

UNITED STATES TARIFF COMMISSION

BICYCLES FROM WEST GERMANY

**Determination of No Injury or Likelihood Thereof
in Investigation No. AA1921-81
Under the Antidumping Act, 1921,
As Amended**



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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION
Washington

[AA1921-81]

BICYCLES FROM WEST GERMANY

Determination of No Injury

On September 28, 1971, the Tariff Commission received advice from the Treasury Department that bicycles from West Germany are being, or are likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. In accordance with the requirements of section 201(a) of that Act (19 U.S.C. 160(a)), the Commission on the same date instituted investigation No. AA1921-81, to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Notice of the institution of the investigation and of a hearing to be held in connection therewith was published in the Federal Register of October 5, 1971 (36 F.R. 19425). The hearing was held on November 16, 1971.

In arriving at its determination, the Commission gave due consideration to all written submissions from interested parties, all testimony adduced at the hearing, and all information obtained by the Commission's staff.

On the basis of its investigation, the Commission 1/ has unanimously determined that no industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of bicycles from West Germany sold, or likely to be sold, at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Commissioner Young did not participate in the decision.

Statement of Reasons

In our opinion, no industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of bicycles from West Germany sold at less than fair value (LTFV).

In reaching its negative determination, the Commission was persuaded principally by the following factors:

- (1) Imports of bicycles from West Germany sold at less than fair value are small in relation to the domestic output of such articles.
- (2) Despite a slight decrease in output of "high rise" or "polo" bicycles, the domestic production both of bicycles in the aggregate and of 20-inch middleweights in particular was larger in 1971 than in 1970.
- (3) The marketing of the West German bicycles sold at less than fair value in the United States has not adversely affected the prices of domestically produced bicycles.

Description of product

The Treasury Department has found that bicycles from West Germany are being, or are likely to be, sold at less than fair value. The great bulk (95 percent) of the bicycles exported from West Germany to the United States in the period of the Treasury investigation were so-called 20-inch "high rise" or "polo" models--bicycles with 20-inch wheels and high rise handlebars, sold principally for children.

The U.S. industry

The Commission deems the domestic industry to consist of the facilities in the United States for the manufacture of bicycles. Bicycles are currently produced domestically by 8 firms operating

10 establishments; bicycles and bicycle parts are the principal products produced in such establishments.

U.S. market conditions

The consumption of bicycles in the United States has been at a high level in recent years, ranging between 7 and 8 million units annually in the late 1960's, compared with less than 4 million units in the early 1960's. Such high recent consumption resulted primarily from the popularity among children of the 20-inch middleweight bike, especially the high-rise model. Nevertheless, consumption was declining at the turn of the decade--from 7.9 million units in 1968 to 7.2 million in 1970. In 1971, however, U.S. demand again boomed; consumption of bicycles in the first 9 months of that year was more than 20 percent greater than in the corresponding period of the previous year. The current strong market reflects primarily increased demand among adults for multispeed lightweight bicycles using 26-inch or 27-inch wheels.

Domestic production

With the easing of U.S. demand for bicycles in the late 1960's, aggregate domestic production of bicycles decreased from 6.4 million units in 1968 to 5.3 million units in 1970; production during January-September 1971, however, amounted to 4.7 million units, an amount more than 20 percent greater than the 3.9 million units produced in January-September 1970. Moreover, U.S. production of 20-inch middleweight bicycles, although smaller in 1970 than in the

two immediately preceding years, was 6 percent larger in January-September 1971 than in the corresponding period in 1970. More importantly, the domestic industry increased its share of the U.S. market for 20-inch middleweights in 1971, supplying about 86 percent of apparent consumption in January-September 1971, compared with 81 percent in the corresponding period in 1970.

Information obtained during the course of this investigation indicates that the domestic bicycle industry presently is unable to meet the current rapidly increasing demand for bicycles, particularly certain types.

Imports at less than fair value

The West German bicycles which the Treasury found to have been sold at less than fair value have not been a significant factor in the U.S. market. Sales of such bicycles during the period of Treasury's investigation (July 1, 1970-April 30, 1971) were equivalent to less than 2 percent of U.S. production of 20-inch middleweight bicycles and to less than 1.5 percent of total bicycle production in 1970.

Sales of LTFV bicycles from West Germany have not depressed the prices charged by the domestic producers. Although the available evidence indicates that West German bicycles were sold in the U.S. market at prices moderately below those for which comparable domestic bicycles were sold, the prices of U.S. bicycles have increased. Indeed, the average value of sales by domestic producers of 20-inch middleweights was 10.7 percent higher in 1971 than in 1969. There is no evidence here of price depressive effects of sales of LTFV bicycles.

Conclusion

During the course of the investigation, the complainants notified the Commission that, although they deemed the domestic industry to be experiencing injury at the time the complaint was filed with the Treasury Department (April 1970), recent market conditions made their continued participation in the investigation unwarranted. The Commission's investigation substantiates the fact that the industry is not injured within the meaning of the statute. The Commission has, therefore, made a negative determination.