

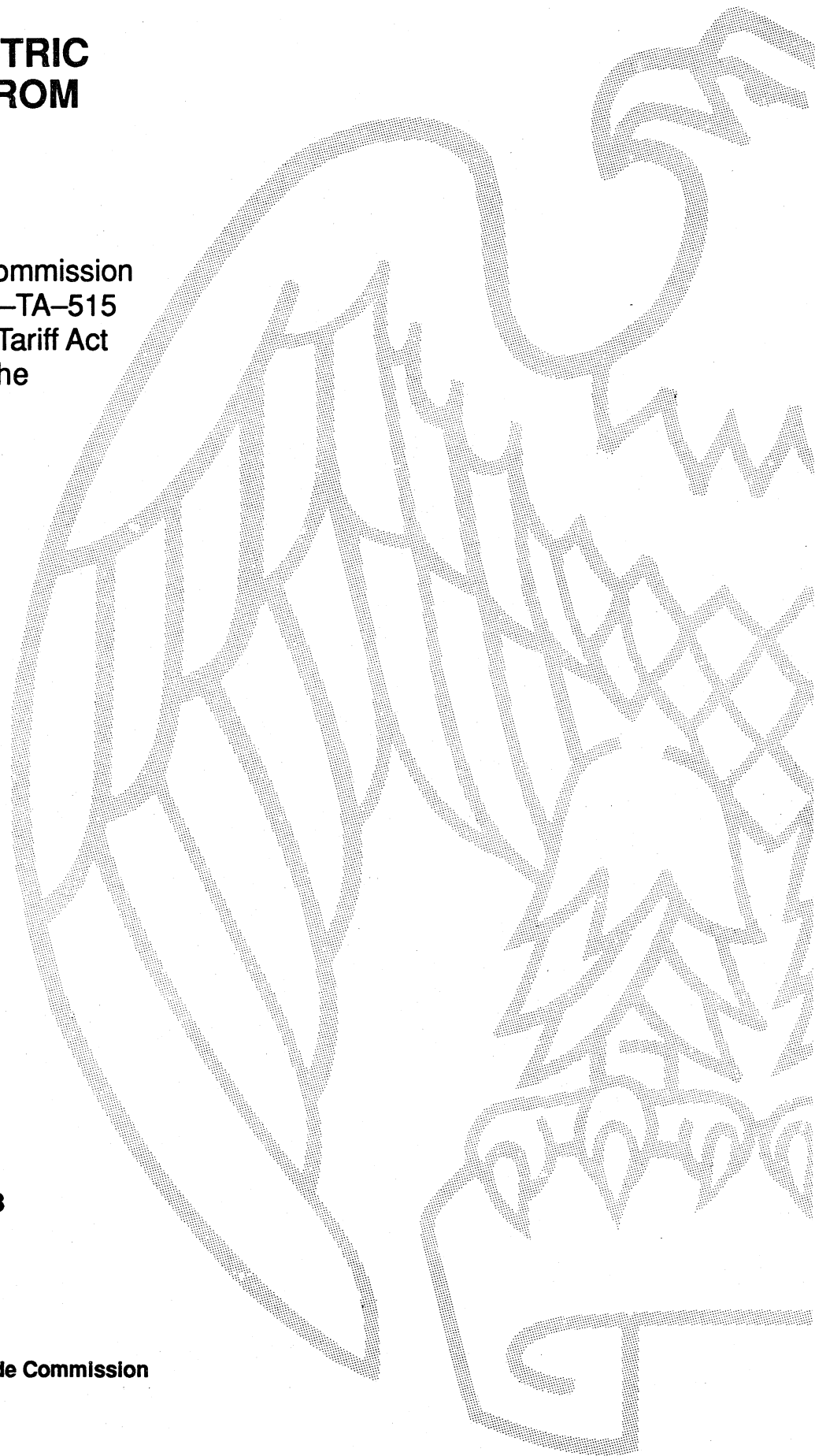
# **PORTABLE ELECTRIC TYPEWRITERS FROM SINGAPORE**

**Determinations of the Commission  
in Investigation No. 731-TA-515  
(Preliminary) Under the Tariff Act  
of 1930, Together With the  
Information Obtained in  
the Investigation**

**USITC PUBLICATION 2388**

**JUNE 1991**

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



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Note.--Information that would reveal business proprietary operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation No. 731-TA-515 (Preliminary)

PORTABLE ELECTRIC TYPEWRITERS FROM SINGAPORE

Determination

On the basis of the record<sup>1</sup> developed in the subject investigation, 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 by reason of imports from Singapore of portable electric typewriters (PETs),<sup>2</sup> provided for in subheadings 8469.10.00 and 8469.21.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On April 18, 1991, a petition was filed with the Commission and the Department of Commerce by Brother Industries (USA), Inc., Bartlett, TN,

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

<sup>2</sup> For purposes of this investigation, PETs are defined as machines that produce letters and characters in sequence directly on a piece of paper or other media from a keyboard input and meeting the following criteria: they must (1) Be easily portable, with a handle and/or carrying case, or similar mechanism to facilitate their portability; (2) Be electric, regardless of source of power; (3) Be comprised of a single, integrated unit (e.g., not in two or more pieces); (4) Have a keyboard embedded in the chassis or frame of the machine; (5) Have a built-in printer; (6) Have a platen (roller) to accommodate paper; and (7) Only accommodate their own dedicated or captive software.

PETs which meet all of the following criteria are excluded from the scope of this investigation: (1) seven lines or more of display; (2) more than 32K text memory; (3) the ability to perform 'block move;' and (4) a 'search and replace' function. A machine having some, but not all, of these four characteristics is included within the scope of the investigation. The PETs subject to this investigation are those provided for in HTS subheading 8469.21.00 and those with text memory (automatics or PATs) provided for in HTS subheading 8469.10.00.

alleging that an industry in the United States is materially injured and is threatened with material injury by reason of LTFV imports of portable electric typewriters from Singapore. Accordingly, effective April 18, 1991, the Commission instituted preliminary antidumping investigation No. 731-TA-515 (Preliminary).

Notice of the institution of the Commission's investigation 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 April 25, 1991 (56 F.R. 19125). The conference was held in Washington, DC, on May 9, 1991, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on June 3, 1991. The views of the Commission are contained in USITC Publication 2388 (June 1991), entitled "Portable Electric Typewriters from Singapore: Determination of the Commission in Investigation No. 731-TA-515 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation."



## VIEWS OF THE COMMISSION

Based on the information obtained in this preliminary investigation,<sup>1</sup> we unanimously determine that there is a reasonable indication that an industry in the United States is materially injured<sup>2</sup> by reason of imports of certain portable electric typewriters from Singapore that are allegedly sold in the United States at less than fair value ("LTFV").

### 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

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<sup>1</sup> We note that the postconference briefs filed by petitioner, as well as one of the respondents, violated the new Commission rule, 19 C.F.R. § 201.15, limiting postconference briefs to 50 pages. Because of the complexity of the issues in this investigation, and the brief period for conducting preliminary investigations, the Commission elected not to require any party to refile their briefs. In the future, however, this page limit will be strictly enforced.

<sup>2</sup> The legal standard in preliminary antidumping investigations is set forth in section 733 of the Act, 19 U.S.C. § 1673b(a), which requires 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 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 that the "reasonable indication" standard requires more than a finding that there is a possibility of such injury. Id. at 1001-04.

major proportion of the total domestic production of that product..."<sup>3</sup> In turn like product is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation..."<sup>4</sup> The Commission's decision regarding like product is essentially a factual determination. The Commission applies the standards "like" and "most similar in characteristics and uses" on a case-by-case basis.<sup>5</sup>

The Commission generally considers a number of factors in determining the like product including: (1) physical characteristics and uses, (2) interchangeability, (3) channels of distribution, (4) common manufacturing facilities and production employees, (5) customer or producer perceptions, and (6) price.<sup>6</sup> No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a given investigation. The Commission looks for clear dividing lines between like products,<sup>7</sup> and has found minor distinctions to be an insufficient basis for finding separate like products.<sup>8</sup>

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<sup>3</sup> 19 U.S.C. § 1677(4).

<sup>4</sup> 19 U.S.C. § 1677(10).

<sup>5</sup> ASCOFLORES, 693 F. Supp. 1165, 1169 (Ct Int'l Trade 1988) (like product determination essentially one to be based on the unique facts of each case).

<sup>6</sup> See, e.g., Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991); Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Preliminary), USITC Pub. 2071 (March 1988) at 6; ASCOFLORES, 693 F. Supp. at 1170 n.8.

<sup>7</sup> See, e.g., Fresh and Chilled Atlantic Salmon from Norway, Inv. No. 731-TA-454 (Preliminary), USITC Pub. 2272 (April 1990); Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19 and 20, 731-TA-391-399 (Final), USITC Pub. 2185 (May 1989); Operators for Jalousie and Awning Windows from El Salvador, Inv. Nos. 701-TA-272 and 731-TA-319 (Final), USITC Pub. 1934 (January 1987) at 4, n.4; Sony Corporation of America v. United States, 712 F. Supp. 978 (CIT 1989).

<sup>8</sup> ASCOFLORES, 693 F. Supp. at 1168-69; S. Rep. 249, 96th Cong., 1st Sess. 90-91 (1979).

The Department of Commerce has defined the merchandise subject to this investigation as follows:

certain portable electric typewriters (PETs) from Singapore which are defined as machines that produce letters and characters and imprint them directly on a piece of paper or other media from a keyboard and meeting the following criteria: (1) easily portable, with a handle and/or carrying case, or similar mechanism to facilitate 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, if any.

Based on petitioner's request, the Department has determined not to include all types of PETs which were determined to be within the scope of the antidumping order on PETs from Japan in the Department's final scope ruling signed on November 2, 1990 (55 FR 47358 November 13, 1990). PETs which meet all of the following criteria are excluded from the scope of this investigation: (1) seven lines or more of display; (2) more than 32K of text memory; (3) the ability to perform "block move"; and (4) a "search and replace" function. A machine having some, but not all, of these four characteristics is included within the scope of the investigation.

The current investigation is intended to exclude all personal word processors.<sup>9</sup>

Petitioner asserts that the like product in this investigation should encompass portable electric typewriters (PETs) and portable automatic typewriters (PATs)<sup>10</sup>, and should exclude all personal word processors, including portable electric word processors (PEWPs).<sup>11</sup> Petitioner argues that typewriters and word processors perform entirely different functions. Moreover, petitioner asserts that there is a difference in the price range of personal word processors when compared with that of PETs and PATs.<sup>12</sup> We note that petitioner's argument compares all personal word processors with

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<sup>9</sup> Petitioner's Postconference Brief at 8-10.

<sup>10</sup> A PAT is a portable electric typewriter with memory text capability.

<sup>11</sup> Preliminary Tr. at 54.

<sup>12</sup> Brother Postconference Brief at 14.

PETs and PATs without addressing the narrower issue of the nature of the distinction between PEWPs and PATs.

For purposes of these preliminary investigations, we determine the like product to be all portable electric typewriters (PETs) (including portable automatic typewriters (PATs)), and portable electric word processors (PEWPs). We note that a machine having some of the four functional characteristics listed in the second paragraph of the scope description is considered by Commerce to be a PAT included within the scope of the investigation, while a machine having all four characteristics is not. Since the distinction identified by Commerce between a PEWP and a PAT may rest merely on the presence of four rather than three functions on a machine, we have concluded that physical characteristics and uses do not provide a clear dividing line between PETs, PATs, and PEWPs for purposes of this preliminary like product determination. Further, the use of substantially similar components means that PETs, PATS, and PEWPs have an essentially similar physical appearance. In addition, all three types of machines are sold through the same channels of distribution,<sup>13</sup> and they can be and, in fact, are being produced in the same facilities by the same employees.<sup>14</sup> Nor is there any clear dividing line based on the prices of these machines.<sup>15</sup>

Respondent SCC asserts that the like product should also include non-portable personal word processors.<sup>16</sup> In the preliminary investigation of Certain Personal Word Processors from Japan and Singapore, the Commission

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<sup>13</sup> Staff Report at A-16.

<sup>14</sup> See, e.g., Staff Report at A-11, n.32.

<sup>15</sup> See, e.g., Staff Report at A-46 We note that there is additional business proprietary information on the record with respect to the other factors the Commission addresses which supports our like product determination. See, e.g., Staff Report at A-46, n.86; Staff Report at A-52, n.102.

<sup>16</sup> Preliminary Tr. at 161-162.

determined that the like product in those investigations was all personal word processors, whether portable or not. <sup>17</sup> In those investigations, the Commission concluded that the differences between word processors and PATs outweigh the similarities, and declined to include PATs in the like product. The Commission stated its intention to gather additional information concerning this issue in the final investigation. <sup>18</sup>

We note that the Commission is not bound to follow in a subsequent case a like product definition presented in an earlier investigation. <sup>19</sup> That is particularly true in this instance, where there is a distinction in the scope of each investigation, the starting point for the Commission's like product analysis. We are, however, mindful of our responsibilities to explain any departure from earlier determinations.

The products that are the subject of this investigation are portable electric typewriters. In defining the scope of this investigation, Commerce has used the same seven criteria for defining a portable electric typewriter that it used in a recent decision concerning the scope of the previously imposed antidumping order on portable electric typewriters from Japan. <sup>20</sup> These criteria emphasize portability and the self-contained nature of the unit. The information we have gathered in this preliminary investigation concerning customer perceptions confirms that portability is a major feature of PETs, PATs and PEWPs that consumers believe distinguishes them from desktop typewriters and other non-portable word processors. <sup>21</sup> There is also

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<sup>17</sup> Inv. Nos. 731-TA-483 and 484 (Preliminary), USITC Pub. 2344 (December 1990) at 6-8.

<sup>18</sup> Id. at 10.

<sup>19</sup> Citrosuco Paulista S.A. v. United States, 704 F. Supp.1075, 1088 (CIT 1980).

<sup>20</sup> 55 Fed. Reg. 47358 (Nov. 13 1990).

<sup>21</sup> See, e.g., Staff Report at A-46 n.88.

information on the record, some of which is proprietary, which suggests that there is a significant difference between the prices of PEWPs and the prices of non-portable personal word processors. Thus, we determine that, for purposes of this preliminary investigation, the like product does not include personal word processors other than PEWPs, notwithstanding some of the testimony concerning the differences, in general, between typewriters and word processors. <sup>22 23</sup>

Accordingly, we define this like product as all PETs and PATs, as well as all PEWPs. We have concluded that for purposes of the preliminary investigation, notwithstanding the similar methods of manufacturing PETs/PATs/ PEWPs, and other personal word processors, that the absence of such elements as portability, a single integrated unit, and a platen, as well as the differences in price, provide a clear dividing line based on which the Commission has decided not to include non-portable word processors in the like product. However the Commission may explore this issue further in any final investigation. <sup>24 25</sup>

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<sup>22</sup> Petitioner also argues that office typewriters should be excluded from the like product. Petitioner contends that PETs and PATs occupy a market that is entirely different from that for office machines, including office typewriters. Petitioner provides considerable information concerning the distinctions in physical characteristics and uses between office typewriters and PETs and PATs. No party has suggested that the Commission include office typewriters in the like product.

The Commission has decided not to include office typewriters in this like product based, in part, on the absence of portability and on the fact that office typewriters are designed for much heavier usage than are their portable counterparts. We also note that there is no evidence on the record which would support including the office typewriter in this like product.

<sup>23</sup> No party has contended that personal computers, including portable personal computers, should be included within the like product. Nor is there any evidence on the record indicating that personal computers should be in the like product.

<sup>24</sup> In any final investigation in Certain Personal Word Processors from Japan, Inv. No. 731-TA-483, we invite the parties to address the question whether it  
(continued...)

## DOMESTIC INDUSTRY

Section 771(4)(A) of the Tariff Act of 1930 defines domestic industry

as:

...the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.<sup>26</sup>

The Commission has defined the like product to be PETs, PATs, and PEWPs, and therefore the domestic industry is defined as all producers of PETs, PATs and PEWPs in the United States.

The principal question in defining the domestic industry is whether the domestic operations of petitioner are sufficient to make it a member of the domestic industry.<sup>27</sup> Respondent SCC contends that petitioner's domestic

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<sup>24</sup>(...continued)

would be appropriate to exclude PATs from a like product consisting of all personal word processors, and yet define the like product in this investigation to include PETs, PATs, and PEWPs based, inter alia, on the element of portability.

<sup>25</sup> Acting Chairman Brunsdale notes that in her recent opinion on Polyethylene Terephthalate Film, Sheet, and Strip From Japan and the Republic of Korea, Invs. Nos. 731-TA-458 and 459 (Final), USITC Pub. \_\_\_\_\_ (May 1991), she refined the usual multipart test discussed here to focus on the substitutability of the potential like products among their purchasers and producers. Her intent was to identify the types of products that it was reasonable to expect would be directly affected by any dumping of the articles subject to investigation. On the preliminary record here, she agrees that there is a reasonable indication that, from the viewpoint of purchasers of PETs from Singapore, domestic PETs, PATs, and PEWPs are reasonable substitutable. She also agrees that the preliminary evidence shows a reasonable indication that all three can be and are produced in the same facilities by the same workers. However, she notes that, from the viewpoint of producers, all word processors might be substitutable, see Certain Personal Word Processors From Japan and Singapore, Invs. Nos. 731-TA-483 and 484 (Preliminary), USITC Pub. 2344 (December 1990) at 6-8, as well as some office typewriters and perhaps personal computers. She urges the Commission staff and interested parties to address this issue in the final investigation.

<sup>26</sup> 19 U.S.C. § 1677(4)(A).

<sup>27</sup> For purposes of this preliminary investigation, the Commission has decided to include Nakajima in the domestic industry definition. In any final investigation, the Commission will gather additional information from that  
(continued...)

operations constitute the mere assembly of mostly imported components, and that petitioner cannot be considered a domestic producer.<sup>28</sup>

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. Specifically, the Commission has examined such factors as (1) the extent and source of a firm's capital investment;<sup>29</sup> (2) the technical expertise involved in U.S. production activity; (3) the value added to the product in the United States; (4) the quantities and types of parts sourced in the United States, and (5) any other costs and activities in the United States directly leading to production of the like product, including where production decisions are made.<sup>30</sup>

The Commission has emphasized that no single factor -- including value

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<sup>27</sup>(...continued)

company with respect to the factors the Commission considers when deciding whether a company is a member of the domestic industry.

<sup>28</sup> On April 12, 1991, the Department of Commerce initiated a separate investigation, at respondent SCC's request, pursuant to 19 U.S.C. § 1677j, to determine whether the imported parts used in the PETs and PATs from petitioner's Tennessee plant should be subjected to the antidumping duty order outstanding against such merchandise from Japan based on SCC's allegation that the Tennessee plant is an assembly operation designed to circumvent the Japan PET order. 56 Fed. Reg. 14922 (April 12, 1991). Commerce has announced that it will make the preliminary determination in this investigation on August 23, 1991.

<sup>29</sup> Commissioner Rohr notes that there is some ambiguity in the Commission's use of the term "source" of capital. He wishes to state clearly that, to the extent the term "source" might be interpreted to refer to the "nationality" of the provider of the capital, it should not be so interpreted. The country from which a firm's capital investment originates is irrelevant to this determination.

<sup>30</sup> See, e.g., Certain Personal Word Processors from Japan and Singapore, Invs. Nos. 731-TA-483 and 484 (Preliminary) USITC Pub. 2344 (December 1990); Generic Cephalexin Capsules From Canada, Inv. No. 731-TA-423 (Final), USITC Pub. 2211 (August 1989); Certain All-Terrain Vehicles from Japan, 731-TA-388 (Final), USITC Pub. 2163 (March 1989); Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288 (Final), USITC Pub. 1927 (December 1986) at 11 & n.23; Low-Fuming Brazing Copper Wire and Rod from New Zealand, Inv. No. 731-TA-246 (Final), USITC Pub. 1779 (November 1985) at 6.



added -- is determinative and that value added information becomes more meaningful when other production activity indicia are taken into account.<sup>31</sup> The Commission has also stated that it will consider any other factors it deems relevant in light of the specific facts of a particular investigation.<sup>32</sup>

We have concluded for purposes of this preliminary investigation that petitioner engages in sufficient production-related activity in the United States to be considered a domestic producer. We base this finding on the evidence in the record at this time concerning: (1) the nature and extent of the actual production-related activities that petitioner performs in the United States, (2) the number of employees engaged in these activities, (3) the extent to which petitioner sources parts and subassemblies domestically and (4) the domestic value added by petitioner's domestic operations.<sup>33</sup> However, we wish to emphasize that we have reached this conclusion for purposes of this preliminary investigation only; the Commission will consider this issue further in any final investigation.<sup>34</sup>

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<sup>31</sup> See, e.g. Color Television Receivers from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-134 , 135 (Final), USITC Pub. 1514 at 7-8 (May 1984).

<sup>32</sup> Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288 (Final), USITC Pub. 1927 (December 1986).

<sup>33</sup> Staff Report at A-13-14. Most of the specific data on which this conclusion is based are business proprietary.

<sup>34</sup> Our conclusion that petitioner is a member of the domestic industry for purposes of this preliminary investigation is based on the information on the record before it, analyzed in light of the factors which the Commission considers when deciding whether a company is a domestic producer. These factors are not the same as those set forth in 19 U.S.C. § 1677j, under which Commerce is currently conducting an anticircumvention investigation to determine whether petitioner's domestic operations constitute "circumvention" of the outstanding antidumping order in Certain Portable Electric Typewriters from Japan. 56 Fed. Reg. 14922 (April 12, 1991). It is Commerce's sole responsibility to determine whether any of the merchandise from petitioner's plant falls within the terms of that statute. By concluding that petitioner is a member of the domestic industry in this preliminary investigation, we  
(continued...)

## RELATED PARTIES <sup>35</sup>

The related parties provision <sup>36</sup> allows for the exclusion of certain domestic producers from the domestic industry. Under that provision, when a producer is related to exporters or importers of the product under investigation, or is itself an importer of that product, the Commission may exclude such producer from the domestic industry in "appropriate circumstances." 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. <sup>37</sup> Application of the related parties provision is within the Commission's discretion based on the facts presented in each case. <sup>38</sup> The Commission has stated previously that domestic producers who substantially benefit from their relation to the subject imports may be properly excluded as related parties. <sup>39</sup>

The factors the Commission has examined include:

- (1) the position of the related producers vis-a-vis the rest of the domestic industry;
- (2) the reasons why the domestic producers have

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<sup>34</sup>(...continued)

express no opinion as to the proper outcome of the anticircumvention investigation.

<sup>35</sup> Acting Chairman Brunsdale reaches the same conclusion as the other Commissioners on a slightly different analysis. See Additional Views of Acting Chairman Brunsdale, infra.

<sup>36</sup> 19 U.S.C. § 1677(4)(B).

<sup>37</sup> See, e.g., Certain Personal Word Processors from Japan and Singapore, Invs. Nos. 731-TA-483 and 484 (Preliminary), USITC Pub. 2344 (December 1990); 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.

<sup>38</sup> Empire Plow Co., Inc. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

<sup>39</sup> See, e.g., Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798 (1986).

chosen to import the product under investigation -- to benefit from the unfair trade practice, or to enable them to continue production and compete in the domestic market; and

(3) the percentage of domestic production attributable to related producers.<sup>40</sup>

The Commission has also considered whether each company's books are kept separately from its "relations" and whether the primary interests of the related producers lie in domestic production or in importation.<sup>41</sup>

SCC is related to a Singapore producer and is itself an importer of the subject merchandise from Singapore. We note that exclusion of SCC's domestic production operations from the domestic industry would significantly affect the overall domestic indicators.<sup>42</sup> At the present time it remains unclear whether imports made by SCC have had the effect of "shielding" the company from import competition, or whether the primary interests of SCC in this instance are in its domestic production or in importation. On balance, based on the previously cited data, as well as on information which is business proprietary, we determine in this preliminary investigation that SCC should not be excluded as a related party.

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<sup>40</sup> Id. See Empire Plow Co. v. United States, 675 F. Supp. at 1353-54 (commenting, with respect to factors (1) and (2) that "[t]his is a reasonable approach when viewed in light of the legislative history...").

<sup>41</sup> See, e.g., Rock Salt from Canada, Inv. No. 731-TA-239 USITC Pub. 1798 (1986) at 12.

<sup>42</sup> Acting Chairman Brunsdale and Commissioner Rohr note that the principal reason for exclusion of related parties is to avoid distortion of the data. In the particular circumstances of this preliminary investigation, there is a distinct possibility that exclusion would distort the relevant data even more than including it.

## CONDITION OF THE INDUSTRY <sup>43</sup>

The statute directs the Commission in preliminary investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports. <sup>44</sup> Material injury is defined as "harm which is not inconsequential, immaterial or unimportant." 19 U.S.C. § 1677(7)(A). In assessing material injury, the statute sets forth specific factors for the Commission to consider. <sup>45</sup> No one factor is determinative, <sup>46</sup> and the Commission is entitled to consider other economic factors relevant to the analysis of the industry in question, as long as such factors are identified and their relevance is fully explained. <sup>47</sup> Prior Commission determinations are not precedent, and each determination rests on the record of the particular investigation. <sup>48</sup>

Apparent consumption of PETs, PATs, and PEWPs, expressed in either quantity or value, increased from 1988 to 1989, declined from 1989 to 1990, and also declined in interim 1991 (January to March) when compared with interim 1990 (January to March). <sup>49</sup> U.S. capacity to produce PETs, PATs, and

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<sup>43</sup> Acting Chairman Brunsdale joins in this discussion of the condition of the domestic industry. However, she does not reach a separate legal conclusion regarding the presence or absence of material injury based on this information. While she believes an independent determination is neither required by statute nor useful to the determination of whether a domestic industry is materially injured by reason of dumped imports, she does find the discussion of the condition of the industry helpful in determining whether any injury resulting from the dumped imports is material. 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). See Additional Views of Acting Chairman Brunsdale.

<sup>44</sup> 19 U.S.C. § 1673b(a).

<sup>45</sup> See 19 U.S.C. § 1677(7)(C)(iii).

<sup>46</sup> 19 U.S.C. § 1677(7)(E)(ii).

<sup>47</sup> 19 U.S.C. § 1677(7)(B).

<sup>48</sup> *Citrosuco Paulista v. United States*, 704 F. Supp. 1075, 1088 (Ct. Int'l Trade (1988)).

<sup>49</sup> Staff Report at A-8-9, Table 1.

PEWPs dropped steadily from 1988-1990. Capacity also dropped in interim 1991 when compared with interim 1990.<sup>50</sup> Domestic production increased from 1988 to 1989, but dropped significantly from 1989 to 1990, and also dropped in interim 1991 when compared with interim 1990.<sup>51</sup> Capacity utilization increased somewhat from 1988 to 1989, but decreased dramatically on 1990 to a point well below the 1988 level. Capacity utilization also decreased in interim 1991 when compared with interim 1990.<sup>52</sup> Domestic shipments of PETs, PATs, and PEWPs decreased somewhat from 1988 to 1989, and decreased even more dramatically from 1989 to 1990. Domestic shipments also decreased in interim 1991 when compared with interim 1990.<sup>53</sup>

The employment of production and related workers, and related employment trends, increased slightly from 1988 to 1989, but then declined significantly to levels well below 1988 levels in 1990. These indicators also experienced significant declines in interim 1991 when compared with interim 1990.<sup>54</sup>

Net domestic sales of U.S. producers on their operations producing PETs, PATs, and PEWPs declined slightly from 1988 to 1989, and fell even more dramatically from 1989 to 1990. Net domestic sales also dropped in interim 1991 when compared with interim 1990.<sup>55</sup> Operating income decreased from 1988 to 1989, then dropped significantly from 1989 to 1990; however it increased somewhat in interim 1991 when compared with interim 1990.<sup>56</sup> Operating income margins as a percentage of total net sales, gross profit, and gross profit as

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<sup>50</sup> Staff Report at A-18, Table 2.

<sup>51</sup> Id.

<sup>52</sup> Staff Report at A-19, Table 2.

<sup>53</sup> Staff Report at A-21, Table 3.

<sup>54</sup> Staff Report at A-26-27, Table 5.

<sup>55</sup> Staff Report at A-33, Table 14.

<sup>56</sup> Staff Report at A-33, Tables 14 and 15.

a percentage of total net sales followed similar trends.<sup>57</sup> Similarly, return on both fixed assets and total assets experienced significant declines from 1988 to 1989 and from 1989 to 1990. Return on fixed assets and on total assets increased somewhat in interim 1991 when compared with interim 1990.<sup>58</sup>

Based on the data available in this investigation, we find that there is a reasonable indication that an industry in the United States is materially injured.<sup>59</sup> We note that almost all of the factors that the Commission generally considers in evaluating the condition of an industry experienced significant declines when 1990 levels are compared with 1988 levels. In particular, we note the significant declines in employment and other related indicia, as well as the declining overall profitability of the producers when their performance in 1988 is compared with their performance in 1990.

#### CAUSATION<sup>60</sup>

In making a preliminary determination in an antidumping investigation, the Commission is also charged with determining whether material injury to the domestic industry is "by reason of" the imports under investigation.<sup>61</sup> The Commission may take into account information concerning other causes of harm to the domestic industry, but it is not to weigh causes.<sup>62</sup> The imports need

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<sup>57</sup> Staff Report at A-33, Tables 14 and 15.

<sup>58</sup> Commissioner Rohr notes that the Commission's financial variance analysis appears to be somewhat compromised by changes in product mix. In any final investigation, he will examine methods by which the production mix distortion of the analysis can be eliminated.

<sup>59</sup> In reaching this determination, we have taken into account both the impact of SCC's transfer of production of certain products to Singapore and the impact of petitioner's commencement of domestic operations in June 1987.

<sup>60</sup> See Additional Views of Acting Chairman Brunsdale.

<sup>61</sup> 19 U.S.C. § 1673b(a).

<sup>62</sup> "Current law does not... contemplate that the effects from the subsidized [or LTFV] imports be weighted against the effects associated with other

(continued...)

only be a cause of material injury. <sup>63</sup> The Commission should consider all relevant factors and conditions of trade in making its determination. <sup>64</sup>

The volume of U.S. imports of PETs and PATs <sup>65</sup> from Singapore increased significantly from 1988 to 1989, and decreased from 1989 to 1990 to levels still above 1988 levels. The volume of imports also increased in interim 1991 when compared with interim 1990. <sup>66</sup> Measured in value terms, U.S. imports increased from 1988 to 1989 and decreased from 1989 to 1990 to levels well below 1988 levels. Imports measured in value also decreased in interim 1991 when compared with interim 1990. <sup>67</sup> Market penetration by imports from Singapore grew steadily from 1988 to 1990, but decreased in interim 1991 when compared with interim 1990. <sup>68</sup>

Price comparisons were mixed, although we note that price comparisons for the basic PET model, which appears to represent a significant share of the sales of the like product, reflected rather consistent patterns of

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<sup>62</sup>(...continued)

factors (e.g., the volume and prices of nonsubsidized [LTFV] imports, 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) which may be contributing to overall injury to an industry." S. Rep. No. 249, 96th Cong. 1st Sess. 57-58, 74 (1979)

<sup>63</sup> *Iwatsu Elec. Co., Ltd. v. United States*, 758 F. Supp. 1506 (Ct. Int'l Trade 1991); *Metallverken Nederland BV v. United States*, 728 F. Supp. 730 (Ct. Int'l Trade 1989); *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989); *Granges Metallverken AB v. United States*, 716 F. Supp. 17 (Ct. Int'l Trade 1989); *Citrosuco Paulista, S.A. v. United States*, 704 F. Supp. 1075, 1088 (Ct. Int'l Trade 1988); *Hercules, Inc. v. United States*, 673 F. Supp. 454, 479 (1987); *British Steel Corp v. United States*, 593 F. Supp. 405 (Ct. Int'l Trade 1984).

<sup>64</sup> 19 U.S.C. § 1677(7)(C)(iii) (Supp. 1989).

<sup>65</sup> There were no imports of PEWPs from Singapore during the period of investigation. Staff Report at A-43, n.84.

<sup>66</sup> Staff report at A-41, Table 21.

<sup>67</sup> *Id.*

<sup>68</sup> Staff Report at A-44, Table 22.

underselling by the imported product.<sup>69</sup> Prices of both the domestic and the imported product generally fell throughout the period of investigation.<sup>70</sup>

We find that, in light of the overall increases in market penetration from 1988 to 1990, the increase in the volume of imports from 1988 to 1990, the falling prices of domestic products, and the evidence of some underselling, there is a reasonable indication that allegedly LTFV imports are a cause of material injury to the domestic industry manufacturing PETs, PATs, and PEWPs.<sup>71</sup>

#### CONCLUSION

For all the reasons set forth above, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of the allegedly LTFV imports from Singapore.

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<sup>69</sup> Staff Report at A-48-49 and A-50, Table 23. We will seek additional information concerning the extent to which prices of basic PETs affect the prices of the entire spectrum of the like product in any final investigation.

<sup>70</sup> Staff Report at A-48-49 and A-50, Table 23. We will seek additional information concerning the reasons for any volatile price movements in any final investigation.

<sup>71</sup> We recognize, however, that increases in the import volumes and market share reflect, to a significant extent, the displacement of SCC's domestic production resulting from its partial transfer of production to Singapore, and that SCC claims that it is not injured by its captive imports.



ADDITIONAL VIEWS OF ACTING CHAIRMAN ANNE BRUNSDALE  
Portable Electric Typewriters From Singapore  
Inv. No. 731-TA-515 (Preliminary)

I agree with my colleagues that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of portable electric typewriters (PETs) from Singapore. At this preliminary stage, there is evidence that the share of the U.S. market for the like product held by the article subject to investigation is quite large, A-8, A-9, and the range of dumping margins is, according to the the Commerce Department's calculation from the data in the petition, from 28.93 to 64.50 percent (depending on the model of typewriter involved), B-7.

This combination of significant market share and moderate to large dumping margin gives, at least at this stage, a reasonable indication that the typewriters from Singapore are materially injuring a domestic industry, in light of several other factors. First, the record shows that consumers perceive the domestic and imported typewriters and word processors involved in this case as substantially interchangeable, though not perfectly fungible. A-46. This indicates to me that buyers of these products might well switch if the price of a typewriter assembled in Singapore rose anywhere from 28.93 to 64.50 percent. Moreover, there is little evidence that fairly traded imports from other countries could absorb enough of the increased demand to reduce the effect that the allegedly dumped imports might have on production in the United States. Finally, there seems to be capacity in the

domestic industry sufficient to supply the demand for typewriters not made in Singapore if prices rose that high. Accordingly, the loss of revenue, and thus the domestic industry's injury, from the dumped sales looks to me to be material. At the very least, I cannot say that there is clear and convincing evidence that it would not be. I therefore join with my colleagues' decision to continue this investigation.

Additional Issues. If these were all the questions raised in this case, I would probably have been content to add a long footnote to the majority opinion and call it a day. However, this case raises a number of what I think are unprecedented issues, since it involves a small number of multinational companies with production facilities dedicated to some extent to the production of PETs, portable automatic typewriters (PATs), and/or personal electric word processors (PEWPs) in several countries. The case therefore vividly illustrates the breakdown of what I think was the paradigm title VII case as Congress originally conceived it: One in which American-owned and operated firms producing goods from American raw materials for consumption in the American market was harmed because a foreign-owned and operated company producing goods from foreign raw materials for consumption in its own home market began dumping its goods on the American market at a lower, and so "unfair," price. The increasingly globalized and complex world market has blurred the lines between different types of products and made even more indistinct the "nationality" of the products

themselves.

I therefore ask the Commission staff and the parties to this case to address the following questions and issues in any final investigation in this case, if they had not already planned to do so.

(1) Shall the Commission cumulate the articles subject to investigation in this case with those subject to investigation in Certain Word Processors From Japan, Inv. No. 731-TA-483? Section 1677(7)(C)(iv)(I), which states that we "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 like products of the domestic industry in the United States market," does not seem to allow us any discretion. And the Commission has today unanimously, if preliminarily, determined that PEWPs are part of the like product. In the final investigation, the parties should make every effort to include information and analysis that would help the Commission assess the effects of cumulating in the two cases.

(2) What does "domestic industry" mean in this case? I agree with my colleagues that it means the domestic producers of the like product. But that just raises the question of what it means to "produce" a product. The Commission should not simply list several factors, discuss them a little, and state a conclusion. We must state a reason why those factors, and not some others, are relevant. And we must explain the weight we

give to each.

When the Commission first began encountering these "mongrel" product cases, our focus was quite naturally on the value-added to the product in the United States. As we stated in Color Television Receivers From Korea and Taiwan, Inv. Nos. 731-TA-134, 135 (Final), USITC Pub. 1514 (May 1984) ("Color Televisions") at 7-8, "[t]he first issue which the Commission may examine in order to determine whether a firm is a 'domestic producer,' where significant parts or components are imported and assembled in a domestic facility, is the value added to the product in the United States."

The problem with a value-added analysis is the difficulty of making a complete and accurate accounting of the value being added. As the Commission pointed out in Color Televisions, the "rules of allocation and the problem of inter-party transfers may cause value-added analysis to be misleading." Id. at 8. But the difficulty is not only in accounting. It is in the meaning of "value" as well. Thus, the Commission also began looking at what it called "indicia of U.S. production activity": the four or five factors that now constitute what the Commission "traditionally examines". Originally, we recognized that the purpose of taking "these indicia into consideration . . . [was to make] the value-added information become[] more meaningful." Id.

Since then, the list of factors -- expanded to include value-added as an additional factor -- has been repeatedly recited together with the warning that no one factor is decisive.

I ask the parties to address the continuing vitality of this test in the absence of some criterion, such as value added, by which to judge the significance of the factors. I also ask the parties to address the related issues of how, in a value-added analysis, the costs of such things as research and development, capital, and sales expenses should (or whether they should not) be attributed to particular products or categories of products. After these issues are addressed and decided, the Commission may derive a percent of value added, or conclude that there is a range within which the percent of value added reasonably lies.

(3) How much value must be added for a product to be domestic? The next issue may then be whether that quantum of value added is enough to qualify the product containing it as a domestic like product. The Commission has often simply considered whether the domestic value added is "substantial" or "significant." In a recent 201 investigation, I concluded that the fundamental purpose of an escape clause provision was

to provide the U.S. industry with the opportunity to compete in the international arena. Since domestic productive activity is the most important focus of the law, I favor an approach that considers the domestic industry to be all such domestic activity that adds value to the like product. I see no basis for giving greater weight to one kind of value-added activity over another. In addition, I would prefer not to exclude certain domestic productive activity because it contributed an insufficient percentage of domestic value-added to the ensuing final product. After all, there may be more domestic employment and investment generated from a product with a relatively low percentage of domestic value-added than from a product with a relatively high percentage of domestic value-added.

Certain Cameras, Inv. No. TA-201-62, USITC Pub. No. 2315 (Sept. 1990) at 38.

I note that the trend in Commission precedent agrees. There has never, for instance, been a requirement that a majority of a product's value must be added in this country for it to be considered a domestic product. In Low-Fuming Brazing Copper Wire and Rod From New Zealand, Inv. No. 731-TA-246 (Final), USITC Pub. No. 1779 (November 1985) at 7, for example, products with only 20 percent of their value added in the United States were considered to have a "significant" value added which, when combined with the producers' "substantial" capital investment in the industry, was sufficient to make those producers part of the domestic industry. More recently, in Generic Cephalexin Capsules From Canada, Inv. No. 731-TA-423, USITC Pub. 2211 (August 1989) at 11-12, the Commission included firms in the domestic industry that added value that was "extremely low," at least in part because the firms had invested a "significant amount of capital."<sup>1</sup>

By these standards, Brother Industries is clearly within the domestic industry, based on the value added by its operations in Tennessee, as well as the size of its capital investment, when compared to the operations involved in some of our previous decisions in this area.

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<sup>1</sup> Perhaps the formulation of when an industry exists in the United States, in 19 U.S.C. section 1337, should be applied as well to title VII cases: A domestic industry might include any firm with "(A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in . . . engineering, research and development, or licensing." Even if these capital- or knowledge-intensive activities cannot simply be included in a value-added analysis, we might want to recognize them as "productive activities" in deciding questions of inclusion in the domestic industry.

(4) Is the merchandise subject to investigation part of the domestic like product? A fair reading of the Commission's past discussions of like product and domestic industry may well force us to address, in the final investigation, this most interesting question of all. It may well be, if the characterization of a product as domestic depends on value added -- or by some combination of value added, capital invested, and research and development undertaken -- that SCC's portable electric typewriters from Singapore that are the subject of Commerce's investigation are part of the domestic like product, and so (perhaps) that SCC's Singapore operations are part of the U.S. domestic industry.

Such a conclusion may follow from the the definition of "domestic industry" as productive activity in the United States aimed at producing the like product. The final investigation may reveal that SCC has enough productive activity in the United States going toward the production of its typewriters assembled in Singapore that it must be included as part of the domestic industry. There seems to be nothing in the statute that precludes us from so determining, and it may well be that the same product can be an import for the Customs Service, foreign merchandise for the Department of Commerce, and part of domestic production for our like-product and domestic-industry determinations.

Moreover, such a superficially odd conclusion may be the most sensible and true to the trade laws' purpose of protecting

productive activity in this country. The U.S. content of goods assembled abroad may be very high as a share of the value of the product or very large in aggregate. Thus, it is not unusual for the Commission to conclude that assembly of U.S.-made components in a foreign country does not remove a manufacturer from the domestic industry. See, e.g., Radio Paging and Alerting Devices From Japan, Inv. No. 731-TA-102 (Final), USITC Pub. No. 1410 (August 1983) at 10-11 (assembly and finishing operations abroad insufficient to remove company's production from domestic industry). The Commission has also regarded as part of the domestic like product items finished here but subject to investigation because the unfinished product was made abroad. See Low-Fuming Brazing Copper Wire Rod, supra, at 6. Regarding the PETs from Singapore as part of the domestic like product may just be a logical extension of such cases.

The answers to these interesting questions obviously have important implications for such related issues as injury, and I may well raise them again in the word processors investigation now proceeding. I look forward to the debate.



## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On April 18, 1991, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by counsel for Brother Industries (USA), Inc. (BIUSA), Bartlett, TN, alleging that an industry in the United States is being materially injured and is threatened with material injury by reason of imports from Singapore of portable electric typewriters (PETs), provided for in subheadings 8469.10.00 and 8469.21.00 of the Harmonized Tariff Schedule of the United States (HTS),<sup>1</sup> that are alleged to be sold in the United States at less than fair value (LTFV). Accordingly, effective April 18, 1991, the Commission instituted antidumping investigation No. 731-TA-515 (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 determination within 45 days after receipt of the petition or, in this investigation, by June 3, 1991. Notice of the institution of this investigation 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 April 25, 1991 (56 F.R. 19125). Commerce published its notice of initiation in the Federal Register of May 14, 1991 (56 F.R. 22150).<sup>2</sup> The Commission held a public conference in Washington, DC, on May 9, 1991, at which time all interested parties were allowed to present information and data for consideration by the Commission.<sup>3</sup> The Commission voted on this investigation on May 29, 1991.

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<sup>1</sup> For purposes of this investigation, PETs are defined as machines that produce letters and characters in sequence directly on a piece of paper or other media from a keyboard input and meeting the following criteria: they must (1) Be easily portable, with a handle and/or carrying case, or similar mechanism to facilitate their portability; (2) Be electric, regardless of source of power; (3) Be comprised of a single, integrated unit (e.g., not in two or more pieces); (4) Have a keyboard embedded in the chassis or frame of the machine; (5) Have a built-in printer; (6) Have a platen (roller) to accommodate paper; and (7) Only accommodate their own dedicated or captive software. The PETs subject to this investigation are those provided for in HTS subheading 8469.21.00 and those with text memory (automatics or PATs) provided for in HTS subheading 8469.10.00.

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

<sup>3</sup> A list of the participants in the conference is presented in app. B.

## Previous and Related Investigations

Since 1975, PETs have been the subject of considerable inquiry at the Commission, at Commerce, and at the Court of International Trade (CIT).

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 imports of PETs from Japan that were being sold at LTFV.<sup>4</sup> This determination was appealed by Smith Corona to the CIT, which remanded the action to the Commission for further statement of reasons. Upon remand, the CIT affirmed the Commission's negative determination.<sup>5</sup>

In 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 PETs from Japan that Commerce found had been sold in the United States at LTFV.<sup>6</sup> This determination resulted in the publication by Commerce of an antidumping duty order (the PETs order). The PETs subject to the original order are provided for under HTS subheading 8469.21.00.

In 1983, coverage of the PETs order was expanded to include portable electronic typewriters.<sup>7</sup> Then, in 1987, Commerce declined to expand the scope further to include either automatic PETs with text memory (PATs) or those typewriters with calculators;<sup>8</sup> however, Smith Corona appealed this ruling to the CIT, which remanded the case to Commerce. Upon remand, Commerce expanded the scope to include typewriters with calculators but not those with text memory. The CIT subsequently reversed Commerce's ruling with regard to PATs.<sup>9</sup> Defendant-intervenors appealed the CIT ruling to the Court of Appeals for the Federal Circuit, which upheld the CIT decision on September 26, 1990.<sup>10</sup> On May 15, 1990, Smith Corona filed a request for inclusion of certain "later developed portable electric typewriters, including so-call 'personal word processors.'" Commerce issued a final scope ruling in response to this request in November 1990. Under this ruling, certain word processors are

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<sup>4</sup> 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.

<sup>5</sup> 544 F. Supp 194. (CIT 1982)

<sup>6</sup> 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 (PETs from Japan).

<sup>7</sup> Portable Electric Typewriters from Japan: Final Results of the Administrative Review of Antidumping Duty Order (48 F.R. 7769, Feb. 24, 1983).

<sup>8</sup> Portable Electric Typewriters from Japan: Final Results of Antidumping Duty Administrative Review (52 F.R. 1505, Jan. 14, 1987).

<sup>9</sup> Smith Corona v. United States, 11 CIT 954, 698 F. Supp. 240 (CIT 1988).

<sup>10</sup> Portable Electric Typewriters from Japan: Court of Appeals for the Federal Circuit Decision Concerning the Scope of Antidumping Duty Order (55 F.R. 42423, Oct. 19, 1990). PATs subject to this ruling are provided for in HTS subheading 8469.10.00.

included within the PETs order;<sup>11</sup> however, the order does not cover the word processors subject to recently completed preliminary antidumping investigations<sup>12</sup> and an ongoing final antidumping investigation.<sup>13</sup>

Finally, and of importance to the instant investigation, is the fact that Smith Corona, on March 18, 1991, filed a petition with Commerce requesting an anti-circumvention inquiry on the PETs order. Specifically, Smith Corona alleged that BIC and BIUSA (the petitioner in this investigation) are circumventing the PETs order by importing parts and components from Japan, and assembling them into finished PETs for sale in the U.S. market. Commerce initiated the inquiry on April 12, 1991.<sup>14</sup> As the inquiry relates to the instant investigation, Commerce, in its notice initiating PETs from Singapore, noted that Smith Corona had filed a submission arguing that BIUSA as an assembler of imported parts suspected of circumventing the PETs order was not an interested party entitled to file a petition. Further, Smith Corona argued that Commerce should not initiate the investigation until it makes its final determination in the anticircumvention inquiry. Commerce noted that it would make a preliminary determination in that inquiry by August 23, 1991; however, it did not believe that it had the authority to postpone initiation of the instant investigation because of the pending anticircumvention inquiry.<sup>15 16</sup>

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<sup>11</sup> Final Scope Ruling: Portable Electric Typewriters from Japan (55 F.R. 47358, Nov. 13, 1990). For purposes of this report such items are identified as "portable electric word processors" (hereinafter, PEWPs). PEWPs are devices designed principally for the composition and correction of text and consisting of at least the following major units--(1) a keyboard; (2) a video display; and (3) a chassis containing an operating system, software, and internal memory--with nonseparable major units. PEWPs are provided for in HTS subheading 8469.10.00. Counsel for the petitioner in the instant investigation has appealed Commerce's scope ruling regarding this product to the CIT. The appeal was made on behalf of Brother International Corporation (BIC), BIUSA's corporate parent and a respondent in PETs from Japan.

<sup>12</sup> 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.

<sup>13</sup> Investigation No. 731-TA-483 (Final), Certain Personal Word Processors from Japan, (Certain PWP from Japan) (56 F.R. 21391, May 8, 1991).

<sup>14</sup> Initiation of Anti-Circumvention Inquiry on Antidumping Duty Order on Portable Electric Typewriters from Japan (Brother Industries, Ltd. and Brothers Industries (USA), Inc.) (56 F.R. 14922, Apr. 12, 1991).

<sup>15</sup> Commerce further stated, "Moreover, at this time, we are not persuaded that even if a party were found to be circumventing an AD order, it automatically would be precluded from being considered an interested party pursuant to 19 CFR 353.2(k)(3) with respect to another investigation."

<sup>16</sup> On a related note in the investigation involving Certain PWP from Japan, Commerce was asked by BIUSA to preclude Smith Corona as an interested party to file a petition. The challenge is based on BIUSA's assertion that Smith Corona is an assembler, not a manufacturer, of the like product subject to that investigation. In response to the request, Commerce noted in its preliminary determination "Because this allegation was raised less than 20 days prior to the date of this preliminary determination and the Department received comments from the petitioner on this issue the last business day

(continued...)

## Nature and Extent of the Alleged Sales at LTFV

In order to obtain estimated dumping margins for PETs imported from Singapore, the petitioner compared the United States price (USP) of PETs with their foreign market value (FMV). Commerce accepted one of two methodologies proposed by petitioner to establish the USP. The methodology uses a July 1990 Smith Corona dealer price list as a basis for establishing USP. Commerce made no deduction to USP for selling expenses.

For FMV, petitioner provided three methodologies for determining margin estimates, depending on whether FMV was based on constructed value for eight models, third country dealer prices for four models, or home market retail prices for two models. Commerce initiated its investigation based on the constructed value methodology. In its constructed value calculations, petitioner used the material cost data gathered by an independent company which it hired, the statutory minimum of 10 percent for general expenses, 8 percent for profit, and petitioner's U.S. packing expenses. Labor costs were based on petitioner's financial data and adjusted for the labor rate in Singapore. Overhead was based on petitioner's own information. Constructed value was adjusted for selling, moving, and packing expenses. Because no deduction had been made to the USP for selling expenses, Commerce made no deduction for selling expenses from constructed value.

Based on a comparison of USP and FMV, Commerce calculated alleged dumping margins ranging from 28.93 percent to 64.50 percent. The dumping margins alleged in the petition range from 15.58 percent to 73.70 percent.

## The Products

The merchandise covered by this investigation consists of PETs and PATs (PETs with text memory),<sup>17</sup> which are defined as machines that produce letters and characters in sequence directly on a piece of paper or other media from a keyboard input and meeting the following criteria: they must (1) Be easily portable, with a handle and/or carrying case, or similar mechanism to facilitate their portability; (2) Be electric, regardless of source of power;

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<sup>16</sup>(...continued)

before the deadline for this determination, the Department has not had an adequate opportunity to analyze this issue. Furthermore, there is a reasonable indication that Smith Corona has standing as an interested party because the ITC indicated that, for purposes of its preliminary determination of injury, the petitioner engaged in sufficient production-related activity to be considered a domestic producer (emphasis added). We will analyze the submissions of both parties and issue a preliminary decision regarding petitioner's standing prior to the briefing period for this investigation." (56 F.R. 16296, Apr. 22, 1991).

<sup>17</sup> In short, all products subject to this investigation are PETs and are considered so as well under the PETs order concerning imports from Japan. For purposes of data collection and presentation, the term PETs represents the portion of subject products without text memory, while the term PATs represents the portion of subject products with text memory. Hence, the totality of products subject to investigation is represented by the term PETs/PATs.

(3) Be comprised of a single, integrated unit (e.g., not in two or more pieces); (4) Have a keyboard embedded in the chassis or frame of the machine; (5) Have a built-in printer; (6) Have a platen (roller) to accommodate paper; and (7) Only accommodate their own dedicated or captive software.

PETs and PATs subject to this investigation are finished units as distinguished from parts or subassemblies in that they do not require any additional manufacturing before performing their intended function. Neither parts nor subassemblies are included in the scope of this investigation.

Machines which meet all of the aforementioned criteria, PEWPs,<sup>18</sup> are excluded from the scope of this investigation as initiated by Commerce.<sup>19</sup> However, given that PEWPs are within the ambit of the antidumping order on PETs from Japan, trade and financial data regarding PEWPs were requested and are presented in the report for whatever consideration the Commission may deem appropriate relevant to like product and reasonable indication of material injury.

PETs/PATs which are capable of producing text from a self-contained electronic memory are distinguishable from personal word processors subject to Inv. No. 731-TA-483 (Final), Certain PWP's from Japan. PETs/PATs have limited correction capability and text storage capacity when compared with that of a personal word processor; in particular, they do not have the capability for external storage through use of a floppy disk drive.

#### The manufacturing process<sup>20</sup>

PETs/PATs are produced much like other consumer electronic products. Pre-production steps include product development and design of the electronic circuitry and other parts. The manufacturing process consists of parts fabrication and assembly. The product is tested during and after manufacture. The machinery and equipment involved can be used to produce a variety of other electronics products. Specifically, in the United States, word processors

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<sup>18</sup> Final Scope Ruling: Portable Electric Typewriters from Japan (55 F.R. 47358, Nov. 13, 1990). See also, fn. 11.

<sup>19</sup> In its notice of initiation, Commerce stated: "Based on petitioner's request, the Department has determined not to include all types of PETs which were determined to be within the scope of the antidumping order on PETs from Japan in the Department's final scope ruling signed on November 2, 1990, (See 55 F.R. 47358, November 13, 1990)." Further, in an effort to distinguish between PETs/PATs and PEWPs, Commerce stated, "PETs which meet all of the following criteria are excluded from the scope of this investigation: (1) seven lines or more of display; (2) more than 32K text memory; (3) the ability to perform 'block move;' and (4) a 'search and replace' function. A machine having some, but not all, of these four characteristics is included within the scope of the investigation." \*\*\*.

<sup>20</sup> As noted, the scale of operations varies considerably among U.S. producers.

are produced using the same production equipment used in the manufacture of PETs/PATs.<sup>21</sup>

Design of the printed-circuit board.<sup>22</sup>--The proper functioning of any electronic product depends on the design of the circuitry. In the first step of the design phase, the locations of the components and interconnections of the circuits on the printed-circuit board are determined. The printed-circuit pattern is then laid out on a grid by a computer and an enlarged artwork master is produced. Next, the enlarged masters are photographed and reduced to the appropriate dimensions of the finished board. The final phase covers the actual fabrication of the board.

Manufacture of parts and subassemblies.--PETs/PATs are composed of hundreds of individual parts that are designed and produced specifically for use in the subject products. Parts are fabricated from a variety of materials using numerous different manufacturing processes; for this reason, a number of parts are purchased by the producer of PETs/PATs from other firms.<sup>23</sup>

Most parts are first used to create discrete subassemblies. Such subassemblies include the keyboard, video display, power supplies, storage units, platen, and printed-circuit boards. Most subassemblies are produced at dedicated workstations or on dedicated production lines. The nature of these operations, and the expertise required for certain subassemblies, also allow these operations to be carried on by firms other than the producer of PETs/PATs.<sup>24</sup> In some cases, the producer sources subassemblies from related companies.<sup>25</sup>

The printed-circuit board is assembled by the producer of the PETs/PATs. Assembly requires a combination of mechanical and manual insertion and soldering of components. Smaller components, such as resistors and capacitors, are mechanically inserted onto the printed-circuit board. An automatic insertion machine places each component into its proper position and then clinches the leads of the component against the conductors on the opposite side of the board at that position. The leads are then mechanically soldered to the conductors. Larger and/or more delicate components may need to be manually inserted and soldered.

Final assembly and testing.--The various subassemblies and other parts are combined into a finished PET/PAT on an assembly line operation. An empty frame enters the line, subassemblies are added one-by-one, the workings are encased in an exterior housing, and a functioning PET/PAT exits the line. Testing and quality assurance are carried out at various stages in this process and each completed PET/PAT must successfully complete a test run. Labels such as a company logo are affixed to the product and it is packaged for shipment.

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<sup>21</sup> Firms responding to the producer questionnaire that produced word processors as well as PETs and PATs indicated that they were produced in the same facilities by the same people with little or no down time to shift between products.

<sup>22</sup> \*\*\*. \*\*\*.

<sup>23</sup> \*\*\*.

<sup>24</sup> \*\*\*.

<sup>25</sup> \*\*\*. \*\*\*.

U.S. tariff treatment

PETs are classified in HTS subheading 8469.21.00 and enter free of duty under both column 1 and column 2. PATs and finished personal word processors are classified in HTS subheading 8469.10.00. They are assessed a column 1-general rate of duty of 2.2 percent ad valorem. Both PETs and PATs 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 rate of duty, applicable to imports from certain Communist-controlled countries, is 35 percent ad valorem for the goods of HTS subheading 8469.10.00.<sup>26</sup>

## The U.S. Market

Apparent U.S. consumption

This report presents data concerning apparent U.S. consumption of PETs, PATs, and PEWPs, as compiled from responses to Commission questionnaires.<sup>27</sup> However, based on testimony at the conference held in conjunction with this investigation, as well as staff conversations with industry participants, there is a consensus that the size of the domestic market is around 2.5 to 3 million units,<sup>28</sup> with the higher end having been achieved in the earlier part of the period of investigation. With regard to production and shipments of PETs, PATs, and PEWPs, the Commission received usable data from all three known producers of such merchandise--the petitioner, Smith Corona, and Nakajima All Manufacturing Co. Ltd. (Nakajima)--along with the majority of known importers of PETs, PATs, and PEWPs. Thus, consumption figures for PETs, PATs, and PEWPs are relatively complete. As a result, data in this report consist of reported U.S. shipments of PETs, PATs, and PEWPs by U.S. producers, combined with reported shipments of imports of those products.

Apparent U.S. consumption of PETs increased from 1988 to 1990 by nearly \*\*\* percent on a quantity basis; however, it dropped nearly \*\*\* percent on a value basis (table 1). By quantity, shipments of imports increased by just over \*\*\* percent, but by value the increase was just short of \*\*\* percent. In 1990, imports held \*\*\* percent of the market (in terms of quantity) compared with \*\*\* percent in 1988. This change reflects a \*\*\* percent drop in U.S.

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<sup>26</sup> Countries are named in general note 3(b) of the HTS.

<sup>27</sup> The size of the market for such products cannot be calculated as the sum of producer shipments and official import data on the product. While PETs enter under a discrete HTS subheading, official U.S. import statistics do not, however, separate imports of PATs and PEWPs from imports of other types of word-processing machines. Therefore, any estimate calculated on this basis would be considerably overstated. With respect to the figures used, they are understated to the extent the import figures do not represent complete imports for the period of investigation, in particular with regard to imports from Korea.

<sup>28</sup> Testimony of Mr. Keith Kuzmin, Director, Electronic Typewriter Planning Service, Venture Development Corporation, testifying for the petitioner. Transcript of Conference (Conference TR) at pp. 28, 29. Testimony of Mr. Dean Shulman, Vice-President, Sales and Marketing, BIC. Conference TR at pp. 36, 44. Testimony of Mr. G. Lee Thompson, Chairman and CEO, Smith Corona. Conference TR at p. 157.

It is staff's view that these numbers may well represent a broader spectrum than the subject products (e.g., PEWPs and other word processors).

Table 1  
 PETs/PATs/PEWPs: U.S. shipments of domestic and imported product and apparent U.S. consumption, 1988-90,  
 January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March-	
				1990	1991
	Quantity (1,000 units)				
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Share of the quantity of U.S. consumption (percent)				
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

Table continued on next page.



Table 1--Continued  
 PETs/PATs/PEWPs: U.S. shipments of domestic and imported product and apparent U.S. consumption, 1988-90,  
 January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March-	
				1990	1991
	Value (1,000 dollars)				
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Share of the value of U.S. consumption (percent)				
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

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

producers' shipments due primarily to Smith Corona's movement of PET production to Singapore. Consumption for the first 3 months of 1991 was up nearly \*\*\* percent, by quantity, and ahead by \*\*\* percent by value when seen against the comparable period of 1990.

In terms of quantity, apparent U.S. consumption of PATs dropped by nearly \*\*\* percent from 1988 to 1990; in value, the decline was just over \*\*\* percent. When the January-March periods of 1990 and 1991 are compared, shipments fell \*\*\* percent and by \*\*\* in quantity and value, respectively. Trends in overall consumption levels were mirrored by U.S. producers' shipments and shipments of imports from sources other than Singapore throughout the period. During this time frame Smith Corona shifted production of one of its PAT models to Singapore while on the import side of the ledger BIC ceased imports from Japan as BIUSA began PAT production in Tennessee.

Combined PET/PAT consumption dropped by just over \*\*\* percent from 1988 to 1990, by quantity, and \*\*\* percent by value. January-March 1991 consumption was off nearly \*\*\* percent, by quantity, and more than \*\*\* by value, compared with the same period of 1990. In terms of quantity, the more costly PATs accounted for all the decline in consumption during the period of investigation. U.S. producers held just over \*\*\* percent of the market in 1990.

PEWPs exhibited irregular increases in consumption, rising by more than \*\*\* percent by quantity and \*\*\* percent by value from 1988 to 1990, growing from \*\*\* units valued at \*\*\* to \*\*\* units valued at \*\*\*. In the first three months of 1991, the quantity of consumption nearly \*\*\* against the comparable period of 1990, while the value rose by just short of \*\*\* percent. U.S. producers' shipments accounted for nearly \*\*\* percent or more of the market in all reporting periods, with all import shipments coming from Japan. As noted earlier, Smith Corona produces this product exclusively at its Cortland, NY, plant and BIUSA began production at Bartlett, TN, in June 1990.

According to the 1990 Electronic Market Data Book, the market for portable electronic typewriters is expected to show steady growth, stating "Manufacturers of portable typewriters are now bringing advanced office machine features to mass market machines at affordable prices. Word processing functions, liquid crystal displays and spell-checking features can be found on inexpensive models available to consumers." Further, it stated "As vendors pack more and more features into their products at every price point, electronic typewriters are expected to compete with personal word processors. These products offer more functions than regular typewriters and are easier to use than computers. The new word processors designed for home rather than office use are the most advanced home electronic typewriters."

When queried at the conference concerning the future of the PET/PAT market, Mr. G. Lee Thompson, Chairman and CEO of Smith Corona, said ". . . I think you have to look at the product, it is not a category within a product. A product category state-of-the-art technology is a transitory thing. Twenty years ago it was electromechanical and manual machines. There is a need for a customer to be able to put printed word on paper. Now whether he does that with a typewriter PET, typewriter PAT, whether he puts it on with PWP or a PC, they still have a need to put it on paper."<sup>29</sup>

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<sup>29</sup> Conference TR, p. 158.

Smith Corona, while acknowledging the impressive growth in the market for word processors between 1987 and 1989, noted the flattening of demand for them and, in particular, for typewriters in 1990, attributing it to an overall lessening of economic activity which has had its biggest impact on consumer spending on durable goods.<sup>30</sup>

The world market for PETs, PATs, and PEWPs is dominated by many of the same firms that compete in the U.S. market, primarily Smith Corona, BIC, and Olivetti, as well as other firms, such as Canon Business Machines and the Korean operations of Sharp, Samsung, and Packard-Bell who sell considerable quantities for export around the world.

### U.S. producers<sup>31</sup>

BIUSA.--In 1990, BIUSA was the \*\*\* U.S. producer of PETs and PATs, accounting for virtually all domestic production of PETs and nearly \*\*\* of PAT production. BIUSA's 1990 U.S. PET/PAT shipments accounted for nearly \*\*\* of that market in 1990. BIUSA held a similar share of a combined U.S. PET/PAT/PEWP market.

BIUSA is the petitioner in this proceeding and a wholly owned subsidiary of Brother Industries, Ltd., of Nagoya, Japan. BIUSA was incorporated in 1986 and began production of PETs at its Bartlett, TN, facility in June 1987. PATs were added to BIUSA's production lineup in April 1990 and PEWP production began in June 1990. Additionally, BIUSA began production of the WP-1 series of personal word processors (subject to Certain PWPs from Japan) in October 1990.<sup>32</sup>

BIUSA's facility consists of 135,000 square feet with an additional 24,000 square feet currently under construction.<sup>33</sup> BIUSA presently generates 55,000 units per month, with production of 90,000 units per month anticipated by July 1991. The product mix consists of PETs, PATs, PEWPs, and other word processors. At the conference in this investigation, BIUSA representatives testified that the "growth there is basically due to word processor growth."<sup>34</sup> According to BIUSA, its initial investment at Bartlett was \$8.5 million dollars; that investment is expected to grow to \$16 million by the end of 1991.<sup>35 36</sup>

Although product development for BISUA's products is coordinated at its U.S. marketing arm, BIC, most product design and engineering is done in Japan.

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<sup>30</sup> \*\*\*.

<sup>31</sup> Inclusion in the following section should not be construed as a judgment by staff with regard to the merits of the various arguments as to what firms should or should not be considered part of the U.S. industry producing the products subject to investigation. It merely reflects a discussion of those firms that responded to the Commission's producer questionnaires.

<sup>32</sup> BIUSA's PETs, PATs, PEWPs, and the WP-1 series are produced in the same facility and by the same employees. Employees are trained to do a variety of functions for the assembly of the different products, with some elements of the training taking four to five weeks to complete. Commission staff visit of the BIUSA plant and discussions with company officials, May 1, 1991.

<sup>33</sup> Conference TR, p. 12.

<sup>34</sup> Conference TR, p. 12.

<sup>35</sup> Conference TR, p. 14.

<sup>36</sup> Smith Corona argued that BIUSA's investment is more in the neighborhood of \$11 million. Conference TR, pp. 148, 149.

Operations in Bartlett consist of assembly of the main logic boards from imported parts, welding the chassis for the various products, and final assembly and testing. Plastic housings, covers, and parts are produced domestically by four firms through subcontractor arrangements.<sup>37</sup>

In its petition, BIUSA characterized itself as virtually the only domestic producer of PETs, contending that Smith Corona had ceased all production of the product at its Cortland, NY, facility after 1989.<sup>38</sup> BIUSA noted that Smith Corona continues to produce PATs and PEWPs as well as other products at Cortland.

Smith Corona.--Smith Corona did not produce any PETs at its Cortland, NY, facility during 1990, having shifted all PET production to its affiliated company, Smith Corona Singapore, by the end of 1989. All PETs shipped by Smith Corona in 1990 were produced by its affiliate. With respect to domestically produced PATs, Smith Corona was \*\*\* U.S. producer, holding nearly \*\*\* percent of total U.S. PET/PAT market shipments in 1990. If shipments of Smith Corona's Singapore-produced PETs/PATs are added to its shipments of domestic product, it accounted for nearly \*\*\* percent of the U.S. PET/PAT market in 1990. In 1989, shipments of Smith Corona's domestic production held nearly \*\*\* percent of the U.S. PET/PAT market while its combined U.S.-Singapore shipments accounted for slightly over \*\*\* percent of the market. In the combined PET/PAT/PEWP market, Smith Corona's U.S. produced share was \*\*\* percent, while its combined U.S.-Singapore share was \*\*\* percent.<sup>39</sup>

Throughout this proceeding and in its anticircumvention inquiry at Commerce, Smith Corona has contended that BIUSA is not a U.S. producer, but is a mere "screwdriver" operation assembling PETs and PATs from imported parts in an effort to circumvent the PETs order. Consequently, Smith Corona both at the conference and in its written submissions has emphasized its opposition to the petition and its firmly held belief that BIUSA, not being a U.S. producer, lacks standing to file for relief under the antidumping laws.

With respect to Smith Corona's business history, it has been producing office machines since the turn of the century, and was the first company to produce a portable electric typewriter, in 1957. 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.<sup>40</sup> Since 1989, Smith Corona has been publicly held, with Hanson PLC, a British firm, the largest shareholder with a \*\*\* percent stake.

Smith Corona's central production facility is located in Cortland, NY. Although at one time it had six or seven production facilities in the Cortland area, in the mid-1980s it consolidated all of its operations into one plant.

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<sup>37</sup> Conference TR, p. 18, and Commission staff visit of the BIUSA plant and discussions with company officials, May 1, 1991.

<sup>38</sup> In its petition, BIUSA argued that for purposes of determining the U.S. industry, Smith Corona should be excluded because it is related to the manufacturer/exporter of the allegedly dumped merchandise. Petition, pp. 2, 3.

<sup>39</sup> No PEWPs were imported from Singapore during the period of investigation.

<sup>40</sup> Conference TR, p. 64, Certain Personal Word Processors from Japan and Singapore, Invs. Nos. 731-TA-483 and 484 (Preliminary). Production is expected to occur in Cortland, but in a different facility from that producing word processors and electronic typewriters.

The Cortland facility is an integrated manufacturing facility, housing all steps of the PET/PAT/PEWP and other word processor production processes from product development through final assembly. Of the more than 600 parts in its PAT models, Smith Corona fabricates about \*\*\* at Cortland, including most of the plastic and metal parts. Many of the modular components are assembled in the same facility. Among the subassemblies not produced at Cortland are \*\*\*.<sup>41</sup>

Nakajima.--Nakajima, which began operations in March 1989, is located in Ottawa, IL. Nakajima is wholly owned by Nakajima All Co., Ltd., of Tokyo, Japan. Nakajima is \*\*\*. \*\*\*.<sup>42</sup> \*\*\*.

Nakajima's production is \*\*\* when compared with that of BIUSA and Smith Corona. In 1990, its share of the U.S. PET/PAT market was \*\*\*. \*\*\*.

In addition to these three firms, the Commission sent producer questionnaires to five other firms: \*\*\*. \*\*\*.

Nature of U.S. production operations.--As noted throughout the report, Smith Corona has alleged that BIUSA's Bartlett production facility is limited to so-called "screwdriver operations" and thus BIUSA lacks standing to file a petition on behalf of the U.S. industry producing a like product. The Commission's producer questionnaire asked responding companies to indicate, for the two largest-selling PET, PAT, and PEWP models (quantity basis) they produced in 1990, the cost per unit, the procurement source of six major subassemblies, and the share of total cost of production represented by each of the subassemblies. BIUSA and Smith Corona provided data with respect to their procurement sources for domestic operations and Smith Corona provided data for its Singapore operations as well. For BIUSA, the two largest-selling models accounted for approximately \*\*\* percent of total sales of PETs and, \*\*\* percent of PATs, and \*\*\* percent of PEWPs. The average unit cost of the two largest-selling models for BIUSA does \*\*\*. The average unit cost of the two largest-selling models for Smith Corona is \*\*\*. Data summarizing the procurement sources are presented in the following tabulation:<sup>43</sup>

<u>Item</u>	<u>BIUSA</u>	<u>Smith Corona (US)</u>	<u>Smith Corona (Singapore)</u>
Keyboard-----	***	***	***
Printer/paper handling assembly--	***	***	***
Main logic board-----	***	***	***
Storage unit-----	***	***	***
Housing (jacket)-----	***	***	***
Power supply-----	***	***	***

All of BIUSA's subassemblies that show a domestic source were \*\*\*.<sup>44</sup> As a portion of BIUSA's total cost of U.S. production (including selling, general, and administrative (SG&A) expenses) of PETs, PATs, and PEWPs, it is estimated that domestic subassemblies accounted for a share ranging from \*\*\* to \*\*\* percent (depending on model). For BIUSA, the domestic share of the

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<sup>41</sup> Commission staff visit of the Smith Corona plant and discussions with company officials, May 6, 1991.

<sup>42</sup> \*\*\*.

<sup>43</sup> \*\*\*.

<sup>44</sup> \*\*\*.

cost of subassemblies ranged from \*\*\* to \*\*\* percent (depending on model) of the total cost of subassemblies.

Smith Corona subassemblies showing a domestic source represent \*\*\*. These domestic subassemblies accounted for a share of total cost of production ranging between \*\*\* and \*\*\* percent.<sup>45</sup> For Smith Corona, the domestic share of the cost of subassemblies ranged from \*\*\* to \*\*\* percent (depending on model) of the total cost of subassemblies. The Singaporean content of Smith Corona's models produced there ranged from \*\*\* to \*\*\* percent.<sup>46</sup>

The value added to the product in the United States (domestic portion of labor, factory overhead, and general, selling, and administrative expenses (GS&A)) as a share of total cost of production ranged from \*\*\* to \*\*\* percent for BIUSA (depending on model), and \*\*\* to \*\*\* percent for Smith Corona. The U.S. portion of these expenses as a share of total cost of production of Smith Corona's Singapore operations was essentially \*\*\*. With respect to the expenses submitted by BIUSA, counsel for Smith-Corona in its discussion of what should be \*\*\*.<sup>47</sup> Following this approach, the domestic portion of these expenses as a share of BIUSA's total cost of production would \*\*\*. If this approach is followed, to be reasonably consistent one would seemingly not include the U.S. portion of Smith Corona Singapore's GS&A expenses, thereby \*\*\*.

#### U.S. importers

Imports of PETs enter the United States under HTS item 8469.21.00, a discrete category which provides for electric typewriters "weighing not more than 12kg, excluding case," whereas PATs and PEWPs enter under HTS item 8469.10.00, a broad category that provides for "automatic typewriters and word-processing machines." The Commission received useable importer questionnaires from six companies, including the three who accounted for virtually all imports of the subject products from Singapore. \*\*\* indicated they did not import the subject products during the period of investigation.

As noted, three firms, Smith-Corona, Olivetti Office USA, Inc. (Olivetti USA), and the American Telephone & Telegraph Company (AT&T), were responsible for virtually every import from Singapore of PETs and PATs.<sup>48</sup> A discussion of the three firms follows.

Smith Corona.--Smith Corona was \*\*\* importer of PETs/PATs throughout the period of investigation, accounting for nearly \*\*\* percent of the volume of such imports from Singapore and nearly \*\*\* percent of imports from all sources in 1990. Smith Corona imports \*\*\* from its sister plant in Singapore. Smith

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<sup>45</sup> \*\*\*.

<sup>46</sup> Subassemblies were considered to be Singaporean manufactured even where it was indicated that such units were assembled largely from imported parts.

<sup>47</sup> Posthearing brief of Smith Corona, p. 11. Other discussion by Smith Corona related to "value added" as a means of determining which firms are U.S. producers is presented on pp. 9-14 of the brief and pp. 143-147 of the conference transcript. Discussion of "value added" by counsel for BIUSA is presented at pp. 31-32 and Attachment A of their posthearing brief and pp. 55-58 of the conference transcript.

<sup>48</sup> No imports from Singapore of PEWPs were reported during the period of investigation.

Corona established its Singaporean operations in 1974 and moved production of PETs and some PATs there in 1987 and 1988, respectively.<sup>49</sup>

Olivetti USA.--Olivetti USA, Bridgewater, NJ, a subsidiary of Ing. C. Olivetti & C., S.p.A. (Olivetti Italy), imports from its fellow subsidiary, Olivetti Singapore Pte., Ltd. (Olivetti Singapore). Olivetti has been manufacturing PETs and PATs for a number of years in Singapore as well as in subsidiaries in \*\*\*.<sup>50</sup> Olivetti USA, which \*\*\*, accounted for \*\*\* percent of PET/PAT imports from Singapore in 1990.

AT&T.--In 1990, AT&T was responsible for slightly over \*\*\* percent of PET/PAT imports from Singapore. All of AT&T's imports were the product of Olivetti Singapore. This is a drop from the nearly \*\*\* percent share of imports held by AT&T in 1989 and reflects its October 1990 decision to terminate its marketing arrangement with Olivetti and cease selling typewriters and personal word processors. \*\*\*,<sup>51 52</sup>

Three other firms, BIC, \*\*\*. \*\*\* of BIC's and \*\*\* imports came from \*\*\*. BIC's imports of PETs/PATs dropped from \*\*\* units in 1988 to \*\*\* as BIUSA's operation at Bartlett increased its output. Similarly, \*\*\* imports \*\*\*. BIC is based in Somerset, NJ (until 1988 in Piscataway, NJ). During the period of investigation, BIC \*\*\*. \*\*\*. \*\*\*. In \*\*\*.

Other firms that reported typewriter imports in Certain PWP's from Japan and Singapore, including \*\*\*, imported office typewriters rather than the subject PETs and PATs. One other firm in those investigations, \*\*\*, reported that it did import PETs; however, it stated that it had \*\*\*. \*\*\* share of imports from all sources would have been less than \*\*\* percent in 1988.

Five of the six importers providing data are subsidiaries of, or related to, larger companies. These firms, and their related companies, are presented in the following tabulation:

<u>Importer</u>	<u>Related company</u>	<u>Percent ownership</u>
BIC	Brother Japan	***
***	***	***
Olivetti USA	Olivetti Supplies, Inc. <sup>1</sup>	***
	Triumph-Adler AG (Germany)	***
Smith Corona	HM Holdings (Hanson PLC)	***
***	***	***

<sup>1</sup> Olivetti Italy is the corporate parent.

<sup>49</sup> Conference TR at pp. 151, 152. A more detailed discussion of Smith Corona's Singaporean operations can be found in the section of this report entitled "Consideration of the question of threat of material injury."

<sup>50</sup> Olivetti USA reported that \*\*\*.

<sup>51</sup> See letter from \*\*\*. \*\*\*.

<sup>52</sup> Commenting on the decision, AT&T spokeswoman Jo Johnston said: "The market is shrinking, there is a deterioration in profitability and there is a decline in prices. We didn't want to compromise our product at those prices, so we are going to direct our energies into other areas." HFD, Oct. 22, 1990. HFD is a trade publication in the consumer electronics industry.

Channels of distribution

PETs, PATs, and PEWPs are sold by U.S. producers and importers through the same channels of distribution: mass merchandisers, department stores, catalog house accounts, electronic discount stores, and office equipment dealers.<sup>53</sup> U.S. producers and importers were requested to report the number of PETs, PATs, and PEWPs that were shipped to each channel of distribution during the period of investigation. The resulting distribution percentages are presented in the tabulation below:

<u>Channel</u>	<u>Producers</u>	<u>Importers</u>
Mass merchandisers.....	27	27
Department stores.....	8	8
Catalog houses.....	18	13
Electronic discount stores....	12	15
Office equipment dealers.....	16	9
Other <sup>1</sup> .....	<u>19</u>	<u>27</u>
Total.....	100	100

<sup>1</sup> E.g., warehouse clubs, distributors.

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<sup>53</sup> 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.



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. The Commission received responses from the three producers of PETs, PATs, and PEWPs, thus accounting for 100 percent of U.S. production during the period of investigation.<sup>54</sup>

Data in this section are presented on a company-by-company as well as aggregate basis. This is due to changes in the nature of the operations of each producer as well as the ongoing debate with regard to which firms qualify as U.S. producers. The changes in operational character should be kept in mind when analyzing the data that follow. These changes have been discussed in detail in the "U.S. producers" section of this report, but are reviewed here. In brief they are: (1) Petitioner, BIUSA, began operations in 1987 and steadily increased output during the period of investigation; at the same time, its corporate parent, BIC, drew its imports of subject products from Japan down to near zero. (2) Smith Corona, the largest U.S. producer of PETs/PATs in the 1980s, shifted all its PET production and part of its PAT production to Singapore, and became \*\*\* importer of those products during the period of investigation. When Smith Corona's imports are combined with its U.S. production, it \*\*\* U.S. market. (3) The third firm, Nakajima, began U.S. operations in March 1989 (albeit on a small scale when compared with the other firms), as it reduced its imports of subject products from Japan.

The textual discussion in this section is presented mostly in the aggregate in an effort to preserve some text for the public version of the report.

U.S. production, capacity, and capacity utilization

U.S. capacity to produce PETs/PATs dropped steadily from 1988 to 1990, declining by \*\*\* percent (table 2). U.S. production dropped even more, falling \*\*\* percent to \*\*\* units in 1990. Most of the decline in production took place from 1989 to 1990 and reflects Smith Corona's sourcing of one of its PAT models from its Singapore operations. Production in the first three months of 1991 when compared to that of the same period of 1990 is down, with \*\*\*.

Capacity utilization experienced an irregular decline from 1988 to 1990, going from \*\*\* to \*\*\* to \*\*\* percent. January-March 1991 utilization rates were down when compared with January-March 1990 figures.

PEWP capacity more than \*\*\*, partially offsetting the drop in PET/PAT capacity, while production gained irregularly, by \*\*\* percent. PEWP output in 1990 was \*\*\* units. As the increases in capacity outstripped increases in production, capacity utilization exhibited an irregular decline from \*\*\* to \*\*\* percent from 1988 to 1990. Interim period 1991 production and utilization rates are up in comparison with the interim period of 1990.

BIUSA runs three assembly lines capable of producing PETs, PATs, PEWPs, as well as other word processing equipment. Presently, they are operating

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<sup>54</sup> Nakajima produced \*\*\*.

**Table 2**  
**PETs/PATs/PEWPs: U.S. producers' capacity, production, and capacity utilization, by products and by firms, 1988-90, January-March 1990, and January-March 1991**

Item	1988	1989	1990	January-March--		
				1990	1991	
	<b>Production (1,000 units)</b>					
<b>PETs:</b>	*	*	*	*	*	*
<b>PATs:</b>	*	*	*	*	*	*
<b>PETs/PATs:</b>	*	*	*	*	*	*
<b>PEWPs:</b>	*	*	*	*	*	*
<b>PETs/PATs/PEWPs:</b>	*	*	*	*	*	*
	<b>End-of-period capacity (1,000 units)</b>					
<b>PETs:</b>	*	*	*	*	*	*
<b>PATs:</b>	*	*	*	*	*	*
<b>PETs/PATs:</b>	*	*	*	*	*	*
<b>PEWPs:</b>	*	*	*	*	*	*
<b>PETs/PATs/PEWPs:</b>	*	*	*	*	*	*

Table continued on next page

Table 2--Continued

PETs/PATs/PEWPs: U.S. producers' capacity, production, and capacity utilization, by products and by firms, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--			
				1990	1991		
	<u>Capacity utilization (percent)</u>						
PETs:							
	*	*	*	*	*	*	*
PATs:							
	*	*	*	*	*	*	*
PETs/PATs:							
	*	*	*	*	*	*	*
PEWPs:							
	*	*	*	*	*	*	*
PETs/PATs/PEWPs:							
	*	*	*	*	*	*	*

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

\*\*\*.<sup>55</sup> As noted earlier, most of BIUSA's growth is in the word processor area (including PEWPs).

Smith Corona indicated that \*\*\*. \*\*\*. This is \*\*\*.<sup>56</sup> Smith Corona 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. As noted earlier, Smith Corona and BIUSA indicated that PETs, PATs, and PEWPs are run on the same production lines as personal word processors.<sup>57</sup>

According to the parties to the investigation, neither production nor sales of PETs, PATs, PEWPs or other personal word processors can be said to be unduly affected by seasonal factors. While sales promotions may center around Christmas, other holidays, graduation (May-June), and the beginning of school (August-September), sales are not unduly affected by any one particular season. At any rate, due to \*\*\*.<sup>58</sup>

#### U.S. producers' shipments

All three producers reported data on their domestic and export shipments.<sup>59</sup> Trends in the quantity of U.S. shipments (table 3) of domestically produced PETs/PATs moved downward throughout the period of investigation, reflecting trends in consumption, shifts to offshore production, and perhaps some movement between product lines. With respect to the latter, PEWP shipments were up \*\*\* percent while PET/PAT sales dropped by \*\*\* percent from 1988 to 1990. January-March 1991 sales of PETs/PATs were down compared with January-March 1990 while PEWP sales showed an opposite trend in the same comparison.

The value of PET/PAT sales dropped more sharply than quantity and the value of PEWP sales failed to keep pace with increases in quantity. Consequently, the average unit value of products dropped across-the-board. From 1988 to 1990, unit values for PETs/PATs were off by almost \*\*\* percent, while PEWPs were down by \*\*\* percent.

\*\*\* made significant quantities of export shipments of PETs/PATs during the period of investigation.<sup>60</sup> \*\*\* noted \*\*\*; it sells for the most part \*\*\*. In addition, it sells \*\*\*.<sup>61</sup> As noted earlier, \*\*\*.

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<sup>55</sup> \*\*\*.

<sup>56</sup> \*\*\*.

<sup>57</sup> Smith Corona currently produces no PETs at Cortland.

<sup>58</sup> \*\*\*.

<sup>59</sup> \*\*\*. \*\*\*.

<sup>60</sup> \*\*\*. \*\*\*.

<sup>61</sup> Shipments to \*\*\* are made to \*\*\*.

Table 3  
 PETs/PATs/PEWPs: U.S. producers' U.S. shipments, by products and by firms, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--		
				1990	1991	
<u>Quantity (1,000 units)</u>						
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*
<u>Value (1,000 dollars)</u>						
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*

Table continued on next page.

**Table 3--Continued**  
**PETs/PATs/PEWPs: U.S. producers' U.S. shipments, by products and by firms, 1988-90, January-March 1990, and January-March 1991**

Item	1988	1989	1990	January-March--		
				1990	1991	
	Unit value (per unit)					
<b>PETs:</b>	*	*	*	*	*	*
<b>PATs:</b>	*	*	*	*	*	*
<b>PETs/PATs:</b>	*	*	*	*	*	*
<b>PEWPs:</b>	*	*	*	*	*	*
<b>PETs/PATs/PEWPs:</b>	*	*	*	*	*	*

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

U.S. producers' inventories

Inventory data were supplied by all three firms producing PETs, PATs, and PEWPs during the period of investigation (table 4). With regard to PETs/PATs, inventories nearly \*\*\* from 1988 to 1989, and then \*\*\* by the end of 1990. In the first three months of 1991, when compared to the corresponding 1990 period, inventories dropped by \*\*\*. As a ratio to preceding-period U.S. shipments, such inventories first rose markedly in 1989, then dropped sharply to \*\*\* percent of shipments in 1990. This ratio showed a sharp drop in January-March 1991, when compared to January-March 1990. For PEWPs, as production increased, end-of-period inventories increased nearly \*\*\* times from 1988 to 1990 and the ratio of shipments to inventories grew by slightly more than \*\*\* times. Combined inventory figures for PETs/PATs and PEWPs reflect the same trends exhibited by PETs/PATs. \*\*\*.

Parties to the proceeding generally agree that, in the market for consumer products such as typewriters and personal word processors 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,<sup>62</sup> while \*\*\*.<sup>63</sup> Thus, maintenance of relatively high levels of inventories, at least in relation to shipments, may be advisable under normal conditions.

Smith Corona estimated that it \*\*\*.<sup>64</sup> Smith Corona indicated that it changes model designations and features annually, and generally does not carry models over from season to season. BIUSA does \*\*\*. Usually, new models are announced at the Consumer Electronics Show held each August.

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<sup>62</sup> Staff visit with Smith Corona, May 6, 1991. \*\*\*.

<sup>63</sup> Staff visit with BIUSA, May 1, 1991. \*\*\*.

<sup>64</sup> Smith Corona noted that \*\*\*. \*\*\*.

**Table 4**  
**PETs/PATs/PEWPs: End-of-period inventories held by U.S. producers, by products and by firms, 1988-90, January-March 1990, and January-March 1991**

Item	1988	1989	1990	January-March-		
				1990	1991	
	<b>Quantity (1,000 units)</b>					
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*
	<b>Ratio to U.S. shipments (percent)</b>					
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*

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



U.S. employment, wages, and productivity

All three producers reported data on the number of production and related workers engaged in the production of PETs, PATs, and PEWPs, the total hours worked by such workers, and the wages and total compensation paid to such workers during the period of investigation (table 5). For PETs/PATs, throughout the period of investigation all four indicators demonstrated sharp declines, reflecting, in large part, Smith Corona's shift of much of its PET/PAT production to Singapore, as well as the shifting of a number of its Cortland, NY, workers to production of PEWPs and other personal word processors. Trends for PEWPs were up irregularly and combined PET/PAT/PEWP numbers followed generally similar trends as PET/PAT numbers.

Labor productivity for PETs/PATs increased from 1988 to 1990, rising from \*\*\* to \*\*\* unit per hour, and continued the increase in a comparison of the first 3 months of 1990 and 1991. \*\*\*. Unit labor costs fell throughout the period of investigation, declining \*\*\* percent from 1988 to 1990. \*\*\*.

BIUSA and Smith Corona have indicated that their workforces are readily transferable between production of PETs, PATs, PEWPs, and other personal word processors.<sup>65</sup> Smith Corona reported that its workforce engaged in typewriter and personal word processor manufacture is \*\*\*.<sup>66</sup> Unskilled labor accounts for \*\*\*. None of the producers reporting employment data indicated that their workers are represented by unions.

BIUSA and Smith Corona characterized \*\*\*. Neither firm reported a very heavy turnover in its workforce; \*\*\*.<sup>67</sup>

BIUSA and Smith Corona reported information on reductions in the number of production and related workers producing PETs, PATs, PEWPs, and other personal word processors, if such reductions involved at least 5 percent of the workforce, or 50 workers. BIUSA characterized their layoffs as reductions in force, stating that "employment for the production of PETs and PATs have stagnated over the past two fiscal years."<sup>68</sup> Smith Corona characterized the reason for most of its reported employment reductions as "reduced sales." The reported reductions are shown in the following tabulation:<sup>69</sup>

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

<sup>65</sup> As noted, \*\*\*.

<sup>66</sup> \*\*\*. \*\*\*.

<sup>67</sup> Staff visits with BIUSA and Smith Corona, May 1, 1991, and May 6, 1991, respectively.

<sup>68</sup> Conference TR., p. 48. BIUSA additionally stated "increased employment and the factory expansion at BIUSA had nothing to do with PETs and PATs. Rather, this expansion is tied to the factory's initiation of production of word processors."

<sup>69</sup> \*\*\*.

**Table 5**  
**Average number of production and related workers producing PETs/PATs/PEWPs, hours worked, wages and total compensation paid to such employees, and productivity and unit production costs, by products and by firms, 1988-90, January-March 1990, and January-March 1991**

Item	1988	1989	1990	January-March--		
				1990	1991	
	Number of production and related workers (PRWs)					
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*
	Hours worked by PRWs (1,000 hours)					
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*

Table continued on next page.

Table 5--Continued

Average number of production and related workers producing PETs/PATs/PEWPs, hours worked, wages and total compensation paid to such employees, and productivity and unit production costs, by products and by firms, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--		
				1990	1991	
	<u>Wages paid to PRWs (1,000 dollars)</u>					
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*
	<u>Total compensation paid to PRWs</u> (1,000 dollars)					
PETs:	*	*	*	*	*	*
PATs:	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*

Table continued on next page.

Table 5--Continued

Average number of production and related workers producing PETs/PATs/PEWPs, hours worked, wages and total compensation paid to such employees, and productivity and unit production costs, by products and by firms, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--			
				1990	1991		
	<u>Productivity (units per hour)</u>						
PETs:	*	*	*	*	*	*	*
PATs:	*	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*	*
	<u>Unit labor costs (per unit)</u>						
PETs:	*	*	*	*	*	*	*
PATs:	*	*	*	*	*	*	*
PETs/PATs:	*	*	*	*	*	*	*
PEWPs:	*	*	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*	*	*

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

Financial experience of U.S. producers

Three producers--Brother<sup>70</sup>, Smith Corona, and Nakajima--supplied financial information on their overall establishment operations and on their operations on PETs and PATs combined, and on PEWPs \*\*\*. The data provided \*\*\* of PETs, PATs, and PEWPs.

Since the producers all had \*\*\*, the Commission requested financial data on a calendar-year basis.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations are presented in table 6. Net sales \*\*\*. The primary reason for the \*\*\*<sup>71</sup> (see table 7, which presents net sales, operating income, and operating income margins for each producer). The \*\*\*.

Gross income margins as a share of sales \*\*\* the 1988 level. As a share of sales, SG&A expenses \*\*\* of 1991.

Table 6  
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein PETs/PATs/PEWPs are produced, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Table 7  
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein PETs/PATs/PEWPs are produced, by firms, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

<sup>70</sup> \*\*\*.

<sup>71</sup> Smith Corona was \*\*\*.

Operations on PETS/PATS -- Aggregate income-and-loss data for U.S. producers on their combined PET/PAT operations are shown in table 8; net sales, operating income, and operating income margins for the individual companies are shown in table 9; and per-unit income-and-loss data are shown in table 10.

Net sales for BIUSA \*\*\*. While BIUSA's sales \*\*\*. Smith Corona's net sales \*\*\*.<sup>72</sup> Nakajima's sales \*\*\*.<sup>73</sup> \*\*\*.

Table 8  
Income-and-loss experience of U.S. producers on their operations producing PETS/PATS, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Table 9  
Income-and-loss experience of U.S. producers on their operations producing PETS/PATS, by firms, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

<sup>72</sup> Smith Corona recognizes \*\*\*.

<sup>73</sup> Nakajima's \*\*\*.

Table 10

Income-and-loss experience (on a per-unit basis) of U.S. producers on their operations producing PETs/PATs, by firms, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Operations on PEWPS.--Aggregate income-and-loss data for U.S. producers on their PEWP operations are shown in table 11, selected financial data for the individual companies are shown in table 12, and per-unit income-and-loss data are shown in table 13.

Net sales \*\*\*.<sup>74</sup> BIUSA produced PEWPs \*\*\*.

Table 11

Income-and-loss experience of U.S. producers on their operations producing PEWPs, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

<sup>74</sup> Smith Corona's \*\*\*.

Table 12  
Income-and-loss experience of U.S. producers on their operations producing PEWPs, by firms, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Table 13  
Income-and-loss experience (on a per-unit basis) of U.S. producers on their operations producing PEWPs, by firms, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Operations on PETS/PATS/PEWPS.--Aggregate income-and-loss data for U.S. producers on their PET/PET/PEWP operations are shown in table 14, and selected financial data for the individual companies are shown in table 15. Table 14 is the total of tables 8 and 11, and table 15 is the total of tables 9 and 12.

Investment in productive facilities.--The three producers provided data on their investment in productive facilities and on total assets. These data are presented in table 16.

Research and development expenses.--Research and development expense data provided by the three producers are presented in table 17. \*\*\*.



Table 14

Income-and-loss experience of U.S. producers on their operations producing PETs/PATs/PEWPs, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Table 15

Income-and-loss experience of U.S. producers on their operations producing PETs/PATs/PEWPs, by firms, calendar years 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	*	*	*	*	*

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

Table 16

Value of assets and return on assets of U.S. producers' establishments wherein all PETs/PATs/PEWPs are produced, calendar years 1988-90, January-March 1990, and January-March 1991

Item	As of December 31--			As of Mar. 31--	
	1988	1989	1990	1990	1991
	*	*	*	*	*

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

Table 17

Research and development expenses by U.S. producers of PETs/PATs/PEWPs, by products, calendar years 1988-90, January-March 1990, and January-March 1991

(In thousands of dollars)

Item	1988	1989	1990	January-March-	
				1990	1991
*	*	*	*	*	*

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

Capital expenditures.--Capital expenditure data supplied by the three producers are presented in table 18. Total expenditures (in millions) on PET/PAT/PEWP equipment amounted to \*\*\*, respectively.

Table 18

Capital expenditures by U.S. producers of PETs/PATs/PEWPs, calendar years 1988-90, January-March 1990, and January-March 1991

(In thousands of dollars)

Item	1988	1989	1990	January-March--	
				1990	1991
*	*	*	*	*	*

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

Capital and investment.--The Commission requested U.S. producers to describe any actual or potential negative effects of imports of PETs/PATs/PEWPs from Singapore on their firms' growth, investment, ability to raise capital, and development and production efforts. Their responses are shown in appendix C.

Consideration of the Question of  
Threat of Material Injury

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

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors<sup>75</sup>--

(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,

(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,

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<sup>75</sup> 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."

(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.<sup>76</sup>

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 this investigation. Parties are unaware of any dumping findings in third countries concerning PETs/PATs from Singapore. Available data on U.S. inventories of PETs, PATs, and PEWPs (item (V)) from Singapore follow.

#### U.S. importers' inventories

The three firms reporting imports from Singapore of PETs/PATs subject to this investigation also reported end-of-period inventories of those imports.<sup>77</sup> These data are presented in table 19.

End-of-period inventories of PETs/PATs from Singapore increased irregularly from 1988 to 1990, growing from \*\*\* units in 1988 to \*\*\* units in 1989 before dropping to \*\*\* units in 1990. In relation to preceding-period shipments, however, importers of the subject merchandise first \*\*\* their inventory levels in 1989, and then \*\*\* them to a ratio in 1990 that was \*\*\* that of 1988. When the January-March periods of 1990 and 1991 are compared, inventory levels \*\*\* both absolutely and in relation to shipments.

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<sup>76</sup> 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."

<sup>77</sup> There were no reported imports of PEWPs from Singapore.

Table 19

PETs/PATs/PEWPs: End-of-period inventories of U.S. importers, by products and by sources, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
	<u>Quantity (1,000 units)</u>				
PETs:	*	*	*	*	*
PATs:	*	*	*	*	*
PETs/PATs:	*	*	*	*	*
PEWPs:	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*
	<u>Ratio to U.S. shipments of imports (percent)</u>				
PETs:	*	*	*	*	*
PATs:	*	*	*	*	*
PETs/PATs:	*	*	*	*	*
PEWPs:	*	*	*	*	*
PETs/PATs/PEWPs:	*	*	*	*	*

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

As noted earlier, Smith Corona accounted for the major portion of imports from Singapore. Its production and shipments of product are \*\*\*. In its questionnaire, the Commission requested importers to list any expected deliveries of PETs/PATs from Singapore after March 31, 1991. Smith Corona \*\*\*. Olivetti USA reported expected shipments of nearly \*\*\* units.

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

Although the petition listed only Smith Corona as a Singaporean producer of PETs/PATs, Olivetti Singapore is known to have produced the subject products during the period of investigation. At the Commission's request, counsel for the two companies provided data on their capacity, production, shipments, and inventories of PETs, PATs, and PEWPs. The data are presented in table 20.

Smith Corona Singapore is, by far, the largest producer in Singapore having begun operations there in 1974. PET production was moved there from Cortland, NY, beginning in 1987 and part of its PAT production followed in 1988. In 1990, production was split nearly \*\*\* PETs to PATs. \*\*\*. Otherwise, the operation in Singapore is patterned after the Cortland facility in terms of subassembly fabrication and manufacture, final assembly, and testing. Smith Corona has \*\*\* in Singapore during the period of investigation. Counsel for BIUSA made repeated reference to this as further evidence of Smith Corona's intentions to shift more and more production from Cortland to Singapore. In response to this allegation, Mr. G. Lee Thompson of Smith Corona noted that expansion took place at both Cortland, NY, and Singapore. He further noted that the expansion took place at a time the market was growing, having nearly doubled from 1985 until the economic slowdown in 1989, a time when Smith Corona was "at full capacity in both Cortland and Singapore."<sup>78</sup>

Nearly \*\*\* percent of Smith Corona Singapore's exports in 1988 and 1989 went to the United States; that level \*\*\* percent in 1990 and is projected to \*\*\* (by Smith Corona) for 1991. The other exports from the Singapore plant go to Europe and Latin America. As noted earlier, Smith Corona's sales in Europe are, for the most part \*\*\*. In addition, it sells \*\*\*.

Olivetti Singapore began producing PETs in \*\*\*. During the period of investigation, its PET and PAT exports to the United States went to only two customers: its related U.S. company, Olivetti USA, and AT&T. The Olivetti facility also produced word processor models of a type subject to investigation in Certain PWP's from Japan. It stopped producing these models in December 1989 and, according to Olivetti USA, the last shipments were made in January 1990. \*\*\*. In October 1990, AT&T, which marketed several Olivetti products, including PETs, PATs, and word processors, indicated that it would no longer market any of the products in the United States.<sup>79</sup>

Since 1988, Olivetti Singapore has \*\*\* its capacity to produce PETs and PATs and now accounts for nearly \*\*\* percent of Singaporean capacity. According to counsel, the increase is due to \*\*\*. The share of Olivetti Singapore's exports going to the United States dropped irregularly from 1988

<sup>78</sup> Conference TR, p. 152.

<sup>79</sup> See letter from \*\*\*.

to 1990, falling from \*\*\* percent to \*\*\* percent. That share is \*\*\* percent in 1991. The other exports generally go to \*\*\*.

Table 20

PETs/PATs: Singapore's production, capacity, end-of-period inventories, home-market shipments, and exports to the United States and to all other countries, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
Production (1,000 units)....	***	***	***	***	***
Capacity (1,000 units) <sup>1</sup> ....	***	***	***	***	***
Capacity utilization (percent).....	***	***	***	***	***
End-of-period inventories (1,000 units).....	***	***	***	***	***
Home-market shipments (1,000 units).....	***	***	***	***	***
Exports (1,000 units):					
To the United States.....	***	***	***	***	***
To all other countries....	***	***	***	***	***
Total exports.....	***	***	***	***	***
Exports to the United States as a share of--					
Production (percent)....	***	***	***	***	***
Total exports (percent).	***	***	***	***	***

Source: Compiled from information supplied by counsel for Smith Corona Singapore and Olivetti Singapore.

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

U.S. imports

As noted earlier, PETs enter under a discrete HTS subheading, item 8469.21.00,<sup>80</sup> while imports of PATs, PEWPs, and other personal word processors (subject to Certain PWPs from Japan) are provided for in a basket category (HTS item 8469.10.00).<sup>81</sup> Given the latter and because the Commission received complete responses from importers accounting for all of the subject products from Singapore and a substantial portion of imports from other countries, import data presented in this section are based on responses to Commission questionnaires.<sup>82</sup>

Imports of PETs/PATs from Singapore showed an irregular increase of \*\*\* percent from 1988 to 1990 (table 21). When January-March 1991 is compared with January-March 1990, imports rose by \*\*\* percent. \*\*\*. The value of imports from Singapore followed generally similar trends. Unit values of PETs/PATs from Singapore increased irregularly from 1988 to 1990. A comparison of unit values for the interim periods shows a decline in January-March 1991 to a level just above 1988 figures. The quantity of PET/PAT imports from other countries decreased steadily during 1988 to 1990 before showing an increase in the interim period of 1991; the value of these imports decreased throughout the period of investigation. Unit values, while decreasing throughout the period, were somewhat higher than those of PET/PAT imports from Singapore.

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<sup>80</sup> Item 676.0510 of the former TSUSA.

<sup>81</sup> Item 676.0700 of the former TSUSA.

<sup>82</sup> The shortcomings that exist with these data are largely with respect to incomplete coverage as they relate to imports from Korea.



Table 21

PETs/PATs/PEWPs: U.S. imports, by products and by sources, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March--	
				1990	1991
Quantity (1,000 units)					
PETs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PATs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PETs/PATs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PEWPs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PETs/PATs/PEWPs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
Value (1,000 dollars)					
PETs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PATs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PETs/PATs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PEWPs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***
PETs/PATs/PEWPs:					
Singapore . . . . .	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***
Total . . . . .	***	***	***	***	***

Table continued on next page.

Table 21

PETs/PATs/PEWPs: U.S. imports, by products and by sources, 1988-90, January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March-	
				1990	1991
	Unit value (per unit)				
<b>PETs:</b>					
Singapore .....	\$***	\$***	\$***	\$***	\$***
Other sources .....	***	***	***	***	***
Total .....	***	***	***	***	***
<b>PATs:</b>					
Singapore .....	***	***	***	***	***
Other sources .....	***	***	***	***	***
Total .....	***	***	***	***	***
<b>PETs/PATs:</b>					
Singapore .....	***	***	***	***	***
Other sources .....	***	***	***	***	***
Total .....	***	***	***	***	***
<b>PEWPs:</b>					
Singapore .....	***	***	***	***	***
Other sources .....	***	***	***	***	***
Total .....	***	***	***	***	***
<b>PETs/PATs/PEWPs:</b>					
Singapore .....	***	***	***	***	***
Other sources .....	***	***	***	***	***
Total .....	***	***	***	***	***

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 three U.S. producers of PETs, PATs, and PEWPs,<sup>83</sup> reported U.S. shipments are believed to constitute virtually 100 percent of U.S. shipments of such merchandise during the period of investigation. Similarly, the Commission received data from the majority of known importers of PETs, PATs, and PEWPs, including importers accounting for all shipments of imports from Singapore.<sup>84</sup> Thus, consumption figures for PETs, PATs, and PEWPs are relatively complete. As a result, data in this report consist of reported U.S. shipments of PETs, PATs, and PEWPs, combined with reported shipments of imports of those products.

As noted in the section of this report entitled "Apparent U.S. consumption," the size of the market for the subject products cannot be calculated as the sum of producer shipments and official import data on the product as official U.S. import statistics do not separate imports of PATS and PEWPs from imports of other types of word-processing machines. Such an approach would considerably overstate consumption. With respect to the figures used, they are understated to the extent the import figures do not represent complete imports for the period of investigation, in particular with regard to imports from Korea.

Imports of PETs/PATs from Singapore as a share of the U.S. market grew from \*\*\* percent to nearly \*\*\* percent, when quantity-based shares are examined, during 1988-90 (table 22). January-March 1991 market shares were down compared with January-March 1990. Losses in market share by U.S. producers primarily reflect Smith Corona's shift of PET/PAT production to Singapore; however, Smith Corona's combined (domestic plus import shipments) share of the market dropped from \*\*\* percent in 1988 to \*\*\* percent in 1990. As there were no PEWP imports from Singapore, combined market penetration figures for PETs/PATs/PEWPs mirror the trends for PETs and PATs.

On a value basis, the U.S. producers' PET/PAT market share dropped from \*\*\* percent in 1988 to \*\*\* percent in 1990. At the same time, shipments from Singapore increased their share from \*\*\* to \*\*\* percent. Interim period comparisons showed a decline from \*\*\* to \*\*\* percent.

The combined PET/PAT/PEWP market shows a similar trend for 1988-90, albeit less pronounced given the predominant share of the higher value PEWP market held by domestic producers. However, on a value basis, for January-March 1991, the U.S. producers' share of this combined market was up to \*\*\* percent in comparison with \*\*\* percent for the same period of 1990.

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<sup>83</sup> As noted earlier, Nakajima \*\*\*.

<sup>84</sup> There were no imports of PEWPs from Singapore during the period of investigation.

Table 22  
 PETs/PATs/PEWPs: U.S. producers' shipments, U.S. shipments of imports, and apparent U.S. consumption, 1988-90,  
 January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March-	
				1990	1991
Quantity (1,000 units)					
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
Share of the quantity of U.S. consumption (percent)					
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

Table continued on next page.

Table 22—Continued  
 PETs/PATs/PEWPs: U.S. producers' shipments, U.S. shipments of imports, and apparent U.S. consumption, 1988-90,  
 January-March 1990, and January-March 1991

Item	1988	1989	1990	January-March—	
				1990	1991
	Value (1,000 dollars)				
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Share of the value of U.S. consumption (percent)				
PETs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
PETs/PATs/PEWPs:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Singapore	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

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

### Market characteristics

PETs/PATs are appealing to many customers due to their relatively low price and long-time consumer familiarity.<sup>85</sup> PETs/PATs are at the low end of the market, followed by portable personal word processors in the low to middle range, and portable personal computers at the middle to upper end of the range. Nevertheless, observers believe that such appeal may wane if prices of portable personal word processors move closer to PET/PAT prices<sup>86</sup> and consumers become more familiar with the more complex word processing equipment.<sup>87</sup> Discussions with retailers of PETs, PATs, and PEWPs cited in lost sales/lost revenue allegations also suggest some shifting of consumer purchases from higher-end PATs to PEWPs.<sup>88</sup> See the lost sales and lost revenue sections for a more complete discussion.

### Prices

The wholesale price of a PET/PAT depends on several factors, including whether it has a dictionary, a video display (LCD), any extra memory, or other functions that require an upgraded read only memory (ROM).<sup>89</sup> The wholesale price sometimes also varies by market segment, with upscale styling<sup>90</sup> and somewhat lower list prices being offered to the office equipment segment compared to the mass merchandiser segment.<sup>91</sup> Product styling is generally meaningless, however, for customers interested only in price for a particular set of features.

Marketing practices.--The five responding U.S. producers and importers sell their PETs/PATs on both an f.o.b. warehouse and delivered price basis, shipping their products throughout the United States. \*\*\*. All of the reporting firms indicated that freight was not an important factor in purchasers' sourcing decisions, with such costs ranging from \*\*\* percent of the U.S. f.o.b. price. All responding firms indicated that they generally arrange the transportation to their customers' locations.

Sales terms varied among suppliers, with \*\*\*. Each of the five responding firms uses price lists, but \*\*\*.

\*\*\* reported annual expenditures during 1988-90 for co-operative advertising and \*\*\* provided information on year-end rebates associated with

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<sup>85</sup> Adding to the PETs/PATs' appeal is the ability to type on preprinted forms, envelopes, etc, which is difficult to accomplish with the more complex machines.

<sup>86</sup> \*\*\*.

<sup>87</sup> A continuing proliferation of word processors and personal computers in the work environments of many consumers has increased their familiarity with these more complex machines.

<sup>88</sup> Two of the purchasers also commented that the portability feature of PETs, PATs, and PEWPs was a major feature considered by consumers in distinguishing them from desk-top typewriters and personal word processors.

<sup>89</sup> A total of approximately 25 typical product features can be interchanged, with a combination of 15-20 features included without altering the ROM. Such features include automatic carriage return, automatic underlining, bold typing, capital lock, centering, line indent, stop code, and word wrap.

<sup>90</sup> The upscale styled machines generally have the same keyboard functions as those sold to the mass merchandiser market.

<sup>91</sup> Marketing personnel at BIC explained to Commission staff that \*\*\*.

their sales of PETs/PATs.<sup>92</sup> The following tabulation shows these promotional expenditures on a per-unit-sold basis for each of the responding firms. As shown, each reporting company's per-unit promotional expenditures for PETs/PATs generally \*\*\* during 1988-90.

<u>U.S.-produced PETs/PATs</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>Period average</u>
BIC	***	***	***	***
Smith Corona	***	***	***	***
<u>Imported Singapore</u>				
<u>PETs/PATs</u>				
Smith Corona	***	***	***	***
AT&T	***	***	***	***

BIC's promotional expenditures averaged \*\*\* per unit sold for its domestic PETs/PATs during 1988-90. Smith Corona's promotional expenditures for PETs/PATs averaged \*\*\* per unit sold for its domestic machines and \*\*\* per unit sold for its imported Singapore machines. AT&T's promotional expenditures averaged \*\*\* per unit sold for its imported Singapore machines.

Questionnaire price data.--The products for which the Commission requested pricing data are described below.<sup>93</sup>

PRODUCT 1: BASIC PET--Portable electric typewriters that are most similar to the BIC model AX250 and its predecessor AX22 model. Such PETs include one-line memory correction, but NO spell-check, additional memory, or display (LCD).

PRODUCT 2: BASIC PET--Portable electric typewriters that are most similar to the BIC model GX6000 and its predecessor C320 model. Such PETs include one-line memory correction, but NO spell-check, additional memory, or LCD.

PRODUCT 3: DICTIONARY PET--Portable electric typewriters that are most similar to the BIC model AX350 and its predecessor AX24 model. Such PETs include one-line memory correction and spell-check, but NO additional memory or LCD.

PRODUCT 4: DICTIONARY PET--Portable electric typewriters that are most similar to the BIC model GX7000 and its predecessor C340 model. Such PETs include one-line memory correction and spell-check, but NO additional memory or LCD.

PRODUCT 5: DICTIONARY PET WITH EXTRA MEMORY AND LCD (PAT)--Portable electric typewriters that are most similar to the BIC model AX450 and its predecessor AX25 model. Such PATs include one-line memory correction, spell-check, additional memory, and LCD.

<sup>92</sup> Four of the five firms reported offering \*\*\*.

<sup>93</sup> The petitioner indicated that these products were representative of the competition between U.S.-produced and the subject imported PETs/PATs. (Brother's faxed response to questions of Commission staff, Apr. 12, 1991).

PRODUCT 6: DICTIONARY PET WITH EXTRA MEMORY AND LCD (PAT)--Portable electric typewriters that are most similar to the BIC model GX8000 model and its predecessor C355 model. Such PATs include one-line memory correction, spell-check, additional memory, and LCD.

The Commission requested U.S. producers and importers to provide quarterly price data between January 1988 and March 1991 for the specified PET/PAT products. The price data were requested on a net U.S. f.o.b. basis for the responding firm's largest sale and total quarterly sales.<sup>94</sup> Three U.S. producers (BIC, Nakajima, and Smith Corona) provided price information for the largest sale made in each quarter for each of the specified products that they produced over the period of investigation. Three U.S. importers (AT&T, Olivetti (USA), and Smith Corona) provided similar price data for the specific products they imported from Singapore. The reporting U.S. producers and importers accounted for virtually all PETS and PATS produced in the United States and imported from Singapore during January 1988-March 1991.<sup>95</sup>

The responding firms reported prices of specific PET/PAT models which they considered competitive with the specified BIC models. Questionnaire responses indicated that producers and importers agree that the reported domestic and imported Singaporean models within each product group are substitutable and competitive with each other. The reported competing PETs/PATs, by company and model number, are shown in appendix D.

U.S. producers of PETs/PATs and importers of the Singaporean PETs/PATs were not able to adjust their reported f.o.b. selling prices for freight absorption, co-operative advertising, and year-end rebates extended to their customers. The responding firms reported that they consider \*\*\*. As noted earlier, \*\*\* reported their annual expenditures for co-operative advertising and any year-end rebates that they paid to their customers. Promotional expenditures tended to increase for all suppliers during the period of investigation. As a result, price data shown may overstate the actual net realized unit sales values.

Price trends.--Prices of the domestic and imported products fluctuated but generally fell during the period of investigation;<sup>96</sup> price declines for the domestic products outpaced more moderately falling prices of the imported products (table 23).<sup>97</sup> Price trends do not appear to be significantly affected by apparently limited year-to-year changes in product features of the PET/PAT models for which pricing data were reported; any new or updated PET/PAT models are typically introduced during June-August.

On a product-line basis, declines in quarterly weighted-average prices of the U.S.-produced PET/PAT products ranged from about \*\*\* percent for product 5

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<sup>94</sup> The Commission further requested that separate pricing data be provided by PET/PAT model.

<sup>95</sup> The responding U.S. producers provided price information for the specified products accounting for \*\*\* percent of total domestic shipments of U.S.-produced PETs/PATs over the investigation period; the responding importers provided price information for the specified products accounting for about \*\*\* percent of reported U.S. imports from Singapore.

<sup>96</sup> \*\*\*.

<sup>97</sup> Indexes of these prices are shown in appendix table E-1. In addition, reported prices of each responding firm's models are shown in appendix tables F-1 through F-4.



Table 23

Weighted-average U.S. f.o.b. selling prices<sup>1</sup> of specified PETs/PATs produced in the United States and imported from Singapore, and margins of under/(over) selling by imported Singapore PETs/PATs,<sup>2</sup> and by quarters, January 1988-March 1991

<u>Basic PETs</u>						
Period	<u>Product 1</u>			<u>Product 2</u>		
	<u>U.S.</u>	<u>Singapore</u>	<u>Margin</u>	<u>U.S.</u>	<u>Singapore</u>	<u>Margin</u>
	<u>Price</u>	<u>Price</u>		<u>Price</u>	<u>Price</u>	
	-- <u>Dollars/unit--</u>		<u>Per-</u> <u>cent</u>	-- <u>Dollars/unit--</u>		<u>Per-</u> <u>cent</u>
*	*	*	*	*	*	*
<u>Dictionary PETs</u>						
	<u>Product 3</u>			<u>Product 4</u>		
	<u>U.S.</u>	<u>Singapore</u>	<u>Margin</u>	<u>U.S.</u>	<u>Singapore</u>	<u>Margin</u>
	<u>Price</u>	<u>Price</u>		<u>Price</u>	<u>Price</u>	
	-- <u>Dollars/unit--</u>		<u>Per-</u> <u>cent</u>	-- <u>Dollars/unit--</u>		<u>Per-</u> <u>cent</u>
*	*	*	*	*	*	*
<u>PATS</u>						
	<u>Product 5</u>			<u>Product 6</u>		
	<u>U.S.</u>	<u>Singapore</u>	<u>Per-</u>	<u>U.S.</u>	<u>Singapore</u>	<u>Per-</u>
	<u>Price</u>	<u>Price</u>		<u>cent</u>	<u>Price</u>	
	-- <u>Dollars/unit--</u>		<u>cent</u>	-- <u>Dollars/unit--</u>		<u>cent</u>
*	*	*	*	*	*	*

<sup>1</sup> Prices of the domestic and imported PETs/PATs are averages of the U.S. f.o.b. quarterly selling prices of the responding U.S. producers' and importers' largest quarterly sales weighted by each responding firm's total quarterly sales quantity of the specified product.

<sup>2</sup> Figures in parentheses indicate that the price of the domestic product was less than the price of the imported product. The margin is the difference in price of the U.S. and imported product divided by the U.S. producers' weighted-average price.

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

to almost \*\*\* percent for product 2 during January 1988-March 1991. Quarterly weighted-average prices of the imported Singapore PET/PAT products also fell during the periods reported, ranging from a decline of about \*\*\* percent for product 4 to about \*\*\* percent for product 3.<sup>98</sup>

Price comparisons.--Quarterly price comparisons of U.S.-produced and imported PETs/PATs are based on the reported U.S. f.o.b. selling prices (table 23). Fifty-six quarterly price comparisons are possible between the U.S.-produced and imported Singaporean PET/PAT products during January 1988-March 1991. Of the total 56 price comparisons, 28 showed underselling by the imported products, with an margin of 11.6 percent. Twenty-eight price comparisons showed the imported products to be priced higher than the domestic products, by an margin of 7.5 percent.

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<sup>98</sup> Price declines in the individual domestic and imported PET/PAT models are shown in the appendix F tables.

Exchange rates

Quarterly data reported by the International Monetary Fund for Singapore indicate that during January 1988-December 1990,<sup>99</sup> the nominal value of the Singapore dollar fluctuated but appreciated 17.3 percent relative to the U.S. dollar by the end of this period (table 24). Similar rates of inflation of approximately 15 percent in Singapore and 14 percent in the United States during this period resulted in only somewhat higher appreciation of the Singapore dollar in real terms compared with nominal terms. In real terms, the Singapore dollar appreciated against the U.S. dollar by 18.1 percent.

Table 24

Exchange rates:<sup>1</sup> Indexes of the nominal and real exchange rates between the U.S. dollar and the currency of Singapore, and indexes of producer prices in Singapore and the United States,<sup>2</sup> by quarters, January 1988-December 1990

Period	Singapore			U.S. producer price index
	Nominal exchange-rate index	Producer price index	Real exchange-rate index <sup>3</sup>	
1988:				
Jan.-Mar...	100.0	100.0	100.0	100.0
Apr.-June..	100.3	101.4	100.1	101.6
July-Sept..	98.8	99.7	95.6	103.1
Oct.-Dec...	102.2	97.2	96.0	103.5
1989:				
Jan.-Mar...	104.3	100.6	99.1	105.8
Apr.-June..	103.3	103.2	99.0	107.7
July-Sept..	102.8	101.8	97.5	107.3
Oct.-Dec...	103.7	102.9	99.1	107.7
1990:				
Jan.-Mar...	107.5	101.6	100.0	109.3
Apr.-June..	108.5	98.0	97.5	109.1
July-Sept..	112.6	105.0	106.5	111.0
Oct.-Dec...	117.3	115.1 <sup>4</sup>	118.1 <sup>4</sup>	114.4

<sup>1</sup> Based on exchange rates expressed in U.S. dollars per unit of foreign currency.

<sup>2</sup> The producer price indexes are aggregate measures of inflation at the wholesale level in the United States and Singapore. As a result, these indexes only approximate actual price changes of PETs/PATs in the United States and Singapore. Quarterly producer prices in the United States generally rose, by 14.4 percent, during January 1988-December 1990. Although producer prices in Singapore fluctuated somewhat during this period, they rose by 15.1 percent by the end of the period.

<sup>3</sup> The real values of the Singapore dollar are the nominal values adjusted for the difference between inflation rates as measured by the producer price indexes in Singapore and the United States.

<sup>4</sup> Derived from Singapore price data reported for October only.

Note.--January-March 1988=100.0

Source: International Monetary Fund, International Financial Statistics, April 1991.

<sup>99</sup> The latest period for which such data were available; International Financial Statistics, April 1991.

Lost sales

\*\*\* reported lost sales allegations involving competition from imported Singapore PETs/PATs subject to this investigation.<sup>100</sup> The reported lost sales allegations totaled about \*\*\* or almost \*\*\* PETs/PATs during 1989-90, the period reported. Commission staff's conversations with the purchasers that it was able to contact are discussed below.<sup>101 102</sup>

\* \* \* \* \*

Lost revenues

\*\*\* reported lost revenue allegations involving competition from imported Singapore PETs/PATs subject to this investigation.<sup>103</sup> The reported lost revenue allegations totaled \*\*\* on \*\*\* PETs/PATs sold during 1989-90, the period reported. Commission staff's conversations with the purchasers that it was able to contact are discussed below.

\* \* \* \* \*

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100 \*\*\*.  
101 \*\*\*.  
102 \*\*\*.  
103 \*\*\*.

APPENDIX A

FEDERAL REGISTER NOTICES



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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-515  
(Preliminary)]

**Portable Electric Typewriters From  
Singapore**

**AGENCY:** United States International  
Trade Commission.

**ACTION:** Institution and scheduling of a  
preliminary antidumping investigation.

**SUMMARY:** The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-515 (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 Singapore of portable electric typewriters, provided for in subheadings 8469.10.00 and 8469.21.00 of the Harmonized Tariff Schedule of the United States,<sup>1</sup> that are alleged to be

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<sup>1</sup> For purposes of this investigation, portable electric typewriters are defined as machines that produce letters and characters in sequence directly on a piece of paper or other media from a keyboard input and meeting the following criteria: they must (1) Be easily portable; with a handle and/or carrying case, or similar mechanism to facilitate their portability; (2) Be electric, regardless of source of power; (3) Be comprised of a single, integrated unit (e.g., not in two or more pieces); (4) Have a keyboard embedded in the chassis or frame of the machine; (5) Have a built-in printer; (6) Have a platen (roller) to accommodate paper; (7) Only accommodate their own dedicated or captive software. The portable electric typewriters subject to this investigation are those provided for in HTS subheading 8469.21.00 and those with text memory (automatics) provided for in HTS subheading 8469.10.00.

sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by June 3, 1991.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201, as amended by 56 FR 11918, Mar. 21, 1991), and part 207, subparts A and B (19 CFR part 207, as amended by 56 FR 11918, Mar. 21, 1991).

**EFFECTIVE DATE:** April 18, 1991.

**FOR FURTHER INFORMATION CONTACT:**

Jim McClure (202-252-1191), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

**SUPPLEMENTARY INFORMATION:**

*Background.* This investigation is being instituted in response to a petition filed on April 18, 1991, by Brother Industries (USA), Bartlett, TN.

*Participation in the investigation and public service list.* Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the *Federal Register*. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

*Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.* Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this preliminary investigation available to authorized applicants under the APO issued in the investigation, 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 BPI under the APO.

*Conference.* The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on May 9,

1991, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Jim McClure (202-252-1191) not later than May 6, 1991, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

*Written submissions.* As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before May 13, 1991, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.8, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

*Authority:* This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: April 19, 1991.

Kenneth R. Mason,

Secretary.

[FR Doc. 91-9775 Filed 4-24-91; 8:45 am]

BILLING CODE 7030-03-01



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**International Trade Administration****[A-559-806]****Initiation of Antidumping Duty  
Investigation: Certain Portable Electric  
Typewriters From Singapore****AGENCY:** Import Administration,  
International Trade Administration,  
Department of Commerce.**ACTION:** Notice.

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**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce ("the Department"), we are initiating an antidumping duty investigation to determine whether imports of certain portable electric typewriters ("PETs") from Singapore are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of PETs from Singapore are materially injuring, or threaten material injury to, a U.S. industry. The ITC will make its preliminary determination on or before June 3, 1991. If that determination is affirmative, we will make our

preliminary determination on or before September 25, 1991.

**EFFECTIVE DATE:** May 14, 1991.

**FOR FURTHER INFORMATION CONTACT:**

Ross Cotjanle or Beth Graham, Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-3534 or (202) 377-4105, respectively.

**SUPPLEMENTARY INFORMATION:**

**The Petition**

On April 18, 1991, we received a petition filed in proper form by Brother Industries (USA), Inc. of Bartlett, Tennessee ("Brother"), on behalf of the U.S. industry producing PETs. In compliance with the filing requirements of 19 CFR 353.12, petitioner alleged that imports of PETs 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.

Brother 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. Smith Corona Corporation ("Smith Corona") filed a submission on April 29, 1991, arguing that Brother is not an interested party entitled to file a petition because it is an assembler of imported parts suspected of circumventing the antidumping duty (AD) order on Portable Electric Typewriters from Japan. Smith Corona further argues that the Department should not initiate this investigation until it makes its final determination in its Anticircumvention Inquiry on the Antidumping Duty Order on PETs from Japan: Brother Industries, Ltd., and Brother Industries (USA), Inc.

With respect to the circumvention proceeding, the Department has made no determination whether Brother is circumventing the antidumping duty order on PETs from Japan. The inquiry is ongoing with a preliminary determination due August 23, 1991. Until the anticircumvention inquiry is completed, we cannot conclude that Brother is circumventing the AD order on PETs from Japan. Moreover, at this time, we are not persuaded that even if a party were found to be circumventing an AD order, it automatically would be precluded from being considered an interested party pursuant to 19 CFR

353.2(k)(3) with respect to another investigation. The Department will continue to consider this issue in the course of the instant proceeding. We do not believe that we have the authority to postpone initiation of this AD investigation because of the pending anticircumvention inquiry. Our only option is to decline to initiate. However, as discussed in this notice, the petition meets the requirements for initiation of an AD investigation.

Brother has stated that it has filed the petition on behalf of the U.S. industry producing the product that is subject to this investigation. In its April 19, 1991, submission, Smith Corona expressed its opposition to the petition. Consistent with our usual policy, we intend to poll opponents of the petition to determine whether opposition to the petition is so great as to warrant a conclusion that the petition was not filed on behalf of the domestic industry. If any other 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.

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/Foreign Market Value**

Petitioner calculated United States price ("USP") using two methodologies. Petitioner's first methodology based U.S. price on a Smith Corona dealer price list dated July 1990. These dealer prices were adjusted for selling, general and administrative ("SG&A") expenses, movement charges, packing and, in certain cases, customs duties. Petitioner's second methodology based USP on prices advertised by retailers and charged to the ultimate consumer. The retail prices were reduced by a markdown percentage in order to account for dealer markup. These prices were adjusted for SG&A expenses, movement charges, packing and, in certain cases, customs duties. On May 1, 1991, petitioner amended its petition and submitted two methodologies for the computation of selling expenses. It submitted selling expenses segregated from production-related general and administrative expenses, and selling expenses based on a public disclosure worksheet from an administrative

review on the order on Portable Electric Typewriters from Japan.

The Department is accepting the first USP methodology described above in initiation of this investigation. However, we are rejecting the selling expenses methodologies submitted by petitioner. We are rejecting the first methodology because it is not possible to determine its accuracy. With respect to the second methodology, no explanation was provided indicating why the reported selling expenses from another proceeding and for another company are an appropriate approximation of selling expenses incurred by Smith Corona. Therefore, we made no deduction to USP for selling expenses. We also did not make a deduction for packing expenses in the calculation of USP, in order to be consistent with the Department's practice.

We are rejecting the second USP methodology because we believe petitioner's calculation of the markup dealer price for the period April 1989 through June 1990 is distortive. Petitioner based this markup on a comparison of July 1990 dealer prices retail prices advertised in previous months. Given the change in prices of this period, a contemporaneous comparison of dealer and retail price would have provided a more accurate markup.

For foreign market value ("FMV"), petitioner provided three methodologies comparing USP to FMV: (1) FMV based on constructed value ("CV") for eight models; (2) FMV based on third country (United Kingdom) ("U.K.") dealer price for four models; and (3) FMV based on home market retail prices for two models.

The Department is initiating this investigation on the basis of the first two FMV methodologies described above. In its calculation of CV, petitioner used the material cost data gathered by an independent company which it hired, the statutory minimum ten percent for general expenses, eight percent for profit, and Brother's packing expenses. Labor costs were based on Brother's financial data and adjusted to the labor rate in Singapore. Overhead was based on Brother's own information. CV was adjusted for selling, moving, and packing expenses. Because no deduction has been made for the USP for selling expenses, we made no deduction for selling expenses from CV. We are also disallowing the deduction of U.S. packing expenses from CV in order to be consistent with the Department's practice.

The Department is not accepting petitioner's second or third

methodologies as a basis upon which to initiate this investigation. We are not initiating on these methodologies because petitioner did not provide sufficient information and documentation to support the FMV calculation.

Based on a comparison of USP and FMV, and adjusting for certain methodological inconsistencies in the petition, we calculated dumping margins ranging between 28.93 percent and 64.50 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 imposition of a duty under section 732 of the Act, and whether the petition contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on PETs 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 PETs 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 September 25, 1991.

#### Scope of Investigation

The merchandise covered by this investigation consists of certain portable electric typewriters (PETs) from Singapore which are defined as machines that produce letters and characters in sequence directly on a piece of paper or other media from a keyboard input and meeting the following criteria: (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, if any.

Based on petitioner's request, the Department has determined not to include all types of PETs which were determined to be within the scope of the antidumping order on PETs from Japan in the Department's final scope ruling signed on November 2, 1990 (see 55 FR 47358, November 13, 1990). PETs which meet all of the following criteria are excluded from the scope of this

investigation: (1) Seven lines or more of display; (2) more than 32K of text memory; (3) the ability to perform "block move"; and (4) a "search and replace" function. A machine having some, but not all, of these four characteristics is included within the scope of the investigation.

The PETs subject to this investigation are provided for in subheadings 8469.21.00 and 8469.10.00 of the Harmonized Tariff Schedule ("HTS"). (Note that personal word processors also are provided for in subheading 8469.10.00.) 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 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 June 3, 1991, whether there is a reasonable indication that imports of PETs 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 September 25, 1991.

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

Dated: May 8, 1991.

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

[FR Doc. 91-11438 Filed 5-13-91; 8:45 am]

BILLING CODE 3510-05-01



APPENDIX B

LIST OF PARTICIPANTS IN THE PUBLIC CONFERENCE



CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-515 (Preliminary)

PORTABLE ELECTRIC TYPEWRITERS FROM SINGAPORE

Those listed below appeared at the United States International Trade Commission's conference that was held in connection with the subject investigation on May 9, 1991, in the Hearing Room of the USITC Building, 500 E Street, S.W., Washington, DC:

In support of the imposition of antidumping duties

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

Brother Industries (U.S.A.), Inc.

William T. Conner, Director of Materials  
Katherine Stanford  
Rene Washington

Brother International Corporation

Patrick T. Gilmore, Executive Vice President  
Dean Shulman, Vice President of Marketing

H. William Tanaka ) --OF COUNSEL

Keith G. Kuzmin, Director, Electronic Typewriter Planning Service,  
Venture Development Corporation

In opposition to 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 ) --OF COUNSEL

Coudert Brothers  
Washington, DC  
on behalf of

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

Matthew P. Jaffe )  
Mark D. Herlach ) --OF COUNSEL



APPENDIX C

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS  
OF PETS AND PATS FROM 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 PETs and PATs from Singapore on their firms' growth, investment, ability to raise capital, and development and production efforts. \*\*\*. \*\*\* with respect to PETs and PATs are shown below:

Actual Negative Effects

\* \* \* \* \*

Anticipated Negative Effects

\* \* \* \* \*

Influence of Imports from Singapore Upon  
Scale of Capital Investments

\* \* \* \* \*



APPENDIX D

LISTING OF COMPETING DOMESTIC AND IMPORTED SINGAPOREAN PET/PAT  
MODELS FOR WHICH PRICING DATA WERE REPORTED



U.S.-PRODUCED PET/PAT MODELS

Basic PETs--Product 1:

\*\*\*

Basic PETs--Product 2:

\*\*\*

Dictionary PETs--Product 3:

\*\*\*

Dictionary PETs--Product 4:

\*\*\*

PATs--Product 5:

\*\*\*

PATs--Product 6:

\*\*\*

IMPORTED SINGAPOREAN PET/PAT MODELS

Basic PETs--Product 1:

\*\*\*

Basic PETs--Product 2:

\*\*\*

Dictionary PETs--Product 3:

\*\*\*

Dictionary PETs--Product 4:

\*\*\*

PATs--Product 5:

\*\*\*

PATs--Product 6:

\*\*\*





APPENDIX E

PRICE INDEXES OF PETS/PATS PRODUCED IN THE UNITED STATES AND  
IMPORTED FROM SINGAPORE



Table E-1

Price indexes of the weighted-average U.S. f.o.b. selling prices of PETs/PATs produced in the United States and imported from Singapore, by specified product, by country of origin, and by quarters, January 1988-March 1991<sup>1</sup>

Item	Basic PETs		Dictionary PETs		PATs	
	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6
	*	*	*	*	*	*

<sup>1</sup> The PET/PAT price indexes are based on averages of the f.o.b. selling prices of the largest quarterly sales of responding U.S. producers and importers weighted by the responding firms' total sales quantity of each country's product in that quarter.

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

Note.--January-March 1988=100, unless otherwise specified.



APPENDIX F

SELLING PRICES OF SPECIFIC PET/PAT MODELS  
PRODUCED IN THE UNITED STATES AND IMPORTED FROM SINGAPORE



Table F-1

U.S. f.o.b. selling prices of domestic PETs/PATs produced by \*\*\*, by specified products, and by quarters, January 1988-March 1991

Period	<u>Basic PETs</u>		<u>Dictionary PETs</u>		<u>PATs</u>	
	<u>Product 1</u>	<u>Product 2</u>	<u>Product 3</u>	<u>Product 4</u>	<u>Product 5</u>	<u>Product 6</u>
	Model no.	Model no.	Model no.	Model no.	Model no.	Model no.
	***	***	***	***	***	***
	<u>Price</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>
	-----Dollars per unit-----					
	*	*	*	*	*	*

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

Table F-2

U.S. f.o.b. selling prices of domestic PETs/PATs produced by \*\*\* and \*\*\*, by specified products, by companies, and by quarters, January 1988-March 1991

Period	<u>Dictionary PETs</u>		<u>PATs</u>	
	<u>Product 3</u>	<u>Product 4</u>	<u>Product 6</u>	<u>Product 6</u>
	Model no.	Model no.	Model no.	Model no.
	***	***	***	***
	<u>Price</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>
	-----Dollars per unit-----			
	*	*	*	*

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

Table F-3

U.S. f.o.b. selling prices of PETs/PATs imported from Singapore by \*\*\*, by specified products and by quarters, January 1988-March 1991

Period	Basic PETs		Dictionary PETs		PATs	
	Product 1	Product 2	Product 3	Product 4	Product 5	Product 6
	Model no.	Model no.	Model no.	Model no.	Model no.	Model no.
	***	***	***	***	***	***
	Price	Price	Price	Price	Price	Price
	-----Dollars per unit-----					

\* \* \* \* \*

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

Table F-4

U.S. f.o.b. selling prices of PETs/PATs imported from Singapore by \*\*\* and \*\*\*, by specified products, by companies, and by quarters, January 1988-March 1991

Period	Basic PETs		Dictionary PETs	PATs
	Product 1	Product 2	Product 3	Product 5
	Model no.	Model no.	Model no.	Model no.
	***	***	***	***
	Price	Price	Price	Price
	-----Dollars per unit-----			

\* \* \* \* \*

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