price variance, i.e., that changes in the unit price of sales have had the most significant impact on changes in producer revenue over the period of investigation and particularly in the interim period in which injury has occurred. In fact, for the interim period the negative price variance on net sales is comparable to the total negative gross profit variance and is in itself larger than the negative operating profit variance.⁷ The data thus demonstrate that the principal problem in this situation has been price, whether price declines on individual products or a shift to lower priced and less profitable lines. The case of causal nexus thus rests on whether the data show that imports have had anything to do with the decline in prices. I note that in examining price the Commission, in these preliminary investigations examined those products and prices which petitioner alleged were most important.

⁶ I note that the Commission collected data on the broader possible like products which we have indicated will be reexamined if this matter returns for a final investigation. I note that the primary effect of any such broader like products is to expand the base of the domestic apparent consumption against which the set universe of imported products is measured for purposes of causation. In this investigation, any such determination of a broader like product merely dilutes even further than exists in this opinion any potential impact of the imports. Any additional data on the basis of such expanded like product coverage would be likely to be merely cumulative of the data supporting the negative determination I make today.

⁷ See INV-N-138, December 13, 1990.

The data reveal no consistent upward or downward trend in Japanese import prices. I find, for example, that even for a single product one can note declines in prices in one channel of distribution while prices actually increased in another.⁸ In contrast, looking at the price trends for the domestic products, the only significant declines which can be observed occurred for a product which did not face direct import competition during the period in those channels of distribution that the petitioner identified as most important to it.

Turning to evidence regarding underselling, I recognize the inexactitude of price comparisons between domestic and Japanese models. Nevertheless, those price comparisons available show consistent overselling of the domestic product by the imports, sometimes by considerable amounts.⁹ In conducting its lost sales and lost revenue allegations, the Commission was unable to determine that petitioner had lost sales or revenue to the Japanese imports for price reasons.¹⁰

The decline in Japanese import volume and market share, together with the absence of evidence of price effects by the Japanese imports, provide clear and convincing evidence to me that Japanese imports are not a cause of the current difficulties being experienced by the domestic industry. I further conclude there is no likelihood of contrary evidence being obtained in a final. I therefore conclude that there is no reasonable indication that the domestic industry is materially injured by reason of allegedly LTFV imports from Japan.

I also determine that there is no reasonable indication of material injury by reason of the allegedly LTFV imports from Singapore. Singaporean imports were nonexistent after January 1990 through the present,¹¹ the period when the domestic industry showed signs of an injured condition. There is, however, some evidence of underselling by those Singaporean imports that were entered in prior periods that are being

⁸ Id. at A-52.

⁹ Id. at Table 31.

¹⁰ Id. at A-55-56.

¹¹ Id. at Table 23. Transcript of the Public Conference p. 136.

sold from inventory. I also note the absence of any confirmed lost sales or lost revenue allegations concerning the Singaporean merchandise, and I see no reasonable likelihood that the Commission will obtain such information in any final investigation. Sales of imports from importers' inventories should not be disregarded in the Commission's causation analysis. Nonetheless, where, as here, there is clear and convincing evidence that there are presently no Singaporean imports currently entering the United States, that no such imports will resume, and that inventories have been reduced to low levels, I do not believe it appropriate to base an affirmative finding solely on transactions of inventories already entered in the United States. The record as a whole concerning Singapore contains clear and convincing evidence that such imports are not a cause of material injury, and no likelihood exists that any contrary evidence will arise in a final investigation.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On November 6, 1990, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by counsel for Smith Corona Corporation (Smith Corona), New Canaan, CT, alleging that an industry in the United States is being materially injured and is threatened with further material injury by reason of imports from Japan and Singapore of certain personal word processors,¹ provided for in subheadings 8469.10.00 and 8473.10.00 of the Harmonized Tariff Schedule of the United States (HTS), that are alleged to be sold in the United States at less than fair value (LTFV). Accordingly, effective November 6, 1990, the Commission instituted antidumping investigations Nos. 731-TA-483 and 484 (Preliminary) under section 733 of the Tariff Act of 1930, 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 imports of such merchandise into the United States.

The statute directs the Commission to make its preliminary determinations within 45 days after receipt of the petition or, in these investigations, by December 21, 1990. Notice of the institution of these investigations 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 November 14, 1990 (55 F.R. 47544). Commerce published its notices of initiation in the Federal Register of November 30, 1990 (55 F.R. 49662).² The Commission held a public conference in Washington, DC, on November 28, 1990, at which time all interested parties were allowed to present information and data for consideration by the Commission.³ The Commission voted on these investigations on December 17, 1990.

Previous and Related Investigations

Although personal word processors have not to date been the subject of investigations by the Commission, a related product, portable electric typewriters, has been the subject of two separate investigations.

In June 1975, by a 3-2 vote the Commission determined, under section 201(a) of the Antidumping Act of 1921 (19 U.S.C. §160) that an industry in the United States was not being injured and was not likely to be injured, and was not prevented from being established, by reason of the importation of portable

¹ A detailed description of this product is provided in the section of this report entitled "Scope of the investigations."

² Copies of the Commission's and Commerce's Federal Register notices are presented in app. A.

³ A list of the participants in the conference is presented in app. B.

electric typewriters from Japan that were being sold at LTFV.⁴ Subsequently, during May 1980, in response to a new petition from Smith Corona the Commission unanimously determined, under section 735(b) of the Tariff Act of 1930, that an industry in the United States was materially injured by reason of imports of portable electric typewriters from Japan that Commerce found had been sold in the United States at LTFV.⁵ This determination resulted in the publication by Commerce of an antidumping duty order (the PETs order).

Nature and Extent of the Alleged Sales at LTFV

In order to obtain estimated dumping margins for certain personal word processors imported from Japan and Singapore, the petitioner compared the United States price of the personal word processors with their foreign market value. The petitioner developed alternative margin estimates for individual producers in each country, depending on whether foreign market value was based on home-market prices, prices to third countries, or constructed value.

Japan

Petitioner provided nine methodologies comparing United States price to foreign market value (FMV) that indicate sales at less than fair value. Commerce rejected seven of these methodologies and initiated on the basis of the remaining two. The first compares FMV, based on model-specific average unit revenue obtained from a market research report for home market sales in 1990, to adjusted 1990 company-specific U.S. prices obtained from retail advertisements. Given that petitioner indicates that sales in the United States are generally exporter's sales price transactions, home market selling expenses were deducted from FMV. U.S. prices were adjusted downward for dealer mark-up, advertising allowances, selling expenses, and a trading company mark-up.

The second methodology compares FMV based on constructed value (CV) to adjusted 1990 U.S. prices obtained from retail advertisements. CV was adjusted to update all prices of components and materials to 1990 prices. Again, home market selling expenses were deducted from CV. U.S. prices were adjusted downward for a dealer mark-up, an advertising allowance, selling expenses, and a trading company mark-up.

⁴ Portable Electric Typewriters from Japan: Determination of No Injury or Likelihood Thereof in Investigation No. AA1921-145 Under the Antidumping Act, 1921, as Amended, USITC Publication 732, June 1975. This determination was appealed by Smith Corona to the Court of International Trade (the Court), which remanded the action to the Commission for further statement of reasons. Upon remand, the Court affirmed the Commission's negative determination (544 F. Supp. 194).

⁵ Portable Electric Typewriters from Japan: Determination of Material Injury in Investigation No. 731-TA-12 (Final) Under Section 735(b) of the Tariff Act of 1930, USITC Publication 1062, May 1980.

Based on a comparison of United States price and FMV, Commerce calculated dumping margins ranging from 0.00 percent to 32.27 percent. The dumping margins alleged in the petition range from 0.00 percent to 335.3 percent.

Singapore

The petitioner alleged that sales from Olivetti Singapore Pte., Ltd. (Olivetti), the sole Singaporean manufacturer of certain personal word processors, to either Olivetti Office USA (Olivetti USA) or AT&T Information Systems, Inc. (AT&T) are not arms' length sales pursuant to Commerce regulations, and thus that exporter's sales price should be used to establish U.S. price. Exporter's sales prices were based on advertised prices for AT&T model WP-7700, adjusted for estimated dealer markup, direct and indirect selling expenses, and movement charges (based on those incurred by the petitioner in importing portable electric typewriters from Singapore). Foreign market value was based on home-market price, adjusted for direct and indirect selling expenses, and advertising allowances (movement charges were negligible). A comparison of the adjusted prices during the period May 1989 through May 1990 yielded margins of 3.16 to 17.72 percent.

The Products

Scope of the investigations

The merchandise covered by these investigations consists of integrated personal word processing systems and major finished units thereof, which are defined as devices designed principally for the composition and correction of text. All personal word processors within the scope of the investigations have the following essential features: (1) a customized operating system designed exclusively for a manufacturer's word processor product line which is unable to run commercially available software and which is permanently installed by the manufacturer before or after importation; (2) a word-processing software/firmware program which is designed exclusively for the word processor product line and which is permanently installed; and (3) internal memory (both read-only memory (ROM) and read-write random access memory (RAM)) for word processing.⁶

All personal word processors included within the scope of these investigations contain the following three units: (1) a keyboard for the

⁶ In addition, personal word processors may include one or more of the following features: (1) an auxiliary memory storage device; (2) software/firmware designed for use exclusively on a line of word processors such as a spreadsheet or word processing-assist program; (3) an interface permitting the transfer of information to other word processors, telecommunications links, computers, and the like; and (4) a type mode, which permits the word processor to function as a typewriter by typing characters directly onto paper.

entry of characters, numerals, and symbols; (2) a video display; and (3) a chassis or frame containing the essential word processing features listed above. These units may either be integrated into one word processing system or be combined by the user into one working system. Such word processors may include, as a fourth unit, a printer with a platen (or equivalent text-to-paper transfer system) and printing mechanism (whether a daisy wheel, ink jet, dot-matrix, laser, or other printing mechanism) to permit the printing of text on paper.

Certain personal word processors may be imported as integrated systems, or the major finished units may be imported separately. Only the major finished units listed above are covered by these investigations. Keyboards and chassis/frames are included in these investigations if they are designed for use in personal word processors covered by these investigations. Printers and video displays are included in these investigations only if they are dedicated exclusively for use in certain personal word processors.

Major finished units are distinguished from parts or subassemblies in that they do not require any additional manufacturing before functioning as a complete unit of a word processor. Neither parts nor subassemblies are included in the scope of these investigations.

Word processing devices which meet all of the following criteria are excluded from the scope of these investigations: (1) easily portable, with a handle and/or carrying case, or similar mechanism to facilitate its portability; (2) electric, regardless of source of power; (3) comprised of a single, integrated unit; (4) having a keyboard embedded in the chassis or frame of the machine; (5) having a built-in printer with a platen to accommodate paper; and (6) only accommodating its own dedicated or captive software. (See also, Final Scope Ruling: Portable Electric Typewriters from Japan (55 F.R. 47358, Nov. 13, 1990)).

Further description

A personal word processor, unlike automatic data processing (ADP) machines, or "personal computers" (PCs), cannot create new software or modify its own existing program code. Moreover, personal word processors are distinguishable from PCs because they are incapable of running a variety of "off-the-shelf" software programs installed by the purchaser. PCs have significantly higher memory storage capacities than personal word processors and often contain major finished units that are interchangeable with units manufactured by several producers.

Personal word processors are also distinguishable from electronic (or automatic) typewriters, which are capable of producing text from a self-contained electronic memory. Such typewriters have limited correction capability and text storage capacity when compared with that of a personal word processor; in particular, automatic typewriters do not have the capability for external storage through use of a floppy disk drive.

The manufacturing process

Personal word processors are produced much like other consumer electronic products in that they are designed in modular configurations. The manufacturing process largely includes the fabrication and subassembly of printed-circuit boards and other units, and their final installation into a casing. This process is divided into three basic steps: subassembly manufacture, component assembly, and assembly of the finished product.

Subassembly manufacture.--The fabrication of a printed-circuit board is divided into three phases. In the initial phase, the locations of the components and interconnections of the circuits on the board are determined. The printed-circuit pattern is then laid out on a grid by a computer, and an enlarged artwork master is produced. In the second phase, the enlarged masters are photographed and reduced to the appropriate dimensions of the finished board. The third phase covers the actual fabrication of the board. Machines and equipment used to produce printed-circuit boards for personal word processors can be used to produce printed-circuit boards for any electronic product.

Component assembly.--The assembly of printed-circuit boards in volume is usually accomplished through a combination of mechanical and manual insertion of components. Components such as resistors and capacitors, which lend themselves to automatic insertion, are first sequenced on tapes in reverse order of insertion by sequencing machines. The machine not only inserts each component into its proper position, but also clinches the leads of each component against the conductors on the board to facilitate wave soldering. Multilayer printed-circuit boards (motherboards) that provide the interconnections for printed-circuit boards are assembled by hand because the assembly consists largely of the installation of mating connectors for the plug-in-printed-circuit boards containing the systems' electronic components. The final phase of this process involves the attachment of the outside casing parts to the subassembly.

Final assembly.--The last step in the assembly operation includes various quality testing procedures for each of the completed personal word processors. Following the testing procedures, labels such as a company logo are affixed to the product to complete the manufacturing process.

U.S. tariff treatment

Personal word processors and separately imported modular units specifically designed and dedicated for use therewith, as defined above, are classified in HTS subheadings 8469.10.00 and 8473.10.00, respectively. Finished personal word processing machines are assessed a column 1 rate of duty of 2.2 percent ad valorem (8469.10.00), and modular units are dutiable at 3.9 percent ad valorem (8473.10.00, a provision for parts and accessories of the machines of heading 8469). Both personal word processors and modular units thereof are eligible for duty-free entry if imported from Canada, Israel, or countries designated under the Caribbean Basin Economic Recovery

Act or the Generalized System of Preferences. The column 2 rates of duty, applicable to imports from certain non-market economy countries, are 35 percent ad valorem for the goods of HTS subheading 8469.10.00, and 45 percent ad valorem for parts and accessories falling in HTS subheading 8473.10.00.⁷

Some types of personal word processors, if the product of Japan, are subject to additional antidumping duties under Commerce's recent "Final Scope Ruling."⁸ Personal word processors covered by that ruling are not included in these investigations.

The U.S. Market

Apparent U.S. consumption

This report presents data concerning apparent U.S. consumption of certain personal word processors, of other varieties of personal word processors, and of typewriters, as compiled from responses to Commission questionnaires. Neither the petitioner, the respondents, nor the staff could identify any published data source indicating the size of the personal word processor market in general, or that of the market for the particular models subject to these investigations.⁹ With regard to production and shipments of personal word processors, the Commission received usable data from all four known producers of such merchandise: the petitioner; ***; ***; and Brother Industries (U.S.A.), Inc. (Brother USA), Bartlett, TN, along with the majority of known importers of personal word processors. Thus, consumption figures, at least for personal word processors, are substantially complete. As a result, data in this report consist of reported U.S. shipments of certain personal word processors, all personal word processors, and typewriters, combined with reported shipments of imports of those products.

Certain personal word processors.--Apparent U.S. consumption of certain personal word processors increased sharply from 1987 to 1989, when consumption was approximately 5 times higher than that of 1987 (table 1). Shipments of

⁷ Countries are named in general note 3(b) of the HTS.

⁸ Department of Commerce, International Trade Administration, Final Scope Ruling: Portable Electric Typewriters from Japan (55 F.R. 47358, Nov. 13, 1990).

⁹ The petitioner asserted that, because it was the only producer of certain personal word processors during the period of investigation, the size of the market for such products could be calculated as the sum of its shipments and official import data on the product. As official U.S. import statistics do not, however, separate imports of certain personal word processors from imports of other types of automatic typewriters and word-processing machines, any estimate calculated on this basis would be considerably overstated.

Prior to 1988, consumption data on "text-processing workstations" were collected and published by the Computer and Business Equipment Manufacturers Association (CBEMA); however, in 1988 CBEMA discontinued separate reporting for this category and combined such data with those for microcomputers.

Table 1

Certain personal word processors: U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.-- 1989	1990
Quantity (1,000 units)					
U.S. shipments.....	***	***	***	***	***
Shipments of imports.....	***	***	***	***	***
Apparent consumption....	58	119	291	201	191
As a share of the quantity of apparent U.S. consumption (percent)					
U.S. shipments.....	***	***	***	***	***
Shipments of imports.....	***	***	***	***	***
Total.....	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
U.S. shipments.....	***	***	***	***	***
Shipments of imports.....	***	***	***	***	***
Apparent consumption....	38,185	60,298	125,591	90,704	79,475
As a share of the value of apparent U.S. consumption (percent)					
U.S. shipments.....	***	***	***	***	***
Shipments of imports.....	***	***	***	***	***
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.

imports generally increased faster than did U.S. shipments; however, both in quantity and in value terms, both declined in January-September 1990, when compared with shipments in January-September 1989. Despite their overall increase, U.S. shipments lost market share throughout the period, holding only *** percent, by quantity, of the market in 1989, compared with *** percent in 1987.

All personal word processors.--In terms of quantity, apparent U.S. personal word processor consumption increased strongly from 1987 to 1989, but declined somewhat when the January-September periods of 1989 and 1990 are compared (table 2). Trends in overall consumption levels were mirrored by U.S. shipments; shipments of imports, however, fell off only very slightly in the first nine months of 1990, when seen against the comparable period of 1989. In terms of value, similar patterns are evidenced. During 1987-89, importers' share of the market decreased; however, this trend reversed itself when the interim periods of 1989 and 1990 are compared.

Table 2

Personal word processors: U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept. -- 1989	1990
Quantity (1,000 units)					
U.S. shipments.....	***	***	***	***	***
Shipments of imports.....	***	***	***	***	***
Apparent consumption.....	146	338	592	427	381
As a share of the quantity of apparent U.S. consumption (percent)					
U.S. shipments.....	***	***	***	***	***
Shipments of imports.....	***	***	***	***	***
Total.....	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
U.S. shipments.....	***	92,520	***	***	68,637
Shipments of imports.....	***	71,880	***	***	70,111
Apparent consumption.....	94,064	164,400	248,373	181,117	138,748
As a share of the value of apparent U.S. consumption (percent)					
U.S. shipments.....	***	56.3	***	***	49.5
Shipments of imports.....	***	43.7	***	***	50.5
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.

Personal word processors and typewriters. --When the combined market for these products is examined, it can be seen that apparent consumption in quantity terms decreased steadily throughout the period of investigation, by 17 percent during 1987-89; in value terms, however, the market also declined during 1987-89, and fell further, by 28 percent, when the interim periods are compared (table 3). During the 1987-89 period, the share of imports in apparent consumption decreased steadily both in terms of quantity and value. This decline in market share resulted from a sharper drop in importers' shipments than in that of U.S. producers' shipments.

Table 3

Personal word processors and typewriters: U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.--	
				1989	1990
Quantity (1,000 units)					
U.S. shipments.....	1,779	1,780	1,724	1,340	969
Shipments of imports.....	2,523	2,100	1,827	1,357	1,121
Apparent consumption....	4,302	3,880	3,551	2,697	2,090
As a share of the quantity of apparent U.S. consumption (percent)					
U.S. shipments.....	41.3	45.9	48.5	49.7	46.4
Shipments of imports.....	58.7	54.2	51.5	50.3	53.7
Total ¹	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
U.S. shipments.....	549,006	496,757	473,947	360,153	241,743
Shipments of imports.....	505,186	417,315	362,821	279,245	215,678
Apparent consumption....	1,054,192	914,072	836,768	639,398	457,421
As a share of the value of apparent U.S. consumption (percent)					
U.S. shipments.....	52.1	54.3	56.6	56.3	52.8
Shipments of imports.....	47.9	45.6	43.3	43.7	47.2
Total ¹	100.0	100.0	100.0	100.0	100.0

¹ Shares may not add because of rounding.

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

According to the 1990 Electronic Market Data Book, the market for "dedicated word processors and automatic typewriters" is expected to expand between 5 and 10 percent per year over the next 10 years. Parties to the proceeding and questionnaire respondents, however, disagreed as to the long-term consumption trend in the market. Brother International Corp. (Brother), *** importer of certain personal word processors from Japan, characterized the market as expanding during the period of investigation and expressed confidence that it will continue to expand.¹⁰ Fellow respondents Matsushita

¹⁰ Brother noted that the potential for market expansion exists because firms like itself are continuing to seek out and serve distinct niches in the market (in terms of features), and because personal word processors are defining

(continued...)

Electric Corporation of America and Olivetti USA concurred, noting the development of better memories and displays, the development of additional distribution channels, and a more favorable relationship, from the consumer's viewpoint, between price and features. By contrast, Smith Corona, while acknowledging the impressive growth in the market between 1987 and 1989, noted the flattening of demand for these products (particularly typewriters) in 1990, attributing it to an overall lessening of economic activity which has had its biggest impact on consumer spending on durable goods.¹¹ Office typewriter manufacturers took an even more pessimistic view: *** noted in their questionnaire responses that demand for personal word processors has been negatively affected by a growing consumer preference for personal computers.

The world market for personal word processors is dominated by the same firms that compete in the U.S. market, primarily Smith Corona, Brother Industries, Ltd. (Brother Japan), Olivetti, and Matsushita Electric Industrial Co. (Matsushita). Other firms, such as Canon, Inc. (Canon) and the German firm AEG Olympia, sell considerable quantities of typewriters both in their home markets and for export, but ***. Smith Corona characterized the European market as far less competitive in terms of price than the U.S. market.¹²

U.S. producers

In its petition, Smith Corona characterized itself as virtually the only domestic producer of personal word processors, and clearly the only firm producing the various models of personal word processors subject to these investigations.¹³ The petitioner also indicated its understanding that, during 1990, Brother USA had begun producing personal word processors other than the subject models in its Bartlett, TN, plant. Smith Corona did not, however, provide a list of firms producing typewriters. Accordingly, the Commission sent producer questionnaires to eight firms which it had reason to believe produced personal word processors and/or typewriters during the period of investigation. Six firms, Smith Corona, Brother USA, ***, ***, Canon Business Machines, Inc. (Canon Business Machines), and Nakajima All Manufacturing Co., Ltd. (Nakajima Manufacturing) provided usable data in response to the questionnaire. Two firms, ***, indicated that they had not produced any of the products for which data were requested during the Commission's period of investigation.¹⁴ Of firms reporting data, Smith Corona was the only one in support of the petition, with Brother USA, Canon Business

¹⁰(...continued)

themselves as cheaper versions of personal computers. Transcript of public conference (transcript), p. 162.

¹¹ ***.

¹² Transcript, p. 63.

¹³ Smith Corona named Electronic Modules, Inc., Dallas, TX (EMI), a producer of disk drives and other components, as a possible producer of these products, based on its understanding that EMI had entered a joint venture with Samsung Korea. ***.

¹⁴ ***.

Machines, and Nakajima USA in opposition; *** took no position on the petition.

Personal word processors.--Smith Corona is *** U.S. producer of personal word processors, holding *** percent of the volume of domestic shipments in 1989, and, during the period covered by the Commission's questionnaire, was the only U.S. producer of the particular personal word processor models subject to investigation. Smith Corona has been producing office machines since the turn of the century, and was the first company to produce a portable electric typewriter, in 1957. Soon after that, it built its central production facility in Cortland, NY. Although until recently it had six or seven production facilities in the Cortland area, in the mid-1980s it consolidated all its operations into one plant. This plant handles production of all models of personal word processors, and certain automatic typewriter models.¹⁵ Until 1988, the plant also produced electromechanical typewriters; but in 1988, production of these models was transferred to Smith Corona's sister plant in Singapore, from which Smith Corona imports large quantities of portable electric typewriters. Since 1989, Smith Corona has been publicly held, with Hanson PLC, a British firm, the largest shareholder with a ***-percent stake. Although typewriters and personal word processors are still Smith Corona's mainstay, it has announced plans to manufacture personal computers in a joint venture with Acer America, San Jose, CA, beginning in 1991.¹⁶

In their questionnaire responses, *** classified their *** models, respectively, as personal word processors, based primarily on their physical similarity to Smith Corona's models. Accordingly, based on 1989 data, these two firms have an ***-percent share of domestic shipments of personal word processors. Production of *** models commenced in 1988 at its sole typewriter plant in ***, and, unlike Smith Corona models, shipments were made exclusively to ***.

In June 1990, Brother USA began production of the WP-2 series of personal word processors in its U.S. production facility in Bartlett, TN, which was established in 1987 to produce automatic typewriters.¹⁷ Brother USA is a wholly-owned subsidiary of Brother Japan, which has been manufacturing personal word processors in Japan since 1987.¹⁸ Counsel for Brother testified at the conference that Brother USA's manufacturing operations in Bartlett

¹⁵ Smith Corona noted that automatic typewriters and personal word processors are produced simultaneously in the same facility and by the same employees. Transcript, p. 17.

¹⁶ Transcript, p. 64. Production is expected to occur in Cortland, but in a different facility from that producing personal word processors and electronic typewriters.

¹⁷ Brother also noted that automatic typewriters and personal word processors are produced in the same facility and by the same employees. Transcript, pp. 98 and 100.

¹⁸ Brother USA has a sister company, Brother International Corporation, Somerset, NJ, which imports personal word processors and typewriters from Japan.

consist of assembling the personal word processor and typewriter chassis and logic boards from imported parts, and that the housings and covers are produced domestically through a subcontractor arrangement.¹⁹

Typewriters.--As with personal word processors, Smith Corona is *** domestic producer of typewriters, accounting for a ***-percent share of the volume of domestic shipments in 1989.²⁰ International Business Machines (IBM), Lexington, KY, however, was still a significant producer of typewriters during the period of investigation, holding between *** and *** percent of domestic shipments during 1987-89.²¹ As noted above, unlike Smith Corona, IBM ***. Other producers of typewriters, along with Brother USA (which by 1989 accounted for nearly one-third, by quantity, of the domestic market), are Xerox Corp. (Xerox), Stamford, CT, Canon Business Machines, Costa Mesa, CA, and Nakajima Manufacturing, Ottawa, IL. The latter two firms are subsidiaries of large Japanese companies: Canon, Inc., and Nakajima International, respectively.²² Both Canon Business Machines and Nakajima Manufacturing have been producing automatic typewriters in Costa Mesa and Ottawa, respectively, since 1989.

The following tabulation summarizes the operations of the producers described above:

<u>Company</u>	<u>Product</u>	<u>Startup date</u>
*	*	*

Nature of U.S. production operations.--In its petition, Smith Corona alleged that Brother's Bartlett production facility was limited to so-called "screwdriver operations" and thus Brother should be excluded from the U.S. industry producing a like product. The Commission's producer questionnaire asked responding companies to indicate, for the four largest-selling personal word processor models they produced in 1989, the cost per unit, the procurement source of seven major personal word processor subassemblies, and the share of total cost of production represented by each of the subassemblies. Data provided with respect to procurement source are summarized in the following tabulation:

<u>Company</u>	<u>Keyboard</u>	<u>Video display</u>	<u>Printer</u>	<u>Logic board</u>	<u>Storage unit</u>	<u>Power supply</u>	<u>Chassis</u>
*	*	*	*	*	*	*	*

¹⁹ Transcript, pp. 99-100.

²⁰ Any discussion of typewriters, as it relates to the domestic industry, is limited to automatic typewriters in that there was no known U.S. production of manual or electromechanical typewriters during the period of investigation.

²¹ Parties to the proceeding were under the impression that IBM had recently closed or sold its Kentucky production facility. Transcript, p. 59. IBM, however, ***.

²² Nakajima Manufacturing is ***, and Canon is ***.

Based on the share of total cost of production of personal word processors accounted for by the various subassemblies, it is estimated that the domestic content of Brother's operations during the period of investigation ranged from *** to *** percent (depending on model), that of Smith Corona's operations between *** and *** percent, and that of ***'s operations was *** percent.²³

U.S. importers

Imports of certain personal word processors enter the United States under HTS item 8469.10.00, which provides for "automatic typewriters and word-processing machines." The Commission sent importers' questionnaires to 25 firms importing more than \$1 million worth of merchandise under this HTS item during 1989, according to the ***.²⁴ The Commission received responses from 21 companies, 15 of which provided usable data on imports of personal word processors and/or typewriters.²⁵ Six companies reported that they did not import merchandise corresponding to the product definitions in the Commission's questionnaire. Six firms reported imports of certain personal word processors subject to investigation, four of which (Brother; Matsushita Electric Corporation of America, Secaucus, NJ; ***), reported imports from Japan; only Olivetti USA and *** reported such imports from Singapore.²⁶ Ten firms reported imports of typewriters, primarily from Japan and Singapore, but also from such sources as Germany and Korea. Data received comprise *** percent by value, and *** percent by quantity, of 1989 official import statistics for personal word processors, based on official import statistics for HTS item 8469.10.00.

Brother is *** U.S. importer of certain personal word processors, and personal word processors in general, from Japan, accounting for *** percent of reported imports, by quantity, of the former product in 1989. Based in Somerset, NJ (until 1988 in Piscataway, NJ), it imports both personal word processors and typewriters from its parent company, Brother Japan. During the period of investigation, Brother ***.

²³ Subassemblies were considered to be domestically manufactured where firms indicated that such units were assembled largely from imported parts. ***.

²⁴ The Commission also sent questionnaires to all 8 firms identified as potential producers of personal word processors and/or typewriters, and to all 9 importers named in the petition. In total, the Commission sent importers' questionnaires to 27 firms (the majority of these firms appeared both in the petition and in ***).

²⁵ Accordingly, 6 companies did not respond to the questionnaire. Of these firms, 1 firm was named in the petition as an importer of the subject merchandise from Japan: Minolta Camera, Ramsey, NJ. This firm, however, is not believed to be a significant importer of personal word processors. Thus, reported data on imports of certain personal word processors from Japan and Singapore are substantially complete. ***.

²⁶ ***. Combined imports of these models did not exceed *** percent of reported imports of certain personal word processors from Japan and Singapore at any point during the period of investigation.

Matsushita Electric Corporation of America (MECA or Panasonic), headquartered in Secaucus, NJ, is *** importer of the subject merchandise from Japan; its imports of certain personal word processors constituted *** percent, by quantity, of reported imports of such products from Japan in 1989. MECA imports *** from a related company, Kyushu Matsushita, Ltd. (Matsushita), Fukuoka, Japan, which itself is a subsidiary of Matsushita Electric Industrial Co., Ltd. of Osaka. MECA's operations are centered in Secaucus, although it ***. MECA's importing operations are divided into separate divisions: Panasonic Co. and Panasonic Communications and Systems Co. The former handles consumer electronics products, including several models of personal word processors subject to investigation. The latter company specializes in importing office equipment, including office typewriters, and sells exclusively through office equipment dealers.²⁷

Olivetti USA, Bridgewater, NJ, a subsidiary of Ing. C. Olivetti & C., S.p.A. (Olivetti Italy), and *** were the only firms reporting imports of certain personal word processors from Singapore during the period of investigation. Olivetti USA imports from its fellow subsidiary, Olivetti Singapore Pte., Ltd. (Olivetti). Olivetti started manufacturing personal word processors in Singapore in 1988, and also manufactures such products, along with automatic typewriters, in ***.²⁸ Olivetti USA noted that as of early 1990, it had stopped importing the merchandise subject to these investigations.²⁹ *** began importing from Olivetti in 1989, and continued to do so through ***.³⁰

Although it ***, the petitioner, Smith Corona, was *** importer of typewriters throughout the period of investigation, accounting for *** percent of the volume of imports of typewriters from all sources in 1989. Smith Corona ***. The *** importer of typewriters from Japan in 1989 was ***.³¹ Other notable importers of typewriters reporting data include ***, and Canon USA, Inc., both importing from Japan, and ***, importing from ***. Parties did not indicate that imports are concentrated in any particular geographic region. In any event, most importers service a national market from their distribution centers.

Several importers reporting data are subsidiaries of, or related to, larger companies. These firms, and their related companies, are presented in the tabulation below:

²⁷ Several of these models were characterized by Smith Corona as falling within the scope of these investigations. Petition, p. 13. MECA alleged that such models should be excluded from the investigations because, among other reasons, Smith Corona does not produce a like product. Transcript, p. 116.

²⁸ Olivetti USA reported that ***.

²⁹ Transcript, p. 136.

³⁰ See letter from ***. The particular personal word processor models imported by Olivetti and by *** were identical except for the nameplate and model numbers.

³¹ Based on the quantity of imports. In 1987, however, ***.

<u>Importer</u>		<u>Related company</u>			<u>Percent ownership</u>	
*	*	*	*	*	*	*

Channels of distribution

Personal word processors are sold by U.S. producers and importers through the same channels of distribution: mass merchandisers, catalog house accounts, department stores, office superstores, and private label.³² U.S. producers and importers were requested to report the number of personal word processors that were shipped to each channel of distribution during the period of investigation. The resulting distribution percentages are presented in the following tabulation:³³

<u>Channel</u>	<u>Producers</u>	<u>Importers</u>
Mass merchandisers	18	22
Department stores	18	9
Catalog houses	8	12
Office superstores	21	7
Private label accounts	15	9
Other ¹	<u>20</u>	<u>41</u>
Total.....	100	100

¹ E.g., warehouse clubs, electronics specialty stores, and distributors.

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

The information in this section of the report is based on data received from responses to Commission questionnaires. With regard to U.S. production of personal word processors, including those models which are the subject of the petition, the Commission received responses from the four known producers of this product, thus accounting for 100 percent of U.S. production during the

³² Mass merchandisers (also known as "discounters") are defined as chain stores with open floors and many departments that sell merchandise ranging from food to furniture. Products in these stores are usually classified by departments, which are physically standardized nationwide. Examples of such stores include Ames, K-Mart, Wal-Mart, and Target. Such stores are distinguished from department stores, such as Macy's, Marshall Field, Bloomingdale's, Hecht's, etc., in that mass merchandisers typically offer more products but less selection, provide minimal service, have lower margins, and pay employees exclusively on an hourly basis. Office superstores are large stores that generally sell all goods for office needs, including office furniture and some electronics.

³³ In its questionnaire response, ***.

period of investigation.³⁴ Similarly, with regard to production of typewriters, the Commission received responses from the six known producers of automatic typewriters (there was no known U.S. production of manual or electromechanical typewriters during the period of investigation).³⁵ Accordingly, data presented here concerning automatic typewriters are believed to be complete.³⁶

U.S. production, capacity, and capacity utilization

Personal word processors.--U.S. capacity to produce all models of personal word processors showed a strong increase throughout the period of investigation, nearly tripling from 1987 to 1989 (table 4). Production of such merchandise also increased markedly, at an even faster pace, reaching a level of *** units by 1989. Because production increased faster than did capacity over the 3-year period, capacity utilization rose from *** percent in 1987 to *** percent in 1989.

A comparison of the 9-month periods January-September 1989 and January-September 1990, however, reveals different trends. Capacity to produce personal word processors continued to increase, yet production fell by 34 percent in January-September 1990, when compared to the corresponding period of 1989. As a result, capacity utilization plummeted, falling to *** percent in January-September 1990, compared with *** percent in January-September 1989.

Personal word processors and typewriters.--During 1987-89, U.S. capacity to produce both personal word processors and typewriters showed an increasing trend, but one which was far less marked than that for personal word processors, when viewed separately; capacity increased just 4 percent over the period. The smaller increase was due to noteworthy declines in typewriter capacity, precipitated primarily by Smith Corona's decision to transfer most

³⁴ Smith Corona is the only producer providing separate data to the Commission on the models of certain personal word processors which are the subject of the petition. Salient data concerning those models are presented in app. C.

³⁵ The Commission collected data on the operations of firms producing typewriters because of the possibility that it might wish to consider such firms as part of the domestic industry. The staff originally sent questionnaires to eight firms that it had reason to believe may have produced typewriters during the period of investigation. Of these firms, one firm, ***, indicated that it did not produce either personal word processors or typewriters during the period of investigation, and another, ***, did not respond to the Commission's questionnaire; however, there is no indication on the record that this firm produces either personal word processors or typewriters.

³⁶ As stated above in the section of this report entitled "The U.S. Market," there are no known sources of public data regarding production and/or shipments of personal word processors, either in general or with regard to the particular models subject to these investigations.

Table 4

Personal word processors and typewriters: U.S. producers' average-of-period capacity, production, and capacity utilization, by products and firms, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan. - Sept. - -	
				1989	1990
	Quantity (1,000 units)				
Capacity:					
All personal word processors:					
Smith Corona ¹	***	***	***	***	***
*** ²	***	***	***	***	***
*** ³	***	***	***	***	***
Brother USA ⁴	***	***	***	***	***
Total.....	***	***	***	***	***
Typewriters:					
Smith Corona ¹	***	***	***	***	***
*** ²	***	***	***	***	***
*** ³	***	***	***	***	***
Brother USA ⁴	***	***	***	***	***
Nakajima USA ⁵	***	***	***	***	***
Canon Bus. Machines ⁶	***	***	***	***	***
Total.....	***	***	***	***	***
Personal word processors and typewriters:					
Smith Corona ¹	***	***	***	***	***
*** ²	***	***	***	***	***
*** ³	***	***	***	***	***
Brother USA ⁴	***	***	***	***	***
Nakajima USA ⁵	***	***	***	***	***
Canon Bus. Machines ⁶ ..	***	***	***	***	***
Total.....	2,507	2,736	2,615	1,988	2,148
Production:					
All personal word processors:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Total.....	***	***	***	***	***
Typewriters:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Bus. Machines.....	***	***	***	***	***
Total.....	***	***	***	***	***
Personal word processors and typewriters:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Bus. Machines...	***	***	***	***	***
Total.....	1,956	2,183	2,105	1,646	1,107

Footnotes presented at end of table.

Table 4--Continued

Personal word processors and typewriters: U.S. producers' average-of-period capacity, production, and capacity utilization, by products and firms, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.-- 1989	1990
	Percent				
Capacity utilization:					
All personal word processors:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Average.....	***	***	***	***	***
Typewriters:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Bus. Machines.....	***	***	***	***	***
Average.....	***	***	***	***	***
Personal word processors and typewriters:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Bus. Machines....	***	***	***	***	***
Average.....	78.0	79.8	80.5	83.0	51.5

¹ Based on facilities operating *** hours per week, *** weeks per year.

² Based on facilities operating *** hours per week, *** weeks per year.

³ Based on facilities operating *** hours per week, *** weeks per year.

⁴ Based on facilities operating *** hours per week, *** weeks per year.

⁵ Based on facilities operating *** hours per week, *** weeks per year.

⁶ Based on facilities operating *** hours per week, *** weeks per year.

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

of its typewriter production capacity to Singapore. Production of these products also increased, by 8 percent from 1987 to 1989, despite a slight drop in U.S. typewriter production. Capacity utilization increased slowly over the 3-year period.

As with personal word processors viewed separately, data on capacity and production of these products in January-September 1990, when compared to January-September 1989, show differing movements. Capacity rose slightly, while production fell sharply, by 33 percent. Accordingly, capacity

utilization dropped over 30 percentage points, to 52 percent in January-September 1990 compared with 83 percent in the comparable 1989 period.

In its petition and questionnaire response, Smith Corona indicated that ***. Currently, however, Smith Corona is ***, and has ***.³⁷ The petitioner also indicated that in 1988, it increased the plant capacity allocated to personal word processors at the expense of typewriters; typewriter operations, for the most part, were shifted to Singapore.³⁸ Smith Corona, Brother USA, and ***, three of the four producers who reported production of both personal word processors and typewriters, indicated that automatic typewriters are run on the same production line as personal word processors.³⁹

With regard to its Cortland operations, the petitioner indicated that ***.⁴⁰ Smith Corona characterized ***. No other producer reported any problem with obtaining labor, capital equipment, or supplies during the period of investigation.

According to the petitioner, neither production nor sales of personal word processors can be said to be unduly affected by seasonal factors. Although sales do tend to center around the Christmas and graduation (May-June) seasons, Smith Corona officials noted that ***. At any rate, due to ***.⁴¹

Only one producer, ***, reported plant closings during the period of investigation; in ***, it closed *** in *** and ***, respectively.⁴² In 1985 and 1986, Smith Corona consolidated all of its Cortland operations, which previously had been spread among six additional plants, into one facility.⁴³ As noted above, in 1987 Brother USA began producing typewriters and, in 1990, began producing personal word processors in its Bartlett, TN, plant.

U.S. producers' company transfers, domestic shipments, and export shipments

Personal word processors. -- Four producers reported data on their domestic and export shipments of all models of personal word processors (table 5). These data show that the quantity of such shipments grew sharply and steadily from 1987 to 1989, reaching a level of *** units by 1989. Shipments fell off, however, in January-September 1990 when compared with those in the corresponding period of 1989. When viewed in terms of value, the data show a similar trend, with the 1987-89 increase somewhat less striking in percentage terms. Unit values fell throughout the period of investigation.

³⁷ ***.

³⁸ Smith Corona noted that the capital investment involved in the changeover was insignificant. Transcript, p. 40.

³⁹ ***.

⁴⁰ ***.

⁴¹ ***.

⁴² ***.

⁴³ These other plants ***.

Table 5

Personal word processors: Shipments of U.S. producers, by types and firms, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.-- 1989	1990
Quantity (1,000 units)					
Domestic shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Total.....	***	***	***	***	***
Export shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Total.....	***	***	***	***	***
Total shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Grand total.....	***	***	***	***	***
Value (1,000 dollars)					
Domestic shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Total.....	***	92,520	***	***	68,637
Export shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Total.....	***	24,636	18,617	15,056	***
Total shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Grand total.....	***	117,156	***	***	***
Unit value (per unit)					
Domestic shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Average.....	\$696	***	\$433	\$436	***
Export shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Average.....	855	***	***	***	\$438
Total shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Average.....	714	***	436	448	345

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

As seen from the table, Smith Corona, ***, and *** made significant quantities of export shipments during the period of investigation.⁴⁴ Smith Corona noted ***; it sells for the most part in ***. In addition, it sells ***.⁴⁵

Personal word processors and typewriters. --Six producers reported data on their domestic and export shipments of typewriters.⁴⁶ When combined with data on personal word processors (table 6), the quantity and value of total shipments of these products first increased in 1988, then fell back in 1989, representing overall increases of *** percent, in terms of quantity, and an overall decline of *** percent, in terms of value. As with shipments of personal word processors considered separately, comparison of the January-September periods indicates declines in both the quantity and value of shipments of these products; shipment values dropped over *** percent. Unit values declined slowly but steadily throughout the period of investigation.

U.S. producers' inventories

Inventory data were supplied by all six firms producing personal word processors and/or typewriters during the period of investigation (table 7). With regard to personal word processors, inventories climbed sharply from 1988 to 1989, and then fell back slightly in the first nine months of 1990 (when compared to the corresponding 1989 period), while remaining at fairly high levels. As a ratio to preceding-period U.S. shipments, such inventories first decreased markedly in 1988, then climbed sharply to 24 percent of shipments in 1989. This ratio showed a slight rise in January-September 1990, when compared to January-September 1989. When viewed together, end-of-period inventories of personal word processors and typewriters demonstrated a similar pattern to that of personal word processors when exhibited separately; 1989 inventory totals were 55 percent higher than those of 1987. Ratios of inventories to preceding-period shipments also moved in tandem with those for personal word processors, but were consistently lower throughout the period.

Parties to the proceeding generally agree that, in the market for consumer products such as personal word processors and typewriters, reliable, quick delivery is essential. Smith Corona reported that it achieves its goal of 7 to 10-day delivery between 94 and 95 percent of the time, a rate equal to or better than that of its competition.⁴⁷ Importers testified that they can generally match Smith Corona's delivery time.⁴⁸ Thus, maintenance of relatively high levels of inventories, at least in relation to shipments, may be advisable under normal conditions.

⁴⁴ Trends in such shipments generally did not diverge substantially from those exhibited by domestic shipments.

⁴⁵ Shipments to *** are made to ***.

⁴⁶ Canon Business Machines and Nakajima USA also reported small quantities of company transfers of such products.

⁴⁷ Transcript, p. 33; also see ***.

⁴⁸ Transcript, p. 159.

Table 6
 Personal word processors and typewriters: Shipments of U.S. producers, by
 types and firms, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept. -- 1989	1990
Quantity (1,000 units)					
U.S. shipments: ¹					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines...	***	***	***	***	***
Total.....	1,779	1,780	1,724	1,340	969
Export shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines...	***	***	***	***	***
Total.....	110	***	***	***	173
Total shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines...	***	***	***	***	***
Grand total.....	1,889	***	***	***	1,142
Value (1,000 dollars)					
U.S. shipments: ¹					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines...	***	***	***	***	***
Total.....	549,006	496,757	473,947	360,153	241,743
Export shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines...	***	***	***	***	***
Total.....	38,046	***	***	***	46,752
Total shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines...	***	***	***	***	***
Grand total.....	587,052	***	***	***	297,501

Footnotes presented at end of table.

Table 6--Continued

Personal word processors and typewriters: Shipments of U.S. producers, by types and firms, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.- 1989	1990
	Unit value (per unit)				
U.S. shipments: ¹					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines....	***	***	***	***	***
Average.....	\$309	\$279	\$275	\$269	\$249
Export shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines....	***	***	***	***	***
Average.....	346	310	305	317	270
Total shipments:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines....	***	***	***	***	***
Average.....	311	285	279	275	252

¹ Contains a small amount of company transfers by ***, Canon, and Nakajima.

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

Table 7

Personal word processors and typewriters: End-of-period inventories of U.S. producers, by products and firms, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept. 1989	Jan.-Sept. 1990
Quantity (1,000 units)					
End-of-period inventories:					
All personal word processors:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Total.....	***	***	***	***	***
Typewriters:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines..	***	***	***	***	***
Total.....	***	***	***	***	***
Personal word processors and typewriters:					
Smith Corona.....	***	***	***	***	***
***.....	***	***	***	***	***
***.....	***	***	***	***	***
Brother USA.....	***	***	***	***	***
Nakajima USA.....	***	***	***	***	***
Canon Business Machines	***	***	***	***	***
Total.....	203	197	314	300	231
Ratio to U.S. shipments (percent) ¹					
All personal word processors.....	28.6	11.3	24.0	20.3 ²	22.7 ²
Typewriters.....	10.6	11.0	16.8	16.0 ²	16.6 ²
Personal word processors and typewriters.....	11.4	11.1	18.2	16.8 ²	17.9 ²

¹ Ratios are calculated using data from firms providing both shipments and inventory information.

² Based on annualized shipments.

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

Smith Corona estimated that it ***.⁴⁹ Both Smith Corona and Brother indicated that they change model designations and features annually, and generally do not carry models over from season to season.

U.S. employment, wages, and productivity

Personal word processors.--Smith Corona, Brother USA, and ***, comprising *** percent of reported 1989 production of personal word processors, reported data on the number of production and related workers engaged in the production of personal word processors, the total hours worked by such workers, and the wages and total compensation paid to such workers during the period of investigation (table 8). For these producers, during the 1987-89 period all four indicators demonstrated sharp increases, reflecting, at least in part, the start-up nature of personal word processor manufacture. By contrast, during January-September 1990, compared with the corresponding period of 1989, all four indicators decreased markedly, with wages paid falling 39 percent, for example.

Hourly wages and compensation paid to workers in facilities producing personal word processors rose from 1987 to 1988, and then fell slightly in 1989. When the interim periods are compared, however, trends in these indicators diverged slightly, with hourly total compensation remaining fairly flat while hourly wages fell slightly. Labor productivity fell overall from 1987 to 1989, by 20 percent, but then rose slightly when the January-September periods of 1989 and 1990 are compared. Unit labor costs generally showed an increasing trend from 1987 to 1989, remaining virtually constant when the January-September periods are compared.

Personal word processors and typewriters.--Five of the six firms reporting production and shipment data for typewriters also supplied data on employment in their facilities producing typewriters. When combined with data on employment in those firms' facilities producing personal word processors, it can be seen that during 1987-89, the increasing trends exhibited by facilities producing personal word processors were somewhat outweighed by declining trends in those producing typewriters.⁵⁰ Total hours worked by production and related workers, and wages and total compensation paid to those workers all increased from 1987 to 1989, but only by percentages ranging from 8 to 11 percent. Substantial declines are seen in these indicators when the January-September periods of 1989 and 1990 are compared.

Hourly wage and compensation figures for facilities producing personal word processors and/or typewriters barely increased from 1987 to 1989; hourly wages were essentially flat. Labor productivity, however, increased markedly over the 3-year period. Unit labor costs generally showed a declining trend, with a particularly sharp decline from 1987 to 1988, concentrated in the group of firms producing typewriters.

⁴⁹ Smith Corona noted that ***.

⁵⁰ This primarily reflects the shifting of the majority of Smith Corona's typewriter production lines to Singapore.

Table 8

Total establishment employment and average number of production and related workers producing personal word processors and typewriters, hours worked,¹ wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs, 1987-89, January-September 1989, and January-September 1990²

Item	1987	1988	1989	Jan.-Sept.-- 1989	1990
Total number of employees in establishments.....	***	***	***	***	7,475
<u>Number of production and related workers (PRWs)</u>					
All personal word processors	***	***	***	***	***
Typewriters.....	***	***	***	***	***
Total.....	2,075	2,173	2,378	2,426	1,511
All products of establish- ments.....	***	***	4,727	***	3,847
<u>Hours worked by PRWs (1,000 hours)</u>					
All personal word processors	***	***	***	***	***
Typewriters.....	***	***	***	***	***
Total.....	4,562	4,686	4,918	3,691	2,271
All products of establish- ments.....	***	9,492	10,103	7,490	6,386
<u>Wages paid to PRWs (1,000 dollars)</u>					
All personal word processors	***	***	***	***	***
Typewriters.....	***	***	***	***	***
Total.....	50,288	48,842	54,390	41,505	24,098
All products of establish- ments.....	***	***	***	***	71,942
<u>Total compensation paid to PRWs (1,000 dollars)</u>					
All personal word processors	***	***	***	***	***
Typewriters.....	***	***	***	***	***
Total.....	62,380	61,110	69,162	52,398	31,721
All products of establish- ments.....	***	***	***	***	91,090

Footnotes presented at end of table.

Table 8--Continued

Total establishment employment and average number of production and related workers producing personal word processors and typewriters, hours worked,¹ wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs, 1987-89, January-September 1989, and January-September 1990²

Item	1987	1988	1989	Jan.-Sept.-- 1989	1990
	<hr/> Hourly wages paid to PRWs ³ <hr/>				
All personal word processors.	\$8.34	\$10.03	\$9.48	\$9.93	\$9.46
Typewriters.....	11.13	10.48	11.57	11.64	10.97
Average.....	11.02	10.42	11.06	11.24	10.61
All products of establish- ments.....	12.33	***	***	***	11.27
	<hr/> Hourly total compensation paid to PRWs ³ <hr/>				
All personal word processors.	\$11.15	\$12.94	\$12.79	\$13.14	\$13.33
Typewriters.....	13.77	13.06	14.48	14.51	14.17
Average.....	13.67	13.04	14.06	14.20	13.97
All products of establish- ments.....	14.93	***	***	***	14.26
	<hr/> Productivity (units per 1,000 hours) ⁴ <hr/>				
All personal word processors.	440.0	330.0	350.2	370.0	380.0
Typewriters.....	380.0	444.0	444.0	470.0	510.0
Average.....	378.6	430.4	420.5	438.1	483.0
	<hr/> Unit labor costs ⁵ <hr/>				
All personal word processors.	\$26	\$39	\$37	\$36	\$35
Typewriters.....	37	29	33	31	28
Average.....	36	30	33	32	29

¹ Includes hours worked plus hours of paid leave time.

² Firms providing employment data accounted for *** percent of reported total U.S. shipments (based on quantity) in 1989.

³ Calculated using data from firms that provided information on both wages and/or compensation paid and hours worked.

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

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.

Both Smith Corona and Brother indicated at the conference that their workforces are readily transferable between production of personal word processors and typewriters.⁵¹ Smith Corona reported that its workforce engaged in personal word processor and typewriter manufacture is ***.⁵² Unskilled labor accounts for ***. None of the producers reporting employment data indicated that their workers are represented by unions.

As noted above in the section of the report entitled "U.S. production, capacity, and capacity utilization," producers reported few plant closings during the period of investigation. Such producers did, however, report information on reductions in the number of production and related workers producing either personal word processors or typewriters, if such reductions involved at least 5 percent of the workforce, or 50 workers. The reported reductions are shown in the following tabulation:

<u>Firm</u>	<u>Product</u>	<u>Date</u>	<u>Number of workers</u>	<u>Duration</u>	<u>Reason</u>
*	*	*	*	*	*

Financial experience of U.S. producers

Five producers provided income-and-loss data on overall establishment operations.⁵³ The firms are Brother, Canon, ***, Nakajima, and Smith Corona. Brother and Smith Corona provided income-and-loss data on personal word processors. Smith Corona also provided income-and-loss data on certain personal word processors. *** provided income-and-loss data on personal word processors and typewriters combined.⁵⁴ Brother, Canon, Nakajima, and Smith Corona provided income-and-loss data on typewriters. The data provided account for approximately *** percent, *** percent, and 100 percent of U.S. production of typewriters, personal word processors, and certain personal word processors, respectively.

Smith Corona was a wholly-owned subsidiary of Hanson PLC from January 1, 1986 to August 3, 1989. Smith Corona's 10-K Report states: "Although Hanson owned the business of the Company through various subsidiaries, the typewriter and word processor operations were managed as an integrated business." Smith Corona was sold on August 3, 1989 through a

⁵¹ Transcript, pp. 17 and 100. Brother noted that its workforce could, with a limited amount of training, be prepared to manufacture personal computers as well.

⁵² ***.

⁵³ The fiscal year ends of the producers are: ***. The financial data are aggregated in the year in which the fiscal year begins.

⁵⁴ ***.

public offering.⁵⁵ Smith Corona's range of market prices per share for the following quarters were:

<u>Quarter ending--</u>	<u>High</u>	<u>Low</u>
September 30, 1989	\$22-7/8	\$16-5/8
December 31, 1989	20-1/2	13-1/8
March 31, 1990	14-3/4	9
June 30, 1990	9-5/8	5-3/4

The market price was \$4-1/2 on September 30, 1990 and \$6-1/4 on November 30, 1990. On August 21, 1990, Smith Corona declared a quarterly dividend of 5 cents per share compared to 15 cents per share for the prior three quarters. The company explained in its financial statements that the ***.

Overall establishment operations.--Net sales for overall establishment operations of the five reporting U.S. producers decreased *** percent from *** in 1987 to *** in 1988 (table 9). Net sales decreased an additional *** percent to *** in 1989. Operating income was *** in 1987, *** in 1988, and *** in 1989. Operating income margins as a share of sales were *** percent in 1987, *** percent in 1988, and *** percent in 1989. Net sales of *** for the nine-month period ended September 30, 1990 were *** percent less than the net sales of *** for the nine-month period ended September 30, 1989. The combined companies realized an operating income of *** in the 1989 interim period compared to an operating loss of *** in interim 1990. The operating income (loss) margin as a percent of sales was *** percent in interim 1989 and *** percent in interim 1990.

Net sales, operating income, and the operating income margins for overall establishment operations for each company are presented in table 10.

Table 9

Income-and-loss experience of U.S. producers on their overall establishment operations, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * *

⁵⁵ Smith-Corona's report to stockholders for the year ended June 30, 1989 states "Had the company been operated as a stand-alone entity, aggregate cash of \$57.7 million made available to Hanson in the three years ended June 30, 1989 generally would have been available to the company to pay dividends and service debt." The report further states "Immediately following the offerings, the company had long-term indebtedness to a group of banks of approximately \$70 million...indebtedness to a Hanson affiliate of \$25 million and total stockholders equity of \$50 million...the terms of these borrowings provide for interest...equating to an annual interest charge of approximately \$9.5 million."

Table 10

Income-and-loss experience of U.S. producers on their overall establishment operations, by firms, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Operations on personal word processors.--Net sales for the two companies reporting separate data on personal word processors *** from *** in 1987 to *** in 1988 (table 11). Net sales *** to *** in 1989. Operating *** was *** in 1987, *** in 1988, and *** in 1989. Operating *** margins as a share of sales were *** percent in 1987, *** percent in 1988, and *** percent in 1989. Net sales of *** for the nine-month period ended September 30, 1990 were *** percent *** than the net sales of *** for the nine-month period ended September 30, 1989. Operating *** was *** in the 1990 interim period compared to operating *** of *** in interim 1989. The operating *** margin as a percent of sales was *** percent in interim 1989 and *** percent in interim 1990.

Net sales, operating ***, and the operating *** margins for operations on personal word processors, by company, are presented in table 12.

Table 11

Income-and-loss experience of U.S. producers on their operations producing personal word processors, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Table 12

Income-and-loss experience of U.S. producers on their operations producing personal word processors, by firms, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Operations on certain personal word processors.--The income-and-loss data for certain personal word processors for Smith Corona (***) are presented in table 13. Net sales *** from *** in 1987 to *** in 1988. 1989 net sales ***.

Table 13

Income-and-loss experience of Smith Corona on its operations producing certain personal word processors, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Operations on typewriters.--Net sales for the four producers reporting separate data on typewriter operations increased *** percent from *** in 1987 to *** in 1988 (table 14). Net sales decreased *** percent to *** in 1989. Operating income was *** in 1987 and *** in 1988. The combined companies incurred an operating loss of *** in 1989. Operating income (loss) margins as a share of sales were *** percent in 1987, *** percent in 1988, and *** percent in 1989. Net sales of *** for the nine-month period ended September 30, 1990 were *** percent less than the net sales of *** for the nine-month period ended September 30, 1989. The combined companies realized an operating income of *** in the 1989 interim period compared to an operating loss of *** in interim 1990. The operating income (loss) margin as a percent of sales was *** percent in interim 1989 and *** percent in interim 1990. As indicated in table 15, all of Brother's, Canon's, and Nakajima's net sales were ***. This may have had a significant impact on net sales and operating income levels.

Net sales, operating income, and the operating income margins for operations on typewriters, by company, are presented in table 15.

Table 14

Income-and-loss experience of U.S. producers on their operations producing typewriters, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * *

Table 15

Income-and-loss experience of U.S. producers on their operations producing typewriters, by firms, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * *

***'s operations on personal word processors and typewriters.--Net sales for ***'s operations on personal word processors and typewriters *** percent from *** in 1987 to *** in 1988 (table 16). Net sales *** to *** in 1989. Operating *** was *** in 1987, *** in 1988, and *** in 1989. Operating *** margins as a share of sales were *** percent in 1987, *** percent in 1988, and *** percent in 1989. Net sales of *** for the nine-month period ended September 30, 1990 were *** percent *** than the net sales of *** for the nine-month period ended September 30, 1989. The company realized an operating *** of *** in the 1989 interim period and *** in interim 1990. The operating *** margin as a share of sales was *** percent in interim 1989 and *** percent in interim 1990.

Table 16

Income-and-loss experience of *** on its operations producing personal word processors and typewriters, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Investment in productive facilities.--The five producers provided data on their investment in productive facilities and on total assets. *** did not report the original cost of fixed assets for personal word processors and typewriters combined. These data are presented in table 17.

Table 17

Value of property, plant, and equipment of U.S. producers of personal word processors and typewriters, as of the end of accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Capital expenditures.--The five producers provided data on capital expenditures. These data are presented in table 18.

Table 18

Capital expenditures by U.S. producers of personal word processors and typewriters, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Research and development expenses.--Four companies (***) furnished data on research and development expenses. These data are presented in table 19.

Table 19

Research and development expenses by U.S. producers of personal word processors and typewriters, accounting years 1987-89, January-September 1989, and January-September 1990

* * * * * *

Capital and investment.--The Commission requested U.S. producers to describe any actual or potential negative effects of imports of certain personal word processors from Japan and Singapore on their firms' growth, investment, ability to raise capital, and development and production efforts. Their responses are shown in appendix D.

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 factors⁵⁶--

(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,

⁵⁶ 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."

(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,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and;

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.⁵⁷

The available data on foreign producers' operations (items (II) and (VI)) and the potential for "product-shifting" (item (VIII)) are presented in the section entitled "Ability of foreign producers to generate exports and availability of export markets other than the United States," and information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV)), and any other threat indicators, if applicable (item (VII)), is presented in the section entitled "Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury." Information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of alleged material injury to an industry in the United States." Item (I), regarding subsidies, and item (IX), regarding agricultural products, are not relevant in these investigations. Parties are unaware of any dumping findings in third countries concerning certain personal word processors from Japan and/or Singapore. Available data on U.S. inventories of certain personal word processors (item (V)) from Japan and Singapore follow.

⁵⁷ Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

U.S. importers' inventories

Four of the six firms reporting imports of the certain personal word processors subject to these investigations also reported end-of-period inventories of those imports. These data are presented in table 20.

Table 20

Certain personal word processors: End-of-period inventories of U.S. importers, by sources, as of December 31, 1987-89, and as of September 30 of 1989 and 1990

Item	<u>As of Dec. 31--</u>			<u>As of Sept. 30--</u>	
	1987	1988	1989	1989	1990
<u>Quantity (1,000 units)</u>					
Certain personal word processors from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	58	46	33
All other sources.....	***	***	***	***	***
Total.....	***	***	***	***	***
<u>Ratio to U.S. shipments of imports (percent)¹</u>					
Certain personal word processors from--					
Japan.....	28	33	21	18 ²	16 ²
Singapore.....	(³)	100	89	92 ²	20 ²
Average.....	28	34	27	24 ²	16 ²
All other sources.....	33	200	(³)	(³)	(³)
Average.....	29	36	27	24 ²	16 ²

¹ Ratios are calculated using data of firms providing both shipment and inventory information.

² Based on annualized shipments.

³ Not applicable.

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

End-of-period inventories of certain personal word processors from Japan and Singapore increased strongly between 1987 and 1988, and continued to move sharply upward, by *** percent, in 1989. Total end-of-period inventories also increased notably during the 1987-89 period. In relation to preceding-period shipments, however, importers of the subject merchandise from Japan and Singapore first increased their inventory levels in 1988, and then decreased them to a ratio in 1989 that was approximately equal to that of 1987. When the January-September periods of 1989 and 1990 are compared, inventory levels declined, both by themselves and in relation to shipments.

Importers responding to the Commission's questionnaire generally reported longer lead times than those reported by U.S. producers such as Smith Corona. Reported lead times varied from one week to 120 days, with most importers reporting 30- to 60-day lead times, on average. Importers' propensities to keep inventories, as seen by comparing the table above to table 7, are generally comparable to those of U.S. producers.

In its questionnaire, the Commission requested importers to list any expected deliveries of certain personal word processors from Japan and/or Singapore after September 30, 1990. Data received in response to this request are presented in the following tabulation:

<u>Importer</u>	<u>Source</u>	<u>Quantity</u> <u>(units)</u>	<u>Expected delivery</u>
*	*	*	*

Ability of foreign producers to generate exports and availability of export markets other than the United States

The Japanese industry.--The petition identified five firms, Brother Industries, Ltd.; Kyushu Matsushita, Ltd.; Canon, Inc.; Nakajima All Co., Ltd.; and Sharp Corp., as producing certain personal word processors in Japan. As four of these firms were represented by counsel, the Commission requested such counsel to provide data on the industry's capacity, production, shipments, and inventories of certain personal word processors.⁵⁸ Complete responses were received from all four firms. The data obtained are presented in table 21.

⁵⁸ The Commission also requested the American Embassy in Tokyo to provide such data on the operations of the five firms named in the petition, including those of Sharp Corp., which was not represented by counsel. To date, the Commission has not received a response to that request. Based on ***, however, ***.

Table 21

Certain personal word processors: Japan's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.--	
				1989	1990
Production (1,000 units)....	41	***	***	***	118
Capacity (1,000 units).....	***	***	***	***	***
Capacity utilization (percent) ¹	***	22	29	29	***
End-of-period inventories (1,000 units).....	5	***	***	***	17
Home-market shipments (1,000 units).....	0	0	0	0	0
Exports (1,000 units):					
To the United States.....	34	***	***	***	***
To all other countries....	***	***	***	***	***
Total exports.....	***	***	***	***	***
Exports to the United States as a share of--					
Production (percent)....	83	81	78	79	***
Total exports (percent).	***	81	84	83	86

¹ Computed from data from firms reporting both capacity and production.

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

As seen from the table, Japanese production of certain personal word processors grew sharply from 1987 to 1989, but dropped off when the interim periods of January-September 1989 and 1990 are compared. Capacity more than doubled between 1987 and 1988, and leveled off thereafter.⁵⁹ Capacity utilization increased steadily throughout 1987-89.⁶⁰ Exports to the United States increased in tandem with production, and also fell back when the interim periods are compared. As a share of production, exports to the United States were very high throughout the period, reflecting the dedication of production facilities to production for export. Home-market shipments (at least of English-language personal word processors) were nonexistent.⁶¹ Except for ***, Japanese producers projected lower levels of production and exports to the United States in 1991. ***.

⁵⁹ Japanese producers reported that their plants operated between 40 and 42 hours per week (i.e., one shift), and from 35 to 52 weeks per year.

⁶⁰ Capacity utilization is substantially understated because ***.

⁶¹ There is apparently a very small market for Japanese-language personal word processors, both in Japan and in the United States; parties could not provide any data on this market, however. Transcript, p. 155.

Brother Industries, Ltd. (Brother), is *** Japanese producer of certain personal word processors, accounting for *** percent of reported production in 1989. Brother produces these personal word processor models in its main facility in Nagoya, Japan, where it also produces portable electric typewriters, both electromechanical and automatic.⁶² As with other Japanese producers, production of this merchandise is dedicated to the export market; besides the United States, Brother exports personal word processors to Canada, Europe, and Latin America.⁶³ In 1989, certain personal word processors made up just *** percent of Brother's total sales.⁶⁴

Smith Corona alleged that Japanese producers have the capability to switch easily from production of those typewriters that are subject to the outstanding antidumping order on portable electric typewriters (the PETs order) to production of certain personal word processors.⁶⁵ Brother, Nakajima, and Kyushu Matsushita ***. Brother noted, however, that in 1990 it commenced production of selected personal word processor models in its Tennessee plant, and in 1991 it expects to transfer the remainder of its personal word processor production (including those models subject to these investigations) to that plant.⁶⁶ After 1991, the only personal word processor models still being produced in Japan, according to Brother, will be models designed for the office environment.⁶⁷

The Singapore industry.--Olivetti Singapore Pte. Ltd., is apparently the sole Singaporean producer of certain personal word processors. Olivetti began producing the subject merchandise in 1988; during the period of investigation, it produced and shipped one model to two customers: its related U.S. company, Olivetti USA, and AT&T. The Olivetti facility stopped producing these models in December 1989, and, according to Olivetti, the last shipments were made in January 1990.⁶⁸ ***.⁶⁹ Further, in October 1990, AT&T, which markets several Olivetti products as well as the personal word processors subject to these investigations, indicated that it would no longer market personal word

⁶² These are subject to Commerce's antidumping order.

⁶³ Transcript, p. 161.

⁶⁴ Other Japanese producers also reported that the products subject to investigation made up a very small percentage of their overall sales. These firms, particularly Kyushu Matsushita, are highly diversified consumer products companies, for whom personal word processors and related products are relatively unimportant product lines.

⁶⁵ Transcript, p. 42.

⁶⁶ Transcript, p. 98; Brother's postconference brief, pp. 3 and 20-21. Brother said the primary reason for this decision was the lower cost of producing such models in the United States.

⁶⁷ The Japanese respondents maintain that these items should be excluded from the scope of these investigations. See, e.g., postconference brief of Nakajima.

⁶⁸ Transcript, p. 136. ***.

⁶⁹ Postconference brief of Olivetti, pp. 8 and 11 and Ex. 1.

processors in the United States.⁷⁰ During the period of time Olivetti's plant was in operation, sales of certain personal word processors comprised approximately *** percent of its total sales, and production was dedicated for the export market.⁷¹

Data regarding the Singapore industry, as supplied by Olivetti, are presented in table 22.

Table 22

Certain personal word processors: Singapore's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1987-89, January-September 1989, and January-September 1990

* * * * *

Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury

U.S. imports

Because imports of personal word processors, and thus the particular models of personal word processors subject to investigation, are provided for under basket categories (HTS item 8469.10.00 in 1989 and 1990 and TSUS item 676.07 in 1987 and 1988), and because the Commission received complete responses from all known importers of these products from Japan and Singapore, import data presented below are based on responses to Commission questionnaires. With regard to imports of typewriters, for ease of presentation, data presented here are also based on responses to Commission questionnaires.⁷² Official statistics for imports under HTS item 8469.10.00 and TSUS item 676.07 are presented in appendix E.

⁷⁰ Transcript, p. 139; letter from Gary McClung, AT&T, to Mr. Giorgio Fiorenza, Olivetti Italy, Oct. 11, 1990 (Ex. 5 to Olivetti's postconference brief).

⁷¹ Olivetti characterized the home market for certain personal word processors in Singapore as ***.

⁷² Based on official statistics under HTS item 8469.10.00 (which provides for "automatic typewriters and word processing machines"), reported imports of personal word processors account for *** percent, by value, of total imports from all sources in 1989. Reported imports of typewriters account for *** percent, by value, of total imports under HTS item No. 8469.10.00 in 1989. Although the combined coverage figures for the two products exceed 100 percent, the typewriters figure is overstated because the Commission's questionnaire requested data on all varieties of typewriters, which are provided for in items 8469.21.00, 8469.29.00, 8469.31.00, and 8469.39.00 of the HTS, as well as in item 8469.10.00.

Certain personal word processors.--Imports of certain personal word processors from Japan and Singapore, in terms of quantity, more than tripled from 1987 to 1988, and continued to climb in 1989, by *** percent over their 1988 level (table 23). These imports declined in January-September 1990, compared with those in the corresponding period of 1989. When imports from these two countries are viewed in terms of value, the patterns are nearly identical. Unit values of imports from the subject countries declined during 1987-89, but reversed direction when the interim January-September periods are compared. Total imports of certain personal word processors, in terms of both quantity and value, exhibited identical trends.

All personal word processors.--Quantities of imports of all personal word processor models from Japan and Singapore increased markedly from 1987 to 1989, rising by more than sixfold, but fell back somewhat when the interim periods are compared. In terms of value, imports from the subject countries also increased during 1987-89, but dropped in January-September 1990 compared to January-September 1989. Because quantities rose at a faster rate than values, unit values declined over the three calendar years, decreasing as well when the interim periods of January-September 1989 and 1990 are compared. Movements in the quantity, value, and unit value of imports of all models of personal word processors from all sources were identical to those associated with imports from the two subject countries.

Typewriters.--With regard to typewriters, import quantities from Japan and Singapore decreased from 1987 to 1988, then continued their downward slide in 1989, for an overall loss of 24 percent. Such imports continued to fall in January-September 1990 when compared with the corresponding months of 1989. In terms of value, as in terms of quantity, the trend from 1987 to 1989 was downward, but slightly more pronounced; the overall drop was 30 percent. Unit values of such imports dropped consistently throughout the period of investigation. Movements in the quantity, value, and unit value of all imports of typewriters mirrored those for imports from the subject countries.

Pursuant to the petitioner's clarification of the scope of these investigations, reflected in Commerce's notice of initiation (55 F.R. 49662), the Commission collected information on imports of the major finished units of personal word processors specified by Commerce. The Commission requested the five known Japanese and/or Singaporean producers of personal word processors to supply data on their exports of finished keyboards, video displays, chassis, and printers, if such units were designed and/or dedicated for use in personal word processors. Olivetti Singapore ***. Three of the four Japanese firms reported no exports of such finished units during the period of investigation. *** reported data limited to ***. These data are presented in appendix F.

Table 23

Personal word processors and typewriters: U.S. imports, by products, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan.-Sept.-- 1989	1990
Quantity (1,000 units)					
Certain personal word processors from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	235	154	110
All other sources ¹	***	***	***	***	***
Total.....	38	***	***	***	***
All personal word processors from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	271	175	156
All other sources ¹	***	***	***	***	***
Total.....	42	200	***	***	***
Typewriters from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	1,941	1,638	1,469	1,179	735
All other sources ²	289	378	267	192	***
Total.....	2,230	2,016	1,736	1,371	***
Value (1,000 dollars) ³					
Certain personal word processors from--					
Japan.....	18,885	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	80,120	57,378	42,841
All other sources ¹	***	***	***	***	***
Total.....	20,141	***	***	***	***
All personal word processors from--					
Japan.....	19,240	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	90,172	64,206	50,902
All other sources ¹	***	***	***	***	***
Total.....	22,009	77,653	***	***	***
Typewriters from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	284,170	225,429	198,029	155,613	93,419
All other sources ²	52,849	61,439	32,190	24,035	23,275
Total.....	337,019	286,868	230,219	179,648	116,694

Footnotes presented at end of table.

Table 23--Continued

Personal word processors and typewriters: U.S. imports, by products, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan. - Sept. -- 1989	1990
	Unit value ⁴				
Certain personal word processors from--					
Japan.....	\$***	\$412	\$330	\$367	\$387
Singapore.....	(⁵)	358	400	395	430
Average.....	525	411	341	372	389
All other sources.....	628	1,480	(⁵)	(⁵)	514
Average.....	530	427	341	372	390
All personal word processors from--					
Japan.....	***	394	322	361	323
Singapore.....	(⁵)	358	400	395	430
Average.....	535	393	333	367	326
All other sources.....	462	376	261	261	514
Average.....	524	388	331	363	327
Typewriters from--					
Japan.....	167	158	187	185	191
Singapore.....	105	101	103	103	85
Average.....	146	138	135	132	127
All other sources.....	183	163	121	125	***
Average.....	151	142	133	131	***

¹ Limited to imports by ***.

² Primarily from Germany and Italy.

³ C.i.f., duty-paid.

⁴ Unit values are calculated using data of firms providing both quantity and value information.

⁵ Not applicable.

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

U.S. market penetration by imports

As the Commission received usable data from the four known U.S. producers of personal word processors, reported U.S. shipments are believed to constitute virtually 100 percent, by quantity, of U.S. shipments of such merchandise during the period of investigation. Similarly, reported shipments of imports of certain personal word processors from Japan and Singapore are complete. With regard to data on all personal word processors and typewriters, reported shipments of imports of all personal word processors constitute *** percent, by value, and reported shipments of imports of typewriters *** percent, by value, of official import statistics for HTS item

8469.10.00 in 1989.⁷³ The extent of coverage of U.S. shipments of typewriters represented by data submitted in response to Commission questionnaires is not determinable, because there is no reliable public source of data on the size of the domestic typewriter market. As a result, data on the U.S. market penetration by imports of certain personal word processors are based on information submitted in response to Commission questionnaires.

Certain personal word processors.--Shipments of imports (in terms of quantity) of certain personal word processors from Japan and Singapore increased as a share of U.S. consumption of certain personal word processors from *** percent in 1987 to *** percent in 1988, then fell back to 73 percent in 1989 (table 24). In terms of value, this ratio also demonstrated an overall increase, from *** percent in 1987 to 71 percent in 1989. Importers of certain personal word processors from the subject countries also gained market share when the January-September periods of 1989 and 1990 are compared. In terms of both quantity and value, the U.S. producer (Smith Corona) ***.

All personal word processors.--When the market for all models of personal word processors is considered, U.S. producers actually gained 4 percentage points of market share between 1987 and 1989, when quantity-based shares are examined (table 25). In terms of volume, imports of the subject merchandise from Japan and Singapore also increased their share of the market by *** percentage points from 1987 to 1989, and by two additional percentage points in January-September 1990, when compared to January-September 1989; losses in market share during 1987-89 were sustained by non-subject imports. When value-based data are examined, U.S. producers' market share changed very little between 1987 and 1989. The value-based market share of imports of certain personal word processors from Japan and Singapore grew steadily from 1987 to 1989, and continued to grow when the interim periods are compared.

Personal word processors and typewriters.--When the markets for personal word processors and typewriters are viewed together, U.S. producers can be seen during 1987-89 to have gradually increased their share of a shrinking market, gaining 7 points of market share, based on quantity, and 5 points, based on value (table 26). A comparison of the interim-period data, however, shows U.S. producers losing 3 or 4 percentage points of market share, depending on whether quantity- or value-based data are considered. Market penetration by the subject imports, because of the size of the typewriter market, was far less than that of the market for personal word processors, when viewed separately, yet it increased consistently throughout the period of investigation. During January-September 1990, importers of the subject merchandise from the subject countries held 7 percent of the market in terms of quantity and 13 percent in terms of value.

⁷³ See the explanatory note in the "U.S. imports" section of this report.

Table 24

Certain personal word processors: U.S. producers' shipments, U.S. shipments of imports from Japan, Singapore, and all other sources, and apparent consumption, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan. -Sept. --	
				1989	1990
Quantity (1,000 units)					
U.S. producers' shipments....	***	***	***	***	***
Shipments of imports from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	212	141	135
All other countries.....	***	***	***	***	***
Total.....	***	***	***	***	***
U.S. consumption.....	58	119	291	201	191
As a share of the quantity of apparent consumption (percent)					
U.S. producers' shipments....	***	***	***	***	***
Shipments of imports from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	72.9	70.1	70.7
All other countries.....	***	***	***	***	***
Total imports.....	***	***	***	***	***
Value (1,000 dollars)					
U.S. producers' shipments....	***	***	***	***	***
Shipments of imports from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	88,861	62,571	61,069
All other countries.....	***	***	***	***	***
Total.....	***	***	***	***	***
U.S. consumption.....	38,185	60,298	125,591	90,704	79,475
As a share of the value of apparent consumption (percent)					
U.S. producers' shipments....	***	***	***	***	***
Shipments of imports from--					
Japan.....	***	***	***	***	***
Singapore.....	***	***	***	***	***
Subtotal.....	***	***	70.8	69.0	76.8
All other countries.....	***	***	***	***	***
Total imports.....	***	***	***	***	***

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

Table 25

All personal word processors: U.S. producers' shipments, U.S. shipments of imports, and apparent consumption, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan. - Sept. - -	
				1989	1990
	Quantity (1,000 units)				
U.S. producers' shipments....	***	***	***	***	***
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	212	141	135
Shipments of non-subject imports ¹	***	***	***	***	***
Subtotal.....	***	***	***	***	***
U.S. consumption.....	146	338	592	427	381
	As a share of the quantity of apparent consumption (percent)				
U.S. producers' shipments....	***	***	***	***	***
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	35.8	33.0	35.4
Shipments of non-subject imports.....	***	***	***	***	***
Total.....	100.0	100.0	100.0	100.0	100.0
	Value (1,000 dollars)				
U.S. producers' shipments....	***	92,520	***	***	68,637
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	88,861	62,571	61,069
Shipments of non-subject imports ¹	***	***	***	***	9,042
Subtotal.....	***	71,880	***	***	70,111
U.S. consumption.....	94,064	164,400	248,373	181,117	138,748
	As a share of the value of apparent consumption (percent)				
U.S. producers' shipments....	***	56.3	***	***	49.5
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	35.8	34.5	44.0
Shipments of non-subject imports.....	***	***	***	***	6.5
Total.....	100.0	100.0	100.0	100.0	100.0

¹ Includes shipments of imports of certain personal word processors from countries other than Japan and Singapore, and shipments of imports of all other personal word processors from all sources.

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

Table 26

Personal word processors and typewriters: U.S. producers' shipments, U.S. shipments of imports, and apparent consumption, 1987-89, January-September 1989, and January-September 1990

Item	1987	1988	1989	Jan. -Sept. --	
				1989	1990
	Quantity (1,000 units)				
U.S. producers' shipments..	1,779	1,780	1,724	1,340	969
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	212	141	135
Shipments of non-subject imports ¹	***	***	1,615	1,216	985
Subtotal.....	2,523	2,100	1,827	1,357	1,121
U.S. consumption.....	4,302	3,880	3,551	2,697	2,090
	As a share of the quantity of apparent consumption (percent)				
U.S. producers' shipments..	41.3	45.9	48.5	49.7	46.4
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	6.0	5.2	6.5
Shipments of non-subject imports.....	***	***	45.5	45.1	47.2
Total ²	100.0	100.0	100.0	100.0	100.0
	Value (1,000 dollars)				
U.S. producers' shipments..	549,006	496,757	473,947	360,153	241,743
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	88,861	62,571	61,069
Shipments of non-subject imports ¹	***	***	273,960	216,674	154,609
Subtotal.....	505,186	417,315	362,821	279,245	215,678
U.S. consumption.....	1,054,192	914,072	836,768	639,398	457,421
	As a share of the value of apparent consumption (percent)				
U.S. producers' shipments..	52.1	54.3	56.6	56.3	52.8
Shipments of imports of certain personal word processors from Japan and Singapore.....	***	***	10.6	9.8	13.4
Shipments of non-subject imports.....	***	***	32.7	33.9	33.8
Total ²	100.0	100.0	100.0	100.0	100.0

¹ Includes shipments of imports of certain personal word processors from countries other than Japan and Singapore, shipments of imports of all other personal word processors from all sources, and shipments of imports of typewriters from all sources.

² Shares may not add because of rounding.

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

Market characteristics

The demand for personal word processors is significantly affected by competition from substitute products. The principal substitutes for personal word processors are personal computers and automatic typewriters. Personal word processors are positioned in the middle because they are less versatile than personal computers, but more so than automatic typewriters. According to Consumer Reports, personal word processors offer the convenience of computerized word processing without all of the expense or the difficulty entailed by computers.⁷⁴

In terms of uses and prices, the dividing lines between personal word processors, personal computers, and automatic typewriters are not absolutely clear. The primary purpose of personal word processors is word processing. Although personal computers may be used primarily as word processors, they are also capable of performing many additional functions that are not possible with a personal word processor.⁷⁵ One important feature that aids in distinguishing personal word processors from personal computers is that the former are equipped with dedicated software, software that is produced solely for a particular machine. Personal computers, on the other hand, can be used with many different types of software, including many different word processing programs. Typewriters provide a more rudimentary form of word processing. An automatic typewriter's memory is more limited than a personal word processor's, and it typically lacks disk storage and multiple-line video displays.

In methods of distribution to the final consumer, personal word processors are positioned more closely with automatic typewriters than personal computers. Although there is overlap in the channels of distribution, personal word processors and automatic typewriters are sold primarily through mass merchandisers, catalog houses, office superstores, and department stores, whereas personal computers are mainly sold through computer stores and mail order houses.

Prices

Personal word processors are sold both on an f.o.b. warehouse and delivered basis. Smith Corona prices its personal word processors ***. ***.

Each company uses price lists.⁷⁶ Price discounts vary by company and by channel of distribution. Smith Corona's prices ***. Smith Corona has its ***. Brother ***. Panasonic ***. Olivetti offers a ***. *** offers a ***.

⁷⁴ Consumer Reports, October 1990.

⁷⁵ Conference statement of Bruce Malashevich, president of Economic Consulting Services, Inc., p. 13. Mr. Malashevich also offered reports that indicated that personal computers are mainly used for word processing. See, for example: HFD: The Weekly Home Furnishings Newspaper, March 5, 1990, p. 85; and Venture Development Corporation, ET planning Service, April 1989.

⁷⁶ ***.

Questionnaire price data.--The Commission requested U.S. producers and importers to provide quarterly price data between January 1988 and September 1990 for each firm's largest sale to a mass merchandiser, a catalog house, and a private-label customer for three categories of personal word processors. Importers were requested to provide data on personal word processors that most closely compete with selected models of personal word processors in the Smith Corona line. The specified personal word processor products for which price data were requested are listed below.⁷⁷

Product 1: Personal word processor which is the most similar to the Smith Corona PWP-5000, PWP-250, PWP-75D or their predecessors. Such a personal word processor consists of a CRT, a detachable keyboard, and a disk drive. Typically, these machines have a CRT display of 80 to 91 columns and up to 25 rows. The CRT is mounted in the same cabinet that houses the printer.

Product 2: Personal word processor which is the most similar to the Smith Corona PWP-7000LT, PWP-270L, PWP-270LT, PWP-85DLT, or their predecessors. Such a personal word processor consists of a solid state display (LCD), a keyboard, and a disk drive in one unit, and a printer in another unit.

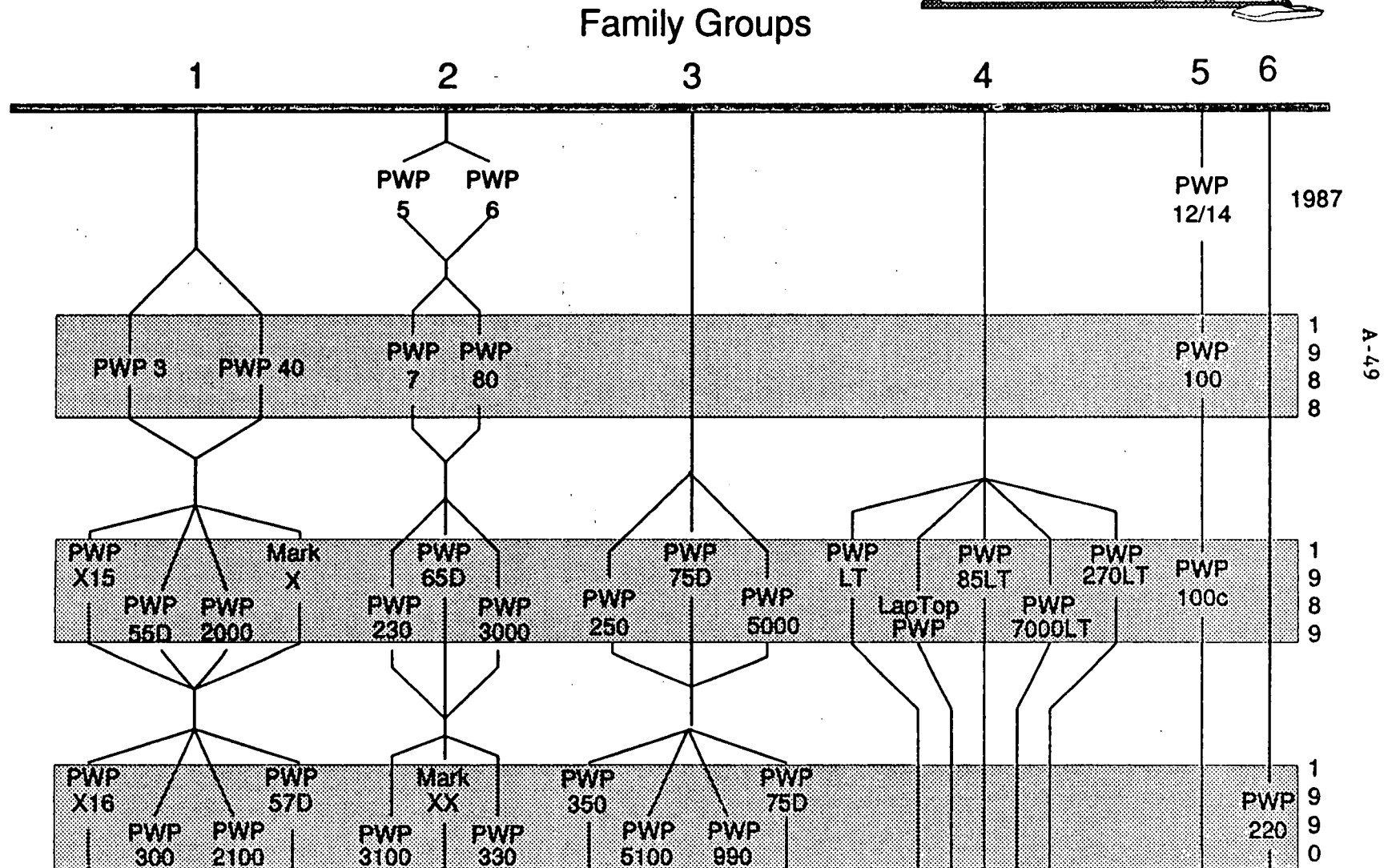
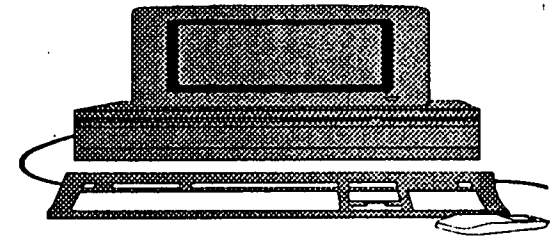
Product 3: Personal word processor which is the most similar to the Smith Corona PWP-100C or its predecessors. Such a personal word processor consists of a separate CRT, a disk drive either separate or combined with the CRT, and a combined unit containing the keyboard and printer. In these models the display is separated from the keyboard/printer unit such that the unit is similar in appearance to a traditional typewriter, with a video display mounted on the corner of the typewriting unit or beside it.

The petitioner and five importers reported price data. The petitioner represents 100 percent of domestic production of the personal word processors under investigation. The shipments reported by petitioner along with the price data accounted for *** percent of total reported U.S. producers' shipments in 1989. The responding importers accounted for approximately *** percent of total imports of the personal word processors under investigation from Japan and 100 percent of total subject imports from Singapore. The shipments reported by importers in the price data accounted for *** and *** percent of total reported shipments from Japan and Singapore in 1989, respectively. Only the petitioner provided data for product 2.

Price trends.--The continuing evolution of personal word processors during the period of investigation makes it difficult to determine price trends. Earlier-model personal word processors still being sold often compete with current-model personal word processors that evolved from them. Figures 1-3 chart the evolution of Smith Corona's, Brother's, and Panasonic's personal

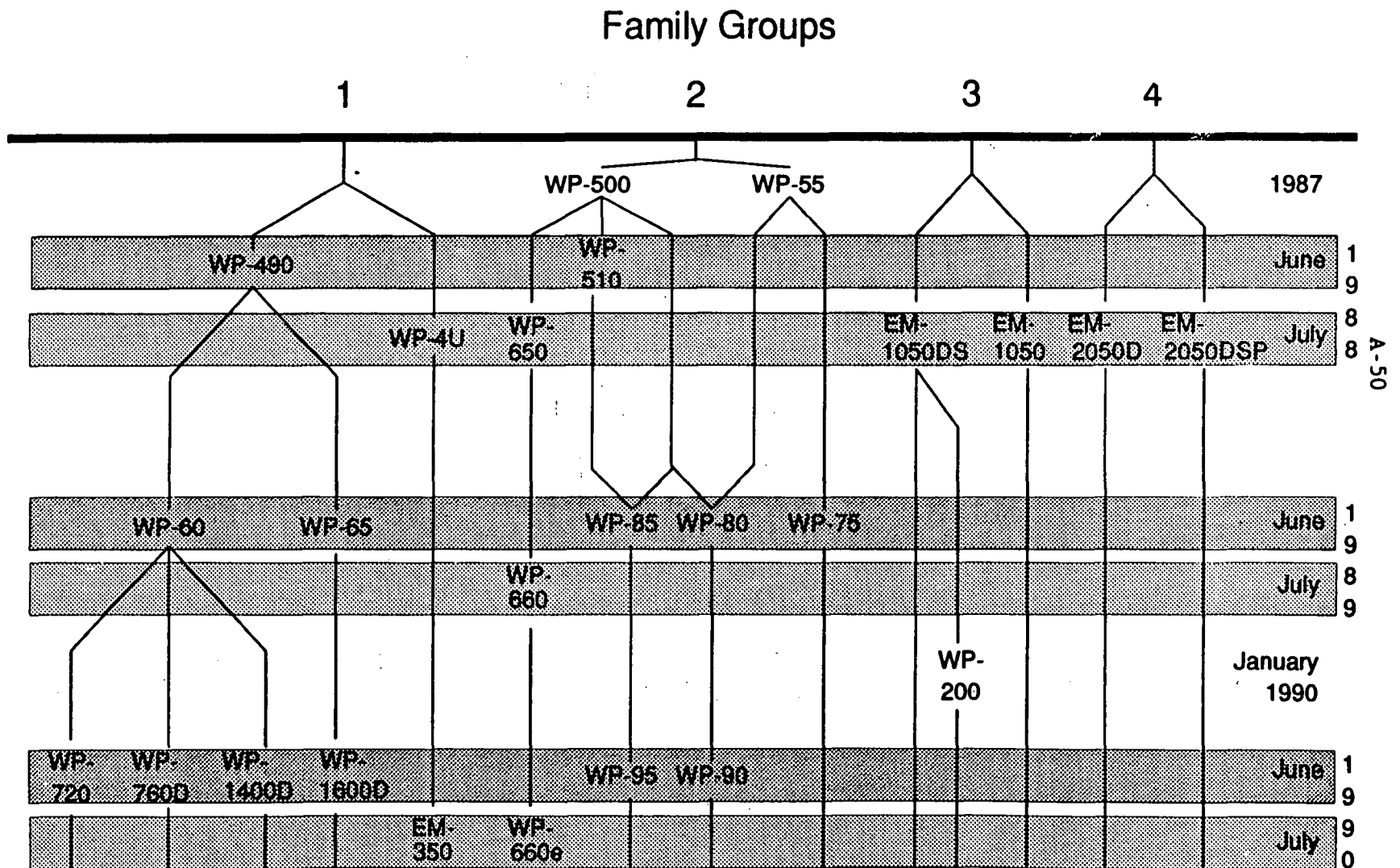
⁷⁷ These product categories were selected after extensive consultation with the petitioner and selected importers. ***.

Figure 1
Flow chart of Smith Corona's personal word processors, 1987 - 90



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

Figure 2
Flow chart of Brother's personal word processors, 1987 - 90



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



1990

word processors. Both Smith Corona's and Brother's personal word processors have evolved extensively, whereas Panasonic has remained for the most part with personal word processors initially offered in 1988. An example of product evolution is Smith Corona's family group 1. Smith Corona introduced similar PWP models 3 and 40 in 1988 to supply different channels of distribution. By 1990, eight additional models had evolved from the original two.

Essentially equivalent personal word processors are also sold as different models to different channels of distribution. Product groupings within each manufacturer's lines are determined more by cosmetic differences in major components than by differences in performance. For example, one group (such as family group 4 in figure 1) consists of portable or lap-top personal word processors and another group is composed of personal word processors (such as family group 3 in figure 1) with a CRT mounted in the same cabinet that houses the printer.

Prices for Smith Corona, Brother, Panasonic, ***, and Olivetti are reported in tables 27-30. None of the price series are complete, although ***.

Table 27

Certain personal word processors: Company-specific and weighted-average net f.o.b. prices of product 1, by channels of distribution and by quarters, January 1988-September 1990

* * * * *

Table 28

Certain personal word processors: Company-specific net f.o.b. prices of product 3, by channels of distribution and by quarters, January 1988-September 1990

* * * * *

Table 29

Certain personal word processors: Smith Corona's net f.o.b. prices of products 1-3 to *** and of product 2 to ***, by quarters, January 1988-September 1990

* * * * *

Table 30

Certain personal word processors from Singapore: Olivetti's and ***'s net f.o.b. prices of product 3, by channels of distribution and by quarters, January 1988-September 1990

* * * * *

* * * * *

Price comparisons.--The rapid evolution of personal word processors during the period of investigation, which resulted in some price series consisting of more than one product, and the fact that different manufacturers' personal word processors are dissimilar in some respects, make price comparisons somewhat tenuous, but they are provided in table 31.⁷⁸ The reported price data for U.S. producers' and importers' quarterly shipments to unrelated customers during January 1988-September 1990 resulted in 12 direct price comparisons within product categories 1 and 3 between the U.S.-produced and imported personal word processors from Japan. All 12 were instances of overselling; margins ranged from 1.2 percent to 85.5 percent. There were 16 direct price comparisons with Singapore, 7 underselling and 9 overselling. Margins of underselling ranged between 1.2 percent and 37.5 percent. Margins of overselling ranged between 1.1 percent and 49.0 percent.

Table 31

Certain personal word processors: Margins of underselling (overselling) by imports of Brother, Panasonic, ***, and Olivetti, by products, channels of distribution, and quarters, January 1988-September 1990

* * * * *

Washington, DC area consumer advertisements were collected in an informal survey to see which brand and model personal word processors were advertised during October and November 1990. The tabulation below lists these advertisements:

⁷⁸ According to Consumer Reports, some obvious differences are screen clarity, the speed of the word processing program, printing quality and printing speed, and the quality of the spell checker. Other differences are in the product specifications and available options.

<u>Manufacturer/ model</u>	<u>Publication/ retail store</u>	<u>Sale price \$/unit</u>	<u>Manufacturer's suggested price \$/unit</u>
<u>Smith Corona</u>			
PWP 350	W. Bell	\$389	\$495
PWP 3100	Hecht's	499	550
PWP 2100	Hecht's	400	500
PWP 3	Best	400	450
PWP 350	Circuit City	380	-
PWP 5100	American Express	599	-
X-10	Sears	300	-
X-25	Sears	499	-
<u>Brother</u>			
WP-1400D	Evans	390	800
WP-720	Evans	300	-
WP-85	Sears	599	-
WP-75	Best	540	699
WP-75	Best	448	-
WP-60	Best	420	499
<u>Panasonic</u>			
KX-W1500	Evans	400	-
KX-W1505	Sears	500	-
KX-W1505	Hecht's	500	900
KX-W1505A	Sears	500	-

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of the two countries subject to these investigations fluctuated in relation to the U.S. dollar over the period from January-March 1988 through July-September 1990 (table 32).⁷⁹ The nominal value of the Japanese currency depreciated by 11.9 percent relative to the dollar while the value of the Singapore currency appreciated by 12.6 percent. When adjusted for movements in producer price indexes in the United States and the specified countries, the respective values of the Japanese and Singapore currencies depreciated in relation to the dollar by 16.9 percent and 1.9 percent between January-March 1988 and July-September 1990.

⁷⁹ International Financial Statistics, November 1990.

Table 32

Exchange rates:¹ Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in specified countries,² by quarters, January 1988-September 1990

Period	U.S. producer price index	Japan			Singapore		
		Producer price index	Nominal exchange rate index	Real exchange rate index ³	Producer price index	Nominal exchange rate index	Real exchange rate index ³
1988:							
January-March.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
April-June.....	101.6	99.7	101.9	100.0	101.4	100.3	100.1
July-September.....	103.1	100.6	95.7	93.4	99.7	98.8	95.6
October-December...	103.5	99.8	102.2	98.4	97.2	102.2	96.0
1989:							
January-March.....	105.8	100.2	99.6	94.4	100.6	104.3	99.1
April-June.....	107.7	102.9	92.7	88.6	103.2	103.3	99.0
July-September.....	107.3	103.7	90.0	86.9	101.8	102.8	97.5
October-December...	107.7	103.5	89.5	86.0	102.9	103.7	99.1
1990:							
January-March.....	109.3	103.9	86.5	82.3	101.6	107.5	100.0
April-June.....	109.0	104.7	82.4	79.3	98.0	108.5	97.6
July-September.....	111.0	104.7	88.1	83.1	96.7	112.6	98.1

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

² Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.

³ The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.

⁴ Derived from Singapore price data reported for July only.

Note.--January-March 1988 = 100.

Source: International Monetary Fund, International Financial Statistics, November 1990.

Lost sales and lost revenues

*** provided 11 allegations of lost sales and 5 allegations of lost revenues because of imports from Japan. There were no allegations of lost sales or lost revenues because of imports from Singapore. *** estimated that it lost more than *** in sales to ***.⁸⁰ Lost revenues, resulting from price reductions in the face of competition from Japanese personal word processors were estimated to be nearly ***. Attempts were made to call all of the customers listed in the lost sales and lost revenues allegations; some were called several times, and messages were left each time.

*** listed *** in both an alleged lost sale and a lost revenue allegation as a result of competition from Japan. The lost sale concerned annual purchases by *** of personal word processors that are similar to ***. The sales were allegedly captured by ***, and the lost revenue of *** on *** was allegedly the result of competition from ***. *** stated that both allegations were incorrect. *** said that *** offers the lowest prices with more features than either ***; however, the quality of *** products is suspect, especially in light of the recent Consumer Reports article on personal word processors. *** said that quality is very important to *** because of its product guarantee policy.

⁸⁰ Not all of ***'s lost sales allegations specified quantities.

*** listed ***, ***, in an alleged lost sale as a result of competition from Japan. The lost sale occurred during *** and was for personal word processors that are similar to the ***. This sale was allegedly captured by ***. *** stated that the allegation was incorrect. *** said that *** always purchases from ***, but not the entire product line. *** said that although *** carries personal word processors from several vendors, they will not carry competing models. *** also stated that the criteria *** uses when selecting a vendor are quality of product, pricing, and reliability of vendor.

*** listed ***, ***, in two alleged lost sales as a result of competition from Japan. The lost sales occurred during *** 1990 and were for personal word processors that are similar to ***. These sales were believed to be captured by ***. *** stated that the allegation was incorrect. *** said that *** is ***'s primary supplier, but that *** purchases other vendors' personal word processors in order to offer more selection to their clients.

*** listed ***, ***, in a lost revenue allegation as a result of competition from Japan. The lost revenue of *** on *** was thought to be the result of competition from ***. *** stated that the allegation was incorrect. ***. *** makes its purchasing decisions based on ***. *** stated that *** carries *** of personal word processors from the major vendors because of the expense of carrying inventory. Currently, *** purchases the ***.

Both *** when contacted decided not to respond to questions from the Commission staff. ***.

B-1

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-483 & 484
(Preliminary)]

Certain Personal Word Processor From Japan and Singapore

AGENCY: United States International
Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-483 & 484 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan and Singapore of certain personal word processors,¹ provided for in subheading 8469.10.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in this case by December 21, 1990.

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: November 6, 1990.

FOR FURTHER INFORMATION CONTACT: Jonathan Seiger (202-252-1177), 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

¹ For purposes of these investigations, personal word processors are defined as machines designed principally for the composition and correction of text, consisting of a keyboard, a device to permit external storage of text (e.g., floppy disk drive or RAM card), a visual display (either solid state (LCD) or CRT) and, typically, a printer, and having operating systems which are permanently installed and designed principally for the specific purpose of word processing. The scope of these investigations is limited to those PWP's which have separable major components, such as keyboards which are not embedded in the chassis or frame, separate (or not) printing mechanisms, or separate video monitors.)

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 November 6, 1990, by Smith Corona Corporation, New Canaan, CT.

Participation in the investigations.—Persons wishing to participate in these 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.

Public service list.—Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a public 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 public document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the public 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.

Limited disclosure of business proprietary information under a protective order and business proprietary information service list.—Pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)), the Secretary will make available business proprietary information gathered in these preliminary investigations to authorized applicants under a protective order, provided that the application be made not later than seven (7) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive business proprietary information under a protective order. The Secretary will not accept any submission by parties containing business proprietary information without a certificate of service indicating that it has been served on all the parties that are authorized to

receive such information under a protective order.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on November 22, 1990 at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Jonathan Seiger (202-252-1177) no later than November 26, 1990 to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions.—Any person may submit to the Commission on or before November 30, 1990 a written brief containing information and arguments pertinent to the subject matter of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). If briefs contain business proprietary information, a nonbusiness proprietary version is due December 3, 1990. 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 business proprietary 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 information for which business proprietary treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Business Proprietary Information." Business proprietary submissions and requests for business proprietary treatment must conform with the requirements of section 201.8 and 207.7 of the Commission's rules (19 CFR 201.8 and 207.7).

Parties which obtain disclosure of business proprietary information pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)) may comment on such information in their written brief, and may also file additional written comments on such information no later than December 4, 1990. Such additional comments must be limited to comments on business proprietary information received in or after the written briefs. A nonbusiness proprietary version of such additional comments is due December 5, 1990.

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.

Issued: November 8, 1990.

Kenneth R. Mason,

Secretary.

[FR Doc. 90-28927 Filed 11-13-90; 8:15 am]

BILLING CODE 7020-02-M

International Trade Administration**[A-588-818]****Initiation of Antidumping Duty Investigation; Personal Word Processors 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 Department of Commerce (the Department), we are initiating an antidumping duty investigation to determine whether imports of personal word processors from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the International Trade Commission (ITC) of this action so that it may determine whether imports of personal word processors from Japan are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before December 21, 1990. If that determination is affirmative, we will make our preliminary determination on or before April 15, 1991.

EFFECTIVE DATE: November 30, 1990.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Steve Alley, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-8830 or (202) 377-1766, respectively.

SUPPLEMENTARY INFORMATION:**The Petition**

On November 6, 1990, we received a petition filed in proper form by Smith Corona Corporation, on behalf of the U.S. industry producing personal word processors. In compliance with the filing requirements of 19 CFR 353.12, petitioner alleges that imports of personal word processors 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 are materially injuring, or

threaten material injury to, a U.S. industry.

Petitioner has stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because it has filed the petition on behalf of the U.S. industry producing the product that is 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 for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in 19 CFR 353.14.

United States Price and Foreign Market Value

Petitioner provided nine methodologies comparing United States prices to foreign market value (FMV) that indicate sales at less than fair value: (1) FMV based on actual home market prices compared to U.S. transaction prices to related subsidiaries in the United States; (2) FMV based on model-specific average unit revenues on sales in the home market compared to average unit revenues on sales to related subsidiaries in the United States; (3) FMV based on model-specific average unit revenues for sales to Canada compared to average unit revenues on sales to related subsidiaries in the United States; (4) FMV based on actual Canadian prices compared to actual U.S. prices; (5) FMV based on constructed value (CV) (with selling, general, and administrative expenses (SG&A) estimated from public version disclosure worksheets for a producer of portable electric typewriters in connection with an administrative review of the antidumping duty order on *Portable Electric Typewriters from Japan*) compared to actual U.S. prices derived from call reports; (6) FMV based on CV with SG&A estimated from the same disclosure worksheets compared to U.S. prices derived from retail advertisements; (7) FMV based on CV (with SG&A derived from actual, company-specific financial statements and adjusted for selling expenses obtained from the disclosure worksheet identified in (5) above) compared to actual U.S. prices based on call reports; (8) FMV based on CV (with SG&A derived from actual, company-specific

financial statements and adjusted for company-specific selling expenses obtained from a market research report contained in the petition) compared to actual U.S. prices based on retail advertisements; and (9) FMV based on model-specific average unit revenue on sales in the home market compared to actual U.S. prices based on retail advertisements.

The Department is initiating this investigation on the basis of methodologies (8) and (9) described above. The first compares FMV, based on model-specific average unit revenue obtained from a market research report for home sales in 1990, to adjusted 1990 company-specific U.S. prices obtained from retail advertisements. Given that petitioner indicates that sales in the United States are generally exporter's sales price transactions (ESP), home market selling expenses were deducted from FMV. U.S. prices were adjusted downwards for a dealer mark-up, an advertising allowance, selling expenses, and a trading company mark-up. The Department did not accept comparisons submitted by petitioner for one Japanese company, Brother, because different products were compared with no adjustment for differences in merchandise. In addition, the Department did not accept comparisons submitted by petitioner for one model produced by Matsushita because there was no support in the petition for the average unit revenue for sales of this model in the home market. Our rejection of this methodology as it pertains to Brother and Matsushita does not preclude us from initiating an investigation against those companies. The statute does not require less than fair value allegations to be company-specific.

The second methodology on which the Department is initiating this investigation compares FMV based on CV to adjusted 1990 U.S. prices obtained from retail advertisements. CV was adjusted to update all prices of components and materials to 1990 prices. Again, given that petitioner indicates that sales in the United States are generally ESP, home market selling expenses were deducted from CV. U.S. prices were adjusted downward for a dealer mark-up, an advertising allowance, selling expenses, and a trading company mark-up. The Department did not accept CV for one Matsushita model because no support for that CV was provided in the petition. Again, for the reasons stated above, the rejection of this methodology as it pertains to Matsushita does not preclude

us from initiating an investigation against this company.

We do not consider methodologies (1) through (7) appropriate for purposes of initiation for the following reasons. Methodologies (1) through (3) base U.S. price on sales to related parties. Methodology (4) compares U.S. and Canadian prices which are more than one year apart. Methodologies (5) through (7) base CV in whole or in part on selling expenses of a different class or kind of merchandise (*i.e.*, portable electric typewriters).

Based on a comparison of United States price and FMV, we calculated dumping margins ranging from 0.00 percent to 32.27 percent. The dumping margins alleged in the petition range from 0.00 percent to 335.3 percent.

Initiation of Investigation

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

We have examined the petition on personal word processors from Japan and found that the petition 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 personal word processors from Japan are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by April 15, 1991.

Scope of Investigation

The merchandise covered by this investigation consists of integrated personal word processing systems and major finished units thereof ("word processors"), which are defined as devices designed principally for the composition and correction of text. All word processors within the scope of the investigation have the following essential features: (1) A customized operating system designed exclusively for a manufacturer's word processor product line which is unable to run commercially available software and which is permanently installed by the manufacturer before or after importation; (2) a word-processing software/firmware program which is designed exclusively for the word processor product line and which is permanently installed by the

manufacturer before or after importation; and (3) internal memory (both read-only memory (ROM) and read-write random access memory (RAM)) for word processing.

In addition, word processors may include one or more of the following features: (1) An auxiliary memory storage device, whether internal (e.g., RAM storage) and/or external (e.g., which accepts floppy diskettes, RAM cards, or other nonvolatile media); (2) software/firmware designed or modified for us exclusively on a line of word processors (e.g., a spreadsheet of word processing-assist program); (3) an interface permitting the transfer of information to other word processors, telecommunication links, computers, and the like; and (4) a type mode, which permits the word processor to function as a typewriter by typing characters directly onto paper. However, the inclusion or exclusion of these features from a word processor is not dispositive as to whether merchandise is within the scope of this investigation.

All word processors included within the scope of this investigation contain the following three units: (1) A keyboard for the entry of characters, numerals and symbols; (2) a video display; and (3) a chassis or frame containing the essential word processing features listed above. These units may either be integrated into one word processing system or be combined by the user into one working system. Word processors may include, as a fourth unit, a printer with a platen (or equivalent text-to-paper transfer system) and printing mechanism (whether a daisy wheel, ink jet, dot-matrix, laser, or other printing mechanism) to permit the printing of text on paper. However, word processors which do not include a printer as one of the major units are also included within the scope of the investigation.

Word processors may be imported as integrated systems, or the major finished units may be imported separately. Only the major finished units listed above are covered by this investigation. Keyboards and chassis/frames are included in this investigation if they are designed for use in word processors. Printers and video displays are included in this investigation only if they are dedicated exclusively for use in word processors.

Major finished units are distinguished from parts or subassemblies in that they do not require any additional manufacturing before functioning as a complete unit of a word processor. Neither parts nor subassemblies are included in the scope of this investigation.

Word processing devices which meet all of the following criteria are excluded from the scope of this investigation: (1) Easily portable, with a handle and/or carrying case, or similar mechanism to facilitate its portability; (2) electric, regardless of source of power; (3) comprised of a single, integrated unit; (4) having a keyboard embedded in the chassis or frame of the machine; (5) having a built-in printer; (6) having a platen to accommodate paper; and (7) only accommodating its own dedicated or captive software. (See also, *Final Scope Ruling: Portable Electric Typewriters from Japan* (55 FR 47358, November 13, 1990).)

Also excluded from the scope of this investigation are personal computers (PCs), including those PCs which are capable of word processing. PCs are a class of automatic data processing machines. Unlike automatic data processing machines, word processors cannot take the logical decision during processing to modify the execution of a program, i.e., the user of a word processor cannot use the word processor to create new software or modify the program code of existing computer programs. PCs are also distinguished from the word processors subject to this investigation by operating systems which are capable of running a variety of "off-the-shelf" software programs installed by the purchaser. In addition, PCs generally have significantly higher memory storage capacities and often contain major finished units which are interchangeable with units manufactured by several procedures.

Word processors are provided for in subheading 8469.10.00 of the *Harmonized Tariff Schedule* (HTS). The HTS item number is provided for convenience and customs purposes. The written description remains dispositive.

ITC Notification

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

Preliminary Determinations

The ITC will determine by December 21, 1990, whether there is a reasonable indication that imports of personal word processors from Japan are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated. Otherwise, the Department will make its preliminary determination on or before April 15, 1991.

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

Dated: November 28, 1990.

Marjorie A. Chorlins,
Acting Assistant Secretary for Importation
Administration.

[FR Doc. 90-28205 Filed 11-29-90; 8:45 am]

BILLING CODE 3510-05-M

[A-559-805]

Initiation of Antidumping Duty Investigation: Personal Word Processors 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 Department of Commerce (the Department), we are initiating an antidumping duty investigation to determine whether imports of personal word processors from Singapore are being, or are likely to be, sold in the United States at less than fair value. We are notifying the International Trade Commission (ITC) of this action so that it may determine whether imports of personal word processors from Singapore are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before December 21, 1990. If that determination is affirmative, we will make our preliminary determination on or before April 15, 1991.

EFFECTIVE DATE: November 30, 1990.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Steve Alley, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitutional Avenue, NW., Washington, DC 20230; telephone (202) 377-8830 or (202) 377-1766, respectively.

SUPPLEMENTARY INFORMATION:**The Petition**

On November 6, 1990, we received a petition filed in proper form by Smith Corona Corporation, on behalf of the U.S. industry producing personal word processors. In compliance with the filing requirements of 19 CFR 353.12, petitioner alleges that imports of personal word processors from Singapore 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 are materially injuring, or threaten material injury to, a U.S. industry.

Petitioner has stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because it has filed the petition on behalf of the U.S. industry producing the product that is subject to this investigation. If any interested party, as described under paragraphs (C), (D), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in 19 CFR 353.14.

United States Price and Foreign Market Value

Petitioner's estimate of United States price is based on advertised retail prices of personal word processors. Petitioner deducted a dealer mark-up, U.S. customs duties, and movement expenses. In addition, given that petitioner indicates that U.S. sales are generally exporter's sales price transactions, selling expenses were also deducted. Petitioner's estimate of foreign market value (FMV) is based on a 1990 home market price. Petitioner deducted selling expenses from FMV.

Based on a comparison of United States price and FMV, petitioner alleges dumping margins ranging from 3.18 percent to 17.72 percent.

Initiation of Investigation

Under section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of an

antidumping duty investigation, and whether the petition contains information reasonably available to the petitioner supporting the allegations.

We have examined the petition on personal word processors from Singapore and found that the petition 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 personal word processors from Singapore are being, or are likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by April 15, 1991.

Scope of Investigation

The merchandise covered by this investigation consists of integrated personal word processing systems and major finished units thereof ("word processors"), which are defined as devices designed principally for the composition and correction of text. All word processors within the scope of the investigation have the following essential features: (1) A customized operating system designed exclusively for a manufacturer's word processor product line which is unable to run commercially available software and which is permanently installed by the manufacturer before or after importation; (2) a word-processing software/firmware program which is designed exclusively for the word processor product line and which is permanently installed by the manufacturer before or after importation; and (3) internal memory (both read-only memory (ROM) and read-write random access memory (RAM)) for word processing.

In addition, word processors may include one or more of the following features: (1) An auxiliary memory storage device, whether internal (e.g., RAM storage) and/or external (e.g., which accepts floppy diskettes, RAM cards or other nonvolatile media); (2) software/firmware designed or modified for use exclusively on a line of word processors (e.g., a spreadsheet or word processing-assist program); (3) an interface permitting the transfer of information to other word processors, telecommunication links, computers, and the like; and (4) a type mode, which permits the word processor to function as a typewriter by typing characters directly onto paper. However, the inclusion or exclusion of these features from a word processor is not dispositive as to whether merchandise is within the

scope of this investigation.

All word processors included within the scope of this investigation contain the following three units: (1) A keyboard for the entry of characters, numerals and symbols; (2) a video display; and (3) a chassis or frame containing the essential word processing features listed above. These units may either be integrated into one word processing system or be combined by the user into one working system. Word processors may include, as a fourth unit, a printer with a platen (or equivalent text-to-paper transfer system) and printing mechanism (whether a daisy wheel, ink jet, dot-matrix, laser, or other printing mechanism) to permit the printing of text on paper. However, word processors which do not include a printer as one of the major units are also included within the scope of the investigation.

Word processors may be imported as integrated systems, or the major finished units may be imported separately. Only the major finished units listed above are covered by this investigation. Keyboards and chassis/frames are included in this investigation if they are designed for use in word processors. Printers and video displays are included in this investigation only if they are dedicated exclusively for use in word processors.

Major finished units are distinguished from parts or subassemblies in that they do not require any additional manufacturing before functioning as a complete unit of a word processor. Neither parts nor subassemblies are included in the scope of this investigation.

Word processing devices which meet all of the following criteria are excluded from the scope of this investigation: (1) Easily portable, with a handle and/or carrying case, or similar mechanism to facilitate its portability; (2) electric, regardless of source of power; (3) comprised of a single, integrated unit; (4) having a keyboard embedded in the chassis or frame of the machine; (5) having a built-in printer; (6) having a platen to accommodate paper; and (7) only accommodating its own dedicated or captive software. (See also, *Final Scope Ruling: Portable Electric Typewriters from Japan* (55 FR 47358, November 13, 1990).)

Also excluded from the scope of this investigation are personal computers (PCs), including those PCs which are capable of word processing. PCs are a class of automatic data processing machines. Unlike automatic data processing machines, word processors

cannot take the logical decision during processing to modify the execution of a program, *i.e.*, the user of a word processor cannot use the word processor to create new software or modify the program code of existing computer programs. PCs are also distinguished from the word processors subject to this investigation by operating systems which are capable of running a variety of "off-the-shelf" software programs installed by the purchaser. In addition, PCs generally have significantly higher memory storage capacities and often contain major finished units which are interchangeable with units manufactured by several producers.

Word processors are provided for in subheading 8469.10.00 of the *Harmonized Tariff Schedule (HTS)*. The HTS item number is provided for convenience and customs purposes. The written description remains dispositive.

ITC Notification

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

Preliminary Determinations

The ITC will determine by December 21, 1990, whether there is a reasonable indication that imports of personal word processors from Singapore are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated. Otherwise, the Department will make its preliminary determination on or before April 15, 1991.

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

Dated: November 26, 1990.

Marjorie A. Chorlins,

Acting Assistant Secretary for Import Administration.

[FR Doc. 90-28206 Filed 11-29-90; 8:45 am]

BILLING CODE 3510-05-M

APPENDIX B

LIST OF PARTICIPANTS IN THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-483 & 484 (Preliminary)

CERTAIN PERSONAL WORD PROCESSORS FROM JAPAN AND SINGAPORE

Those listed below appeared at the United States International Trade Commission's conference that was held in connection with the subject investigations at 9:30 a.m. on November 28, 1990, in the Hearing Room (Room 101) of the USITC Building, 500 E Street, S.W., Washington, DC:

In support of the imposition of antidumping duties

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

Smith Corona Corporation

G. Lee Thompson, Chairman and Chief Executive Officer

Eugene L. Stewart, Esq.--OF COUNSEL
James Cannon, Esq.--OF COUNSEL

In opposition to the imposition of antidumping duties

Tanaka, Ritger, & Middleton--Counsel
Washington, DC
on behalf of

Brother International Corporation (BIC); Brother Industries (U.S.A.), Inc;
and Brother Industries, Ltd.

Dean Shulman, Vice President, Marketing & Sales (BIC)

H. William Tanaka, Esq.--OF COUNSEL
Patrick O'Leary, Esq.--OF COUNSEL
Alice Mattice, Esq.--OF COUNSEL

Bruce Malashevich, Economic Consulting Services

In opposition to the imposition of antidumping duties--Continued

Weil, Gotshal, & Manges

Washington, DC

on behalf of

Matsushita Electric Industrial Co., Ltd.; Kyushu Matsushita Electric Industrial Co., Ltd.; and Matsushita Electric Industrial Corporation of America (MECA)

Nick Morisco, Senior Marketing Manager, MECA

Jeffrey P. Bialos, Esq.--OF COUNSEL

Martin S. Applebaum, Esq.--OF COUNSEL

Mark F. Friedman, Esq.--OF COUNSEL

Covington & Burling

Washington, DC

on behalf of

Canon, Inc.; Canon USA, Inc.; and Canon Business Machines, Inc.

Harvey M. Applebaum, Esq.--OF COUNSEL

Sonya D. Winner, Esq.--OF COUNSEL

David R. Grace, Esq.--OF COUNSEL

Patton, Boggs, & Blow

Washington, DC

on behalf of

Nakajima All Co., Ltd.

Michael D. Esch, Esq.--OF COUNSEL

Ethan S. Burger, Esq.--OF COUNSEL

Coudert Brothers

Washington, DC

on behalf of

Olivetti (S) Pte., Ltd.; and Olivetti Office USA

Mark D. Herlach, Esq.--OF COUNSEL

Kay C. Georgi, Esq.--OF COUNSEL

APPENDIX C

TRADE DATA FOR CERTAIN PERSONAL WORD PROCESSORS

Table C-1

Certain personal word processors: Salient data, 1987-89, January-September 1989, and January-September 1990

* * * * *

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS
OF CERTAIN PERSONAL WORD PROCESSORS FROM JAPAN AND SINGAPORE
ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL,
AND DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of certain personal word processors from Japan and Singapore on their firms' growth, investment, ability to raise capital, and development and production efforts. Brother, Canon, ***, and Nakajima did not submit data for certain personal word processors; in addition, these companies indicated there were no negative effects from imports of certain personal word processors. The responses of Smith Corona are shown below:

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

Influence of Imports on Capital Investment

* * * * *

B-17

APPENDIX E

U.S. IMPORTS UNDER TSUS ITEM 676.07 AND HTS ITEM 8469.10.00

Table E-1

Automatic typewriters and word processing machines: U.S. imports from Japan, Singapore, and all other countries, 1987-89, January-September 1989, and January-September 1990¹

Source	1987	1988	1989	Jan. -Sept. - -	
				1989	1990
Quantity (1,000 units)					
Japan.....	918	1,467	1,579	1,212	1,179
Singapore.....	1	8	378	280	469
Subtotal.....	919	1,475	1,957	1,492	1,648
All other countries....	99	295	221	138	161
Total imports.....	1,018	1,770	2,178	1,630	1,809
Value (1,000 dollars) ²					
Japan.....	150,771	190,087	188,698	134,765	84,893
Singapore.....	368	1,701	50,191	38,011	24,000
Subtotal.....	151,139	191,788	238,889	172,776	108,893
All other countries....	33,542	52,845	31,253	20,492	32,408
Total imports.....	184,681	244,633	270,142	193,268	141,301
Unit value (per unit) ³					
Japan.....	\$164	\$130	\$119	\$111	\$72
Singapore.....	396	204	133	136	51
Average.....	165	130	122	116	66
All other countries....	339	179	141	148	201
Average, all imports.....	181	138	124	119	78

¹ Includes imports under HTS item 8469.10.00 for 1989, January-September 1989, and January-September 1990, and imports under TSUS item 676.07 (Typewriters not incorporating a calculating mechanism: Other) for 1987 and 1988. Does not include imports under parts provisions (TSUSA item 676.5030 and HTS item 8473.10.00).

² C.i.f. duty-paid value.

³ Calculated from unrounded data.

Source: Compiled from official statistics of the U.S. Department of Commerce.

APPENDIX F

DATA ON IMPORTS OF CERTAIN MAJOR FINISHED UNITS OF PERSONAL WORD PROCESSORS

B-20

*

*

*

*

*

*

*