Certain Industrial Belts From Germany, Italy, Japan, and Singapore

Investigations Nos. 731-TA-413-415 and 419 (Review)

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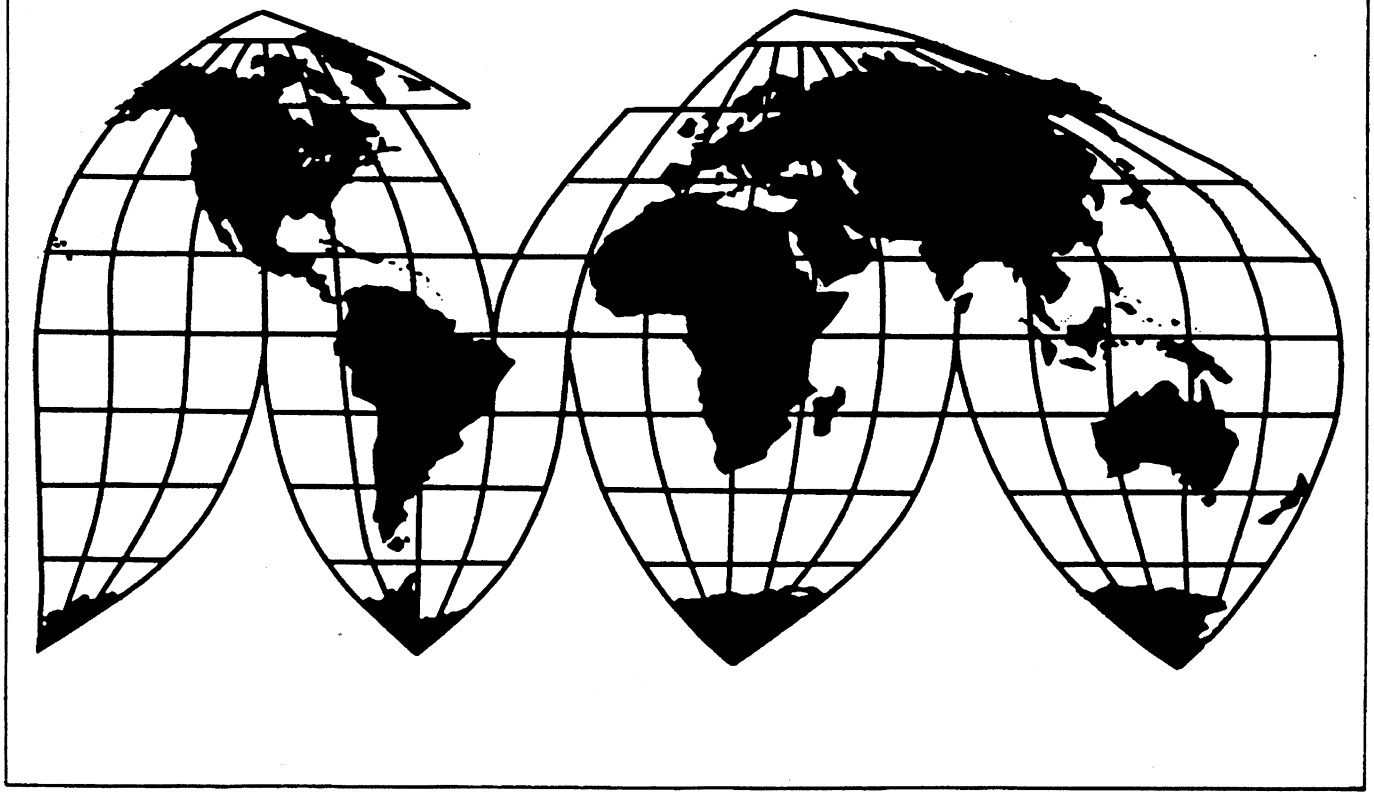
U.S. International Trade Commission



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U.S. International Trade Commission

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CONTENTS

CONTENTS

CONTENTS

Page

Appendixes

Figures

CONTENTS

Page

Figures--*Continued*

Tables

CONTENTS

Page

Tables--*Continued*

CONTENTS

Page

Tables--*Continued*

CONTENTS

Page

Tables--*Continued*

Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-413-415 and 419 (Review)

CERTAIN INDUSTRIAL BELTS FROM GERMANY, ITALY, JAPAN, AND SINGAPORE

DETERMINATIONS

On the basis of the record[1] developed in these subject five-year reviews, the United States International Trade Commission determines,[2] pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on June 1, 1999 (64 F.R. 29342) and determined on September 3, 1999, that it would conduct full reviews (64 F.R. 50106, September 15, 1999). Notice of the scheduling of the Commission's reviews and of a public hearing 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* on February 10, 2000 (65 F.R. 6627). Since all requests by interested parties to appear at the hearing were withdrawn before its scheduled date, no hearing was held in these reviews.

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

[2] Commissioner Lynn M. Bragg dissenting with respect to Italy, Japan, and Singapore.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders covering certain industrial belts from Germany, Italy, Japan, and Singapore would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] [2]

I. BACKGROUND

In May of 1989, the Commission made final determinations in the original antidumping investigations of subject industrial belts from eight countries.[3] The Commission made negative injury determinations on subject imports from four countries: Israel, South Korea, Taiwan, and the United Kingdom.[4] The Commission made an affirmative determination on subject imports from Japan.[5] For the remaining countries, the Commission reached affirmative determinations on only part of the subject imports. The Commission reached an affirmative determination on V-belts and synchronous belts from Italy, but a negative determination on belts other than V-belts and synchronous belts ("other" belts) from that country.[6] The Commission made an affirmative determination on V-belts from Singapore, but a negative determination on synchronous and "other" belts from that country.[7] As to subject imports from Germany, the Commission reached an affirmative determination on "other" belts, and a negative determination on V-belts and synchronous belts.[8] Accordingly, on June 14, 1989, Commerce imposed antidumping duty orders on all belts from Japan, V-belts and synchronous belts from Italy, V-belts from Singapore, and "other" belts from Germany.[9]

On June 1, 1999, the Commission instituted these reviews pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would likely lead to continuation or recurrence of material injury.[10]

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[1] Commissioner Bragg dissenting as to Italy, Japan, and Singapore. See Separate and Dissenting Views of Commissioner Lynn M. Bragg.

[2] Commissioner Askey concurs in the determinations of the Commission, but writes separately to discuss her views on cumulation, the likelihood of no discernible adverse impact if the orders are revoked, and whether revocation of the orders would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. See Concurring Views of Commissioner Thelma J. Askey. She joins sections I, II, III.A, IV.A and IV.B of these views, however.

[3] Unless otherwise indicated, "belts" refers to industrial belts in these views.

[4] Industrial Belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany, Inv. Nos. 701-TA-293 (Final) and 731-TA-412 through 419 (Final) USITC Pub. 2194 at 2-3 (May 1989) ("Original det."). The Commission also reached a negative determination on belts from Israel that Commerce determined to be subsidized. Id. at 1.

[5] Id. at 3.

[6] Id.

[7] Id.

[8] Id.

[9] 54 Fed. Reg. 25316 (June 14, 1989) (Germany), 54 Fed. Reg. 25313 (June 14, 1989) (Italy), 54 Fed. Reg. 25314 (June 14, 1989) (Japan), and 54 Fed. Reg. 25315 (June 14, 1989) (Singapore).

[10] 64 Fed. Reg. 29342 (June 1, 1999).

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses of interested parties to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.[11] If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant, it will determine to conduct a full review.

The Commission received responses to the notice of institution from four domestic belts producers: Dayco Products, Inc. ("Dayco"), Gates Rubber Co. ("Gates"), HBD Industries, Inc. ("HBD"), and MBL (USA) Corp. ("MBL"). Three producers of subject belts also responded: Bando Chemical Industries, Ltd. ("Bando Japan"), Mitsuboshi Belting Ltd. ("Mitsuboshi Japan"), and Mitsuboshi Belting (Singapore) Pte. Ltd. ("Mitsuboshi Singapore"). The Commission also received responses from U.S. importers MBL (also a producer, as mentioned above) and Bando American, Inc. ("Bando American").[12]

Based on the responses received, the Commission determined that the domestic interested party group response was adequate. The Commission also determined that the respondent interested party group responses were adequate with respect to the orders on Japan and Singapore, and inadequate with respect to the orders on Italy and Germany. The Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act, both in the interest of administrative efficiency and because of potentially significant like product issues.[13] [14]

Gates and Dayco, which together represented *** percent of reported domestic production in 1999, indicated in their responses to the notice of institution that they opposed the revocation of the orders.[15] After the Commission determined to conduct full reviews, however, the companies informed the Commission that they *** revocation of the orders. Gates and Dayco now *** on the revocation of the four orders, except that ***.[16] Gates also informed the Commission that it had requested the Department of Commerce to conduct changed circumstances reviews of the orders.[17] After indicating their change in position on revocation, Gates continued to provide information requested by the Commission, but Dayco did not.[18]

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[11] See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

[12] Several of the responses were filed jointly. MBL filed joint responses both with Mitsuboshi Japan and with Mitsuboshi Singapore. Bando Japan filed jointly with Bando American.

[13] 64 Fed. Reg. 50106 (Sept. 15, 1999).

[14] Explanation of Commission Determination on Adequacy. Appendix A to the confidential version of the staff report ("CR") and the public version of the staff report ("PR").

[15] Figure calculated based on Gates' 1999 reported production and Dayco's 1999 inferred production. Table I-5 & n.2, CR at I-26 and PR at I-17.

[16] CR at I-22, I-24 & n.21 and PR at I-16 & n.21.

[17] CR at I-24 and PR at I-16.

[18] CR at I-24 and PR at I-16.

In the original investigations, the Commission identified Goodyear as *** domestic producer of belts. In these reviews, however, Goodyear did not respond to the Commission's requests for information, nor did it indicate its position on the revocation of the orders.[19]

Among the seven known smaller producers, *** support revocation of all the orders, *** take no position, *** oppose revocation, and ***.[20] Those firms opposing revocation accounted for approximately *** percent of reported domestic production in 1999.[21]

The Commission received only two briefs during the reviews, a joint filing by Bando Japan and Bando American and another by Mitsuboshi Japan, Mitsuboshi Singapore, and MBL. Both briefs supported the revocation of the orders. No hearing was held due to lack of interest by any of the parties to the reviews.[22]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making determinations under section 751(c), the Commission defines "the domestic like product" and the "industry."[23] The Act defines "domestic like product" 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 under this subtitle."[24]

The four orders under review variously cover part or all of the following:

> industrial V-belts and synchronous belts and other industrial belts, used for power transmission, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (*i.e.,* closed loops) belts, or in belting in lengths or links. . . . the orders exclude conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift truck[s].[25]

The order on subject merchandise from Japan includes all of the above. The order on subject merchandise from Italy includes only V-belts and synchronous belts. The order on subject merchandise

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[19] CR at I-24 and PR at I-16.

[20] Table I-5, CR at I-26 and PR at I-17.

[21] Table I-5, CR at I-26 and PR at I-17. Although they account for about *** percent of reported production, the producers opposing revocation of the order constitute an even smaller share of actual production, because two large domestic producers did not respond to the Commission's requests for information. CR at I-24 and PR at I-16.

[22] CR at I-24 and PR at I-16.

[23] 19 U.S.C. § 1677(4)(A).

[24] 19 U.S.C. § 1677(10). See NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (CIT 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (CIT 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[25] See 64 Fed. Reg. 73511, 73511-12 (Dec. 30, 1999) and 65 Fed. Reg. 18963 (April 10, 2000).

from Singapore includes only V-belts and the order on subject imports from Germany includes only "other" belts.[26]

In the original determinations, a plurality of three Commissioners found a single domestic like product. Two others found separate like products for V-belts, synchronous belts, and "other" belts, while a sixth Commissioner found separate like products consisting of V-belts and round belts, synchronous belts, and flat belts.[27] [28] Four Commissioners included automotive belts in the domestic like product, while two did not.[29]

The record in these reviews indicates no significant changes since the original investigations indicating that the plurality decision to find a single like product and majority decision to include automotive belts should be revisited. The only parties that actively participated in these reviews and that expressed views on like product argue that automotive belts should be included in the domestic like product, and take no position on whether the Commission should find a single or multiple like products.[30] Accordingly, we define, for each of the four reviews, a single domestic like product consisting of industrial and automotive belts.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[31] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.[32] The Commission bases its analysis on a firm's production-related activities in the United

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[26] 64 Fed. Reg. 73511, 73512 (Dec. 30, 1999) and 65 Fed. Reg. 18963 (April 10, 2000).

[27] Commissioners Eckes, Newquist, and Lodwick found a single domestic like product. Original det. at 7-8 and 152-55. Chairman Brunsdale and Commissioner Rohr found separate like products for V-, synchronous, and "other" belts. Id. at 34, 59-60. Vice Chairman Cass found separate like products consisting of V-belts and round belts, synchronous belts, and flat belts. Id. at 82.

[28] The Commission's original determinations reflect the three separate like products as defined by Commissioner Rohr because his vote, along with the votes of Commissioners Eckes and Newquist, was necessary to constitute the three vote majority.

[29] Chairman Brunsdale, Vice Chairman Cass, and Commissioners Rohr and Lodwick included automotive belts, while Commissioners Eckes and Newquist did not. Original det. at 8, 31, 61, 96, 152-55.

[30] Prehearing Brief of Bando Japan and Bando American at 10-17 (arguing to include automotive), 11 n.4 (taking no position on single or multiple like products). At the time they opposed revocation of the orders, Gates and Dayco took no issue with a finding of separate like products for V-belts, synchronous belts, and "other" belts, but they argued that automotive belts should not be included. However, because they failed to provide any detailed argument in support of their initial contention, we give little weight to their cursory comments on the like product definition. Responses of Gates and Dayco to the Commission's notice of institution of reviews, at 56-58 and 16, respectively.

[31] 19 U.S.C. § 1677(4)(A).

[32] See, e.g., Uranium from Kazakhstan, Inv. No. 731-TA-539-A (Final), USITC Pub. 3213 at 8-9 (July 1999); Manganese Sulfate from the People's Republic of China, Inv. No. 731-TA-725 (Final), USITC Pub. 2932, at 5 & n.19 (Nov. 1995) ("the Commission has generally included toll producers that engage in sufficient production-

(continued...)

States.[33] Consistent with our definition of the like product, we find a single domestic industry consisting of all domestic producers of industrial and automotive belts.

In defining the domestic industry in these reviews, we have considered whether any U.S. producers of industrial and automotive belts should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry for the purposes of an injury determination producers that are related to an exporter or importer of the subject merchandise, or that are themselves importers.[34] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[35]

Four domestic producers -- Gates, TBMC, MBL, and Bando Manufacturing of America ("Bando Manufacturing") -- come within the related parties definition.[36] No party presented argument on whether

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[32] (...continued)
related activity to be part of the domestic industry"). See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[33] The Commission typically considers six factors: (1) the extent and source of a firm's capital investment; (2) the technical expertise involved in U.S. production activity; (3) the value added to the product in the United States; (4) employment levels; (5) the quantities and types of parts sourced in the United States; and (6) any other costs and activities in the United States leading to production of the like product. See Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391 (Final) and 731-TA-816-821 (Final), USITC Pub. 3273 at 8-9 (Jan. 2000).

[34] 19 U.S.C. § 1677(4)(B).

[35] See Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (CIT 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (CIT 1987). 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

> (1) the percentage of domestic production attributable to the importing producer;
> (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and
> (3) the position of the related producer vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (CIT 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. See, e.g., Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand, Inv. Nos. 731-TA-308-310 and 520-521 (Review), USITC Pub. 3263 at 5-7 (Dec. 1999); Stainless Steel Plate from Sweden, Inv. No. AA1921-114 (Review), USITC Pub. 3204 at 10 (July 1999); Sugar from the European Union; Sugar from Belgium, France, and Germany; and Sugar and Syrups from Canada, Inv. Nos. 104-TAA-7 (Review), AA1921-198-200 (Review), and 731-TA-3 (Review), USITC Pub. 3238 at 14 (Sept. 1999). See also S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979).

[36] TBMC is *** owned by Jason Industrial, an importer of *** belts. CR at I-25 & n.26 and PR at I-17 & n.26. MBL is *** percent owned by Mitsuboshi Japan, a foreign producer of subject belts, and is under common control with Mitsuboshi Singapore, another producer of subject belts. CR at I-25 and PR at I-17. MBL also imports subject belts itself. CR at I-26 and PR at I-18. Bando Manufacturing is *** percent owned by Bando Japan, a producer of subject merchandise, and is under common control with Bando American, an importer of subject merchandise. CR
(continued...)

appropriate circumstances exist to exclude any of the four from the domestic industry. We find that appropriate circumstances do not exist to exclude any of these producers. The primary interest of each company is in domestic production rather than importation.[37] None of the four related producers imports the subject merchandise in quantities that are substantial in relation to its domestic production.[38] Additionally, nothing in the current financial performance of these producers suggests that appropriate circumstances exist to exclude any of these companies from the industry.[39]

III. CUMULATION

A. Framework

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[40]

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[41] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports

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[36] (...continued)
at I-25 to I-27 and PR at I-17 to I-18. Gates imports small amounts of subject belts. CR at I-27 and PR at I-18.

[37] Chairman Koplan and Commissioners Miller and Hillman do not find that the related parties currently are benefiting significantly from their relationships or are substantially shielded from the effects of import competition. They also find that the related parties are not likely to benefit substantially from subject imports upon revocation of the orders.

[38] In 1999, imports of subject merchandise amount to *** percent of Bando Manufacturing's domestic production, and *** percent of MBL's domestic production. CR at I-26 and PR at I-18. Gates reports that the quantity of its subject imports is also small. CR at I-27 and PR at I-18. TBMC ***. Although TBMC's parent company ***. Compare TBMC's production questionnaire response at question II-9 with parent Jason Industrial's ***. Moreover, TBMC was opened in 1990 to produce industrial synchronous belts following the imposition of antidumping duties, indicating that its primary, if not sole, interest is in manufacturing. CR at I-25 and PR at I-17.

[39] In 1999, TBMC had the *** operating income as a ratio of net sales out of eight reporting producers. However, we do not attribute that ranking to its relationship to subject merchandise because TBMC ***, and *** percent of TBMC's domestic production. Gates, MBL, and Bando Manufacturing ranked ***, ***, and *** of the eight responding producers on the same measure. Table III-6, CR at III-9 and PR at III-3.

[40] 19 U.S.C. § 1675a(a)(7).

[41] 19 U.S.C. § 1675a(a)(7).

"are likely to have no discernible adverse impact" on the domestic industry.[42] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[43] [44]

The Commission has generally considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[45] Only a "reasonable overlap" of competition is required.[46] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[47]

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[42] SAA, H.R. Rep. No. 103-316, vol. I (1994).

[43] For a discussion of the analytical framework of Chairman Koplan and Commissioners Miller and Hillman regarding the application of the "no discernible adverse impact" provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplan's analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

[44] Commissioner Askey notes that the Act clearly states that the Commission is precluded from exercising its discretion to cumulate if the imports from a country subject to review are likely to have "no discernible adverse impact on the domestic industry" upon revocation of the order. 19 U.S.C. § 1675a(a)(7). Thus, the Commission must focus on whether the imports will impact the condition of the industry discernibly as a result of revocation, and not solely on whether there will be a small volume of imports after revocation, i.e., by assessing their negligibility after revocation of the order. For a full discussion of her views on this issue, see Additional Views of Commissioner Thelma J. Askey in Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999).

[45] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[46] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattleman Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[47] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform

(continued...)

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied.[48]

B. Likelihood of No Discernible Adverse Impact[49]

No party presented argument on the likelihood of no discernible adverse impact. We find that the subject imports from Germany are likely to have no discernible adverse impact on the domestic industry if that order is revoked. We do not so find with respect to the subject imports from Italy, Japan, or Singapore.

Subject imports from Germany made up only *** percent of apparent U.S. consumption in the years before the imposition of the order and less than *** percent of the market in 1998 and 1999.[50] Although German capacity utilization rates were *** in recent years, significant increases in subject volumes from that country are unlikely in the reasonably foreseeable future. First, German "other" belt capacity is ***. German producer ContiTech estimates that it accounts for *** percent of German production, yet its capacity is only *** units per year.[51] By comparison, reported annual apparent U.S. belts consumption was over *** units in recent years.[52] In addition, the home market absorbed *** percent of ContiTech's shipments in 1998 and 1999, suggesting both a domestic marketing focus by that company and that a significant shift toward export sales is unlikely in the near term.[53] Moreover, even in the highly unlikely event that ContiTech (and any other German producer) were to operate at 100 percent capacity, and export all that production to the United States, that volume would account for less than *** percent of reported recent apparent U.S. consumption.[54] We have also considered that the order on subject imports from Germany covers only "other" belts, which make up a much smaller share of domestic production than either V-belts or synchronous belts.[55] Based on the above, we find a likelihood that the subject imports from Germany would have no discernible adverse impact on the domestic industry if the order were revoked.

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[47] (...continued)
and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

[48] Mitsuboshi Japan and MBL urged the Commission not to exercise its discretion to cumulate subject imports in these reviews. Response of Mitsuboshi Japan and MBL to the Commission's notice of institution of reviews at 2. Before indicating it no longer opposes revocation of the orders, Gates asserted that the Commission should cumulate the subject imports. Gates' response to the Commission's notice of institution of reviews at 37-38.

[49] Commissioner Askey does not join parts B and C of this section of these views.

[50] Table I-1, CR and PR at I-3. In value, subject imports from Germany never exceeded *** percent of apparent U.S. consumption prior to the imposition of the orders. Id.

[51] CR at IV-8 to IV-9 and PR at IV-2 (including table IV-7).

[52] Table I-1, CR and PR at I-3. As noted, reported consumption is likely considerably lower than actual consumption, because not all domestic producers responded to the Commission's requests for information.

[53] Table IV-7, CR at IV-9 and PR at IV-2.

[54] Compare CR at IV-8 to IV-9 and PR at IV-2 (ContiTech's capacity) with table I-1, CR and PR at I-3 (reported apparent U.S. consumption).

[55] Table III-1, CR at III-2 and PR at III-1.

We do not reach the same conclusion about the other subject imports. Subject imports from Japan held a *** percent share of apparent U.S. consumption in 1988.[56] That share was *** percent in 1998, and *** percent in 1999.[57] Japanese production capacity is now higher than during the original investigation, although capacity utilization is ***, slightly exceeding *** percent in both 1998 and 1999.[58] The percentage of Japanese production shipped to the home market was over *** percent in 1998 to 1999.[59] The order on subject imports from Japan covers all belts, with the result that subject belts from that country compete with all domestic industrial belt production. Based on the above, we do not find that the subject imports from Japan would be likely to have no discernible adverse impact on the domestic industry if the order is revoked.

Prior to the orders, subject imports from Italy held less than a *** percent share, and subject imports from Singapore held less than a *** percent share of the domestic market, and each accounted for less than *** percent of domestic consumption in 1998 and 1999.[60] No Italian producer responded to the Commission's questionnaires, and only one Singaporean producer responded, which estimates that it accounts for about *** percent of V-belt production in that country.[61] Because these orders cover V-belts in the case of Singapore, and V-belts and synchronous belts in the case of Italy, the subject imports from these countries compete with the bulk of domestic industrial belt production.[62] For the reasons provided below in our discussion of the likely volume of the cumulated subject imports from Italy, Japan, and Singapore, we do not find a significant increase in the volume of subject imports from Italy or Singapore to be likely in the reasonably foreseeable future. However, because of the lack of information from possible producers in Italy and Singapore, and in the absence of sufficient information on the record that would support such a finding, we do not find that there is a likelihood that subject imports from Singapore or Italy would have no discernible adverse impact on the domestic industry if the orders were revoked.

C. Reasonable Overlap of Competition and Other Considerations

Five of the six Commissioners cumulated the subject imports in the original investigations, based on evidence of competition between belts of the same type, regardless of where manufactured, as well as on similarities among the subject imports and between them and the domestic like product in channels of distribution, geographic market availability, and simultaneous presence in the market.[63] Because the

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[56] Table I-1, CR and PR at I-3. In value, subject imports from Japan reached *** percent of apparent U.S. consumption in 1988. Id.

[57] Table I-1, CR and PR at I-3. As noted, actual market share is somewhat smaller. In value, subject imports from Japan held market shares of *** and *** percent in 1998 and 1999, respectively.

[58] Tables IV-8 to IV-10, CR at IV-11 to IV-13 and PR at IV-3, and CR at IV-10 and PR at IV-3.

[59] Tables IV-8 to IV-10, CR at IV-11 to IV-13 and PR at IV-3, and CR at IV-10 and PR at IV-3.

[60] Table I-1, CR and PR at I-3. In value, subject imports from Italy never exceeded a *** percent share prior to the imposition of the orders, and subject imports from Singapore never exceeded *** percent of the domestic market.

[61] CR at IV-8 to IV-10 and IV-14 and PR at IV-3 to IV-4. Singaporean producer Mitsuboshi Singapore reports a capacity utilization rate of *** percent, and its home market shipments were less than *** percent in 1998 and 1999. Table IV-11, CR at IV-15 and PR at IV-4.

[62] See table III-1, CR at III-2 and PR at III-1.

[63] Original det. at 15-16, 51 n.1, 110-111, 157. Commissioner Rohr, who cast one of the three affirmative votes, did not reach cumulation for purposes of present material injury, and did not cumulate for purposes of his threat

(continued...)

Commission reached negative determinations on certain types of the subject belts, the orders on subject imports from Singapore and Italy are now narrower than the scope of the subject imports during the original investigations, which then included all industrial belts. However, the narrower scope of those orders excludes only a very small volume of subject belts from the two countries.[64]

In determining whether to exercise our discretion to cumulate subject imports, we examine whether, upon revocation of the orders, subject imports from Italy, Japan, and Singapore would likely compete in the U.S. market under similar conditions of competition relative to each other and to the domestic like product.[65] As an initial matter, we considered the likelihood of a reasonable overlap of competition among the subject imports and domestic products. Belts within a particular category, such as V-belts, compete with each other regardless of the country in which they are made.[66] Each of the three orders covers V-belts, and the orders on both Japan and Italy cover synchronous belts as well. V-belts and synchronous belts also make up the bulk of domestically produced belts.[67] Accordingly, we find a relatively high degree of fungibility among the subject imports from these three countries, and between them and the domestic like product. Domestic belts and subject imports from Japan are sold through the same channels of distribution, and in the same geographic markets.[68] There is little record information bearing on these two factors for subject imports from Italy and Singapore, possibly due to the current very small subject volumes from these two countries. Subject imports from all countries as well as domestic belts were present in the market simultaneously.[69] Based on the above, we find there will likely be a reasonable overlap of competition both among the subject imports from Italy, Japan, and Singapore, and between these subject imports and the domestic product if these orders were revoked.[70]

Based on the foregoing, we exercise our discretion to cumulate the subject imports from Italy, Japan, and Singapore in these reviews. We do not cumulate the subject imports from Germany based on our likelihood of no discernible adverse impact finding.

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[63] (...continued)
analysis. Id. at 43 n.68 and 44 n.72.

[64] Table 23 from the staff report in the original investigation, confidential version at a-111 and public version at a-68.

[65] The subject imports from Germany are not eligible for cumulation because we have found them likely to have no discernible adverse impact on the domestic industry if the order were revoked.

[66] CR at II-13 to II-16 and PR at II-7 to II-9.

[67] Table III-1, CR at III-2 and PR at III-1.

[68] CR at II-1 to II-2 and PR at II-1 to II-2 (channels of distribution); domestic producer questionnaire responses of Gates, Bando, HBD, and MBL at question IV-B-8 and importer questionnaire responses of Bando and MBL at question III-B-8 (same geographic markets).

[69] Tables III-2, IV-1, and IV-2; CR at III-3, IV-2, and IV-3 and PR at III-1 and IV-1.

[70] Nothing in the record indicates that the subject imports compete under different conditions of competition in the market.

IV. NO LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ORDERS ON GERMANY, ITALY, JAPAN, AND SINGAPORE ARE REVOKED

A. Legal Standard In A Five-Year Review[71]

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[72] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[73] Thus, the likelihood standard is prospective in nature.[74] The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[75] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations]."[76] [77]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of

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[71] Commissioner Askey joins sections IV.A and IV.B of these views.

[72] 19 U.S.C. § 1675a(a).

[73] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[74] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[75] 19 U.S.C. § 1675a(a)(5).

[76] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[77] In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated."[78] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, and whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated.[79] [80]

We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination.[81] We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."[82] In these reviews, a number of domestic and respondent interested parties did not provide questionnaire responses and/or participate. Accordingly, we have relied on the facts available in these reviews, which consist primarily of the information collected by the Commission since the institution of these reviews, and information submitted by the cooperating domestic producers, respondent parties, and other parties in these reviews.

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider whether the likely volume of subject imports would be significant either in absolute terms or relative to the production or consumption in the United States.[83] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[84]

In evaluating the likely price effects of subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United

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[78] 19 U.S.C. § 1675a(a)(1).

[79] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[80] Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings with respect to these reviews. CR at I-9 and PR at I-7.

[81] 19 U.S.C. § 1675(e).

[82] SAA at 869.

[83] 19 U.S.C. § 1675a(a)(2).

[84] 19 U.S.C. § 1675(a)(2)(A)-(D).

States at prices that would have a significant depressing or suppressing effect on the price of domestic like products.[85]

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[86] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[87] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.[88]

For the reasons stated below, we determine that termination of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[89]

The following conditions of competition in the industrial and automotive belts industry are relevant to our determinations. Demand for industrial and automotive belts is derived from the demand for the equipment and automobiles in which they are used. In general, there are no immediate substitutes

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[85] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[86] 19 U.S.C. § 1675a(a)(4).

[87] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In the final results of its expedited reviews regarding the subject imports, Commerce found that revocation of the orders would be likely to lead to continuation or recurrence of dumping at the margins of 100.60 percent for Optibelt Corporation and all other Germany manufacturers/exporters, 74.90 percent for Pirelli and all other Italian manufacturers/exporters, 31.73 percent for Mitsuboshi Singapore and all other Singaporean manufacturers/exporters, and 93.16 percent for Bando Japan and all other Japanese manufacturers/exporters. 64 Fed. Reg. 73511, 73515 (Dec. 30, 1999).

[88] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[89] 19 U.S.C. § 1675a(a)(4).

for industrial and automotive belts, because once the machine or automobile is designed for use with a particular type of belt, use of a belt-substitute requires re-design and the attendant expense.[90] Demand for belts is essentially price inelastic, because belts make up only a small portion of the overall cost of the end product, and immediate substitutes are generally not available.[91]

Although reported belts consumption has been lower in recent years than prior to the imposition of the orders, it is uncertain whether actual demand is lower, because two large domestic producers did not respond to the Commission's questionnaires.[92] Despite lower reported consumption in terms of units, the value of reported consumption for 1998 and 1999 is about *** as it was prior to the orders.[93] The higher value in relation to quantity is a result of higher unit values, which approximately *** from the years prior to the orders to 1998 and 1999.[94]

Another condition of competition is that production of industrial and automotive belts for the domestic market remains highly concentrated. In the original investigations, domestic producers *** accounted for about 85 percent of domestic production.[95] In recent years, Gates and Dayco alone collectively accounted for about *** percent of reported domestic production.[96] During both the original investigations and these reviews, the domestic industry held about a *** percent share of the domestic market.[97] Production technology is mature, with few innovations reported.[98]

Purchasers of industrial and automotive belts ranked quality, price, and availability as the most important factors in their purchasing decisions.[99] A majority of purchasers indicated that price was sometimes or usually the main factor.[100]

We find that the foregoing conditions of competition are likely to remain unchanged for the reasonably foreseeable future and thus provide an adequate basis by which to assess the likely effects of revocation within the reasonably foreseeable future.

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[90] CR at II-10 and PR at II-6. If contemplated at the design stage, several substitutes exist for belts, including roller chain. CR at II-10 to II-11 and PR at II-6 to II-7.

[91] CR at II-17 and PR at II-10.

[92] Table I-1, CR and PR at I-3, CR at I-24 and PR at I-16.

[93] Table I-1, CR and PR at I-3.

[94] Table I-1, CR and PR at I-3.

[95] CR at I-24 and PR at I-16.

[96] Calculated from table I-5 & n.2, CR at I-26 and PR at I-17 (indicating that, assuming the Dayco produced the same quantity in 1999 as it did in 1998, it and Gates accounted for *** and *** percent of reported production, respectively). Goodyear did not respond to the Commission's requests for information. If it had, the three domestic producers would probably account for an even greater share of domestic production ***.

[97] Table I-1, CR and PR at I-3.

[98] CR at II-4 and PR at II-2, response of Gates to the Commission's notice of institution at 54-55.

[99] CR at II-13 and PR at II-7 to II-8.

[100] CR at II-13 and PR at II-8.

C. Revocation of the Antidumping Orders on Subject Imports from Italy, Japan, and Singapore Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[101]

1. Likely Volume of Cumulated Subject Imports

The cumulated volume of subject imports from Italy, Japan, and Singapore was less than *** percent in 1998 and 1999, and was *** percent or less in the years prior to the imposition of the orders.[102] Current capacity utilization rates for Japanese subject belts is ***, and the home market accounts for the *** of the Japanese industry's sales. The sole responding Singaporean producer reported *** capacity utilization, and *** home market sales, although it exported *** percentage of production to the United States in recent years.[103] No information is available on the Italian belts industry. Reported subject inventories from Japan and Singapore were significant in relation to exports to the United States, but *** in relation to reported subject production.[104] We believe that the ability of foreign producers to shift from the production of other products to subject belts is not high, due to the expense involved.[105]

Moreover, as already noted, producers representing the *** of domestic production do not oppose revocation of the orders. The only domestic producer to file a brief with the Commission supported revocation and argued that revocation of the orders will not materially affect the volume of subject imports.[106] We find that these actions indicate that the domestic industry as a whole believes that the volume of subject imports would not likely be significant if the orders were revoked. Moreover, nothing in the record indicates that we should reach a conclusion contrary to that expressed by the domestic industry.

Based on the foregoing, we find it likely that the cumulated volume of subject imports from Italy, Japan, and Singapore would not rise to a significant level if the orders were removed.

2. Likely Price Effects

Two of the Commissioners casting affirmative votes in the original determination found evidence of substantial underselling and lost revenues, and concluded that the cumulated subject imports had significant price suppressive effects.[107] The third Commissioner voting in the affirmative did not address price effects for purposes of present material injury because he found the domestic industry was not experiencing material injury.[108] In his affirmative threat determinations, the Commissioner found evidence of price depression and price suppression by the subject imports from Italy, underselling and

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[101] Commissioner Askey does not join the remainder of these views.

[102] Table I-1, CR and PR at I-3.

[103] CR at IV-10, IV-14, and IV-15 and PR at IV-3 and IV-4 (including table IV-11).

[104] Tables IV-4 to IV-11, CR at IV-5 to IV-7, IV-9, IV-11 to IV-13, and IV-15 and PR at IV-2 to IV-4. There were no reports of barriers to the importation of subject merchandise to countries other than the United States in responses received to Commission questionnaires.

[105] CR at II-16 to II-17 and PR at II-10.

[106] Prehearing Brief of Mitsuboshi Japan, Mitsuboshi Singapore, and MBL at 12.

[107] Original det. at 20-21 (Views of Commissioners Eckes and Newquist).

[108] Original det. at 38, 40, 42 (Views of Commissioner David B. Rohr).

price suppression by the subject imports from Japan, and evidence relating to price that supported an affirmative threat determination for subject imports from Singapore.[109]

Evidence from these reviews indicates that belts compete on the basis of price as well as other factors.[110] As noted previously, the domestic industry's lack of interest in maintaining the orders indicates that it does not anticipate likely significant price effects if the orders are revoked. Moreover, because we find that the volume of cumulated subject imports from Italy, Japan, and Singapore are not likely to rise to a significant level if the orders were revoked, we find it unlikely that they would have any significant price effects on the domestic market if the orders were revoked. Thus, we find that revocation of the orders would not lead to significant underselling by the subject imports from Italy, Japan, and Singapore, or to significant price depression or suppression.

3. Likely Impact

In the original investigations, two of the Commissioners that cast affirmative votes found that the subject imports' price suppressive effect prevented domestic producers from recovering increases in their cost of goods sold, and so reduced the domestic industry's profitability to an injurious level.[111] They found further that the price effect, coupled with the imports' growing market share, demonstrated that the subject imports are a cause of material injury to the domestic industry.[112] The third Commissioner that cast an affirmative vote (who found three separate domestic like products) found that the subject imports presented a real and imminent threat of material injury to the domestic industries producing V-belts, synchronous belts, and other belts.[113] However, he found that these industries were not currently experiencing material injury.[114]

Record information on the present state of the domestic industry is not complete because Dayco and Goodyear failed to respond to the Commission's requests for information. However, the data collected demonstrate that the operating income as a percentage of net sales of the rest of the domestic industry was over *** percent in 1998 and 1999.[115] The cost of goods sold as a percent of sales was *** percentage points lower in 1998 and 1999 than in 1988 or 1987.[116] Unit U.S. shipment values in 1998 and 1999 were approximately *** what they were in 1986-88.[117] We interpret the domestic industry's general lack of interest in maintaining the orders, and the failure of a significant part of it to cooperate with our data requests, to mean that the domestic industry does not view itself as being vulnerable to the

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[109] Original det. at 45-46, 48 (Views of Commissioner David B. Rohr) and remand determination of David B. Rohr at 13, 19-20. (Commissioner Rohr's remand determination is available for review in the law library of the Commission in "Countervailing (Remands)," 701-TA-224 to 701-TA-302, no. TC9.C71.)

[110] CR at II-13 to II-14 and PR at II-8.

[111] Original det. at 21 (Views of Commissioners Eckes and Newquist).

[112] Id.

[113] Id. at 45-46, 48 (Views of Commissioner David B. Rohr).

[114] Id. at 38, 40, 42-43.

[115] Tables I-1 and III-5, CR at I-5 and III-7 and PR at I-5 and III-2.

[116] Table I-1, CR and PR at I-5.

[117] Table I-1, CR and PR at I-5. Comparisons of other factors, such as the number of production workers, do not provide meaningful information because of incomplete information provided about the domestic industry for recent years.

effects of the subject imports if the order is revoked. We conclude that the domestic industry is not in a "weakened state," as contemplated by the vulnerability criterion of the statute.[118]

As instructed by the statute, we have also considered the extent to which any improvement in the state of the industry is related to the antidumping duty orders at issue. The improvement appears attributable in large part to higher unit values for domestic belts. Although the reduction in volume of subject imports after the imposition of the orders likely contributed to higher prices to some extent, we do not attribute the increases primarily to the effect of the orders. Our finding is consistent with the domestic industry's lack of interest in maintaining the orders.

We do not find it likely that revocation of the orders on subject imports from Italy, Japan, and Singapore would result in an increase in the volume of subject imports to significant levels, or result in significant price effects on the domestic market. In addition, the domestic industry's lack of interest in maintaining the orders indicates that it does not anticipate a likely significant adverse impact. Accordingly, based on the record in these reviews we conclude that, in the event of revocation of the orders on Italy, Japan, and Singapore, the cumulated subject imports likely would not have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

D. Revocation of the Antidumping Order on Subject Imports From Germany Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

As discussed above, we find that subject imports from Germany are likely to have no discernible adverse impact on the domestic industry if the antidumping duty order is revoked. We have considered the *** volume of subject imports from Germany, both prior to the imposition of the order and in recent years. We have also considered the *** production and capacity figures reported for the German "other" belt industry. In addition, the home market accounts for a *** percentage of production and inventories are *** in relation to production. Even in the very unlikely event that the German industry increased capacity utilization to 100 percent and exported all its production to the United States, the domestic market share of the subject imports from Germany would still be less than *** percent.[119] As also discussed above, the domestic industry's lack of interest in maintaining the orders indicates to us that it does not anticipate significant volumes of subject merchandise if the order is revoked. Based on the foregoing, we find it likely that the volume of subject imports from Germany would not rise to a significant level if the order were removed.

As noted in our discussion of the likely price effects of the cumulated subject imports from Italy, Japan, and Singapore, price is an important factor in purchasing decisions. However, because we find that the volume of subject imports from Germany would not likely rise to a significant level if the order were revoked, we find it unlikely that the subject imports from that country would have any significant price effects on the domestic market if the order were revoked. We also take into account the domestic industry's lack of interest in the order. Thus, we also find that revocation of the order would not lead to significant underselling by the subject imports from Germany, or to significant price depression or suppression, within a reasonably foreseeable time.

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[118] 19 U.S.C. § 1675a(a)(1)(C). See SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury .... If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further upon revocation of an order.").

[119] We find that any potential for product-shifting in Germany or any barriers to the importation of the subject merchandise from Germany into countries other than the United States do not materially affect our analysis.

As also discussed above in relation to the cumulated subject imports, we find that the domestic industry is not in a "weakened state," and we do not attribute the current state of the domestic industry to the order in primary part. In accordance with our findings regarding the likely volume and price effects of the subject imports from Germany, we conclude that, in the event of revocation of the order, subject imports from Germany likely would not have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on subject imports from Germany, Italy, Japan, and Singapore would not be likely to lead to continuation or recurrence of material injury to the U.S. industrial and automotive belts industry within a reasonably foreseeable time.

CONCURRING VIEWS OF COMMISSIONER THELMA J. ASKEY

I concur in the Commission's determination that revocation of the antidumping duty orders covering subject imports of certain industrial belts from Germany, Italy, Japan, and Singapore would not be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. However, I write separately because I find that the subject imports from all four subject countries are likely to have no discernible adverse impact on the domestic industry if the antidumping duty orders were revoked.[1]

I. CUMULATION

In sunset reviews, the Commission has the discretion to cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews were initiated on the same day if those imports would be likely to compete with each other and with the domestic like product within a reasonably foreseeable time if the orders are revoked.[2] Thus, in five-year reviews, the relevant inquiry is whether there would likely be competition among the domestic and subject merchandise within the reasonably foreseeable future, even if none currently exists. Because of the prospective nature of five-year reviews and the discretionary nature of the cumulation decision, the Commission has also examined other conditions of competition that are likely to prevail upon revocation when deciding whether to cumulate in sunset reviews.

Although cumulation is discretionary in sunset reviews, the statute unambiguously states that the Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise if those imports are "likely to have no discernible adverse impact on the domestic industry" upon revocation of the order covering those imports.[3] As can be seen, the statute does not direct the Commission to focus its discernability analysis solely on the likely volume levels of the imports; instead, the statute expressly directs the Commission to assess whether the subject imports will have a discernible adverse "impact" on the industry upon revocation.

Accordingly, when I assess whether I am permitted to cumulate the subject imports in sunset reviews, I first focus on whether the imports will impact the condition of the industry in a discernible way as a result of revocation, and not simply on whether there will be a small (i.e., negligible) volume of imports after revocation.[4]

A. Likelihood of No Discernible Adverse Impact

No party presented argument on the likelihood of no discernible adverse impact. However, I find that the subject imports from Germany, Italy, Japan and Singapore are likely to have no discernible adverse impact on the domestic industry if the orders are revoked.

The subject imports from Germany accounted for only *** percent of apparent U.S. consumption during the years before the imposition of the order and accounted for less than *** percent

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[1] Commissioner Askey joins in sections I, II, III(A), and IV(A) and (B) of the Views of the Commission.

[2] 19 U.S.C §1675a(a)(7).

[3] Section 752(a)(7) of the Act, 19 U.S.C. 1675a(a)(7)

[4] I discussed the rationale for my approach in more detail in my Additional Views in Potassium Permanganate from China and Spain, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, at 31 (October 1999). I also further explained my views in Brass Sheet and Strip from Brazil, Canada, France, Germany, Italy, Japan, Korea, the Netherlands, and Sweden, Invs. Nos. 701-TA-269 & 270 (Review) and 731-TA-311-317 & 379-380 (Review), USITC Pub. 3290, at 36-37 (April 2000).

of the market in 1998 and 1999.[5] Although German capacity utilization rates were *** in recent years, I find that more than minimal volume increases of subject merchandise from that country are unlikely in the reasonable foreseeable future. First, total German production capacity for the subject merchandise is ***. German producer ContiTech estimates that it accounts for *** percent of German production, yet its capacity is only *** units per year.[6] By comparison, reported annual apparent U.S. belts consumption was over *** units in recent years.[7] Thus, even if ContiTech were to operate at 100 percent capacity utilization, and export all that production to the United States, that volume would account for less than *** percent of reported apparent U.S. consumption. Moreover, German home market sales absorbed *** percent of ContiTech's shipments in 1998 and 1999, indicating that ContiTech focuses its efforts *** on its home market.[8] Given this, I believe that the German industry is unlikely to shift a significant amount of production to export sales in the reasonably foreseeable future. Based on the above, I find it unlikely that the subject imports from Germany will increase above their current minimal levels and that they are likely to have no discernible adverse impact on the domestic industry if the order were revoked.

With respect to Italy, the only known Italian producer of subject merchandise during the original investigations divested its operations ten years ago, and two other possible producers indicated to the Commission that they do not produce the subject belts.[9] The record indicates that Dayco, who withdrew from participation in these reviews and now *** with respect to the orders, may have purchased Pirelli's production facilities in 1999. Therefore, it is unclear whether Italy still contains any manufacturers of the subject merchandise. However, if Dayco Europe does in fact produce the subject merchandise, it is not clear to me that they would ship any product to the U.S. market, given that Dayco already has two production facilities in the United States to service this region. Accordingly, I believe it is unlikely that Dayco Europe would ship additional subject merchandise from Italy because that merchandise would be competing against that of its parent company, Dayco Products, Inc. Moreover, demand in Europe for industrial belts is strong, so much so that Dayco Europe operates five production facilities throughout Europe.[10] This provides another disincentive for the company to ship merchandise to the United States. Finally, the subject imports from Italy never captured more than *** percent of the domestic market during the original investigations and accounted for less than *** percent in 1998 and 1999.[11] Accordingly, I find it unlikely that the Italian producers will ship any additional merchandise to the United States upon revocation and that the subject imports from Italy will be likely to have no discernible adverse impact on the domestic industry if the order were revoked.

With respect to Japan, the two Japanese producers of industrial belts, Bando Japan and Mitsuboshi Japan, have consistently operated at capacity utilization rates in excess of *** percent during the period of review and have shipped the *** of their production to their home market.[12] As a result, the

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[5] Table I-1, CR at I-3 and PR at I-3. In value, subject imports from Germany never exceeded *** percent of apparent U.S. consumption prior to imposition of the orders.

[6] CR at IV-8-9 & Table IV-7, PR at IV-2 & Table IV-7.

[7] Table I-1, CR at I-3 and PR at I-3. As noted, reported consumption is likely considerably lower than actual consumption, because not all domestic producers responded to the Commission's requests for information.

[8] Table IV-7, CR at IV-9 and PR at IV-2.

[9] CR at IV-10, PR at IV-3.

[10] "Good Timing: Synchronous Belts take market share," Rubber & Plastics News, June 6, 1994; Bando's Prehearing Brief, Ex. 4-7.

[11] CR and PR at Table I-1.

[12] CR and PR at Tables IV-8 & IV-9.

Japanese share of apparent U.S. consumption was equal to only *** percent in 1999.[13] Moreover, since imposition of the order, Bando Japan and Mitsuboshi Japan have localized production in the United States, which serves to limit the incentive to ship additional volumes of subject merchandise from Japan. As discussed above, the record indicates that the primary interest of each of the related domestic producers is in domestic production rather than importation. Therefore, absent the order, it is unlikely that either Bando Japan or Mitsuboshi Japan will divert shipments from their home market to the United States. Moreover, given the *** capacity utilization rates at which the Japanese industry is currently operating, it is highly unlikely that the Japanese producers will be able to increase production in order to increase shipments to the United States. Based on the above, I find it unlikely that the subject imports from Japan would have a discernible adverse impact on the domestic industry if the order were revoked.

Finally, subject imports from Singapore accounted for only *** percent of the U.S. industrial and automotive market in 1988 and less than *** percent of the market in 1998 and 1999.[14] Although Mitsuboshi Singapore reported that it accounts for approximately *** percent of production of subject merchandise in that country,[15] it appears to be the only company that has exported subject merchandise to the United States. Moreover, when Mitsuboshi Singapore filed its foreign producer questionnaire, it listed *** as Singaporean competitors but made no reference to *** which petitioners cite as the only other possible producer of subject merchandise other than Mitsuboshi Singapore. Neither *** reported having production facilities in Singapore in their questionnaire responses. Therefore, the record suggests that Mitsuboshi Singapore is the only producer of subject merchandise in Singapore who is likely to export its product to the United States. The record does indicate that Mitsuboshi Singapore has *** of unused capacity. However, to re-enter the U.S. market, Mitsuboshi Singapore would compete against its affiliate, Mitsuboshi Belting Corporation, which has invested substantial capital to produce industrial belts in the United States. Based on the foregoing, I find it unlikely that the subject Singaporean manufacturers would ship any additional subject merchandise to the domestic market. I therefore find it unlikely that the subject Singaporean imports would have a discernible adverse impact on the domestic industry if the order were revoked.

II. REVOCATION OF THE ANTIDUMPING DUTY ORDERS ON CERTAIN INDUSTRIAL BELTS FROM GERMANY, ITALY, JAPAN, AND SINGAPORE IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME[16]

As discussed above, I determine that the subject imports from Germany, Italy, Japan, and Singapore are each not likely to have a discernible adverse impact on the domestic industry if the antidumping duty orders covering these imports were revoked. Consequently, in accordance with the language of section 1675a(a)(7) of the Act, I have not cumulated the subject imports for purposes of my review analysis. Moreover, for the same reasons that I discussed above, I find that subject imports from Germany, Italy, Japan and Singapore are not likely to have a significant volume, price or other impact on the domestic industry after revocation of the antidumping duty orders. Accordingly, I find that revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan and

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[13] CR and PR at Table I-1.

[14] CR and PR at Table I-1. In value, subject imports from Singapore never exceeded *** percent of apparent U.S. consumption prior to imposition of the orders.

[15] CR at IV-14, PR at IV-4.

[16] As required by the statute, I have taken into account in my analysis the likely dumping margins announced by the Department of Commerce. Moreover, I have considered the Commission's findings in the original investigations.

Singapore is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

Further, as required by the statute, I have considered whether the industry is vulnerable. The record data collected in these reviews demonstrate that the industry's operating income as a percentage of net sales of the industry was over *** percent in 1998 and 1999.[17] Moreover, the industry's cost of goods sold as a percent of sales was *** percentage points lower in 1998 and 1999 than in 1987 or 1988.[18] Therefore, I conclude that the domestic industry is not in a "weakened state," as contemplated by the vulnerability criterion of the statute.[19]

CONCLUSION

For the foregoing reasons, I determine that revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan and Singapore would not be likely to lead to continuation or recurrence of material injury to the U.S. industrial belt industry within a reasonably foreseeable time.

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[17] Tables I-1 and III-5, CR at I-5 and III-7 and PR at I-5 and III-2.

[18] Table I-1, CR and PR at I-5.

[19] 19 U.S.C. § 1675a(a)(1)(C). See SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury . . . . If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further upon revocation of an order.").

SEPARATE AND DISSENTING VIEWS OF COMMISSIONER LYNN M. BRAGG

Although I concur with the majority in reaching a negative determination with regard to the review of the antidumping duty order on subject imports from Germany, I render affirmative determinations with regard to the orders on Italy, Japan, and Singapore. Accordingly, I provide my separate and dissenting views below. As an initial matter, I note that subsequent to the Commission's decision to conduct full reviews, the two largest responding domestic producers indicated either that they no longer opposed revocation of certain of the orders, or that they would not respond to Commission questionnaires. Nevertheless, there remain several smaller domestic producers that have indicated support for continuation of the orders.[1] Consequently, in reaching my determinations, I have applied my standard analytical framework for sunset reviews to the record developed in this proceeding.[2]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY DEFINITIONS

Notably, the Commission's original determination did not result in a majority or plurality definition of the domestic like product(s) in the underlying investigations. Specifically, I note that:

- Two Commissioners defined three domestic like products comprised of: (1) all V-type power belts; (2) all synchronous type power belts; and (3) all other types of power belts.
- Two Commissioners defined one like product comprised of all industrial belts, excluding automotive belts.
- One Commissioner defined three domestic like products comprised of: (1) all V-type and round type power belts; (2) all synchronous type power belts; and (3) all flat type power belts.
- One Commissioner defined a single like product comprised of all power belts.

I begin my analysis by examining the domestic production corresponding to the scopes of these reviews. Upon review, notwithstanding some differences among various belt products, I am satisfied that there are no sufficiently clear dividing lines among the various belts warranting a distinction in like product definitions, and thus that the continuum of belt products itself constitutes a single domestic like product. I further determine not to expand this definition beyond the scope (as defined by Commerce) to include automotive belts. Consequently, I define a single domestic like product coextensive with the scopes of these reviews.

Based upon the foregoing like product definition, I further define a single domestic industry comprised of all domestic producers of industrial belts.

As for related parties, I note that four domestic producers satisfy the definition of a related party under the statute; specifically, Gates imported small quantities of subject belts; TBMC is *** by Jason Industrial, an importer of subject belts; and MBL is *** percent owned by Mitsuboshi (Japan) and is under common control with Mitsuboshi (Singapore). MBL also imported subject belts. Finally, Bando Manufacturing is *** percent owned by Bando (Japan) and is under common control with Bando American, an importer of subject merchandise.

I also note that none of the parties who participated in these reviews addressed the issue of whether any domestic producer should be excluded as a related party. In light of this and upon my own

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[1] Confidential Report ("CR") and Public Report ("PR") Table I-5.

[2] All data relied upon in these dissenting views may be found in the Commission's Report, primarily at CR and PR Table B-5.

review of the record in this proceeding regarding these relationships, I find that appropriate circumstances do not exist to exclude any domestic producer from the domestic industry.

II. CUMULATION [3]

Likely Reasonable Overlap of Competition–

Although I have defined a single domestic like product, I believe that in addressing the likelihood of a reasonable overlap of competition in the event of revocation, it is important to note what is currently "subject" merchandise from each of the countries under review. The following table summarizes the subject imports, by type:

COUNTRY	Industrial V-Belts	Industrial Synchronous Belts	"Other" Industrial Belts
GERMANY	No	No	*Yes*
ITALY	*Yes*	*Yes*	No
JAPAN	*Yes*	*Yes*	*Yes*
SINGAPORE	*Yes*	No	No

Upon review, I am satisfied that there is likely to be a reasonable overlap of competition among subject imports from Italy, Japan, and Singapore, and between subject imports from these three countries and the domestic like product, in the event of revocation.

With regard to Germany, however, I note that while 100 percent of subject German production is comprised of "other" industrial belts, only Japan among the three remaining subject countries has subject production of "other" industrial belts. Moreover, in 1999, little more than *** percent of subject imports from Japan were comprised of "other" industrial and automotive belts, while almost *** percent were comprised of V-belts and *** percent were comprised of synchronous belts. In terms of production, I further note that in 1999, only *** percent of Japanese industrial belt production was comprised of "other" industrial belts, while *** percent was comprised of industrial V-belts and the remaining *** percent was comprised of industrial synchronous belts.[4]

Based upon the foregoing, I find that there is not likely to be a reasonable overlap of competition among imports from Germany on the one hand, and imports from Italy, Japan, and Singapore on the other hand, in the event of revocation. Accordingly, I find that imports from Germany are not amenable

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[3] For a complete statement of the analytical framework that I employ to assess cumulation in the context of grouped sunset reviews, *see* Potassium Permanganate from China and Spain, *Separate and Dissenting Views of Chairman Lynn M. Bragg Regarding Cumulation in Sunset Reviews*, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, at 27-30 (October 1999); *see also* Brass Sheet and Strip from Brazil, Canada, France, Germany, Italy, Japan, Korea, the Netherlands, and Sweden, *Separate Views of Chairman Lynn M. Bragg Regarding Cumulation*, Inv. Nos. 701-TA-269 & 270 (Review) and 731-TA-311-317 and 379-380 (Review), USITC Pub. 3290, at 27-32 (April 2000).

[4] In comparison, during 1999, about *** percent of domestic production was comprised of "other" industrial and automotive belts, while almost *** percent was comprised of V-belts and almost *** percent was comprised of synchronous belts.

to cumulation with imports from any other subject country in these reviews, and therefore engage in a country-specific analysis of the likely effects of revocation of the order on Germany.

Likelihood of No Discernible Adverse Impact–

Italy:

Although information on the record regarding the industry in Italy is limited, I note that subject import volumes from Italy during the period of review were ***, and that the only known producer of subject merchandise during the original investigations, *i.e.* Pirelli, divested itself of its belt production operations some ten years ago. In addition, two other possible producers in Italy indicated to the Commission that they do not produce subject belts.

I further note, however, that Pirelli's belt production operations were purchased by Dayco Products Inc. to form Dayco Europe, which is headquartered in Italy.[5] The U.S. producer Dayco and the Italian firm Dayco Europe are under common control.[6] Although it is reasonable to assume that these related firms would not engage in the exportation of belts from Italy to the United States to the detriment of U.S. producer Dayco, this says nothing about the impact of such potential exports on the remaining U.S. producers. I further note that during the original investigation, Pirelli reported total production capacity of *** units for 1988.

Finally, I note that neither Dayco nor Dayco Europe participated in these reviews. Based upon all the foregoing, I determine that likely import volumes from Italy in the event of revocation would likely have a discernible adverse impact on the domestic industry.

Japan:

To begin, I note that reported capacity utilization rates in Japan during 1998 and 1999 (for total subject belt production) indicate that *** additional capacity is available in Japan to direct additional exports to the U.S. market if the order is revoked. Unused capacity during interim 2000, however, is equivalent to over *** percent of apparent U.S. consumption during that period; moreover, the increase in unused capacity appears to be the result of declining production and not expanding capacity, thus indicating that producers in Japan confront declining sales prospects (particularly in home and third country markets given the relatively *** share of production exported to the United States).

I also note that total production capacity in Japan is ***, equaling almost *** apparent U.S. consumption in 1999. In addition, total reported exports by Japanese producers (to all markets including the United States) are equivalent to roughly *** percent of apparent U.S. consumption in 1999.

Finally, I note that Bando and Mitsuboshi, the two largest Japanese producers, now have established relationships with U.S. affiliates (*i.e.* Bando American, Inc. and MBL (USA) Corp., respectively). Bando American and MBL were in the start-up phase of production during the Commission's original investigation, and thus were not included in the domestic industry in the Commission's original determination. Now, however, they are established producers in the U.S. market with established channels of distribution. Although it is reasonable to conclude that Bando and Mitsuboshi would not export to the U.S. market to the detriment of their established affiliates in the United States, this says nothing about the impact of such potential exports on the remaining U.S. producers.

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[5] "Good Timing: Synchronous Belts Taking Market Share," Rubber & Plastics News (June 6, 1994).

[6] Mark IV Industries, Inc. of Buffalo, N.Y., is their parent company.

Based upon all the foregoing, I determine that likely import volumes from Japan in the event of revocation would likely have a discernible adverse impact on the domestic industry.

Singapore:

I note that in the original investigation, Mitsuboshi (Singapore) reported a 1998 capacity of *** units. In these reviews, Gates identified two producers in Singapore: Mitsuboshi and Fenner Drives Ltd. Although Fenner did not respond to the Commission's questionnaire, Mitsoboshi reported that it accounts for *** percent of V-belt production in Singapore. Unused production capacity reported by Mitsuboshi for 1999 is equivalent to *** percent of apparent U.S. consumption that year. In addition, I note that subject imports from Singapore have maintained a presence in the U.S. market throughout the period of review, indicating the availability of established channels of distribution for such imports. Based upon all the foregoing, I determine that likely import volumes from Singapore in the event of revocation would likely have a discernible adverse impact on the domestic industry.

Conclusion–

In sum, I find it appropriate to engage in a cumulative analysis of the likely effects of revocation of the orders on Italy, Japan, and Singapore. In addition, I find that imports from Germany are not amenable to cumulation, and therefore engage in a country-specific analysis of the likely effects of revocation of the order on Germany.

III. ANALYSIS

Likely Volume–

Italy, Japan, and Singapore:

With regard to Italy, I infer that annual production capacity is, at a minimum, *** units as evidenced in the original investigation. With regard to Japan and Singapore, I note that the record in these reviews indicates total production capacities of over *** units and *** units, respectively, during 1999. Together, aggregate production capacity in these three countries is equivalent to more than *** apparent U.S. consumption in 1999.

Upon review, I determine that revocation of the orders on these three countries will result in significant volumes of imports, by means of both the diversion of exports to the United States from third country markets as well as the utilization of unused capacity in these countries to direct additional exports to the U.S. market. In this regard I note again that the record indicates that importers in Japan and Singapore have ready access to established channels of distribution in the U.S. market.

Germany:

I note that the record in these reviews indicates annual production capacity of *** units, and unused capacity equivalent to *** units, in Germany during 1999. Although all subject imports from Germany are of "other" industrial belts, I believe it is appropriate to measure likely imports against the single domestic like product I have defined encompassing all industrial belts subject to these reviews. This comparison demonstrates that unused capacity in Germany is equivalent to only *** percent of apparent U.S. consumption of industrial belts in 1999. Based upon the foregoing, I find that revocation of the order on Germany will not likely result in significant volumes of imports into the U.S. market.

Likely Price Effects–

Italy, Japan, and Singapore:

Although it is reasonable to conclude that subject producers in these three countries will not engage in export practices to the detriment of their affiliated U.S. producers, this says nothing about the impact of such potential exports to the U.S. market on other domestic producers. In addition, although the limited pricing data in the record indicate subject imports from these countries largely oversell the domestic like product, as noted, I find that revocation of the orders is likely to result in significant volumes of imports. Based upon the likely influx of significant volumes of imports in the event of revocation (which I find likely would result in a supply imbalance in the U.S. market), I find that these import volumes are likely to have significant negative price effects, particularly in light of the largely stagnant domestic price levels evidenced on the record during the period of review.

Germany:

I note that the average unit values of the limited volumes of subject imports from Germany during the period of review do not indicate that such imports are likely to enter the U.S. market at prices that will have significant depressing or suppressing effects in the event of revocation. In addition, as noted, I find that significant import volumes are not likely in the event the order on Germany is revoked. Based upon the foregoing, I find that revocation of the order on Germany is not likely to result in significant negative price effects in the U.S. market.

Likely Impact–

To begin, I note that although the record is somewhat mixed, it does not appear that the domestic industry currently is in a weakened state as contemplated by the vulnerability criterion of the statute; in particular, although capacity utilization for the domestic industry hovered between *** percent and *** percent during the period of review (even as total capacity increased modestly), the domestic industry enjoyed operating margins of *** percent in 1998; *** percent in 1999; and *** percent during interim 2000.

Italy, Japan, and Singapore:

As noted, I have found that significant import volumes are likely if the orders on these three countries were revoked. Particularly in light of the *** levels of capacity utilization evidenced for the domestic industry, I find that these significant import volumes would have a significant adverse impact on the domestic industry, primarily in the form of reduced U.S. shipments and declining price levels in the U.S. market. These conditions would further result in likely declines in the domestic industry's production and revenue levels, with ensuing declines in employment and profitability levels as well as an inability to make and maintain necessary capital investments.

Germany:

As noted, I have determined that significant import volumes are not likely in the event the order on Germany is revoked, and that any such imports are not likely to have significant negative price effects in the U.S. market. Accordingly, I determine that notwithstanding the *** levels of capacity utilization in the domestic industry, revocation of the order on Germany would not be likely to result in a significant

adverse impact on the domestic industry's production, sales, revenues, profitability, employment, and ability to make and maintain necessary capital investments.

IV. CONCLUSION

For the foregoing reasons, I determine that revocation of the orders on Italy, Japan, and Singapore, would be likely to result in continuation or recurrence of material injury to the domestic industrial belts industry within a reasonably foreseeable time. I further determine that revocation of the order on Germany would not be likely to result in continuation or recurrence of material injury to the domestic industrial belts industry within a reasonable foreseeable time.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On June 1, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective September 3, 1999, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.[1]

Effective date	Action
June 14, 1989	Commerce's antidumping duty orders on Germany (54 FR 25316), Italy (54 FR 25313), Japan (54 FR 25314), and Singapore (54 FR 25315)
June 1, 1999	Commission's institution of reviews (64 FR 29342)
September 3, 1999	Commission's decision to conduct full reviews (64 FR 50106, Sept. 15, 1999)
December 30, 1999	Commerce's final results of expedited reviews (64 FR 73511)
February 3, 2000	Commission's scheduling of the reviews (65 FR 6627, Feb. 10, 2000)
June 27, 2000	Scheduled date for Commission's hearing[1]
August 11, 2000	Commission's votes
August 18, 2000	Commission's determinations sent to Commerce

[1] Requests to appear at the hearing were filed on behalf of respondents MBL (Mitsuboshi Belting, Ltd., Mitsuboshi Belting (Singapore) Pte., Ltd., and MBL (USA)) and Bando (Bando Chemical Industries, Ltd. and Bando American, Inc.); no domestic interested party submitted a request to appear. On June 20, 2000, MBL and Bando submitted letters stating that although they were still prepared to testify, they were willing to rely on the material contained in their prehearing briefs in lieu of a hearing. On June 21, 2000, the public hearing was cancelled. The Commission's notice of cancellation (65 FR 39425, June 26, 2000) is presented in app. A.

The Original Investigations

On June 30, 1988, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of subsidized imports of industrial belts from Israel, Singapore, and South Korea and dumped imports of industrial belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany.[2] On June 14, 1989, Commerce made final affirmative dumping determinations with respect to Italy, Japan, Singapore, and West Germany, with margins as follows: for Italy, Commerce found a margin of 74.90 percent for

[1] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioner's votes on whether to conduct expedited or full reviews may also be found at the web site. The tariff provisions covering subject goods are listed in the U.S. Department of Commerce (Commerce) notice set forth in app. A.

[2] The petition was filed by The Gates Rubber Company (Gates).

Pirelli Trasmissioni Industriali, S.p.A. and for all other producers/exporters; for Japan, Commerce found a margin of 93.16 percent for Bando Chemical Industries, Ltd. and for all other producers/exporters; for Singapore, Commerce found a margin of 31.73 percent for Mitsuboshi Belting (Singapore) Pte., Ltd. and for all other producers/exporters; and for Germany, Commerce found a margin of 100.60 percent for Optibelt Corp. and for all other producers/exporters. The Commission made final affirmative injury determinations in these cases with respect to German "other" industrial belts (other than V-belts and synchronous belts); Italian industrial V- and synchronous belts; Japanese industrial V-, synchronous, and "other" belts; and Singaporean industrial V-belts and transmitted its determinations to Commerce on May 31, 1989.[3] Commerce issued antidumping duty orders on June 14, 1989.

Table I-1 presents a summary of data from the original investigations and from these reviews for "automotive and industrial belts." See the later section on "The Product" for a discussion of the Commission's original like product findings.

Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."[4]

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> > *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*

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[3] The Commission concurrently made negative determinations with respect to the countervailing duty and antidumping investigations against Israel and the antidumping investigations against South Korea, Taiwan, and the United Kingdom. Additionally, the Commission made negative determinations with respect to certain types of industrial belts from Italy (industrial belts "other" than V-belts and synchronous belts), Germany (industrial V- and synchronous belts), and Singapore (all industrial belts other than V-belts). Additionally, since Commerce had made negative final countervailing duty determinations with respect to imports from Singapore and South Korea on April 18, 1989, the Commission was not required to make final injury determinations with respect to those cases.

[4] Certain transition rules apply to the scheduling of reviews (such as these) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution.

Table I-1
Automotive and industrial belts: Summary data from the original investigations and current reviews, 1986-88, 1998-99, January-March 1999, and January-March 2000

(Quantity=*1,000 units*; value=*1,000 dollars*; unit values are *per unit*)

Item	Calendar year					January-March	
	1986	1987	1988	1998	1999	1999	2000
U.S. consumption quantity: Amount	204,480	192,809	194,768	***	***	***	***
Producers' share[1]	93.6	90.9	88.4	***	***	***	***
Importer's share:[1]							
Germany **(subject)**	***	***	***	***	***	***	***
Italy **(subject)**	***	***	***	***	***	***	***
Japan **(subject)**	***	***	***	***	***	***	***
Singapore **(subject)**	***	***	***	***	***	***	***
Subtotal subject sources	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***
Total imports	6.4	9.1	11.6	***	***	***	***
U.S. consumption value: Amount	506,356	537,143	564,184	***	***	***	***
Producers' share[1]	92.4	91.1	88.9	***	***	***	***
Importer's share:[1]							
Germany **(subject)**	***	***	***	***	***	***	***
Italy **(subject)**	***	***	***	***	***	***	***
Japan **(subject)**	***	***	***	***	***	***	***
Singapore **(subject)**	***	***	***	***	***	***	***
Subtotal subject sources	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***
Total imports	7.6	8.9	11.1	***	***	***	***
U.S. shipments of imports from--							
Germany **(subject)**:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***

See footnotes at end of table.

Item	Calendar year					January-March	
	1986	1987	1988	1998	1999	1999	2000
Italy **(subject)**:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***
Japan **(subject)**:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***
Singapore **(subject)**:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	$***	$***	***	$***	$***	$***	$***
Subject sources:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***
All other sources:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***
All countries:							
Quantity	13,180	17,575	22,689	***	***	***	***
Value	38,296	47,676	62,651	***	***	***	***
Unit value	$2.91	$2.71	$2.76	$***	$***	$***	$***
See footnotes at end of table.							

Item	Calendar year					January-March	
	1986	1987	1988	1998	1999	1999	2000
U.S. producers'--							
Capacity quantity	247,511	249,926	247,775	***	***	***	***
Production quantity	204,202	186,145	190,063	***	***	***	***
Capacity utilization[1]	82.5	74.5	76.7	***	***	***	***
U.S. shipments:							
Quantity	191,300	175,234	172,079	***	***	***	***
Value	468,060	489,467	501,533	***	***	***	***
Unit value	$2.45	$2.79	$2.91	$***	$***	$***	$***
Ending inventory quantity	45,023	42,416	40,800	***	***	***	***
Inventories/total shipments[1 4]	***	***	***	***	***	***	***
Production workers	3,186	2,837	3,098	***	***	***	***
Hours worked (*1,000 hours*)	6,674	6,266	6,689	***	***	***	***
Wages paid (*1,000 dollars*)[5]	69,483	66,213	72,890	***	***	***	***
Hourly wages[5]	$10.41	$10.57	$10.90	$***	$***	$***	$***
Productivity (*units per hour*)[6]	30.1	29.2	28.0	***	***	***	***
Net sales value	500,379	506,229	544,550	***	***	***	***
Cost of goods sold	307,318	322,092	359,492	***	***	***	***
Gross profit or (loss)	193,061	184,137	185,058	***	***	***	***
Operating income or (loss)	64,311	70,359	60,632	***	***	***	***
Cost of goods sold/sales[1]	61.4	63.6	66.0	***	***	***	***
Operating income or (loss)/sales[1]	12.9	13.9	11.1	***	***	***	***

[1] In *percent*.
[2] Less than 0.05 percent.
[3] Less than 500 units.
[4] Based on data of those firms that provided both numerator and denominator information.
[5] Data for 1986-88 are on the basis of total compensation paid.
[6] Data for 1986-88 are staff estimates. Employment data for automotive and industrial belts, combined, were not presented in the original report and the industrial belts productivity was calculated from firms providing both numerator and denominator information. Productivity for industrial belts was 17.6 units per hour in 1986, 18.4 in 1987, and 19.0 in 1988; for automotive belts, productivity was 55.1 units per hour in 1986, 51.4 in 1987, and 44.8 in 1988.

Note.–Because of rounding, figures may not add to the totals shown. In the current reviews, for Germany, subject belts are industrial belts other than V-belts and synchronous belts; for Italy, they are industrial V- and synchronous belts; for Japan they are all industrial belts; and for Singapore they are industrial V-belts. Nonsubject industrial belts from those four countries, all industrial belts from other countries, and automotive belts from all countries are included in the "all other sources" data presented. In the original investigations all industrial belts were subject belts, however, "subject" belts above refers only to belts that are subject in the current reviews.

Source: Data for 1986-88 are from *Industrial Belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany*, Investigations Nos. 701-TA-293 (Final) and 731-TA-412-419 (Final), USITC Pub. 2194, May 1989 and the confidential staff report to the Commission in the original investigations, May 17, 1989; data for 1998-March 2000 are compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

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

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix B. U.S. industry data are based on questionnaire responses of eight producers that accounted for an estimated *** percent of domestic producers' total shipment value of automotive and industrial belts, combined, during 1998.[5] U.S. import data are based on the questionnaire responses of 25 importers of certain industrial and automotive belts.[6] Responses by U.S. producers, importers, and purchasers of certain industrial and automotive belts and producers of certain industrial belts in Germany, Italy, Japan, and Singapore to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix C.

COMMERCE'S RESULTS OF EXPEDITED REVIEWS

On December 30, 1999, Commerce found that revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would likely lead to continuation or recurrence of dumping as follows: for Germany, the margin is 100.60 percent for Optibelt Corp. and all other manufacturers/exporters; for Italy, the margin is 74.90 percent for Pirelli and all other manufacturers/exporters; for Singapore, the margin is 31.73 percent for Mitsuboshi Belting (Singapore) Pte., Ltd. and all other manufacturers/exporters; and for Japan, the margin is 93.16 percent for Bando and all other manufacturers/exporters.[7] These margins reflect the rates from the original investigations, which Commerce found to be the only rates that reflect the behavior of the exporters without the discipline of the orders and therefore are probative of the behavior of the manufacturers/exporters of subject belts were the orders to be revoked. Commerce has not issued any duty absorption determinations with respect to these orders.

COMMERCE'S ADMINISTRATIVE REVIEWS

Germany

Commerce has conducted one administrative review of the antidumping duty order on certain industrial belts from Germany as shown in the following tabulation:

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[5] Staff estimated the 1998 total product shipment value based on the *1997 Economic Census: Rubber and Plastics Hoses and Belting Manufacturing, EC97M-3262C, Value of Product Shipments (September 1999)*. The total product shipment value for 1998 ($870.5 million) was estimated assuming 6 percent annual growth over the 1997 value ($821.2 million).

[6] Subject importers' questionnaire responses accounted for *** percent of the value of imports of subject belts from Germany, *** percent of the value of imports of subject belts from Italy, *** percent of the value of imports of subject belts from Japan, and *** percent of the value of imports of subject belts from Singapore in 1999. Values are based on Customs values as reported in table I-2, p. I-10. ***.

[7] Commerce's notice is presented in app. A.

Period of review	Date review issued	Margin *(percent)*
2/1/89-5/31/90	March 7, 1991 (56 FR 9672)	100.60 (Volkmann)

Italy

Commerce has conducted two administrative reviews of the antidumping duty order on certain industrial belts from Italy as shown in the following tabulation:

Period of review	Date review issued	Margin *(percent)*
2/1/89-5/31/90	March 9, 1992 (57 FR 8295)	60.38 (Pirelli)[1]
6/1/90-5/31/91	July 13, 1992 (57 FR 30938)	74.90 (Pirelli)[2]

[1] As amended by 57 FR 32196, July 21, 1992; Commerce's original margin had been 68.20 percent.
[2] In its final results of expedited sunset reviews, Commerce incorrectly stated that the margin for Pirelli in the second administrative review had been 70.90 percent.

Japan

Commerce has conducted five administrative reviews of the antidumping duty order on certain industrial belts from Japan as shown in the following tabulation:

Period of review	Date review issued	Margin *(percent)*
6/7/89-5/31/90	May 25, 1993 (58 FR 30018)	52.60 (Mitsuboshi Belting (MBL)) 93.16 (Bando, Nitta)[1]
6/1/90-5/31/91	August 23, 1993 (58 FR 44496)	93.16 (MBL)
6/1/91-5/31/92	January 10, 1994 (59 FR 1373)	93.16 (MBL)
6/1/92-5/31/93	January 10, 1994 (59 FR 1373)	93.16 (MBL)
6/1/93-5/31/94	August 4, 1995 (60 FR 39929)	93.16 (MBL)

[1] In its final results of expedited sunset reviews, Commerce incorrectly stated that the margin for Nitta in the first administrative review had been 52.60 percent.

Singapore

Commerce has conducted two administrative reviews of the antidumping duty order on certain industrial belts from Singapore as shown in the following tabulation:

Period of review	Date review issued	Margin *(percent)*
6/7/89-5/31/90[1]	September 14, 1992 (57 FR 41916)	31.73 (MBL)
6/1/90-5/31/91	July 2, 1992 (57 FR 29469)	31.73 (MBL)

[1] As amended by 57 FR 62299, December 30, 1992; the original period of review had begun with February 2 instead of June 7.

ANTIDUMPING DUTIES COLLECTED

Table I-2 presents the actual amount of customs duties collected under the antidumping duty orders from 1994 to 1999.

Table I-2
Subject industrial belts: Actual duties collected and imports, by sources, fiscal years 1994-99[1]

Item	1994	1995	1996	1997	1998	1999
Total duties collected (1,000 dollars)						
Germany[2]	877	1,332	872	667	653	632
Italy[3]	728	538	217	187	188	201
Japan[4]	6,005	7,649	7,031	5,363	5,549	5,226
Singapore[5]	9	5	7	***	15	19
Total imports (1,000 dollars)						
Germany[2]	872	1,332	892	663	649	627
Italy[3]	1,331	719	389	250	251	269
Japan[4]	7,835	10,179	7,650	5,757	5,975	5,610
Singapore[5]	29	17	22	***	49	60

[1] The federal fiscal year is October 1-September 30.
[2] Industrial belts other than V-belts and synchronous belts are subject for Germany.
[3] Industrial V-belts and synchronous belts are subject for Italy.
[4] Industrial V-belts, synchronous belts, and other belts are subject for Japan.
[5] Industrial V-belts are subject for Singapore.

Source: U.S. Customs Service Annual Report, Part A.

THE PRODUCT

The products covered by these orders are certain industrial belts from Germany, Italy, Japan, and Singapore. These products collectively include V-belts, synchronous belts, and other industrial belts used for power transmission, in part or wholly of rubber or plastic; containing textile fiber (including glass fiber) or steel wire, cord, or strand; and whether in endless (i.e., closed loops) belts, or in belting in lengths or links. The scope of the orders excludes conveyor belts and automotive belts as well as front-engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift trucks. This section presents information on both imported and domestically produced industrial belts, as well as information related to the Commission's domestic like product determination.[8] The imported goods fall in various provisions of the Harmonized Tariff System (HTS)

[8] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing
(continued...)

of the United States in chapters 39, 40, 59, and 73 depending on their configurations and constituent materials. Rates of duty for the subject goods range from 1.9 to 8.0 percent ad valorem. Industrial belts can be divided into two broad categories: (1) power drive belts used for transmitting power and (2) conveyor belts used for transporting goods or materials. Automotive belts are power drive belts that assist in propelling or moving motor vehicles such as automobiles, vans, trucks, buses, etc., and industrial and agricultural vehicles such as lift trucks, road graders, cranes, tractors, and combines.

Physical Characteristics and Uses[9]

Industrial power drive belts (hereinafter referred to as simply "industrial belts") are flexible bands that pass around two or more pulleys, sprockets, or sheaves and are used to transmit power from one drive to another in a machine. The type and specifications of the appropriate or most efficient belt to be selected will depend on the type of application, machine, and work to be done, as well as the horsepower rating and rotational speed of the drive system.

The two main types of industrial belts are V-belts and synchronous or timing belts. Other types include flat belts and round belts. The size of an industrial belt is identified by its width and thickness (cross section) and its length, and is designated under a fixed nomenclature and standards set by the Rubber Manufacturers Association, the Mechanical Power Transmission Association, and the International Standard Organization. More complete descriptions of industrial V-belts, synchronous belts, flat belts, and round belts and their various styles are presented below.

V-belts are shaped with a trapezoidal cross section (like a "V" or a wedge). All the power is usually transferred through the side or angle of the belt. The "V" shape allows more surface contact and less slippage between the belt and the sheave because of the wedging action of the belt in the groove.

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[8] (...continued)
facilities and production employees; (3) interchangeability, (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

In its original determinations, two Commissioners defined three domestic like products: (1) all V-power transmission belts, (2) all synchronous power transmission belts, and (3) all other types of power transmission belts; two Commissioners found one domestic like product: all industrial belts, excluding automotive belts; one Commissioner defined three domestic like products: (1) all V- and round power transmission belts, (2) all synchronous power transmission belts, and (3) all flat power transmission belts; and one Commissioner found one domestic like product: all power transmission belts. Data on automotive and industrial V-, synchronous, and "other" belts are found in appendix tables B-1, B-2, and B-3, respectively; data on all automotive and industrial belts are found in appendix table B-4; and data on all industrial belts are found in appendix table B-5.

In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution of these reviews, respondent Bando concurred with the Commissioners who found the domestic like product to consist of all power transmission belts, including automotive belts; although Bando did not specifically advocate that the Commission find three separate like products (i.e., automotive and industrial V-, synchronous, and "other" belts), it did state that "interchangeability between similarly-sized automotive and industrial belts is far greater than the interchangeability of, for example, V-belts and synchronous belts sold for industrial uses." The petitioner and Dayco stated that they agree with the domestic like product definitions of V-type belts, synchronous belts, and "other" industrial belts; they disagree, however, with the inclusion of automotive belts in the three respective product groups for purposes of defining domestic industries. No other parties addressed domestic like product issues in their responses to the Commission's notice of institution of these reviews.

[9] This section of the report includes material found in *Industrial Belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany*, Investigations Nos. 701-TA-293 (Final) and 731-TA-412-419 (Final), USITC Pub. 2194, May 1989, pp. a-2-a-5 and a-8-a-10.

Therefore, more power or force can be transmitted from a V-belt than from a flat belt, which has only one surface in contact with the sheave. Industrial V-belts have two basic cross sectional styles: classical and narrow, with some overlap in dimensions between the two styles.[10] The narrow belt has a more narrow width on top, which provides more surface on the side of the belt because of the angle of the wedge. The classical belt has a wider top in proportion to its side surfaces. Because of the larger side surface area, the narrow style provides greater horsepower carrying capability. V-belts may have lateral notches molded into the belt, which are designed to relieve stress from bending, add more flexibility, and dissipate heat created by rapid flexing. Double V-belts (hex belts), engineered with the wedge on both the top and bottom of the belt, are generally used to transmit power from the top (back) and bottom (front) sides of the belt, e.g., in serpentine drives. Another V-belt construction is a grooved, or ribbed, V-belt, which has several cut or molded grooves running parallel to the side wall of the belt. This type of belt is usually wider than a typical V-belt and consequently is designed to fit a wider pulley or sheave. Grooved V-belts are sometimes referred to as poly-V-belts. Although some industrial V-belts are bandless, most are banded, i.e., have a fabric cover wound around the top surface to prolong the life of the belt by protecting it from damaging elements.

Synchronous belts are referred to as timing belts or positive drive belts; power is transferred through the teeth on the belt. These belts are utilized primarily when the rotation of two drive shafts must be synchronized. Synchronous belts, unlike V-belts, have straight sides, are generally wider, and have teeth on the facing side. The reinforcing material must have low elongation characteristics, because expansion could result in a misfit of the teeth. Fiberglass is most commonly used, although steel cables, Kevlar, and polyester cord are used for certain applications. The facing is usually a textile fabric which acts as a buffer surface to protect the teeth and to reduce friction. The backing and the teeth consist of rubber or neoprene. Double-sided synchronous belts are engineered with the teeth on both the front and back surfaces of the belt to transmit the maximum power load from either side of the belt. High-torque drive synchronous belts are engineered with curvilinear teeth that provide superior stress distribution and improve the load capacity and power transmission efficiency. Depending on the drive conditions, high-torque drive synchronous belts can transmit 20 to 100 percent more power per inch of width than conventional synchronous belts.

Flat belts are best described by their cross section, a rectangular shape that is wider than it is thick. Subject flat belts are corded, meaning that the rubber or plastic belt contains reinforcing material, as in the case of V-belts, which provides additional support and strength. Corded flat belts have better strength properties than the cordless or layered flat belts, and these properties allow the corded flat belts to operate better on smaller pulleys.[11] A flat belt can be substituted for a V-belt on numerous types of machines if the sheave is replaced with a pulley (which offers the flat surface necessary for the transfer of power through the bottom of the belt). However, witnesses at the Commission's hearing during the original investigations testified that such substitutions would be costly and, therefore, are unusual. High-speed flat belts are made as light as possible by having two layers of tensile cord, each laid in different directions between the two thin plies of base materials.

Round belts are usually made similar to V-belts and can use the sheaves made for V-belts. Usually round belts are specially ordered and made to specified lengths for original equipment (OE) purposes. The cross section of a round belt is circular, with the circumference wrapped with a cover material. The belt's base material is of rubber or plastic, with a reinforcing material at its center core.

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[10] Each of these two styles can further be classified as joined classical or joined narrow when the classical or narrow belts are joined together by a high-strength tie band at the top surface.

[11] Cordless flat belts, where the entire belt consists of rubber or plastic plies or layers and does not contain a reinforcing material, are excluded from the scope of the orders and are not included in these reviews.

The reinforcing cord is usually rectangular, rather than round in shape, which provides greater strength. Round belts are produced in nine common sizes, ranging in diameter from 3/16 inch to 1-1/6 inches. Although not utilized as much as other types of industrial belts, round belts are used mostly for agricultural machinery and some light-duty or appliance drives.

Generally, no one type of industrial belt is used exclusively for a particular machine or piece of equipment. Factors such as cost, durability, type of motor, schedule of maintenance, accessibility of the existing belt on the machine, size and condition of the drive sheaves, and length of the belt will help determine which type of belt or specification will be the most efficient. Also, the expected frequency of operation of the equipment is a deciding factor.

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

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

Belts that are produced for automotive uses are similar in their physical dimensions to some kinds of industrial belts, although similarities usually end there. As stated in the original report, automotive belts usually differ from industrial belts in terms of the number of layers of materials used in construction. In addition, industrial belts usually are produced using higher quality materials than those used for automotive applications.[12]

Industrial belts are produced in a much wider range of widths, thicknesses, and lengths (circumferences) than automotive belts. The lengths of industrial belts may vary from several inches to over 100 inches, while automotive belts are generally limited to lengths that will conveniently fit under the hood.[13] Most industrial belts are banded, requiring additional materials used in their construction; automotive belts are almost always of the raw-edged (bandless) type.

Automotive belts are generally required to be more flexible or elastic than equivalent sized industrial belts. Rubber formulations used to produce automotive belts must incorporate resistance to

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[12] Telephone conversation with ***, June 5, 2000.

[13] Telephone conversation with ***, June 5, 2000. This was the case in the original investigations, when automotive V-belts were typically available in only one width and ranged from 30 to 60 inches in length, while automotive synchronous belts ranged from 30 to 50 inches; by comparison, industrial V-belts ranged from 20 to 600 inches and industrial synchronous belts ranged from 6 inches to 144 inches in length.

heat, oil, grease, and dirt. There are also fewer rubber formulations for automotive belts. By contrast, industrial belts use formulations that help the belt last for longer periods under continuous use.

Manufacturing Facilities and Production Employees[14]

Most industrial belts consist of four main components: (1) a reinforcing material (a textile, fiberglass, or steel cord, yarn, or fabric), which adds strength to withstand the tension imposed in transmitting power; (2) the base material (usually synthetic rubber, such as neoprene, or plastics), which forms the bulk of the belt and encloses the reinforcing material, to comprise the undercord and the overcord; (3) adhesion material or gum, which bonds all the components together; and (4) a textile fabric cover, which protects the core of the belt from dirt, grit, oil, and other damaging materials.

There are four main stages in the manufacturing of industrial belts: (1) parts manufacturing, (2) assembling or building, (3) curing or vulcanizing, and (4) finishing and packaging. The stages do not differ significantly among industrial V-, synchronous, and other belts, except as indicated below. The first step of parts manufacturing involves mixing selected ingredients to produce the rubber (neoprene) stock and treating or coating the tensile cord. The reinforcing material usually consists of polyester, polyester/nylon, cotton/rayon, or cotton/polyester blends, and in some cases "high performance" aramid or Kevlar cords or yarns. The reinforcing material is then coated with a latex or adhesive, heated, cured, and wound on spools for later use. At the same time, in the compound room ingredients of various chemicals, such as polymers, oil, fillers, carbon black, and pigments, are mixed and heated to produce a rubber masterbatch. The sequence, timing, and temperature during mixing will determine the quality of the finished product. The masterbatch, once thoroughly masticated through heat and constant blending, is deposited on a calendar mill in a soft, taffy-like form to cool. This mixture, along with other batches of mixtures, is rolled several times to insure uniform blending of all the ingredients. The neoprene and chemical mixture is rolled out on a conveyor belt in a strip approximately 2 feet wide, one-half inch thick, and 30 to 60 feet long. Several strips are then placed on top of each other and passed between heated drums during the calendaring process. This process results in an undercord stock of a uniform width of 52 inches and of a particular thickness, which is placed on a continuous 420-yard roll. A different roll of blended neoprene is further heated and cooled with a fabric impregnated with rubber or adhesive to form a roll of adhesive gum material. To produce overcord stock, another rubber masterbatch is bonded to a textile fabric, unrolled on a conveyor belt, cut into sections, every other one of which is then pivoted 90 degrees and rejoined with a heat splice to the piece in front of it to add strength, and then rerolled.

The second main manufacturing stage is the assembly or building process. Parts previously made or prepared are assembled in a building operation to produce uncut belt sleeves or cut belt cords. The undercord is built up from several plies, or layers, of different undercord stock consisting of various mixtures of ingredients, which are each wrapped around a drum until the desired thickness and composition of undercord are obtained. Next, the undercord is coated with an adhesive gum. This step is followed by winding the reinforcing material onto the undercord. Another ply of adhesive gum is applied to the tensile cord, and then the overcord stock is wrapped around the drum in layers in the same manner as the undercord until the desired thickness and composition are obtained. At this point the parts have been wrapped on the drum to form a sleeve measuring 36 to 42 inches wide. The sleeve is then cut with gang knives into belt cores. The cores are cut at a predetermined angle to form a wedge or V-

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[14] This section of the report includes material found in *Industrial Belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany*, Investigations Nos. 701-TA-293 (Final) and 731-TA-412-419 (Final), USITC Pub. 2194, May 1989, pp. a-2-a-3 and a-5-a-10.

shaped cross section. The belts are then wrapped with one to three layers of fabric, depending upon the belt size and intended end use.

The third main manufacturing stage is curing or vulcanizing. Vulcanization is an irreversible process during which the chemical structure of a rubber compound changes, becoming less plastic, more elastic, and more resistant to swelling from exposure to liquids. Smaller belts are placed in a mold and vulcanized under high pressure steam to their final shape. Larger belts are held under tension and cured in sections as the molds are closed over them; the belts are rotated two or more times after each sectional cure until the entire length of belt is cured.

The final manufacturing stage involves finishing and packaging. The belts are measured on two rotating pulleys and inspected for uniformity and length. Many of these belts have an acceptance tolerance of not more than several one-hundredths of an inch. Although belts are inspected during the measuring operation, they are further inspected for visual defects by final quality inspectors before being released for packaging. Finally the belt is packaged and shipped to customers or to warehouses for inventory.

The assembly stage varies somewhat, however, for bandless V-belts and synchronous belts. Bandless V-belts are cut after the entire rubber sleeve has been cured. Synchronous belts are made using a sleeve which is then cured on a special drum where the teeth on the belt will be molded. The sleeve is then cut to the proper width, and the belt cores planed and sanded to insure proper width and thickness.

The production of automotive belts uses a manufacturing process that is very similar to that used for industrial belts. The composition of the rubber masterbatches for automotive belts differs somewhat from those used for industrial belts because automotive belts must generally provide more flexibility, have higher heat resistance, and be able to function in more oily, greasy, and dirty conditions than industrial belts, while industrial belts must provide greater strength and durability. The process of bonding undercord, reinforcing material, and overcord to form a belt core or sleeve is the same for both types, and both use standard mixing and rolling equipment. Because most automotive belts are of the raw-edge type, a finished vulcanized sleeve forms the stock from which automotive belts are cut. In addition, automotive belts typically do not include any additional reinforcing material covering the belt. As a result, an automotive belt typically has fewer layers than an industrial belt.

Three firms reported that they produced automotive or other belts on the same equipment used in the production of the subject products. None of the three producers indicated any additional costs in switching between automotive and industrial production. The three producers also indicated that they anticipated using the same equipment and production workers to produce both automotive and industrial belts in the future. Limitations to future production noted were investment, number of production lines, and customer demand. By contrast, five firms, ***, reported that they did not use the same equipment and production workers to produce both types of belts, and did not anticipate doing so in the future. A spokesperson for *** indicated that while some of the machinery could be used for production of either automotive or industrial belts, it would be uneconomical to do so given the extra amount of labor required for reprogramming and setup.[15] ***, one of the three producers that indicated it could switch between automotive and industrial belt production, further stated that it maintains separate production lines for automotive and industrial belts.[16]

[15] Telephone conversation with ***, June 5, 2000.

[16] *** producer's questionnaire, p. 5, and telephone conversation with ***, June 5, 2000.

Interchangeability

Industrial belts are finished products and, as discussed above, are produced to specifications generally set by the end user. Some interchangeability does exist, however, between the different types of industrial belts. As noted in testimony at the hearing in the original investigations, a flat belt could in some instances be substituted for a V-belt. Such substitutions are costly, however, and therefore unusual.[17]

Nonindustrial belts, such as V-belts used for automotive purposes, are not generally interchangeable with industrial power belts. While certain automotive belts may have similar appearances or physical dimensions compared with industrial belts, the actual construction of automotive-type belts is sufficiently different from industrial belts that interchangeability between automotive belts and industrial belts is limited.[18]

Channels of Distribution and Price

Table I-3 shows the channels of distribution for U.S. producers' U.S. shipments of automotive and industrial belts. ***.[19] U.S. importers' channels of distribution of U.S. shipments of subject imports are presented in table I-4.

Table I-3
Automotive and industrial belts: U.S. producers' shipments, by channels of distribution, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table I-4
Industrial belts: U.S. importers' shipments of subject imports, by channels of distribution, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

In 1999, unit values for U.S. shipments were $*** for importers' shipments of subject V-belts and $*** for domestic automotive and industrial V-belts; $*** for importers' shipments of subject synchronous belts and $*** for domestic automotive and industrial synchronous belts; and $*** for importers' shipments of subject "other" belts and $*** for "other" domestic automotive and industrial belts. As previously mentioned, because ***, unit values for domestic industrial V-, synchronous, and

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[17] *Industrial Belts from Israel, Italy, Japan, Singapore, South Korea, Taiwan, the United Kingdom, and West Germany*, Investigations Nos. 701-TA-293 (Final) and 731-TA-412-419 (Final), USITC Pub. 2194, May 1989, p. a-5.

[18] Ibid, p. a-9.

[19] ***.

"other" belts exclusive of automotive belts are not available.[20] For a further discussion on price see Part V.

U.S. MARKET PARTICIPANTS

U.S. Producers

Producers Gates (the petitioner in the original investigations), Dayco, and HBD Industries/Thermoid stated in their responses to the Commission's notice of institution of these reviews that they opposed the revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore. Producer MBL (USA) stated in its response that it supports revocation of the orders. As a result of these four producers' responses, and adequate responses from respondent interested party groups with respect to Japanese and Singaporean belts, the Commission determined to conduct full reviews. However, Dayco has not answered the Commission's questionnaire in these full reviews and on April 14, 2000, Gates, through its legal counsel, submitted a letter to the Commission stating that the company was no longer interested in maintaining the orders.[21] Gates also submitted letters to Commerce requesting the initiation of "changed circumstance" reviews of the orders. Producers Bando Manufacturing of America and MBL (USA) also submitted separate letters to Commerce dated May 11, 2000, and May 12, 2000, respectively, indicating their disinterest in maintaining the antidumping duty orders and supporting Gates' request for a "changed circumstance" review. Commerce did not act on those requests. Gates neither submitted a prehearing brief, nor made a request to appear at the Commission's public hearing on these reviews, scheduled for June 27, 2000, by the June 19, 2000 deadline. In light of this, respondents Bando and MBL withdrew their requests to appear at the hearing and, on June 21, 2000, the Commission cancelled the hearing due to lack of participation by parties.

In the current reviews, the Commission received questionnaire responses from eight U.S. producers of certain industrial belts. In the original investigations, the Commission received usable questionnaire responses from eight of 10 U.S. firms believed to be producing certain industrial belts. At that time, the production of automotive and industrial belts was heavily concentrated with three firms, ***, accounting for about 85 percent of the number of industrial belts produced during 1986-88.[22] Goodyear and Dayco currently produce certain industrial belts, and are believed to be, along with Gates, large domestic producers of the product.[23] In the current reviews, the Commission received responses from only one of those three, Gates. Goodyear ***; Dayco ***.

In its response to the notice of institution of these reviews, Gates estimated its U.S. market share in 1997 for automotive and industrial V-belts to be *** percent, for automotive and industrial synchronous belts to be *** percent, for all other automotive and industrial belts to be *** percent, and for all industrial belts, excluding automotive belts, to be *** percent.[24] Of the questionnaires received in these reviews,

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[20] Data for domestic producers excluding *** show unit values of $*** for industrial V-belts, $*** for industrial synchronous belts, and $*** for other industrial belts.

[21] Gates' questionnaire response indicates that the firm ***.

[22] Confidential staff report to the Commission in the original investigations, May 17, 1989, p. a-32.

[23] Bando's response to the Commission's notice of institution of five-year reviews, pp. 6 and 8.

[24] Gates' response to the Commission's notice of institution of five-year reviews, p. 49. Gates' 1998 market share (as a percentage of the total value of U.S. shipments) based on questionnaire responses received is *** percent for automotive and industrial V-belts, *** percent for automotive and industrial synchronous belts, *** percent for all other automotive and industrial belts, and *** percent for all industrial belts.

Gates accounts for *** percent of U.S. producers' 1999 reported production of industrial belts. In the original investigations, Gates' 1988 share of reported U.S. production of industrial belts was *** percent.

Table I-5 lists the producers that have responded to the Commission's questionnaire, their positions with respect to revocation of the subject orders, the types of belts that they produce, their plant locations, and their shares of reported production.

Table I-5
Automotive and industrial belts: Reporting U.S. producers, types of belts produced, primary plant locations, positions on revocation of the orders, and shares of U.S. production in 1999

Firm	Belt type(s)[1]	Location	Position on revocation of the orders	Shares of production[2] (*percent*)
Bando Manufacturing of America	IV, AV, IS	Bowling Green, KY	Supports revocation	***
Belting Industries	IO	Kenilworth, NJ	***	***
Gates Rubber Co.	IV, AV, IS, AS, IO, AO	Denver, CO	([3])	***
HBD Industries/Thermoid	IV	Elgin, SC	Opposes revocation	***
Hutchinson FTS	IO, AO	Troy, MI Byrdstown, TN	([4])	***
MBL (USA)	IV, AV, AS	Ottawa, IL	Supports revocation	***
Megadyne America	IS	Pineville, NC	***	***
TBMC/Jason Industrial	IS	Greenville, SC	***	***

[1] I=industrial, A=automotive, V=V-belts, S=synchronous belts, O=other belts.
[2] The figures on the left are the shares of reported automotive and industrial belt production. The figures on the right are the share of reported and inferred automotive and industrial belt production (with 1998 production reported by Dayco in its response to the Commission's notice of institution inferred to equal its 1999 production); under this scenario, Dayco would account for *** percent of reported and inferred production of automotive and industrial belts.
[3] Gates indicated in its questionnaire response that it ***.
[4] Hutchinson indicated in its questionnaire response that it ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Several domestic producers of certain industrial belts are related to foreign firms or importers. Bando Manufacturing of America is *** percent owned by Bando USA, which is *** percent owned by the Japanese producer/exporter Bando Chemical Industries.[25] Hutchinson is *** by the French firm Total Fina Elf, S.A., and entered the U.S. market in 1999. MBL (USA) is *** percent owned by the Japanese producer/exporter Mitsuboshi Belting, Ltd., and is related to Mitsuboshi Belting (Singapore) Pte., Ltd., also a foreign producer/exporter of subject merchandise. TBMC is a *** subsidiary of importer Jason Industrial

[25] Bando Chemical Industries holds *** percent ownership of Bando USA of Wilmington, DE. Bando USA holds *** percent ownership of Bando Manufacturing of America, which is a domestic producer of automotive and industrial belts ***. Bando USA also holds *** percent ownership of Bando American, which is an importer of subject belts.

of Fairfield, NJ,[26] and was opened in 1990 to produce industrial synchronous belts following the imposition of antidumping duties.

Subject merchandise is imported by several domestic producers. MBL (USA)'s 1999 imports of subject belts amounted to *** percent of the firm's production of all automotive and industrial belts in 1999. MBL (USA) reportedly imports such belts because the firm does not ***. Bando Manufacturing of America *** has a related firm, Bando American, that imported subject belts in 1999 which were equal to *** percent of Bando Manufacturing of America's 1999 production of all automotive and industrial belts. Gates did not submit an importer questionnaire, however, a company representative indicated in telephone conversations that ***, but small amounts of subject *** belts are imported from Japan.[27]

U.S. Importers

Importer questionnaires were sent to more than 100 companies identified as possible importers of certain industrial and automotive belts by U.S. Customs.[28] Thirteen firms responded that they had not imported power drive belts since June 14, 1989, and 47 firms did not respond to the Commission's questionnaire. Of the 41 firms that responded affirmatively to the questionnaire, 25 companies submitted usable data. Importer Bando American is *** percent owned by Bando USA of Wilmington, DE, which is *** percent owned by Bando Chemical Industries, Ltd. of Japan, while importer MBL (USA) is *** percent owned by Mitsuboshi Belting, Ltd. of Japan and related to foreign producer/exporter Mitsuboshi Belting (Singapore) Pte., Ltd.

U.S. Purchasers

The Commission sent questionnaires to 80 firms that had been identified as possible purchasers of power drive belts, of which 15 responded in the affirmative. It also received responses from 10 firms indicating that they had not purchased power drive belts since June 14, 1989. The responding purchasers are located in nine states: Alabama, Georgia (two purchasers), Idaho, Illinois (three purchasers), North Carolina (two purchasers), Ohio (two purchasers), Oregon, South Carolina, and Washington (two purchasers).

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Tables I-6, I-7, and I-8 present apparent U.S. consumption of automotive and industrial V-, synchronous, and other belts, respectively, during the review period. Total U.S. consumption, in units, for all types of belts decreased between 1998 and 1999; total U.S. consumption value of V- and synchronous belts rose during the same period, while the same value for other industrial belts fell. Between the interim periods, consumption of V-belts rose, while that of synchronous and other belts fell. Shipments of subject V- and "other" belt imports declined throughout the period, while shipments of subject synchronous belt imports rose steadily. Market shares are shown in tables I-9, I-10, and I-11. U.S. producers maintained *** of market share for the three types of belts throughout the period.

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[26] Jason Industrial ***.

[27] Staff telephone conversation with ***, Gates, June 1, 2000; *see also* Gates' response to the Commission's notice of institution, p. 3.

[28] The HTS subheadings that apply to certain industrial belts also include many products outside the scope of these reviews, such as belts used as apparel and pet accessories.

Table I-6
Automotive and industrial V-belts: U.S. producers' U.S. shipments, U.S. shipments of imports, and total apparent U.S. consumption, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table I-7
Automotive and industrial synchronous belts: U.S. producers' U.S. shipments, U.S. shipments of imports, and total apparent U.S. consumption, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table I-8
Other automotive and industrial belts: U.S. producers' U.S. shipments, U.S. shipments of imports, and total apparent U.S. consumption, 1998-99, January-March 1999, and January-March 2000

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Table I-9
Automotive and industrial V-belts: Apparent U.S. consumption and market shares, 1998-99, January-March 1999, and January-March 2000

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Table I-10
Automotive and industrial synchronous belts: Apparent U.S. consumption and market shares, 1998-99, January-March 1999, and January-March 2000

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Table I-11
Other automotive and industrial belts: Apparent U.S. consumption and market shares, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

MARKET STRUCTURE

Industrial belts have a broad array of end uses, and that breadth is reflected in a wide but generally not deep purchaser market served in a myriad of ways by several U.S. producers. The largest U.S. producers of industrial belts are reportedly Gates, Dayco, and Goodyear.[1] Bando, Nitta, and MBL (USA), all with related companies in subject countries, have U.S. production facilities. Other U.S. producers include Habasit, HBD/Thermoid, Hutchinson, and TMBC (owned by Jason Industrial).[2] Importers fell into two broad categories: larger importers which tended to import across a range of belts, and often had ***, and other importers, which tended to import smaller amounts of specific belts for use in their own end products or for distribution to specific markets.[3] Purchasers likewise fall into two broad categories of large distributors of a broad range of belts and small distributors/end users. Again, the latter firms tended to concentrate on more specific, smaller markets for industrial belts.

CHANNELS OF DISTRIBUTION

*** explained that industrial belts are sold to distributors, original equipment manufacturers (OEMs), and end users (which are generally maintenance and spare parts companies). Distributors serve both the OEM and maintenance market, and offer better customer knowledge than large producers, service for smaller purchasers, and a full range of maintenance services as well as parts other than industrial belts. During the review period, U.S. producers tended to ship about *** of their industrial and automotive belts to OEMs and about *** to distributors, while importers tended to ship approximately *** of subject belts to OEMs and *** to distributors.[4]

*** stated that the distribution channels for industrial belts have changed since the original investigations. Whereas before there was a wider distributor base, it said that producers and importers now face large and consolidated national distributors (e.g., ***) which have the market power to pressure price changes. *** elaborated that the existence of large distributors with a broad customer base favored large integrated suppliers, such as ***. *** independently confirmed that there "might" have been some consolidation in the distributor market, but said its fundamental character had not changed.[5] *** stated that its sales and distribution have not changed since the orders and that it has ***.

*** said that automotive belts are also distributed through the same channels of distribution as industrial belts. However, of the 11 importers who imported automotive belts in these reviews, only *** also imported industrial belts. In the original investigations,[6] automotive and industrial belts were distributed differently, with automotive belts sold to automotive warehouse distributors, which in turn sold the belts to auto parts stores and garages. On the other hand, industrial belts went to industrial

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[1] Bando's response to the Commission's notice of institution of five-year reviews, pp. 6-13.

[2] Dayco, Goodyear, Habasit, and Nitta did not respond to the Commission's questionnaire.

[3] This second group of importers tended to have less information about the broader belt market and, as belts were often a small portion of their total business, often had little knowledge of the market for even the belts they themselves buy.

[4] Tables I-3 and I-4.

[5] Staff conversation with ***.

[6] In the original investigations, information on channels of distribution for industrial versus automotive belts was based on exhibits provided by ***.

distributors, which then sold to the industrial customers. According to ***, automotive and industrial belts are still sold through different channels.[7] However, Bando reported that some belts classified as automotive belts by the Commerce Department, such as belts used on lawnmowers, earth tillers, and snowblowers, are produced to industrial belt cross sections and sold through industrial belt distributors.[8]

In the original investigations, industrial belt distributors tended to carry only one brand of industrial belts. Of the 13 industrial belt distributors participating in these reviews, five relied on one supplier for over 90 percent of their purchases and an additional two had one supplier for over 75 percent of their purchases.

U.S. MARKET SEGMENTS

In these review investigations, five of eight U.S. producers said that they service the entire U.S. market. Eighteen importers stated that they served the entire United States, one served 31 states, and two others reported serving only one city. Both producers and importers reported a wide variety of end uses for industrial belts (although some importers who import small quantities or are end users themselves reported only one specialized end use). End uses cited include lawn and garden equipment, office equipment, exercise equipment, photofinishing equipment, meat wrapping equipment, ATMs, and motor drives in industries such as chemicals, textiles, power, paper, oil refinery, quarries, mines, and food processing. *** reported that V-belts are used in transmission and motor drives, mailing machines, and copier machines, while synchronous belts are used to drive pulleys in the sorters on mailing machines and document feeders and sorters.

In general, producers and importers did not see or anticipate seeing any changes in end uses. *** did note that as systems become more electronic and less electro-mechanical, fewer drives may be needed. However, it added that when the industry has made such predictions in the past, consumption has increased due to new and unexpected applications. *** saw some replacement of V-belts by synchronous belts on drives. *** noted that engines with higher horsepower ratings have increased the available market by replacing timing chains with synchronous belts. *** saw an increase in product capacity and range as application possibilities expanded into exercise equipment and computer peripherals.

U.S. SUPPLY: DOMESTIC PRODUCTION FOR THE U.S. MARKET

Producers and importers expressed different views of U.S. industrial belt production. *** described the industrial belt market as a mature and slow-shifting market that has changed little in the 10 years since the antidumping duty orders went into effect. Importers like *** described U.S. producers as being in a strong position with increasing capacity. ***, in particular, cited U.S. producers' expansion of production, technological innovations at ***, and *** shifting some production to Mexico.

Among questionnaire respondents, there was general consensus that industrial belt production methods and capabilities had changed little since the orders, although there were some small changes in specific production areas. *** cited oil products as a key raw material used in producing power drive belts, and explained that drastic energy price changes would be passed on to belt prices. *** explained that with the ***, it had stopped importing belts ***. *** stated that there had been no changes in

[7] Staff conversation with ***.

[8] Bando's prehearing brief, p. 15.

supply capability since the orders, and they did not anticipate any. However, *** stated that ***, it was planning expansions in both automotive and industrial capacity in the next 5 years.[9]

There was some U.S. producer agreement that U.S. supply would see continued pressure from imports; however, U.S. producers were split over whether the future would bring changes to the U.S. supply of industrial belts. *** felt that the industrial belt market is mature and stable, and did not expect significant changes, although *** cited the increased use of the internet and more market penetration by Chinese suppliers. *** stated that the continuing transition to large distributor groups and large factory direct retail chains was squeezing small independent retailers, but that the basic product was remaining the same. *** saw price pressure from German- and Japanese-owned companies eroding prices for synchronous belts. *** noted an increased customer acceptance of imported belts, as well as some new synchronous belts (Goodyear's Eagle Herringbone tooth design synchronous belt) and Dayco's purchase of the U.S. production operations of Pirelli and Durkee Atwood.

Most importers did not report any major changes to the U.S. industrial belts supply. However, *** stated that a proliferation of buying groups such as consortiums and co-ops were developing to combat multi-national distributors, but in the meantime national distribution chains were purchasing independent distributors. Moreover, in its prehearing brief, Bando supplied articles from industry publications about how Dayco, Gates, and Goodyear have all been expanding operations and how Bando, Hutchinson, Jason Industrial, MBL (USA), and Nitta have opened U.S. production plants since the original investigations.

U.S. purchasers generally did not know of any changes in the U.S. industrial belts supply, or did not expect any. *** did predict improved operating life and efficiency due to material and design improvements. *** characterized the V-belt industry as a mature industry and stated that although improvements in material (such as Kevlar) would improve performance in some applications, the overall improvements would be small because V-belts are "such an old technology." It felt that the only major change was MBL (USA) building a new and modern warehouse in Chicago, making MBL (USA) a high quality belt producer and a major national competitor.

Capacity Utilization and Inventories

U.S. producers of industrial and automotive belts reported end-of-period inventories of *** V-belts, *** synchronous belts, and *** other industrial belts in 1999. Capacity utilization for industrial and automotive belt production was *** percent for V-belts, *** percent for synchronous belts, and *** percent for other belts in 1999.[10]

Export Markets

U.S. producers reported differing capabilities to shift to other countries' markets. *** felt that there was no problem shifting to export markets, with the biggest problem being arranging secure payment for goods. *** reported that foreign markets are particularly difficult because belt sales require field sales contacts to assist with engineering. *** said that its capacity was geared to the size of each

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[9] Producers' questionnaire, questions IV-B-10 and IV-B-11.

[10] *** has not provided usable data on industrial V-, synchronous, and other belts, only on industrial and automotive V-, synchronous, and other belts (although it did also supply data on all industrial belts and all automotive belts). Excluding ***, industrial belts end-of-period inventories in 1999 were *** V-belts, *** synchronous belts, and *** "other" belts. Industrial belts 1999 capacity utilization excluding *** was *** percent for V-belts, *** percent for synchronous belts, and *** percent for "other" belts.

export market and shifting would be difficult. *** agreed that such shifts were difficult, due to margins that were too low to cover shipping time, tariffs, and competing against local manufacturers. *** also felt shifting to export markets was very difficult, as most markets are already served by ***.

U.S. importers generally agreed that it would be difficult to shift shipments to other markets. Some importers, such as ***, which used specific belts in their end products or which distributed to specific markets, stated that the belts they purchased could not be found in the United States. Others, such as ***, have binding import relationships with their parent companies.

U.S. SUPPLY: THE POTENTIAL OF SUBJECT IMPORTS TO SUPPLY THE U.S. MARKET

In its response to the Commission's notice of institution of these reviews, Gates predicted a repeat of the pre-order dumping if the current orders are revoked. It stated that after the orders were imposed, imports dropped but did not disappear. In the original investigations, U.S. producers had seen their market share fall from 89 percent of the value of industrial belts consumption in 1986 to 85 percent in 1988, with most of the lost market share being taken by *** imports.

Eleven importers did not see any supply factors that had affected imports of belts since the imposition of the orders, with 25 not aware of any or not answering the question. *** said that commodity products from Japan were being replaced by similar products from lower-cost producer countries, such as China, India, Korea, and Taiwan, forcing U.S. producers *** to move production to Mexico. Most importers did not anticipate any changes, or ordered too small an amount to expect any changes. *** stated that elimination of the dumping duties would lead to certain market share loss for U.S. producers as it expected *** to pursue an aggressive pricing strategy.

Purchasers were divided as to the effects of revocation on U.S. supply. *** felt there would be little or no effect. *** stated that prices would fall, and that quality issues might emerge as consumers would need to compare price against the quality of the product. *** added that revocation would lead to a devaluation of its current inventory. It added that it would take 3 to 6 months to sell the devalued inventory.

Subject Imports

Germany

German "other" industrial belt capacity utilization was *** percent throughout the period of review. ***. The original investigations listed two German producers (Optibelt, with a 1988 industrial belt capacity of *** belts, and Continental AG, with a 1988 industrial belt capacity of *** belts). In the original investigations, foreign data were presented for industrial belts, for automotive belts, and for the two combined, but there are no data available from the original investigations on "other" industrial belts, the only type of belt from Germany subject to review.

Italy

The original investigations listed one Italian producer, Pirelli, with an estimated 1988 capacity of *** industrial belts. No Italian producer of subject industrial V- or synchronous belts participated in these reviews.[11]

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[11] Pirelli did not provide separate capacity data for industrial belts in the original investigations. The estimated (continued...)

Japan

Japanese industrial belt capacity utilization was *** percent in 1999, up from *** percent in 1998. Japanese inventories of industrial belts rose to *** industrial belts in 1999 from *** industrial belts in 1998. Japanese exports of industrial belts to the United States were about *** industrial belts, or *** percent of its total shipments in 1998 and 1999. The original investigation listed three Japanese producers. Of these, Bando, with a 1988 capacity of *** industrial belts, and Mitsuboshi, with a 1988 capacity of *** industrial belts, combined for a total 1988 capacity of *** industrial belts.[12]

Singapore

Singaporean industrial V-belt capacity utilization was *** percent in 1998-99. Inventories increased from *** industrial belts in 1998 to *** industrial belts in 1999 while exports to the United States fell from *** industrial belts to *** industrial belts in the same period.[13] The original investigations listed one Singaporean producer, ***, with a 1988 industrial belt capacity of *** belts. (That number was for all industrial belts, not just the industrial V-belts from Singapore currently under review).

U.S. SUPPLY: NONSUBJECT IMPORTS

Bando stated that nonsubject industrial belts are now more prevalent in the U.S. market than at the time of the original investigations. It cited Korean and Mexican V-ribbed belts in particular. *** stated that certain trading companies have tried to sell nonsubject belts, but prices are generally too high and the belts of poor quality. In the original investigations, Israel (1988 estimated capacity of *** industrial belts[14]), Korea (1988 capacity of *** industrial belts), Taiwan (1988 estimated capacity of *** industrial belts), and the United Kingdom (1988 estimated capacity of *** industrial belts) were also listed as having companies that could supply the U.S. industrial belt market.

U.S. DEMAND

The demand for industrial belts comes from a variety of industrial uses, from textiles to exercise equipment to agriculture and office equipment. Thus, while individual segments may experience different demand patterns, demand as a whole does not follow an obvious pattern outside of a moderate effect from general U.S. economic demand. Some industry participants did cite a general long-term decline or anticipated decline in demand as some equipment manufacturing has moved outside the United States or upgraded to different forms of energy transfer. However, other industry participants

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[11] (...continued)
capacity is derived by applying the industrial belt share of production of automotive and industrial belts, combined, to the reported capacity to produce both kinds of belts. Pirelli's capacity may include production capability to produce "other" industrial belts which are not subject to these reviews.

[12] The third Japanese producer participating in the 1988 investigations, Nitta, reported a 1988 capacity of *** inch-feet of industrial belts. In this review, Gates-Nitta Asia Pacific Co. reported that it had not produced industrial belts since the imposition of the orders, and no response has been received from Nitta Belting Co.

[13] Table IV-11.

[14] Estimated by applying the share of home market shipments and exports to the United States that were accounted for by industrial belts to the capacity to produce both industrial and automotive belts.

point out that new applications have counterbalanced any demand loss over the last 10 years, and that the demise of the industrial belts industry has been incorrectly predicted before.

Producers and importers had a variety of experiences with, and predictions for, demand for industrial belts.[15] *** saw steady slow growth of 3-5 percent a year continuing, while *** saw the overall economy as the most important influence on demand. *** noted a heavier emphasis by U.S. distributors on just-in-time deliveries, with distributors carrying smaller inventories. Thus, producers have had to respond to more just-in-time orders. Three importers cited lower demand from traditional, heavy industry as manufacturing moves overseas, especially in the textile industry. Two others confirmed that belt demand is closely tied to the manufacturing and machine markets. In the office machine market, *** reported flat to increasing sales of mailing systems with flat or declining copier and fax sales. Another possibly declining market is the ATM market, where all electronic scanners and wand readers, plus the possible emergence of the debit card, could replace the ATM market for industrial belts. However, growth markets are expected in audiovisual and exercise equipment.

Substitute Products

There are few immediate substitute products for industrial belts, and those that are (e.g., roller chain, hydraulics, and gear substitution) usually are limited and dependent upon the application. *** explained that technology and systems costs are usually more important than the direct cost of substituting for an industrial belt. Thus, it stated that once a system is designed, industrial belts and their substitutes do not compete. However, in a more long-term time frame, there is some evidence that industrial belts face substitution threats from other means of energy transfer, such as electronic frequency speed drives, step-up motors, and micro drive systems.

*** noted that roller chain could be an effective substitute for industrial belts, but how easily it could be substituted for industrial belts (i.e., whether the large process would need to be changed) depended upon the end use. It explained that roller chain is considered better than industrial belts for low speed, high torque applications where the exact number of rotations is important, for example, in printing. However, it added that the substitution can move both ways, and that *** is marketing an industrial synchronous belt that can compete for roller chain applications. It further explained that the substitution from synchronous belts to roller chain was more prevalent in the automotive market than in the industrial belt market.[16]

Eighteen importers and one producer reported that there were no substitutes for industrial belts. Reasons cited were often that the end-use product was designed to require an industrial belt. Other producers saw some substitutes. *** said that open-ended material can be spliced together to compete with flat belts, and that braided belting competes with V-belts. *** cited substitutes such as chain and direct drive belts, hydraulic pumps, and electrical motors, but noted that these are often higher in overall cost, not often used, and usually must be substituted when the end-use product is designed. While *** anticipated no changes, *** foresaw compounds being developed that could be used to produce belts that

[15] In its prehearing brief, Bando supplied several articles from industry publications that supported the thesis of growing demand. These articles described recent higher demand for industrial belts, forecasts for rising prices, similar demand growth in the automotive belt market, new product introductions from ***, and new applications for industrial belts as belts take over applications previously served by roller chain.

[16] Staff conversation with ***.

would be adaptable to a wider variety of conditions, but such a development would be 10-25 years away. *** saw a slow drift toward direct drives over power drive belts.[17]

Importers and purchasers repeated the basic message that industrial belt substitutes are rare, and usually must come at the design stage, and even then are limited by the application. Substitutes cited under these caveats include roller chain; interlocking gears; step-up motors; hydraulic, pneumatic, or micro drive systems; and sprockets.

Few market participants stated that automotive and industrial belts were substitutable or that synchronous, V-, and "other" belts could be used as substitutes. *** said that V-belts and synchronous belts could be substituted, but that this change only occurred occasionally. While three purchasers stated that automotive and industrial belts were not interchangeable, five other purchasers reported that although an automotive belt could sometimes be used for an industrial belt (when specifications matched), it would only be done in "must" situations, and switching an industrial belt for an automotive belt would not be possible. Likewise, purchasers did not see V-, synchronous, and "other" belts being easily substituted except in emergencies or in cases of design change. V-belts were cited as being primarily for power transmission (as opposed to timing and drive uses), more likely to slip under heavy loads, and less expensive than horsepower equivalent synchronous belts. Synchronous belts were described as more application specific, designed for high-speed or low-speed with high-torque applications. Four purchasers said that synchronous belts cost more than V-belts while one said that V-belts cost more than synchronous belts.

SUBSTITUTABILITY ISSUES

U.S. Purchasers

U.S. purchasers of industrial belts are spread out across a variety of industries, and their purchases of belts generally represent a small portion of the end-use products for which the belts are used. Thirteen of the 15 responding purchasers were distributors, with *** and *** being the other two. The distributing purchasers sold to industrial companies (e.g., paper, sand and gravel, and steel), OEMs, other distributors, textile manufacturers, utilities, agricultural users, and ***. The distributing purchasers named other distributors as well as the belt producers as their major competitors. Two of the large distributors cited by *** tended to sell to a wider customer base whereas six other distributing purchasers reported only one industry as their major customer type.

Purchases are made on a daily to weekly basis, with few seasonal patterns, especially for large distributors with a large customer base. Agricultural distributors reported that harvest time saw more purchases, and *** stated that it purchases 65 percent of its belts from April to September ***.

Lead Times

Lead times vary by whether belts are manufactured to order or supplied from stock. From stock, both producers and importers reported lead times that ranged from 1 to 5 days. Made to order, producers could take 2 to 3 months while importers would take 2 weeks to 4 months. *** stated that lead time varies by customer and type of belt.

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[17] In the automotive belt market, *** saw future changes as automakers move toward electrical devices that may supersede the need for power transmission belts.

Factors Affecting Purchasing Decisions

Seven purchasers said that they never base their purchasing decisions on country of origin. Five said they either sometimes or usually did, and cited the higher quality of domestic belts as a reason. However, 12 purchasers did purchase based on the producer, citing reasons such as quality, price, and availability. The quality of an industrial belt is determined by appearance, durability, failure rate, and machine testing. The following tabulation summarizes the most important factors cited by belt purchasers in making a purchase:[18]

Factor	Number of times ranked first	Number of times ranked second	Number of times ranked third
Quality	5	4	1
Price	2	4	5
Availability	5	0	4
Relationship/tradition/reputation	2	2	0
Product range	0	1	4
Service	0	1	0

One purchaser said that price was always the main factor in its purchases, two said it was never the main factor (***), and 12 said price was sometimes or usually the main factor, but quality and availability also played strong roles. Nine of 15 purchasers stated that belts are never certified, with the others not answering. To qualify with a purchaser, factors such as quality and reliability are examined closely. *** reported dropping *** due to poor service levels, and *** said that some *** belts had not met its quality standards. *** also reported dropping *** belts, but for delivery reasons.

Purchasers were asked to rank factors in purchasing industrial belts as very important, somewhat important, or not important. Eight purchasers provided rankings, which were scored as 2 for very important, 1 for somewhat important, and 0 for not important. Average scores for each purchasing factor are summarized in the following tabulation:

Purchasing factor	Average score	Purchasing factor	Average score
Availability	1.86	Product consistency	1.86
Delivery terms	1.50	Product quality	1.86
Delivery time	1.75	Product range	1.63
Discounts offered	1.25	Reliability of supply	1.86
Lowest price	1.13	Technical support/service	1.63
Minimum quantity requirements	1.38	U.S. transportation network	0.88
Packaging	0.75	U.S. transportation costs	1.13

[18] Columns will not add to the same number of responses because some purchasers reported ties for importance rankings.

Comparisons of Domestic Products and Subject Imports

*** reported that the V- and synchronous belts that it purchases from all sources are interchangeable with each other within a particular specification. *** stated that V-belts and synchronous belts from different countries are always or frequently interchangeable, though there may be some differences in quality. *** noted that comparisons are only possible for inch belts with other inch belts, and not inch belts with metric belts.

In comparing U.S. and Japanese belts, *** ranked U.S. V-belts as superior in product range, reliability, technical support, and transportation network. It ranked U.S. V-belts as inferior in lowest price and ranked U.S. and Japanese V-belts as comparable in availability, delivery terms, delivery time, discounts, minimum quantity requirements, packaging, consistency, quality, and U.S. transportation costs. *** ranked U.S. belts as superior in availability, delivery terms and time, U.S. transportation network, and U.S. transportation costs. It ranked Japanese belts as superior in lowest price, packaging, and product consistency, and stated that U.S. and Japanese belts were comparable in discounts, minimum quantity requirements, quality, range, and reliability.

In comparing U.S. and Singaporean V-belts, *** ranked U.S. belts as superior in availability, delivery terms and time, packaging, consistency, quality, range, reliability, technical support, and transportation network. It ranked U.S. belts as inferior in lowest price and comparable in discounts, minimum quantity requirements, and U.S. transportation costs. *** ranked U.S. belts as superior in availability, delivery terms and time, consistency, quality, range, reliability, service, U.S. transportation network, and U.S. transportation costs. It continued that Singaporean belts were superior in *** and that U.S. and Singaporean V-belts were comparable in discounts, minimum quantity requirements, and packaging.

Among producers and importers, opinions varied as to differences in industrial belts across countries. *** thought U.S. and subject synchronous and V-belts were frequently interchangeable, but ***, a *** poly-V belt producer,[19] said that its belts were not interchangeable with any other country's belts. Some importers only imported highly specific belts from a related company in a subject country, and could not exchange that belt for another producer's belt without changing the design of their end product. Larger importers, such as ***, were more likely to report that U.S. and subject belts were always, frequently, or sometimes interchangeable with subject belts. *** stated that belt interchangeability is often based on an OEM's application, and added that Japanese belt quality is high enough that some purchasers are willing to pay the antidumping duty. *** added that pulley design, speed, temperature, and horsepower can limit the interchangeability of different countries' belts. As for nonsubject belts, only *** commented, noting that industrial belts from China and India were not always interchangeable due to inferior quality and life.[20]

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[19] A poly-V belt is a type of V-belt.

[20] Purchaser *** compared industrial V- and synchronous belts from the United States and Indonesia. It stated that U.S. V-belts were superior in range and technical support, inferior in discounts and lowest price, and comparable in availability, delivery terms and time, minimum quantity requirements, packaging, consistency, reliability, and transportation network and costs. It added that U.S. synchronous belts were superior in availability, delivery time, consistency, quality, range, and technical support; comparable in delivery terms, discounts, minimum quantity requirements, packaging, reliability of supply, and transportation network and costs; and inferior in lowest price.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for industrial belts measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for industrial belts. The elasticity of supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced industrial belts. It is difficult to shift industrial belt production to other products and alternate markets are already served or closed to the U.S. producers. Analysis of these factors indicates that the U.S. industry could only slightly increase or decrease shipments to the U.S. market within a one-year time frame; an estimate in the range of 1 to 3 is suggested.

For foreign supply elasticities, staff examines the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for industrial belts. Germany and Singapore *** capacity utilizations, suggesting they could easily supply the U.S. market. An estimate in the range of 5 to 10 was used. Italy did not participate; an estimate in the range of 10 to 20 was used. Japan has *** home market shipments and *** capacity utilizations, and some of its producers have substantial U.S. operations. It would be difficult for Japanese belt producers to shift quickly to the U.S. market, and so an estimate in the range of 1 to 3 was used.

U.S. Demand Elasticity

The U.S. demand elasticity for industrial belts measures the sensitivity of the overall quantity demanded to a change in the U.S. market price for industrial belts. This estimate depends on the factors discussed earlier such as the existence, availability, and commercial viability of substitute products. There are not many immediate substitutes for industrial belts in most applications. Based on the available information, the aggregate demand for industrial belts is likely to be moderately inelastic; a range of 0.5 to 1 is suggested.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale. From the evidence discussed earlier, the majority of industrial belts are somewhat substitutable, though some countries do have some specific products that are unique. Based on available information, the elasticity of substitution between U.S.-produced and subject industrial belts is likely to be in a range of 3 to 5.

Exogenous Growth in Demand

U.S. producers, importers, and purchasers agree that industrial belts demand is moderately strong now, and will probably stay level for the next year or so, though in the long-term there may be a decline. Based on available information, exogenous growth in demand is likely to be in the range of 0 to 1 percent per year.

MODEL FINDINGS AND DISCUSSION

This analysis uses a nonlinear partial equilibrium model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion contained in Part II of this report, the staff selected a range of estimates that represent price-supply, price-demand, and product substitution relationships (i.e. supply elasticity, demand elasticity, and substitution elasticity) in the U.S. industrial belt market. The model uses these estimates with data on market shares (from table B-5), Commerce's estimated margins of dumping, transportation costs, demand growth, and current tariffs to analyze the likely effect of dumping that will recur or continue.

The analysis uses the most recent one-year period, April 1999 to March 2000, as the base year. The model results suggest the possible effects of revocation of the antidumping orders on the domestic industrial belt industry over a one-year time period only, i.e., from April 2000 to March 2001. The possible effects over a longer time period are not part of this modeling exercise. Finally, the model does not assume that all of the dumping margin will be passed forward to U.S. prices of the subject imports.

The results examine potential changes in price, quantity, and market shares for various products under the range of different elasticity scenarios. Estimated effects of the recurrence costs of dumping on the U.S. industrial belts industry are as follows:

Scenario	Percent reduction		
	Quantity	Price	Revenue
High demand growth (1 percent)	***	***	***
Low demand growth (0 percent)	***	***	***

More detailed effects of the dumping and the modeling assumptions used for the range of scenarios are shown in appendix D.

PART III: CONDITION OF THE U.S. INDUSTRY

Information in this section is based upon the questionnaire responses of eight firms currently producing certain industrial belts. Four of these firms also produce automotive belts.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-1 presents the industry's capacity, production, and capacity utilization for the review period. Constraints on producers' capacity were generally reported to be ***. Seven firms produced throughout the review period and one, Hutchinson, began production in May 1999. Since June 14, 1989, three firms, ***, reported undergoing expansions. *** reported an expansion *** during the review period. In October 1998, Gates increased its automotive capacity with the conversion of an existing industrial hose plant in Ashe County, NC, to automotive V-belt production.[1]

Table III-1
Automotive and industrial belts: U.S. producers' capacity, production, and capacity utilization, by products, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Domestic producers' total shipments of automotive and industrial belts are shown in table III-2. Quantities of U.S. shipments of synchronous and all other belts fell throughout the period, while V-belts, although declining between 1998 and 1999, rose between interim 1999 and interim 2000.[2] Export shipments of V-belts and all other belts, by quantity, declined throughout the period, while export shipments of synchronous belts rose ***.

Table III-2
Automotive and industrial belts: U.S. producers' shipments, by types and by products, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-3 presents U.S. producers' end-of-period inventories. Inventories of V- and synchronous belts rose steadily between 1998 and March 2000, while the level of other belts inventories decreased between 1998 and 1999 and then decreased again between the interim periods. The ratio of inventories to production mirrored the inventory increase for V- and synchronous belts, and the decrease

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[1] "Gates Cutting Jobs, Adding Belt Capacity," *Rubber & Plastics News*, March 2, 1998. Bando's prehearing brief, exhibit 4-4.

[2] Included in U.S. shipments are related company transfers reported by four domestic producers which, in 1999, amounted to *** million belts. These four firms reported no internal consumption between January 1998 and March 2000. The remaining four firms reported neither internal consumption nor related company transfers during the period.

Table III-3
Automotive and industrial belts: U.S. producers' end-of-period inventories, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

during 1998-99 for all other belts. However, despite decreased inventories in interim 2000 compared with interim 1999, the ratio of inventories to production increased.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' employment, wages, and productivity are shown in table III-4. Productivity was highest for V-belts and lowest for "other" belts, whereas the highest unit labor costs were those for "other" belts and the lowest unit labor costs were those for V-belts throughout the period.

Table III-4
Automotive and industrial belts: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

Eight producers[3] accounting for all of reported U.S. production of certain industrial and automotive belts in 1999 provided financial data on their industrial and automotive belt operations. The producers also provided data on their industrial and automotive V-belts, synchronous belts, and all other belts.

Operations on Certain Industrial and Automotive Belts

The results of the U.S. producers' certain industrial and automotive belt operations[4] are presented in table III-5. The combined companies' net sales values and operating income margins were *** in 1998, 1999, and the interim periods.

Table III-5
Results of U.S. producers on their certain industrial and automotive belt operations, fiscal years 1998-99, January-March 1999, and January-March 2000

* * * * * * *

As shown in the results of operations summary data by firm in table III-6, *** had operating losses during the comparative years and the interim periods.

---

[3] ***.

[4] *** did not provide the detail of cost of goods sold; therefore, raw material, direct labor, and other factory costs are not included in the tables.

Table III-6
Selected financial data of U.S. producers on their certain industrial and automotive belt operations, by firm, fiscal years 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Industrial and automotive V-belt operations are presented in table III-7, operations on industrial and automotive synchronous belts are shown in table III-8, and operations on all other industrial and automotive belts are provided in table III-9.

Table III-7
Results of U.S. producers on their industrial and automotive V-belt operations, fiscal years 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table III-8
Results of U.S. producers on their industrial and automotive synchronous belt operations, fiscal years 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table III-9
Results of * on its all other industrial and automotive belt operations, fiscal years 1998-99, January-March 1999, and January-March 2000**

* * * * * * *

Capital Expenditures, Research and Development Expenses, and Investment in Productive Facilities

The U.S. producers' capital expenditures, research and development expenses, and the value of their fixed assets for industrial and automotive belts are presented in table III-10.

Table III-10
Capital expenditures, research and development expenditures, and assets utilized by U.S. industrial and automotive belt producers, fiscal years 1998-99, January-March 1999, and January-March 2000

* * * * * * *

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

The HTS subheadings that apply to certain industrial belts also include many products outside the scope of these reviews, such as conveyor belts, belts used as apparel, and pet accessories. Therefore, official Commerce import statistics cannot be used in these reviews and it is necessary to rely on responses to Commission questionnaires for data regarding the quantity and value of U.S. imports for consumption for certain industrial belts. The data shown in tables IV-1, IV-2, and IV-3, U.S. imports of automotive and industrial V-belts, synchronous belts, and other belts, respectively, are understated due to the inability of some firms to provide quantity data on the basis of units and because of incomplete reporting.

In the original investigations, 71.2 percent of the total quantity of imports, in units, of industrial belts came from Germany, Italy, Japan, and Singapore. Quantities of imports from Germany, Italy, and Japan increased rapidly between 1986 and 1988, while quantities of imports from Singapore fluctuated upward at a slightly slower rate.

*** domestic producers reported imports of industrial belts during the period of review. *** reportedly imports automotive V-belts since their *** of sales does not justify the costs of production. *** reported imports of automotive and industrial V- and synchronous belts for the same reason. Open-end and jointed synchronous polyurethane belts, which reportedly are not produced in the United States, are imported by ***. Importer Jason Industrial *** opened a domestic synchronous belt production plant (TBMC) in 1990.

Table IV-1
Automotive and industrial V-belts: U.S. imports, by sources, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table IV-2
Automotive and industrial synchronous belts: U.S. imports, by sources, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table IV-3
Other automotive and industrial belts: U.S. imports, by sources, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

U.S. IMPORTERS' INVENTORIES

Tables IV-4, IV-5, and IV-6 show U.S. importers' end-of-period inventories of imports of V-belts, synchronous belts, and other belts, respectively.

Table IV-4
Automotive and industrial V-belts: U.S. importers' end-of-period inventories of imports, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table IV-5
Automotive and industrial synchronous belts: U.S. importers' end-of-period inventories of imports, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table IV-6
Other automotive and industrial belts: U.S. importers' end-of-period inventories of imports, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

SUBJECT COUNTRY PRODUCERS

Japanese producers Bando Chemical Industries, Ltd. and Mitsuboshi Belting, Ltd., and Singapore producer Mitsuboshi Belting (Singapore) Pte., Ltd. responded to the Commission's notice of institution and are represented by counsel. These firms provided responses to the Commission's questionnaires. German producer ContiTech also provided information to the Commission in response to its questionnaire. Although Italian producer Chiorino Spa and German producer Optibelt GmbH submitted completed questionnaires to the Commission, they are producers of industrial belts which are nonsubject in these reviews.

GERMAN CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

Three firms, Optibelt, Continental, and Siegling, reported 1988 industrial belt capacities of *** units, *** units, and *** pounds, respectively, in the original investigations. In this review, petitioner identified six German firms believed to currently be producing other industrial belts, which are the only subject belts from Germany. The data for ContiTech is shown in table IV-7. ContiTech reported that it accounted for *** percent of total production of other industrial belts in Germany. As previously mentioned, Optibelt GmbH also responded to the Commission's questionnaire, but it produces V- and synchronous belts, which are nonsubject belts in these reviews. No response was received from Siegling GmbH, identified by petitioner, nor from Breco or Anton Klocke, two possible German producers identified by Commission staff. Three of the German firms identified by petitioner, Mulco Group, Concar GmbH, and Mectrol-Heco GmbH, could not be located by Commission staff.

Table IV-7
Other industrial belts: Data for producers in Germany, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

ITALIAN CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

In the original investigations, the only known producer of industrial belts was Pirelli, Spa, which reported a total capacity of automotive and industrial belts of *** units for 1988. In the current reviews, three Italian producers of subject V- and synchronous belts, Chiorino, Megadyne, and Dayco Europe, were identified by petitioner, however the Commission has not received usable foreign industry data from any of them. As was mentioned above, while Chiorino submitted a completed questionnaire, it produces only other industrial belts, which are nonsubject in these reviews. Megadyne responded that its French subsidiary produces and exports its V- and synchronous belts to the United States. No response was received by Dayco Europe. Pirelli, Spa was also contacted and the firm responded that its entire global industrial power drive business has been divested for the past 10 years.

JAPANESE CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

Bando, Mitsuboshi, and Nitta Corp. submitted data in the original investigations. They reported 1988 industrial belt capacities of *** units, *** units, and *** inch-feet, respectively. Tables IV-8, IV-9, and IV-10 present foreign industry data for Japan for the current reviews. According to Bando's response to the Commission's notice of institution of these reviews, Bando, Ltd. and Mitusboshi Belting, Ltd. collectively accounted for *** of total industrial belt production in Japan in 1998.[1] Petitioner identified three other possible Japanese producers of subject belts: Gates-Nitta Asia Pacific Co. submitted a response certifying that it does not produce or sell power drive belts; company representatives from Tsubakimoto Chain Co. reported that the firm is involved exclusively in the production of industrial chains; and no response was received from Nitta Belting Co.

Table IV-8
Industrial V-belts: Data for producers in Japan, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table IV-9
Industrial synchronous belts: Data for producers in Japan, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

Table IV-10
Other industrial belts: Data for producers in Japan, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

[1] Bando's response to the Commission's notice of institution of five-year reviews, p. 18.

SINGAPOREAN CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

In the Commission's original investigations, the only known producer of certain industrial belts in Singapore, Mitsuboshi Belting, reported a 1988 capacity of *** units. In the current reviews, petitioner identified two producers of V-belts in Singapore. Mitsuboshi Belting (Singapore) Pte. Ltd. reported in its questionnaire response that it accounts for *** percent of V-belt production in Singapore. In 1996, Mitsuboshi opened a plant in Seiwa, Indonesia to produce automotive and industrial V-belts to supply ***. The other Singaporean producer identified by petitioner, Fenner Drives Pte. Ltd., did not respond to the Commission's request for data. Singapore industry data is presented in table IV-11.

Table IV-11
Industrial V-belts: Data for producers in Singapore, 1998-99, January-March 1999, and January-March 2000

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

CHARACTERISTICS OF LIKELY DUMPING

Antidumping duties have remained high since imposition of the orders, with Japan at 93.16 percent, Germany at 100.60 percent, Italy at 74.90 percent, and Singapore at 31.73 percent. Imports of the types of belts currently subject to review climbed from *** percent of apparent U.S. consumption of industrial and automotive belts, combined, in 1986 to *** percent of apparent U.S. consumption in 1988. Of that *** percentage point climb, *** percentage points were due to an increase in Japanese market share.[1]

EXCHANGE RATES

Exchange rate changes from first quarter 1997 until fourth quarter 1999 are graphed in figure V-1, and from 1989 until 1998 in figure V-2. The exchange rates are all normalized so that the first quarter of 1997 in figure V-1 and the year 1989 in figure V-2 = 100.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Germany, Italy, Japan, and Singapore in relation to the U.S. dollar, by quarters, January 1997 through December 1999

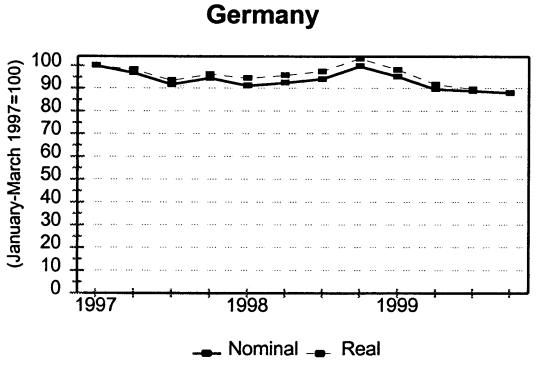
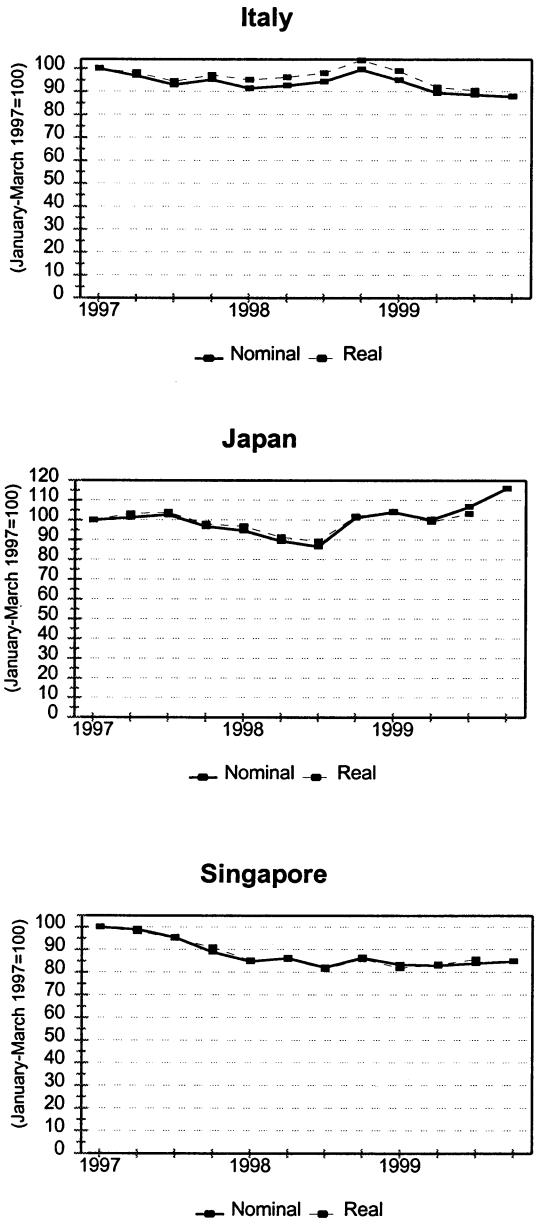


Figure continued on next page.

[1] On the basis of consumption of just industrial belts, subject imports increased from *** percent of apparent consumption in 1986 to *** percent in 1988 with Japan accounting for *** of the *** percentage point increase between 1986 and 1988.

Figure V-1 – *Continued*
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Germany, Italy, Japan, and Singapore in relation to the U.S. dollar, by quarters, January 1997 through December 1999



Source: International Monetary Fund, *International Monetary Statistics*, March 2000.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Germany, Italy, Japan, and Singapore in relation to the U.S. dollar, 1989-98

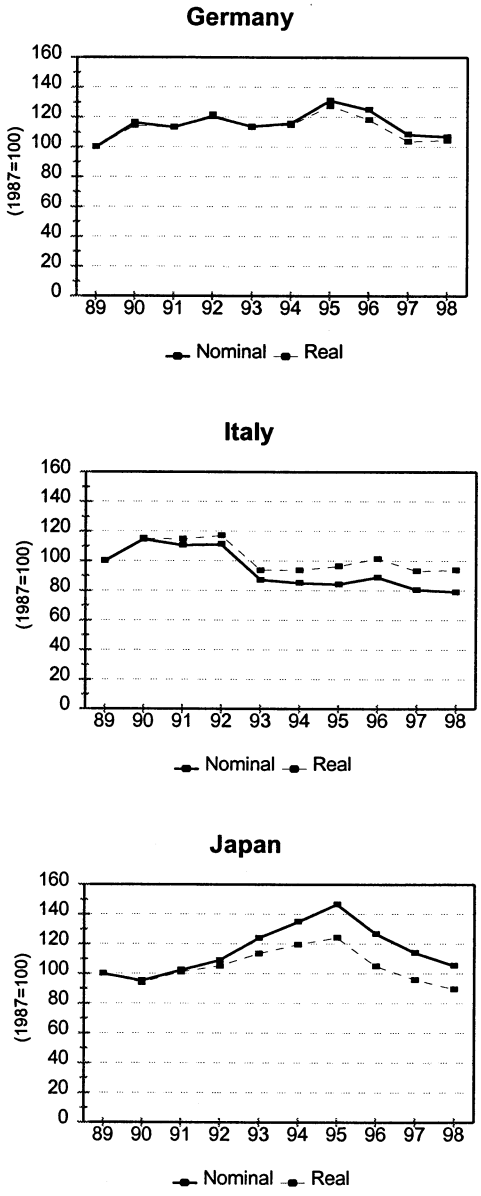
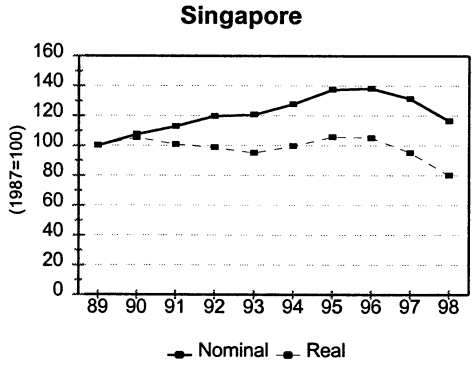


Figure continued on next page.

Figure V-2 – *Continued*
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Germany, Italy, Japan, and Singapore in relation to the U.S. dollar, 1989-98



Source: International Monetary Fund, *International Monetary Statistics*, 1999 Yearbook.

RAW MATERIAL COSTS

The main raw material cost that has affected the industrial belt market recently has been petroleum. Among producers, *** stated that it raised prices in August 1999 due to rising oil prices. *** said that raw material prices have risen about 3-4 percent a year since 1998, but are currently rising at a rate of over 4 percent. *** acknowledged the petroleum price rise, but said it had not passed it along to customers yet. *** raised prices *** percent in June 1998, and will need to raise them another *** percent this June as a result of rising raw material costs. However, *** reported that its market share was too small to pass on rising raw material costs to its selling prices. Eleven importers reported little or no effect of raw material costs on their prices. Three importers cited petroleum prices as having an effect, and two cited exchange rates as affecting prices. Only *** reported that raw materials costs had actually risen recently, with packaging, transportation, and labor costs also rising.

U.S. TRANSPORTATION COSTS

U.S. transportation costs are generally low in the industrial belt market. Producers reported their U.S. transportation costs between 2 and 6 percent of total costs. Sixteen importers estimated their U.S. transportation costs at between 1 and 10 percent of the product cost, with two more stating they had zero U.S. transportation costs. The remainder did not answer. Purchasers also reported costs in the 1 to 10 percent range. Fourteen importers paid those transportation costs while six passed the costs along to the purchasers. Four purchasers said that U.S. transportation costs were a factor in purchasing, while 11 said they were not.

TRANSPORTATION COSTS TO THE U.S. MARKET

Transportation costs from foreign to U.S. markets are estimated to be the following percentages of the 1999 c.i.f. value:[2]

Germany	Italy	Japan	Singapore
2.9	4.0	3.6	15.5

PRICING PRACTICES

All the producers reported using price lists for at least some of their shipments. Discounts for volume were common, with producers generally offering discounts at least during negotiations, with discounts among importers less common and usually weighted toward the larger distributors (***). Nine importers reported a standard pricing with a multiplier mark-up over the cost of the belt. Sales are generally spot sales, with contracts rare among importers (***[3]) and only slightly more common among producers (though ***). Some importers (***) offered their belts free as replacement parts as part of a sales contract on a larger end product.

Purchasers varied in their pricing practices. Most reported negotiations on either a quarterly or annual basis, but only *** reported actually varying its purchases from quarter to quarter based on offered prices. One to three suppliers are usually contacted, and the supplier rarely, if ever, changes. Purchasers reported price changes coming infrequently of late, with frequencies ranging from 1 to 3 years. All purchasers reported that they received written notification of price changes, and most reported that prices were price-list based.

*** was cited by two producers as being the industry price leader due to its high market share. *** elaborated that *** are close behind ***, and that all three lead through price increases and quality promotion, while Korean imports offer lower quality and lower prices. *** named *** as price leaders, stating that they consistently sell at 20-40 percent below U.S. market prices, and that *** has needed to meet these prices or lose sales. Among importers, all but two importers expressed no knowledge of any price leaders. *** cited *** as selling 20-40 percent below market prices on V-belts and synchronous belts, while *** sells consistently 25 percent below on synchronous belts. It continued that it has needed to match these prices. *** stated that imports from China, India, Korea, and Taiwan had placed enough price pressure on price leaders *** that they were moving production to Mexico.

In general, producers and importers were not aware of prices outside the U.S. market. *** reported that European and Japanese prices are higher than U.S. prices, while Mexican and South American prices are lower. Importer *** stated that market prices are similar throughout the NAFTA region. *** stated that foreign producers usually have lower labor costs, which they use as a price advantage against U.S. producers. *** reported that U.S. prices are generally higher than non-U.S. prices. Among purchasers, *** reported that U.S. product is higher priced than Singaporean product while *** stated that U.S. product is higher priced than all others except Japanese product. *** stated that U.S. product is higher priced than Japanese product. *** reported that U.S. prices have remained the same relative to imported product prices recently, but *** reported that U.S. prices have increased.

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[2] Calculated from Customs data (customs value and c.i.f. value) for the HTS categories that include subject belts.

[3] ***.

PRICE DATA

The Commission asked for quarterly price and quantity data for U.S. producers' and importers' sales and their customers' purchases of the following 15 products from January 1998 to June 2000:[4]

Product 1.--Double-sided synchronous belt. Industry standard designation is 40-DS2M-420V for a width of 40 millimeters and a length of 420 millimeters.

Product 2.--Urethane synchronous belt with aramid cord. Industry standard designation is 453MXL9.5UK for a width of 9.5 millimeters and 0.08 inch pitch between teeth.

Product 3.--Neoprene synchronous belt with fiberglass cord. Industry standard designation is 320H100G for width of 1 inch and length of 32 inches.

Product 4.--Neoprene synchronous belt with fiberglass cord. Industry standard designation is 315L050G for a width of 0.5 inch and length of 31.5 inches.

Product 5.--Timing belt. Equivalent in cross section, construction, and dimensions to general industry product No. 350MXL 3.2 millimeters as described in RMA standards.

Product 6.--Timing belt. Equivalent in cross section, construction, and dimensions to general industry product No. 1683M05 whether or not labeled as such or labeled with private brand or part number. High torque, tooth profile, as defined by RMA and ISO standards, with neoprene material and nylon facing, and fiberglass tensile material.

Product 7.--Timing belt–120XL037. Classical, trapezoidal toothed timing belt, as described in RMA and ISO standards.

Product 8.--Raw edge cogged V-belt. Industry standard designation is BX210 for a top width of 0.66 inch and overall circumference of 210 inches.

Product 9.--Polyurethane V-belt. Industry standard designation is 5M475.

Product 10.--Raw edge cogged V-belt. Equivalent to industry standard 4RB75 with four each B75 belts, top width of 21.32 inches, outside length of 78 inches, wrapped construction, connected together with a top layer of rubber impregnated fabric, further described in RMA standards.

Product 11.--Fractional horsepower V-belt. Equivalent in cross section, construction, and dimensions to general industry product No. 4L590 whether or not labeled as such or labeled with private brand or part number. Wrapped construction, as defined by RMA and ISO standards.

Product 12.--Classical V-belt–B75. Classical profile, as defined by RMA and ISO standards, wrapped products.

Product 13.--Narrow V-belt–3V710. Narrow high-capacity performance, as defined by RMA and ISO standards, cut edge or wrapped construction.

Product 14.--Classical V-belt–B60. Classical profile, as defined by RMA and ISO standards, cut edge or wrapped product.

Product 15.--Joined classical V-belts. Equivalent to industry standard 4RB75 with four each B75 belts, top width of 21.32 inches, outside length of 78 inches, wrapped construction, connected together with a top layer of rubber impregnated fabric, further described in RMA standards.

Tables V-1 and V-2 present Japanese and U.S. prices for products for which there are no price comparisons. Tables V-3 to V-7 present products 3, 4, 8, 9, and 15, for which the Commission could

[4] Note that a timing belt (products 5, 6, and 7) is a synchronous belt.

obtain some pricing comparisons, albeit at low volumes. Appendix tables E-1 and E-2 present purchaser data. Coverage of pricing products as a percent of total belt shipments is extremely low, a result not so much of non-response to Commission questionnaires as to the broad range of industrial belt products, making higher coverage difficult without an even more extensive list of products.

Tables V-3 to V-7 allow direct comparisons of U.S. and Japanese products. The results are mixed. For product 3, Japanese product is less expensive than U.S. product in seven of nine comparisons. For product 4, Japanese product is always more expensive than U.S. product except in the first quarter of 2000. For product 8, Japanese product is less expensive in three of nine possible comparisons. For product 9, Japanese product is always more expensive than U.S. product. Finally, for product 15, Japanese product is less expensive than U.S. product in three of eight comparisons.

In general, a comparison of volumes in tables V-1 and V-2 shows that reporting U.S. producers shipped higher volumes than reporting importers of Japanese belts, except for product 5, where the volume of Japanese belts is ***. The U.S. purchaser data from appendix table E-1 show that product 11 is a very high volume product relative to the others. Overall, most of the prices and quantities shown in tables V-1 to V-7 and figures V-3 to V-20 show that prices have been relatively stable over the last two years. They also show that industrial belt pricing products can have a wide range of prices across different pricing products, with some products, such as product 15, costing $*** per unit, while others, such as product 5, can cost less than *** cents per unit.[5]

Table V-1
Certain industrial belts: Weighted-average f.o.b. prices and quantities of products imported from Japan by importers and sold to original equipment manufacturers and distributors, by products and by quarters, January 1998 - March 2000

* * * * * * *

Table V-2
Certain industrial belts: Weighted-average f.o.b. prices and quantities of products produced in the United States and sold to distributors, by products and by quarters, January 1998 - March 2000

* * * * * * *

Table V-3
Certain industrial belts: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 reported by producers and importers and sold to distributors, and margins of underselling/(overselling), by sources and by quarters, January 1998 - March 2000

* * * * * * *

Table V-4
Certain industrial belts: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 reported by producers and importers and sold to original equipment manufacturers and distributors, and margins of underselling/(overselling), by sources and by quarters, January 1998 - March 2000

* * * * * * *

[5] While the pricing product data seems to show that V-belts are more expensive than synchronous belts, judging the belts on a unit basis is extremely misleading as it does not take into account the strength and the size of the belt.

Table V-5
Certain industrial belts: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 reported by producers and importers and sold to distributors, and margins of underselling/(overselling), by sources and by quarters, January 1998 - March 2000

* * * * * * *

Table V-6
Certain industrial belts: Weighted-average f.o.b. prices and quantities of domestic and imported product 9 reported by producers and importers and sold to distributors, and margins of underselling/(overselling), by sources and by quarters, January 1998 - March 2000

* * * * * * *

Table V-7
Certain industrial belts: Weighted-average f.o.b. prices and quantities of domestic and imported product 15 reported by producers and importers and sold to distributors, and margins of underselling/(overselling), by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-3
Certain industrial belts: Weighted-average f.o.b. prices of product 1 reported by importers and sold to original equipment manufacturers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-4
Certain industrial belts: Weighted-average f.o.b. prices of product 2 reported by importers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-5
Certain industrial belts: Weighted-average f.o.b. prices of product 3 reported by producers and importers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-6
Certain industrial belts: Percent margins of underselling of imported product 3 sold to distributors, as reported by producers and importers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-7
Certain industrial belts: Weighted-average f.o.b. prices of product 4 reported by producers and importers and sold to original equipment manufacturers and distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-8
Certain industrial belts: Percent margins of underselling of imported product 4 sold to original equipment manufacturers and distributors, as reported by producers and importers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-9
Certain industrial belts: Weighted-average f.o.b. prices of product 5 reported by importers and sold to original equipment manufacturers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-10
Certain industrial belts: Weighted-average f.o.b. prices of product 7 reported by producers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-11
Certain industrial belts: Weighted-average f.o.b. prices of product 8 reported by producers and importers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-12
Certain industrial belts: Percent margins of underselling of imported product 8 sold to distributors, as reported by producers and importers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-13
Certain industrial belts: Weighted-average f.o.b. prices of product 9 reported by producers and importers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-14
Certain industrial belts: Percent margins of underselling of imported product 9 sold to distributors, as reported by producers and importers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-15
Certain industrial belts: Weighted-average f.o.b. prices of product 11 reported by producers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-16
Certain industrial belts: Weighted-average f.o.b. prices of product 12 reported by producers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-17
Certain industrial belts: Weighted-average f.o.b. prices of product 13 reported by producers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-18
Certain industrial belts: Weighted-average f.o.b. prices of product 14 reported by producers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-19
Certain industrial belts: Weighted-average f.o.b. prices of product 15 reported by producers and importers and sold to distributors, by sources and by quarters, January 1998 - March 2000

* * * * * * *

Figure V-20
Certain industrial belts: Percent margins of underselling of imported product 15 sold to distributors, as reported by producers and importers, by sources and by quarters, January 1998 - March 2000

* * * * * * *

APPENDIX A

FEDERAL REGISTER NOTICES AND COMMISSION DETERMINATION ON ADEQUACY

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–413–415 and 419 (Review)]

Certain Industrial Belts from Germany, Italy, Japan, and Singapore

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is July 21, 1999. Comments on the adequacy of responses may be filed with the Commission by August 16, 1999.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the rules of practice and procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: June 1, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193) or Vera Libeau (202–205–3176), 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 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background.—On the date listed below, the Department of Commerce issued antidumping duty orders on the subject imports: [2]

Order date	Product/country	Inv. No.	F.R. cite
6/14/89	Industrial belts except synchronous and V/Germany	731–TA–419	54 F.R. 25316.
6/14/89	Industrial synchronous and V belts/Italy	731–TA–413	54 F.R. 25313.
6/14/89	Industrial belts/Japan	731–TA–414	54 F.R. 25314.
6/14/89	Industrial V belts/Singapore	731–TA–415	54 F.R. 25315.

The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Germany, Italy, Japan, and Singapore.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, two Commissioners defined three Domestic Like Products: (1) All V-type power transmission belts, (2) all synchronous type power transmission belts, and (3) all other types of power transmission belts; two Commissioners found one Domestic Like Product: all industrial belts, excluding automotive belts; one Commissioner defined three Domestic Like Products: (1) All V-type and round type power transmission belts, (2) all synchronous type power transmission belts, and (3) all flat type power transmission belts; and one Commissioner found one Domestic Like Product: all power transmission belts. For purposes of this notice, you should report information separately on each of the following Domestic Like Products: (1) All V-type power transmission belts, (2) all synchronous type power transmission belts, (3) all other types of power transmission belts, and (4) all industrial belts, excluding automotive belts.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, two Commissioners defined three Domestic Industries: (1) Producers of all V-type power transmission belts, (2) producers of all synchronous type power transmission belts, and (3) producers of all other types of power transmission belts; two Commissioners found one Domestic Industry: producers of all industrial belts, excluding automotive belts; one Commissioner defined three Domestic Industries: (1) Producers of all V-type and round type power transmission belts, (2) producers

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 99–5–010. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436.

[2] The Department of Commerce subsequently published corrections to the orders, at 54 FR 32104 (Aug. 4, 1989).

of all synchronous type power transmission belts, and (3) producers of all flat type power transmission belts; and one Commissioner found one Domestic Industry: producers of all power transmission belts. For purposes of this notice, you should report information separately on each of the following Domestic Industries: (1) Producers of all V-type power transmission belts, (2) producers of all synchronous type power transmission belts, (3) producers of all other types of power transmission belts, and (4) producers of all industrial belts, excluding automotive belts.

(5) The Order Date is the date that the antidumping duty orders under review became effective. In these reviews, the Order Date is June 14, 1989.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list.—Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to § 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to § 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is July 21, 1999. Pursuant to § 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is August 16, 1999. All written submissions must conform with the provisions of §§ 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of §§ 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Also, in accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information.—Pursuant to § 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to § 776(b) of the Act in making its determinations in the reviews.

INFORMATION TO BE PROVIDED IN RESPONSE TO THIS NOTICE OF INSTITUTION: Please provide the requested information separately for each Domestic Like Product, as defined above, and for each of the products identified by Commerce as Subject Merchandise. If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product to which your response pertains, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on each Domestic Industry for which you are filing a response in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in § 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of each Domestic Like Product for which you are filing a response. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Countries that currently export or have

exported Subject Merchandise to the United States or other countries since 1988.

(7) If you are a U.S. producer of a Domestic Like Product, provide the following information separately on your firm's operations on each product during calendar year 1998 (report quantity data in pounds and units and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of each Domestic Like Product accounted for by your firm's(s') production; and

(b) The quantity and value of U.S. commercial shipments of each Domestic Like Product produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in pounds and units and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Countries accounted for by your firm's(s') imports; and

(b) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Countries; and

(c) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in pounds and units and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Countries accounted for by your firm's(s') production; and

(b) The quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Countries accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for each Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.61 of the Commission's rules.

Issued: May 24, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-13843 Filed 5-28-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–413–415 and 419 (Review)]

Certain Industrial Belts From Germany, Italy, Japan, and Singapore

AGENCY: International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B); a schedule for the reviews will be established and announced at a later date.

For further information concerning the conduct of these reviews and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the rules of practice and procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: September 3, 1999.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202–205–3167), 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 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION: On September 3, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act.

With regard to industrial belts from Japan and Singapore, the Commission found that both the domestic interested party group responses [1] and the respondent interested party group responses to its notice of institution [2] were adequate and voted to conduct full reviews.

With regard to industrial belts from Germany and Italy, the Commission found that the domestic interested party group responses were adequate [3] and the respondent interested party group responses were inadequate. The Commission also found that other circumstances warranted conducting full reviews.

A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

Issued: September 9, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99–24069 Filed 9–14–99; 8:45 am]

BILLING CODE 7020–02–U

[1] Chairman Bragg and Commissioners Crawford and Askey determined that the domestic interested party group response with respect to all power transmission belts other than V-type and synchronous-type from Japan was inadequate.

[2] The notice of institution for all of the subject reviews was published in the **Federal Register** on June 1, 1999 (64 FR 29342).

[3] Chairman Bragg and Commissioners Crawford and Askey determined that the domestic interested party group response with respect to industrial belts from Germany was inadequate.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–428–802; A–475–802; A–599–802; A–588–807]

Final Results of Expedited Sunset Reviews: Industrial Belts From Germany, Italy, Singapore, and Japan

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

ACTION: Notice of Final Results of Expedited Sunset Reviews: Industrial Belts from Germany, Italy, Singapore, and Japan.

SUMMARY: On June 1, 1999, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on industrial belts from Germany, Italy, Singapore, and Japan (64 FR 29261) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of notices of intent to participate and adequate substantive comments filed on behalf of The Gates Rubber Company, a domestic interested party, and inadequate response (in these cases, no response) from respondent interested parties, the Department determined to conduct expedited reviews. As a result of these reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping at the levels indicated in the *Final Results of Reviews* section of this notice.

FOR FURTHER INFORMATION CONTACT: Kathryn B. McCormick or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482–1698 or (202) 482–1560, respectively.

EFFECTIVE DATE: December 30, 1999.

Statute and Regulations

These reviews were conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) (*"Sunset Regulations"*), and in 19 CFR Part 351 (1999) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998), (*"Sunset Policy Bulletin"*).

Scope

The merchandise covered by the antidumping duty orders on Germany and Japan includes industrial belts other than V-belts and synchronous belts used for power transmission, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (*i.e.*, closed loops) belts, or in belting in lengths or links from Germany and Japan.[1] The

[1] A number of parties commented that these interim-final regulations provided insufficient time for rebuttals to substantive responses to a notice of initiation (*Sunset Regulations*, 19 CFR 351.218(d)(4)). As provided in 19 CFR 351.302(b) (1999), the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

[1] *See Antidumping Duty Order of Sales at Less Than Fair Value; Industrial Belts and Components*

Continued

antidumping duty order on imports from Italy covers industrial V-belts and synchronous belts and components used for power transmission, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (*i.e.*, closed loops) belts, or in belting in lengths or links.[2] The antidumping duty order on imports from Singapore includes industrial V-belts used for power transmission. These include industrial V-belts, in part or wholly of rubber or plastic, and containing textile fiber (including glass fiber) or steel wire, cord or strand, and whether in endless (*i.e.*, closed loops) belts, or in belting in lengths or links.[3]

The above orders exclude conveyor belts and automotive belts as well as front engine drive belts found on equipment powered by internal combustion engines, including trucks, tractors, buses, and lift truck.

The subject merchandise was classifiable under Tariff Schedules of the United States Annotated ("TSUSA") item numbers 358.0210, 358.0290, 358.0610, 358.0690, 358.0800, 358.0900, 358.1100, 358.1400, 358.1600, 657.2520, 773.3510, and 773.3520 in the orders for all four countries. Currently, subject merchandise is classifiable under item numbers 3926.90.55, 3926.90.56, 3926.90.57, 3926.90.59, 3926.90.60, 4010.10.10, 4010.10.50, 4010.91.11, 4010.91.15, 4010.91.50, 4010.99.11, 4010.99.15, 4010.99.19, 4010.99.50, 5910.00.10, 5910.00.90 and 7326.20.00 of the Harmonized Tariff Schedule of the United States ("HTSUS").[4]

In its substantive response, The Gates Rubber Company ("Gates") asserts that the HTSUS subheadings of Chapter 40 were significantly revised in 1996, and, as a result, the products covered by the orders became classifiable under HTSUS numbers 3626.90.55, 3926.90.56, 3926.90.57, 3926.90.59, 3926.90.60, 4010.21.30, 4010.21.60, 4010.22.30, 4010.22.60, 4010.23.30, 4010.23.41, 4010.23.45, 4010.23.50, 4010.23.90, 4010.24.30, 4010.24.41, 4010.24.45, 4010.24.50, 4010.24.90, 4010.29.10, 4010.29.20, 4010.29.30, 4010.29.41, 4010.29.45, 4010.29.50, 4010.29.90, 5910.00.10, 5910.00.90, and 7326.20.00.[5] U.S. Customs officials confirmed the accuracy of the HTSUS numbers for subject merchandise suggested by Gates.[6] However, the above HTSUS and TSUSA subheadings are provided for convenience and customs purposes and the written description remains dispositive.

The Department has made the following scope rulings for the orders on imports from Germany, Italy, and Japan:

With respect to the order on subject imports from Germany, the Department's sole administrative review clarified that the scope of the order includes round belts and flat belts (56 FR 9672, March 7, 1991). Additionally, the Department determined in a 1991 scope ruling, that the scope of the order includes nylon core flat belts and excludes spindle belting.[7]

With respect to the order on subject imports from Italy, the Department, in the February 24, 1993, Scope Ruling, determined that "Panther" industrial belts from Pirelli Power Corp. are within the scope of the order (58 FR 11209).

With respect to the order on subject imports from Japan, the Department has made several scope rulings. The following products were determined within the scope of the order:

Product within scope	Importer	Citation
V-volt model 5L118	Japan Freight Consolidators (Calif.) Inc.	57FR 16602 (May 7, 1992).
Closed loop synthetic timing belt used in the Epson LX–800 desk-top personal computer printer.	Tower Group International, Inc. and Epson America, Inc.	58 FR 47124 (September 7, 1993).

The following products were determined to be not within the scope of the order:

Product outside scope	Importer	Citation
59011 series of belts	Kawasaki Motors Corp., USA	57 FR 19692 (May 7, 1992).
Certain round and flat belts which are composed of rubber or plastics but are not reinforced with a tensile member.	Matsushita Electric Corp., Matsushita Floor Care Company and Panasonic Company.	57 FR 57420 (December 4, 1992).
Conveyor Belts of five-series comprised of 30 models	Nitta Industries Corp., and Nitta International, Inc	58 FR 59991 (November 12, 1993).
Eight-drive and blade belts	Honda Power Equipment Manufacturing Inc	62 FR 30569 (June 4, 1997).
Twenty-two drive and blade belts	American Honda Motor Co	62 FR 30569 (June 4, 1997).

and Parts Thereof, Whether Cured or Uncured, From the Federal Republic of Germany (54 FR 25316, March 17, 1991), and *Antidumping Duty Order of Sales at Less Than Fair Value; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Japan*, 54 FR 25314 (June 14, 1989).

[2] *See Antidumping Duty Order of Sales at Less Than Fair Value; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Italy*, 54 FR 25313 (June 14, 1989).

[3] *See Antidumping Duty Order of Sales at Less Than Fair Value; Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, From Singapore*, 54 FR 25315 (June 14, 1989).

[4] Subject merchandise from Germany excludes item numbers 3926.90.55, 4010.10.10, and 4010.10.50; subject merchandise from Singapore excludes item numbers 3926.90.56, 3926.90.57, 3926.90.59, 3926.90.60, 4010.91.11, 4010.91.15, 4010.91.19, 4010.99.11, 4010.99.15, 4010.99.19, and 4010.99.50.

[5] According to Gates, subject merchandise from Germany excludes item numbers 3926.90.55, 4010.21.30, 4010.21.60, 4010.22.30, 4010.22.60, 4010.23.30, 4010.23.41, 4010.23.45, 4010.23.50, 4010.23.90, 4010.24.30, 4010.24.41, 4010.24.45, 4010.24.50, 4010.24.90, 4010.29.10, and 4010.29.20 (*see* July 1, 1999, Substantive Response of Gates at 3); and subject merchandise from Singapore excludes item numbers 3926.90.56, 3926.90.57, 3926.90.59, 4010.23.30, 4010.23.41, 4010.23.45, 4010.23.50, 4010.23.90, 4010.24.30, 4010.24.41, 4010.24.45, 4010.24.50, 4010.24.90, 4010.29.30, 4010.29.41, 4010.29.45, 4010.29.50, 4010.29.90 for imports (*see* July 1, 1999, Substantive Response of Gates at 3).

[6] *See* Memo to File of telephone conversation with George Barthes, U.S. Customs official, regarding new HTSUS numbers for industrial belts.

[7] *See Scope Rulings*, 56 FR 57320 (November 8, 1991).

History of the Orders

Germany

In the original investigation, covering the period January 1, 1998, through June 30, 1988, the Department determined the dumping margins to be 100.60 percent *ad valorem* for Optibelt Corporation ("Optibelt"), the Germany company investigated, and "all others" (54 FR 15505, April 18, 1989).

Since the issuance of the order, there has been one administrative review, covering the period February 1, 1989, through May 31, 1990, in which the Department determined a dumping margin of 100.60 percent *ad valorem*for Volkmann GmbH ("Volkmann"), the German respondent subject to the review.[8]

Italy

In the original investigation, covering the period January 1, 1988, through June 30, 1998, the Department determined a dumping margin of 74.90 percent *ad valorem* percent for Pirelli Trasmissioni Industriali, S.p.A. ("Pirelli"), and "all others."[9]

There have been two administrative reviews of this order. In the first review, covering the period from February 1, 1989, through May 31, 1990, the Department determined a dumping margin of 60.38 percent *ad valorem* for Pirelli;[10] in the second review, covering the period June 1, 1990, through May 31, 1991, the dumping margin for Pirelli increased to 70.90 percent.[11]

Singapore

In the original investigation, covering the period January 1, 1988, through June 30, 1998, the Department determined the dumping margin for Mitsuboshi Belting (Singapore) Pte. Ltd. ("MBS"), a subsidiary of Mitsuboshi Belting Ltd. of Japan, and "all others", to be 31.73 percent *ad valorem.*[12]

There have been two completed administrative reviews and one terminated review of this order. The Department determined a dumping margin of 31.73 percent *ad valorem* for MBS in the first review[13] covering the period February 1, 1989, through May 31, 1990, and in the second review, covering the period June 1, 1990 through May 31, 1991.[14] A third review, covering the period June 1, 1991, through May 31, 1992, was terminated before a preliminary determination was issued (58 FR 53707, October 18, 1993).

Japan

In the original investigation, covering the period January 1, 1988, through June 30, 1998, the Department determined a dumping margin of 93.16 percent *ad valorem* for Bando Chemical Industries ("Bando") and "all others" (54 FR 15485, April 18, 1989).

There have been five administrative reviews of this order. In the first review, covering the period June 7, 1989, through May 31, 1990, the Department determined a dumping margin of 93.16 percent *ad valorem* for Bando, and 52.60 percent for Nitta Industries ("Nitta") and Mitsuboshi Belting Limited ("MBL").[15] In the second administrative review, covering the period June 1, 1990, through May 31, 1991, we determined that the dumping margin for MBL was 93.16 percent.[16]

In the third and fourth administrative reviews, covering the periods June 1, 1991, through May 31, 1992, and June 1, 1992, through May 31, 1993, respectively, the Department determined a dumping margin of 93.16 percent for MBL (59 FR 1373, January 10, 1994). The dumping margin continued at 93.16 for MBL in the fifth review, covering the period June 1, 1993, through May 31, 1994 (60 FR 39929, August 4, 1995).

At the request of Brecoflex Corporation ("Brecoflex"), the Department initiated a circumvention inquiry on October 18, 1993; however, the Department did not make a determination regarding the merits of the inquiry because it determined that Brecoflex lacked standing as a domestic producer of a like-product (56 FR 23693, May 6, 1994).

Background

On June 1, 1999, the Department initiated sunset reviews of the antidumping orders on industrial belts from Germany, Italy, Singapore, and Japan (64 FR 29261), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of Gates within the applicable deadline (June 16, 1998) specified in section 351.218(d)(1)(i) of the *Sunset Regulations* from all four countries. As the petitioner in the original investigations and a participant in each of the respective administrative reviews, Gates claimed interested-party status under section 771(9)(C) of the Act as a U.S. producer of the domestic like product. Subsequently, we received Gates' complete substantive responses to the notice of initiation on July 1, 1999. Without a substantive response from respondent interested parties, the Department, pursuant to 19 CFR 351.218(e)(1)(ii)(C), determined to conduct expedited, 120-day reviews of these orders.

In accordance with 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). On October 12, 1999, the Department determined that the sunset reviews of the antidumping duty orders on industrial belts from Germany, Italy, Singapore, and Japan are extraordinarily complicated and, therefore, the Department extended the time limit for completion of the final results of these reviews until not later than December 28, 1999, in accordance with section 751(c)(5)(B) of the Act.[17]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted these reviews to determine whether revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping duty order, and

[8] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from the Federal Republic of Germany; Final Results of an Antidumping Administrative Review*, 56 FR 9672 (March 7, 1991).

[9] See *Industrial Belts and Components and Parts Thereof, Whether*Cured or Uncured, from Italy; Amendment of Final Results of an Antidumping Administrative Review, 57 FR 32196 (July 21, 1992).

[10] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured from Italy; Amendment of Final Results of Antidumping Duty Administrative Review*, 57 FR 8295 (March 9, 1992).

[11] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Italy; Final Results of Antidumping Duty Administrative Review*, 58 FR 30938 (July 13, 1992).

[12] *See Final Determination of Sales at Less Than Fair Value: Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Singapore*, 54 FR 15489 (April 18, 1989).

[13] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Singapore; Final Results of Antidumping Duty Administrative Review*, 57 FR 41916 (September 14, 1992).

[14] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Singapore; Final Results of Antidumping Duty Administrative Review*, 57 FR 29469 (July 2, 1992).

[15] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Japan; Final Results of Antidumping Duty Administrative Review*, 58 FR 30018 (May 25, 1993).

[16] *See Industrial Belts and Components and Parts Thereof, Whether Cured or Uncured, from Japan; Final Results of Antidumping Duty Administrative Review*, 58 FR 44496 (August 23, 1993).

[17] *See Extension of Time Limit for Final Results of Five-Year Reviews*64 FR 55233 (October 12, 1999).

shall provide to the International Trade Commission ("the Commission") the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margin are discussed below. In addition, Gates' comments with respect to continuation or recurrence of dumping and the magnitude of the margin for each of the orders are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt. 1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin,* the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2). In addition, the Department indicated that normally it will determine that revocation of an antidumping order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise significantly (*see* section II.A.3).

In addition to consideration of the guidance on likelihood cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In the instant reviews, the Department did not receive a response from any respondent interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations,* this constitutes a waiver of participation.

Gates argues that because manufacturers/exporters of industrial belts from Germany, Italy, Singapore, and Japan have continued to dump the subject merchandise covered by the 1989 orders and dumping margins are consistently very high, the Department should determine that revocation of the orders would likely lead to further dumping (*see* July 1, 1999 Substantive Responses of Gates (Germany and Singapore at 6; Japan and Italy at 7)).

With respect to whether dumping continued at any level above *de minimis* after the issuance of the order, Gates notes that German manufacturers/exporters continue to dump, albeit at reduced volumes, and continue to be subject to high margin rates of 100.60 percent (*see* July 1, 1999, Substantive Response of Gates at 8). Similarly, according the Gates, Italian, Singaporean and Japanese manufacturers/exporters have continued to dump since the issuance of the respective orders. Gates notes the high margin rates of 74.90 percent, 31.73 percent and 93.16 percent for Italian, Singaporean, and Japanese manufacturers/producers, respectively (*see* July 1, 1999, Substantive Responses of Gates (Italy at 9; Singapore at 8; and Japan at 10).

With respect to whether import volumes of the subject merchandise declined significantly, Gates notes that, although the average volume of imports industrial belts from Germany, Japan and Italy decreased following the imposition of the orders, dumping has not been entirely eliminated (*see* July 1, 1999, Substantive responses of Gates (Germany at 9; Japan and Italy, respectively, at 8)).

Finally, Gates asserts that dumping would likely become severe if the orders were revoked because the market for industrial belts is a mature market characterized by intense price competition (*see* July 1, 1999, Substantive Responses of Gates (Germany and Singapore at 9; Italy at 10 and Japan at 11)). Moreover, given that Asia remains in a recession, the U.S. market is an attractive target for manufacturers/exporters from Japan and Singapore (*see* July 1, 1999, Substantive Responses of Gates (Singapore at 9; Japan at 11)).

In conclusion, Gates argues that, in each case, the Department should determine that there is a likelihood that dumping would continue upon revocation of the orders because manufacturers/exporters have continued to import into the United States even as dumping margins remain very high.

Discussion

As discussed in section II.A.3 of the *Sunset Policy Bulletin,* the SAA at 890, and the House Report at 63–64, if companies continue dumping with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed. In these cases, dumping margins above *de minimis* continue to exist for shipments of the subject merchandise from all manufacturers/exporters from the subject countries.

Consistent with section 752(c) of the Act, the Department also considered the volume of imports before and after issuance of the orders. By examining U.S. Census Bureau IM146 reports, the Department finds that, consistent with import statistics provided by Gates, imports of the subject merchandise from Germany, Italy and Japan decreased following the issuance of the orders, from 1989 through 1995. During this period, average imports from Germany and Japan decreased approximately 95 percent during this period, average imports from Italy decreased approximately 30 percent; and imports from Singapore ceased altogether. In 1996, imports from all four countries increased and remained generally steady until 1998; however, imports from Germany, Japan, and Singapore were significantly lower than pre-order levels. In contrast, Italian imports from 1996 to 1998 exceeded pre-order levels by approximately 25 percent.

Therefore, the Department finds that the existence of dumping margins after the issuance of the orders is highly probative of the likelihood of continuation of recurrence of dumping. Deposit rates for exports of the subject merchandise by all known manufacturers and exporters from Germany, Italy, Singapore, and Japan are above *de minimus.* Therefore, given that dumping has continued over the life of the orders, respondent interested parties have waived their right to participate in these reviews before the Department, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the orders were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin,* the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation (*see* section II.B.1 of the *Sunset Policy Bulletin*). Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption

determinations (*see* section II.B.2 and 3 of the *Sunset Policy Bulletin*).

Gates asserts that the Department should provide to the Commission the company-specific margins and the "all others" rates determined in the original investigations of imports from Germany, Italy, Singapore, and Japan (*see* July 1, 1999, Substantive Responses of Gates (Germany and Singapore, respectively, at 10; Japan at 11; Italy at 12)) as the rates likely to prevail if the orders were revoked. Specifically, Gates notes that, in the original investigation of subject imports from Germany, the Department determined a margin of 100.60 percent for Optibelt and "all others." Subsequently, in the sole administrative review, the Department determined a rate of 100.60 percent for Volkmann. Therefore, they argue that the Department should provide to the Commission the original margin of 100.60 percent for Optibelt and "all others" as determined in the investigation (*see* July 1, 1999, Substantive Response of Gates (Germany) at 11).

For Italian manufacturers/exporters, gates asserts that the 74.90 percent margin in the final determination and most recent review of the order on imports from Italy demonstrates the high probability of continued dumping were the order were revoked. Gates concludes, therefore, that the original rate should be applicable to Pirelli and "all others" (*see* July 1, 1999, Substantive Response of Gates (Italy) at 12).

For manufacturers/exporters from Singapore, Gates asserts that the Department should provide to the Commission the margin of 31.73 percent from the original investigation for MBS and "all others" (*see* July 1, 1999, Substantive Response of Gates (Singapore) at 10). The Department also applied this rate to MBS in subsequent administrative reviews.

Finally, for Japanese manufacturers/exporters, Gates notes that the original margin of 93.16 percent continued in the administrative reviews of the order on imports from Japan. Therefore, Gates argues, a rate of 93.16 percent should be applicable to Bando and all other companies not specifically investigated in the investigation (*see* July 1, 1999, Substantive Response of Gates at 11).

The Department agrees with Gates' arguments concerning the choice of margins to report to the Commission for each of the countries. As noted in the *Sunset Policy Bulletin*, the rates from the original investigation are the only rates that reflect the behavior of exporters without the discipline of the order. In these reviews, we find no reason to deviate from our stated policy. Therefore, consistent with section II.B.1 of the *Sunset Policy Bulletin*, the Department finds that the original rates are probative of the behavior of manufacturers/exporters from Germany, Italy, Singapore and Japan were the orders revoked. As such, the Department will report to the Commission the company-specific and "all others" rates from the original investigations as contained in the *Final Results of Reviews* section of this notice.

Final Results of Review

As a result of these reviews, the Department finds that revocation of the antidumping duty orders would likely lead to continuation of recurrence of dumping at the margin listed below:

Country and manufacturer /exporter	Margin (percent)
Germany:	
Optibelt Corporation	100.60
All Others	100.60
Italy:	
Pirelli	74.90
All Others	74.90
Singapore:	
Mitsuboshi Belting (Singapore) Pte. Lte	31.73
All Others	31.73
Japan:	
Bando	93.16
All Others	93.16

This notice serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

These five-year ("sunset") reviews and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: December 23, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-33976 Filed 12-29-99; 8:45 am]

BILLING CODE 3510-DS-M

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–413–415 and 419 (Review)]

Certain Industrial Belts From Germany, Italy, Japan, and Singapore

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore would be likely to lead to continuation or recurrence of material injury. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and

Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: February 3, 2000.

FOR FURTHER INFORMATION CONTACT: Joanna Bonarriva (202–708–4083), 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 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

On September 3, 1999, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (64 FR 50106, September 15, 1999). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Participation in the Review and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

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 these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the reviews will be placed in the nonpublic record on June 7, 2000, and a public version will be issued thereafter, pursuant to § 207.64 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on June 27, 2000, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before June 19, 2000. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on June 23, 2000, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing *testimony in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.65 of the Commission's rules; the deadline for filing is June 16, 2000. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.67 of the Commission's rules. The deadline for filing posthearing briefs is July 7, 2000; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before July 7, 2000. On July 28, 2000, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before August 1, 2000, but such final comments must not contain new factual information and must otherwise comply with § 207.68 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.
Issued: February 4, 2000.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–3023 Filed 2–9–00; 8:45 am]
BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–413–415 and 419 (Review)]

Certain Industrial Belts From Germany, Italy, Japan, and Singapore

AGENCY: United States International Trade Commission.

ACTION: Cancellation of the hearing of full five-year reviews concerning the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore.

EFFECTIVE DATE: June 21, 2000.

FOR FURTHER INFORMATION CONTACT: Joanna Bonarriva (202–708–4083) 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 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

On February 10, 2000 (65 FR 6627), the Commission published a notice in the **Federal Register** scheduling full five-year reviews concerning the antidumping duty orders on certain industrial belts from Germany, Italy, Japan, and Singapore. The schedule provided for a public hearing on June 27, 2000. Requests to appear at the hearing were filed with the Commission on behalf of Mitsuboshi Belting Corp. and on behalf of Bando Chemical Industries, Ltd. and Bando American, Inc. Subsequently, each of the parties requesting to appear at the hearing withdrew its request. Since there are no current requests by interested parties to appear at a public hearing, the Commission determined to cancel the public hearing on certain industrial belts from Germany, Italy, Japan, and Singapore. The Commission unanimously determined that no earlier announcement of this cancellation was possible.

For further information concerning these reviews, see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and F (19 CFR part 207).

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to sections 201.35 and 207.62 of the Commission's rules.

Dated: June 21, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

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EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Certain Industrial Belts from Germany, Italy, Japan, and Singapore,
Inv. Nos. 731-TA-413-415 and 419 (Review)

On September 3, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(C)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)).

The Commission determined that the domestic interested party group response to its notice of institution was adequate for each of the domestic like products[1] at issue in the orders under review: (1) all V-type power transmission belts; (2) all synchronous-type power transmission belts; (3) all power transmission belts other than V-type and synchronous-type;[2] and (4) all industrial belts, excluding automotive belts.[3] The Commission received responses from four domestic producers regarding these reviews. The responses contained company-specific data for each of these producers, which collectively account for a majority of production of V-type power transmission belts; synchronous-type power transmission belts; and all industrial belts, excluding automotive belts. Although the responses contained company-specific data accounting for less than half of the production of all power transmission belts other than V-type and synchronous-type, the Commission found the response to be adequate.

The Commission also found that the respondent interested party group responses were adequate and voted to conduct full reviews with respect to V-type power transmission belts from Singapore and power transmission belts (V-type, synchronous-type, and all other power transmission belts) from Japan. With respect to the review concerning subject merchandise from Singapore, the Commission received a response from a foreign producer that accounts for all or a substantial share of Singaporean production of the subject merchandise. As to the review concerning subject merchandise from Japan, the Commission received two responses from producers that collectively account for a majority of total production of the subject merchandise in that country.

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[1]Our examination of these four like products reflects the views of the divided Commission in the original determinations.

[2]Chairman Lynn M. Bragg and Commissioners Carol T. Crawford and Thelma J. Askey determined that the domestic interested party group response on all power transmission belts other than V-type and synchronous-type was inadequate because this response accounted for substantially less than half of all production of such merchandise. Accordingly, they determined that the domestic interested party group response concerning the order on subject merchandise from Germany was inadequate. With respect to the order covering Japan, Chairman Bragg and Commissioners Crawford and Askey also determined that the domestic interested party group response as to all power belts other than V-type and synchronous-type was inadequate. Nonetheless, they found appropriate circumstances warranting full reviews of all orders, including both Germany and Japan.

[3]Commissioner Askey notes that the Commission's practice with respect to group adequacy is unnecessary and merely serves to complicate the adequacy analysis. In this determination, she found the various individual responses to be adequate and voted to proceed with full reviews for each order from each country. The group adequacy step was not essential to her decision; it simply serves to create greater inflexibility in voting and unnecessary analytical issues. See, e.g., Elemental Sulfur from Canada, Inv. No. AA1921-127 (Review), USITC Pub. 3152 at 5 n.5 (Jan. 1999).

The Commission further found that the respondent interested party group responses were inadequate with respect to V-type and synchronous-type power transmission belts from Italy, and power transmission belts other than V-type and synchronous-type from Germany, because no responses were received from any respondent interested parties. The Commission nevertheless decided to conduct full reviews in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to V-type power transmission belts from Singapore and V-type power transmission belts, synchronous-type power transmission belts, and all other power transmission belts from Japan. The Commission also voted to conduct full reviews because of potentially significant domestic like product issues.[4]

[4]Commissioner Askey's decision to conduct full reviews was not based on the potential like product issues.

APPENDIX B

SUMMARY DATA

Table B-1
Automotive and industrial V-belts: Summary data concerning the U.S. market, 1998-99, January-March 1999, and January-March 2000

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Table B-2
Automotive and industrial synchronous belts: Summary data concerning the U.S. market, 1998-99, January-March 1999, and January-March 2000

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Table B-3
Other automotive and industrial belts: Summary data concerning the U.S. market, 1998-99, January-March 1999, and January-March 2000

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Table B-4
Automotive and industrial belts: Summary data concerning the U.S. market, 1998-99, January-March 1999, and January-March 2000

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Table B-5
Industrial belts: Summary data concerning the U.S. market, 1998-99, January-March 1999, and January-March 2000

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APPENDIX C

RESPONSES OF U.S. PRODUCERS, IMPORTERS, AND PURCHASERS, AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested producers to describe any anticipated changes in their operations or organization relating to the production of certain industrial belts in the future if the existing orders were revoked (Question II-4).

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The Commission requested producers to describe the significance of the existing orders on their production capacity, production, U.S. shipments, inventories, purchases, and employment (Question II-14).

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The Commission asked producers whether they anticipate changes in their production capacity, production, U.S. shipments, inventories, purchases, or employment relating to the production of certain industrial belts if the existing orders were revoked (Question II-15).

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The Commission asked U.S. producers to describe the significance of the orders in terms of their effect on their firm's revenues, costs, profits, cash flow, capital expenditures, research and development expenditure, and asset values (Question III-9).

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The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of certain industrial belts in the future if the orders on imports from Germany, Italy, Japan, and/or Singapore were revoked (Question III-10).

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U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested importers to describe any anticipated changes in their operations or organization relating to the importation of certain industrial belts in the future if the existing orders were revoked (Question II-4).

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The Commission requested importers to describe the significance of the existing orders covering imports of certain industrial belts from Germany, Italy, Japan, and/or Singapore in terms of their effect on their firm's imports, U.S. shipments of imports, and inventories (Question II-8).

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The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of certain industrial belts in the future if the existing orders were revoked (Question II-9).

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FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested foreign producers to indicate whether they anticipated any changes in their operations or organization relating to the production of certain industrial belts in the future if the existing orders were revoked, and if yes, to describe those changes (Question II-3).

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The Commission requested foreign producers to describe the significance of the existing orders covering imports of certain industrial belts from Germany, Italy, Japan, and/or Singapore in terms of their effects on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories (Question II-15).

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The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of certain industrial belts in the future if the existing orders were revoked (Question II-16).

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U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

Effects on Future Activities of their Firm and the U.S. Market as a Whole (Question III-11)

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(1) Revocation of said duty should have little effect on *** and the U.S. market.
(2) See above.

***

(1) No difference.
(2) Uncertain/have small market area.

***

(1) Little or no effect - will not change the activities of ***.
(2) Will have little or no effect on United States markets.

***

(1) Probably won't have major effect unless price parity with US manufacturers isn't maintained.
(2) Probably won't have major effect unless price parity with US manufacturers isn't maintained.

***

(1) No effect.
(2) Unknown.

***

(1) I do not have sufficient information to discuss this question.
(2) I do not have sufficient information to discuss this question.

***

(1) N/A.
(2) No response.

***

(1) Our firm will probably see more price pressure.
(2) Will probably see a slump in consumer prices.

***

(1) Pricing will become very low and quality issues will arise as in comparison to price vs. quality of product.
(2) Same.

APPENDIX D

COMPAS PRESENTATION

MODEL

The following model estimates the effects of duty revocation using the elasticity estimates from Part II. The results examine potential changes in price, quantity, and revenue for various producers under the range of different elasticity scenarios. Estimated effects of the recurrence costs of dumping on the U.S. industrial belts industry are as follows:

Scenario	Percent reduction		
	Quantity	Price	Revenue
High demand growth (1 percent)	***	***	***
Low demand growth (0 percent)	***	***	***

Staff's estimates are based on considering only the industrial belt market. If the Commission were to consider a larger market, such as both industrial and automotive belts together, then market shares for subject imports would be smaller. Moreover, the elasticity of substitution would tend toward its more inelastic bound, since U.S. industrial and automotive belts would be less substitutable with imported industrial belts than just U.S. industrial belts would be. It should also be noted that the paucity of data, specifically the lack of market data from ***, means that the model estimates are based on market shares that are possibly substantially incorrect. Furthermore, because of the low market shares for imports from some countries, the effects of dumping from those countries will be underestimated by the COMPAS model.

Complete results and model specifications are shown as follows:

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APPENDIX E

PURCHASERS' PRICING DATA

Table E-1
Certain industrial belts: Weighted-average delivered purchase prices and quantities of domestic products reported by end users and distributors, by products and by quarters, January 1998 - March 2000

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Table E-2
Certain industrial belts: Weighted-average delivered purchase prices and quantities of imported products from Japan reported by end users and distributors, by products and by quarters, January 1998 - March 2000

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