CERTAIN 45 RPM ADAPTORS
FROM THE UNITED KINGDOM

Determination of "No Reasonable
Indication of Injury" in Inquiry
No. AA1921-Inq.-24 Under the
Antidumping Act, 1921,
as Amended

USITC PUBLICATION 953
MARCH 1979

United States International Trade Commission / Washington, D.C. 20436
USITC REPORTS ON 45 R.P.M. ADAPTORS FROM THE UNITED KINGDOM

The United States International Trade Commission today notified the Secretary of the Treasury that the pending Treasury Department investigation on the nature and extent of sales at less than fair value (LTFV) on 45 r.p.m. adaptors from the United Kingdom under the Antidumping Act, 1921, should be terminated.

Chairman Joseph O. Parker, Vice Chairman Bill Alberger, and Commissioners George M. Moore, Catherine Bedell, and Paula Stern unanimously determined there is no reasonable indication of injury or the likelihood of injury to an industry in the United States from such imports possibly sold at LTFV.

As a result of the determination, the Treasury Department will terminate its investigation, which it instituted under the Antidumping Act upon receipt of a petition from the Aldshir Manufacturing Co., Inc., of Tuckahoe, N.Y.

The Commission inquiry began on February 7, 1979, and a public hearing in connection with the inquiry was held on February 15, 1979, in Washington, D.C.
Made in flat package, cylindrical, and disc configurations, 45 r.p.m. adaptors permit phonograph records with a center hole diameter of 1-\(\frac{1}{2}\) inches to be played on an automatic record player changer with a spindle designed to accommodate records having a center hole diameter of one-quarter inch.

Three domestic firms produce 45 r.p.m. adaptors: Aldshir, which makes and sells the adaptors for all major brands of record changers; BSR (USA) Ltd., of Blauvelt, N.Y.; and Avnet, Inc.-I.P.M. Group, of St. Joseph, Ill. In the last 3 years, eight firms have imported adaptors for a specific foreign-produced record changer.

During its inquiry, the Commission did not receive any allegations of lost sales by U.S. producers to imports of 45 r.p.m. adaptors from the United Kingdom occurring in 1976-78.

Imports of all models of 45 r.p.m. adaptors from the United Kingdom increased in 1977 from the 1976 level; however, 1978 imports declined as a result of BSR's decision to begin production in the United States. Apparent U.S. consumption for all types of adaptors increased in 1977 from 1976 levels, but then decreased slightly in 1978. In the same period, U.S. producers' shipments of all types of adaptors increased significantly.

The Commission's public report, Certain 45 R.P.M. Adaptors From the United Kingdom (USITC Publication 953), contains the views of the Commissioners in the inquiry (No. AA1921-Inq.-24). Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436.
CONTENTS

Determination of the Commission----------------------------------------------- 1
Views of the Commission--------------------------------------------------------- 3
Summary----------------------------------------------------------------------- A-1
Information obtained in the investigation:
  Introduction---------------------------------------------------------------- A-3
  Description and uses-------------------------------------------------------- A-4
  U.S. tariff treatment------------------------------------------------------- A-6
  Previous antidumping investigation------------------------------------------ A-6
  U.S. producers------------------------------------------------------------- A-7
  U.S. importers------------------------------------------------------------- A-7
  Nature and extent of alleged sales at less than fair value---------------- A-8
  The record changer market in the United States----------------------------- A-9
  The U.S. market------------------------------------------------------------- A-11
Consideration of injury or likelihood thereof by reason of alleged LTFV sales:
  U.S. imports---------------------------------------------------------------- A-12
  Apparent U.S. consumption, producers' shipments, and foreign trade-------- A-15
  U.S. capacity and production----------------------------------------------- A-16
  Employment---------------------------------------------------------------- A-17
  U.S. producers' inventories----------------------------------------------- A-17
  U.S. producers' exports---------------------------------------------------- A-17
  Lost sales---------------------------------------------------------------- A-17
  Financial experience of U.S. producers------------------------------------- A-17
  Prices--------------------------------------------------------------------- A-18
Appendix A. Commission's Notice of Inquiry and Hearing---------------------- A-21
Appendix B. Treasury Department's Antidumping Proceeding Notice------------- A-23

Figures

1. Flat package adaptors with moving parts----------------------------------- A-5
2. Flat package adaptors with no moving parts-------------------------------- A-5
3. Cylindrical adaptors with integral spindle------------------------------- A-5
5. Imports of 45 r.p.m. adaptors by BSR (USA), 1978------------------------- A-14

Tables

2. Record changers: U.S. imports from the United Kingdom and all other countries, 1973-77 A-10
3. 45 r.p.m. adaptors: U.S. imports for consumption from the United Kingdom, 1976-78 A-12
CONTENTS

4. 45 r.p.m. adaptors: U.S. imports for consumption from all countries, 1976-78------------------------------- A-13

5. 45 r.p.m. adaptors: U.S. producers' shipments, imports for consumption, and apparent consumption, by types, 1976-78-------- A-16
Commission Determines "No Reasonable Indication of Injury"

On the basis of information developed during the course of inquiry No. AA1921-Inq.-24, undertaken by the United States International Trade Commission under section 201(c) of the Antidumping Act, 1921, as amended, the Commission determines that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of certain 45 R.P.M. adaptors from the United Kingdom, allegedly sold at less than fair value as indicated by the Department of the Treasury. 1/

On January 30, 1979, the Commission received advice from the Department of the Treasury that, in accordance with section 201(c)(1) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to certain 45 R.P.M. adaptors from the United Kingdom, and that, pursuant to section 201(c)(2) of the act, information developed

1/ Chairman Joseph O. Parker, Vice Chairman Bill Alberger, Commissioners George M. Moore, Catherine Bedell and Paula Stern, determined that there is no reasonable indication that 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 the subject 45 R.P.M. adaptors.
during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of certain 45 R.P.M. adaptors from the United Kingdom into the United States. Accordingly, the Commission on February 7, 1979, instituted inquiry No. AA1921-Inq.-24 under section 201(c)(2) of the act to determine whether there is no reasonable indication that 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.

A public hearing was held on February 15, 1979, in Washington, D.C. Public notice of both the institution of the inquiry and of the hearing was duly given by posting copies of the notice at the Secretary's office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of February 13, 1979 (44 F.R. 9438).

VIEWS OF THE COMMISSION

Statutory criteria of section 201(c)(2)

If the Secretary of the Treasury concludes, during a preliminary investigation under the Antidumping Act, 1921, as amended, that there is substantial doubt regarding possible injury to an industry in the United States, he shall forward to the U.S. International Trade Commission (Commission) his reasons for such doubt. Within 30 days of receipt of the Secretary's reasons, the Commission shall determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of merchandise allegedly sold in the United States at less than fair value (LTFV). This inquiry, instituted on February 7, 1979, concerns 45 R.P.M. adaptors from the United Kingdom.

Determination

On the basis of information developed during the course of this inquiry, we determine there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of 45 R.P.M. adaptors into the United States from the United Kingdom allegedly sold at less than fair value as indicated by the Department of the Treasury.

1/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.
The imported article, the domestic industry, and the domestic market

45 R.P.M. adaptors permit phonograph records with a center hole diameter of approximately 1-1/2 inches to be played on a conventional automatic record player. 45 R.P.M. adaptors are made in two different configurations: flat-package and cylindrical. Currently there are three domestic producers of 45 R.P.M. adaptors in the United States: Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y.; BSR (USA) Ltd., Blauvelt, N.Y.; and Avnet Inc. - I.P.M.; Group, St. Joseph, Ill. Only Aldshir Manufacturing Co., the petitioner, exclusively manufacturers and sells 45 R.P.M. adaptors for the major brands of record changers. BSR sells adaptors for use on turntables which it also manufactures. Avnet produces adaptors only for record changers which it manufactures.

The domestic market for this industry is divided into two components: an original equipment market and a smaller service and replacement market. The original equipment market is made up of about 30 domestic producers of phonographs and other electrical equipment incorporating phonographs as well as importers of phonographs. In the overwhelming preponderance of both the domestically produced and imported phonographs, the record changer component is manufactured by BSR Ltd. of the United Kingdom.

Generally, neither BSR Ltd. or the other domestic producers or foreign manufacturers who export phonographs to the United States sell adaptors as part of the original equipment. Rather, the adaptors must be separately ordered and added to the record changer.
BSR (USA), as both an importer and now a domestic producer, sells adaptors only for record changers made by its parent corporation BSR Ltd., which, as mentioned, supplies a large percentage of the record changer market. Only Aldshir, which does not manufacture record changers, produces and sells 45 R.P.M. adaptors for the major brands of record changers. The structure of the market necessitates that Aldshir sell in the replacement market or to phonograph manufacturers who, generally speaking, have purchased record changers made by BSR Ltd.

**Information regarding alleged margins of LTFV sales**

The Department of the Treasury advised the Commission that the petitioner alleged margins of LTFV sales from 30 to 90 percent.

**No reasonable indication of injury**

Discussion of the data underlying our finding that no reasonable indication of injury exists in this case is limited by confidentiality rules extended to the parties in this case. One domestic producer and one importer account for nearly all production and import figures. Detailed discussion of economic indicators, would, therefore, violate the confidence of these two major parties in this case.

Imports of all models of 45 R.P.M. adaptors from the United Kingdom increased by nearly a million units from 1976 to 1977. Imports declined in 1978 by approximately 10 percent due largely to BSR's decision to discontinue importing the product in favor of manufacturing in the United States. This action should lead to an even sharper drop in imports in 1979 since BSR accounted for the vast majority of all imports of adaptors from 1976 through 1978.
Prior to BSR's entry in late 1978 as a U.S. producer, Aldshir Co. accounted for almost all of U.S. production. At the public hearing, Aldshir, which subcontracts its production to a plastics manufacturer, stated that its operations could increase output to 20,000 adaptors a week. In contrast, BSR (USA) Ltd., which combines the complete processes for production, assembly, and packaging in-house, started up production in late 1978, and currently produces 85,000 adaptors a week.

Pricing information available to the Commission establishes that petitioner has undersold BSR made adaptors in each of the last 3 years in both the original equipment market and in the replacement market. In the latter, the margin of underselling has been significant. Nevertheless, it has been unable to make significant inroads into BSR's share of the original equipment market. It thus appears price is not the primary consideration for sales in the original equipment market. Aldshir's lack of success in this major market, however, has not hurt its profit picture. From fiscal 1975 through fiscal 1977, Aldshir's net sales increased every year and its profits increased significantly. Clearly, it is a healthy company.

In summary, this industry is in good economic condition. Imports have declined while production and shipments by U.S. producers have gone up. What limited employment there is for the industry is also up, and profits have nearly doubled during the period examined by the Commission. Thus, we have no reasonable indication of injury or likelihood thereof to this industry.
Summary

On December 12, 1978, the Department of the Treasury received a petition from the Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y., alleging that 45 r.p.m. adaptors (flat and round spindle) from the United Kingdom are being, or are likely to be, sold at less than fair value.

On January 30, 1979, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of determining whether to institute an investigation with respect to certain 45 r.p.m. adaptors from the United Kingdom in accordance with section 201(c) of the Antidumping Act, 1921, as amended, Treasury had concluded from the information available that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of this merchandise into the United States.

45 r.p.m. adaptors permit phonograph records with a center hole diameter of approximately 1-1/2 inches to be played on an automatic record player with a spindle designed to accommodate phonograph records with a center hole diameter of approximately 1/4 inch. 45 r.p.m. adaptors are made in three different configurations: flat package, cylindrical, and disc.

45 r.p.m. adaptors are classified under the provision for "record players, phonographs, record changers, turn-tables, and tone arms, and parts of the foregoing" in item 685.32 of the Tariff Schedules of the United States (TSUS). The column 1 rate of duty is 5.5 percent ad valorem, and the column 2 rate is 35 percent.

On January 8, 1974, the Department of the Treasury had received information from Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y., that 45 r.p.m. flat spindle adaptors from the United Kingdom were being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. After conducting its investigation with respect to the possible dumping of 45 r.p.m. flat spindle adaptors from the United Kingdom, Treasury issued a final negative determination on October 22, 1974.

Currently there are three domestic producers of 45 r.p.m. adaptors in the United States: Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y.; BSR (USA) Ltd., Blauvelt, N.Y.; and Avnet Inc., I.P.M. Group, St. Joseph, Ill. Only Aldshir Manufacturing Co. exclusively manufactures and sells 45 r.p.m. adaptors for all major brands of record changers. In the last 3 years, eight firms have imported 45 r.p.m. adaptors for a specific foreign-produced record changer. BSR (USA) Ltd. accounted for *** of all imports of these adaptors from the United Kingdom from 1976 through 1978.

Imports of all models of 45 r.p.m. adaptors from the United Kingdom increased from *** units in 1976 to *** units in 1977. However, imports dropped to *** units in 1978 owing to the decision of BSR (USA) to discontinue importing the product in favor of manufacturing it in the United States.
Apparent U.S. consumption of all types of 45 r.p.m. adaptors increased from *** units in 1976 to *** units in 1977 and then decreased slightly in 1978 to *** units. In the same period, U.S. producers' shipments of all 45 r.p.m. adaptors increased from *** units to *** units.

Prior to BSR's entrance in late 1978 as a U.S. producer, Aldshir accounted for approximately *** of U.S. production of 45 r.p.m. adaptors. BSR (USA) Ltd. started production in August 1978 and by October 1978 was reaching its production goal of approximately 85,000 adaptors a week. BSR estimates that it will be able to produce approximately *** adaptors a year.

The Commission staff has not received any allegations of lost sales by U.S. producers to imports of 45 r.p.m. adaptors from the United Kingdom occurring in 1976-78.
Information Obtained in the Investigation

Introduction

On December 12, 1978, the Department of the Treasury received a properly filed petition from the Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y., alleging that 45 r.p.m. adaptors (flat and round spindle) from the United Kingdom are being, or are likely to be, sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160). The complaint also provided certain allegations and evidence concerning injury to, or the likelihood of injury to, or the prevention or establishment of, an industry in the United States.

On January 30, 1979, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of determining whether to institute an investigation with respect to certain 45 r.p.m. adaptors from the United Kingdom in accordance with section 201(c) of the Antidumping Act, 1921, as amended, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of this merchandise into the United States. Therefore, on February 7, 1979, the Commission instituted inquiry No. AA1921-Inq.-24 under section 201(c) of that act to determine whether there is no reasonable indication that 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 Commission's inquiry and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and in the Commission's New York Office, and also by publishing the notice in the Federal Register of February 13, 1979 (44 F.R. 9438). In accordance with the notice, a public hearing was held on February 15, 1979, in Washington, D.C.

At the same time that the Treasury Department notified the U.S. International Trade Commission that it had concluded that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, it notified the public that the case was being referred to the U.S. International Trade Commission and that the U.S. Customs Service was instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at LTFV. Treasury's Antidumping Proceeding Notice was published in the Federal Register of February 2, 1979 (44 F.R. 6824).

1/ A copy of the Commission's Notice of Inquiry and Hearing is presented in app. A.

2/ A copy of the Treasury Department's Antidumping Proceeding Notice is presented in app. B.
In the event that the U.S. International Trade Commission finds in the affirmative—that there was no reasonable indication that 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 certain 45 r.p.m. adaptors from the United Kingdom that may be sold in the United States at LTFV—the Treasury Department's investigation as to the fact or likelihood of sales at LTFV will be terminated. In the event that the Commission finds in the negative, the Treasury Department's investigation will continue. The Commission's determination is due to be reported to the Secretary of the Treasury no later than March 1, 1979.

Description and uses

45 r.p.m. adaptors permit phonograph records with a center hole diameter of approximately 1-1/2 inches to be played on an automatic record player with a spindle designed to accommodate phonograph records with a center hole diameter of approximately 1/4 inch. 45 r.p.m. adaptors are made in three different configurations: flat package, cylindrical, and disc.

The flat package adaptor (figs. 1 and 2) is a thin parallelepiped with a hole through the long dimension. The flat package slips over the spindle of a record player. The uppermost part of the flat package acts as a shelf for stacks of records ready for play. As the record changer permits a record to drop to the turntable, the record slides down the parallelepiped and is positioned on the turntable by the lower part of the flat package. Some flat packages have moving parts and some do not.

Cylindrical adaptors (figs. 3 and 4) are identifiable by their shape, which is approximately cylindrical. Except for their shape, they are similar to the flat package adaptors.

Both the cylindrical adaptor and the flat package adaptor may have an integral spindle designed to replace the spindle on the record changer (fig. 3). In operation, the record player spindle is removed and the adaptor with integral spindle is inserted into the turntable. A mechanism beneath the turntable activates the adaptor through the integral spindle in order to change records.

The disc adaptor is a flat, circular disc with an outside diameter of approximately 1-1/2 inches and a center hole diameter of approximately 1/4 inch. The disc adaptor is pressed into the center hole of a suitable phonograph record and permits the playing of the record on a player with a 1/4 inch spindle. This type of adaptor, which costs only a few cents, is not considered like or directly competitive with the flat package or cylindrical adaptors.

45 r.p.m. adaptors are used mostly on consumer-type automatic record players for playing 45 r.p.m. phonograph records. Only a few adaptors are used on jukeboxes or other commercial automatic record players. The U.S. public is by far the major consumer of 45 r.p.m. adaptors.
Figure 1: Flat package adaptors with moving parts

BSR  PANASONIC  VM  MAGNAVOX

Figure 2: Flat package adaptors with no moving parts

RCA  GE  MAESTRO

Figure 3: Cylindrical adaptors with integral spindle

ELAC  P.E.  GARRARD  DUAL

Figure 4: Cylindrical adaptors without integral spindle

BSR  ADMIRAL  MAGNAVOX  GARRARD
U.S. tariff treatment

45 r.p.m. adaptors are classified under the provision for "record players, phonographs, record changers, turn-tables, and tone arms, and parts of the foregoing" in item 685.32 of the TSUS. The column 1 (most-favored nation) rate of duty is 5.5 percent ad valorem, and the column 2 rate (applicable to imports from certain Communist-dominated countries) is 35 percent. Imports of 45 r.p.m. adaptors under item 685.32 are not eligible for duty-free treatment under the Generalized System of Preferences.

Previous antidumping investigation

On January 8, 1974, the Department of the Treasury received information from Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y., that 45 r.p.m. flat spindle adaptors from the United Kingdom were being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. After conducting its investigation with respect to the possible dumping of 45 r.p.m. flat spindle adaptors from the United Kingdom, Treasury issued a tentative negative determination on August 15, 1974 (39 F.R. 29391). In its statement of reasons why the tentative negative determination was issued, Treasury stated that its investigation revealed that the quantity of 45 r.p.m. adaptors sold for home consumption (in the United Kingdom) was so small in relation to the quantity sold for exportation to countries other than the United States as to form an inadequate basis for fair-value comparisons. As a result, sales to third countries were used as a basis for determining fair value in the investigation. The proper basis of comparison for fair-value purposes was between the exporter's sales price to the United States and the price to the third country of such or similar merchandise. Using the aforementioned criteria, Treasury found that 45 r.p.m. flat spindle adaptors from the United Kingdom were not being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Treasury published a final determination of sales at not less than fair value on October 22, 1974 (39 F.R. 37513).

A summary of BSR Ltd.'s 1974 questionnaire revealed that from January 1, 1973, to December 31, 1973, BSR sold *** flat spindle adaptors in the United Kingdom, *** to countries other than the United States, and *** to the United States. Thus, it is reasonable to assume that Treasury would again use sales to third countries as a basis for comparison if the antidumping investigation continues.

It should also be noted that Aldshir sued BSR under the antitrust laws in October 1973, and settled the case for *** in 1977. ***
U.S. producers

There are currently three producers of 45 r.p.m. adaptors in the United States. Their names and locations are as follows:

(1) Aldshir Manufacturing Co., Inc.  
111 Lake Avenue  
Tuckahoe, N.Y.

(2) BSR (USA) Ltd.  
Route 303  
Blauvelt, N.Y.

(3) Avnet, Inc.  
I.P.M. Group  
St. Joseph, Ill.

Only Aldshir Manufacturing Co. exclusively manufactures and sells 45 r.p.m. adaptors for all major brands of record changers. Aldshir contracts out the actual manufacture of the plastic component parts and then assembles and packages the adaptors in its own plant. The adaptors are sold in both the original-equipment market (to record changer manufacturers) and in the replacement market. Aldshir is a privately held corporation with *** employees, who assemble and package the adaptors.

BSR (USA) Ltd. is a wholly owned subsidiary of BSR Ltd. of the United Kingdom. Currently BSR Ltd. accounts for *** of record changers sold in the United States, Europe, and Japan. Prior to October 1978, BSR Ltd. was also the largest exporter, by far, of 45 r.p.m. adaptors to the United States. These adaptors were exclusively used on BSR record changers. In August 1978, BSR Ltd. shifted the manufacture of *** of its 45 r.p.m. adaptors to BSR (USA) Ltd. in Nyack, N.Y. The Nyack plant manufactures various parts for record changers, including 45 r.p.m. adaptors. Only *** of the *** production personnel at the Nyack plant work exclusively on the production of 45 r.p.m. adaptors. BSR (USA) Ltd. estimates that it will be able to manufacture *** 45 r.p.m. adaptors a year. BSR Ltd. of the United Kingdom will continue to export small amounts of specialty adaptors to the United States.

Avnet, Inc., I.M.P. Group, manufactures high-priced record changers and consequently also manufactures 45 r.p.m. adaptors for use with its product. Avnet does not make or sell adaptors for any other brands of record changers.

U.S. importers

In the last 3 years, eight firms have imported 45 r.p.m. adaptors. All the importing companies import adaptors for a specific foreign-produced record changer. Except for Transcriber Co., Inc., Attleboro, Mass., all the firms purchase their adaptors from the foreign record changer manufacturer. Transcriber imports adaptors from Taiwan for use on BSR record changers. ***.
The eight importers and the foreign record changer companies from which they import the adaptors are as follows:

1. Benjamin Electronics
   Huntington, N.Y.

2. BSR (USA) Ltd.
   Blauvelt, N.Y.

3. Garrard USA
   Plainview, N.Y.

4. Philips High Fidelity Labs Ltd.
   Ft. Wayne, Ind.

5. Panasonic USA
   Secaucus, N.J.

6. Schulte Corp.
   Kalamazoo, Mich.

7. Transcriber Co., Inc.
   Attleboro, Mass.

8. United Audio Products
   Mt. Vernon, N.Y.

BSR (USA) Ltd. has informed the Commission that it will continue to import a small adaptor for its "mini-record changer" and a high-priced round adaptor with a lower portion of a spindle attached for two high-priced record changer models. Panasonic advised the Commission that it only imports the adaptors together with the record changers, and does not separately market adaptors. Benjamin Electronics informed the Commission that it has gone out of business.

Nature and extent of alleged sales at less than fair value

On December 12, 1978, the Department of the Treasury received a complaint from the Aldshir Manufacturing Co., Inc., Tuckahoe, N.Y., alleging that 45 r.p.m. adaptors (flat and round spindle) from the United Kingdom are being, or are likely to be, sold in the United States at LTFV within the meaning of the Antidumping Act, 1921, as amended. It appears that virtually all information available to Treasury at the time it notified the U.S. International Trade Commission of its conclusion that there was substantial doubt that 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 45 r.p.m. adaptors (flat and round spindle) from the United Kingdom was derived from information contained in the complaint.
According to the complaint, BSR Ltd. is the primary exporter in the United Kingdom of record changers and 45 r.p.m. adaptors to the United States. Furthermore, until the petitioner began manufacturing and marketing 45 r.p.m. adaptors in 1972, BSR Ltd. was the only supplier of 45 r.p.m. adaptors that could be used on its record changers. In 1972, the petitioner's adaptor sold for *** per unit in the original-equipment market, which was *** below BSR's price. The petitioner alleges that on January 1, 1973, BSR reduced its price to *** per unit. If the petitioner wanted to compete with BSR at the new lower price, it would have been forced to quote a price below its cost of production. Thus, the petitioner was unable to compete with BSR in the original-equipment market.

Furthermore, the petitioner alleges that BSR could only have been able to sell its adaptors at *** per unit if those sales of adaptors were at less than fair value. As proof of its allegations of sales at LTFV, the petitioner states that BSR's adaptors currently sell in the United Kingdom for *** per unit, while the current U.S. price is *** per unit. The increase in the BSR price of adaptors from *** per unit occurred in 1976, according to the petitioner. There are no specific allegations in the complaint concerning 1977 and 1978, other than the current price comparison of BSR's adaptors. The information in the complaint and that derived from the Customs Service's summary investigation indicate that the margins of dumping may range from 30 percent to 90 percent.

The record changer market in the United States

The U.S. record changer market consists mainly of some 30 producers of phonographs and phonographs in combination with radio receivers, television receivers, or tape players/recorders. The producers make or purchase record changers which are incorporated into an end product for sale principally to the home consumer. In addition, retailers obtain imported finished record changers ready for resale to the home consumer. Only a very small service and replacement market exists.

Shipments by original-equipment manufacturers (OEM's) decreased from 6.3 million units in 1973 to 4.5 million units in 1975 before increasing to 5.6 million units in 1977, as shown in table 1.
Table 1.—U.S. shipments by OEM's of end products containing record changers, 1975–77

(In thousands of units)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio-phonograph-tape-player combinations</td>
<td>2,849</td>
<td>2,909</td>
<td>2,211</td>
<td>2,581</td>
<td>2,531</td>
</tr>
<tr>
<td>Radio-TV-phonograph-tape-player combinations</td>
<td>67</td>
<td>34</td>
<td>44</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>Portable, table, and compact phonographs</td>
<td>2,263</td>
<td>2,098</td>
<td>1,506</td>
<td>1,487</td>
<td>2,108</td>
</tr>
<tr>
<td>Stereo compacts</td>
<td>468</td>
<td>330</td>
<td>156</td>
<td>198</td>
<td>222</td>
</tr>
<tr>
<td>Record players</td>
<td>638</td>
<td>536</td>
<td>556</td>
<td>632</td>
<td>744</td>
</tr>
<tr>
<td>Total</td>
<td>6,285</td>
<td>5,907</td>
<td>4,473</td>
<td>4,941</td>
<td>5,649</td>
</tr>
</tbody>
</table>

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

Note.—Because of rounding, figures may not add to the totals shown.

The decrease is accounted for by competition from inexpensive tape players and a slow market during the recession period of 1975 and 1976.

The record changer market has been supplied principally by imports for many years. U.S. imports of record changers decreased from 6.9 million units in 1973 to 4.3 million units in 1975 before increasing to 7.4 million units in 1977, as shown in table 2.

Table 2.—Record changers: U.S. imports from the United Kingdom and all other countries, 1973–77

(In thousands of units)

<table>
<thead>
<tr>
<th>Year</th>
<th>United Kingdom</th>
<th>Other countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>6,524</td>
<td>398</td>
<td>6,922</td>
</tr>
<tr>
<td>1974</td>
<td>6,313</td>
<td>570</td>
<td>6,883</td>
</tr>
<tr>
<td>1975</td>
<td>3,831</td>
<td>432</td>
<td>4,263</td>
</tr>
<tr>
<td>1976</td>
<td>6,435</td>
<td>408</td>
<td>6,843</td>
</tr>
<tr>
<td>1977</td>
<td>6,980</td>
<td>467</td>
<td>7,447</td>
</tr>
</tbody>
</table>

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

Most of these imports were for OEM's in the United States and came from the United Kingdom. U.S. production of record changers for OEM's during this period is estimated to have been about 500,000 units each year.
The U.S. market

According to industry sources, nearly all 45 r.p.m. adaptors are marketed and sold separately from record changers. BSR Ltd., the largest supplier of record changers (approximately *** a year) and adaptors in the United States, advised the Commission that it never includes the adaptors in the purchase price of the record changer. Rather, the customer must fill out a separate order sheet when purchasing the BSR adaptors. Thus, 45 r.p.m. adaptors appear to be related to but segregated from the record changer market.

The 45 r.p.m. adaptor market, according to the petitioner, is divided into two segments: the original-equipment market and the replacement market. Despite the fact that the cost of production for a specific adaptor model is hypothetically 20 cents per unit, the petitioner would sell it for significantly less in the original-equipment market than in the replacement market. Aldshir has advised the Commission that it has always used the above two-tier pricing system in marketing its adaptors.

From 1976 through 1978, BSR also had a two-tier pricing system based on quantity discounts. If a purchaser ordered *** or more record changers a year, the price was *** per unit. However, if the purchaser ordered less than *** record changers a year, the price was *** per unit. BSR has advised the Commission that, except for the preceding qualification, it does not discriminate between the small OEM's in the original-equipment market and the replacement market customer. However, except for sales to certain large parts distributors, BSR does not actively participate in the replacement market.

In late 1978, BSR (USA) became the largest U.S. producer of 45 r.p.m. adaptors for use on BSR record changers. BSR (USA) estimates that it will be able to produce *** adaptors a year. In contrast, the petitioner Aldshir produced and sold *** adaptors in 1978. Other participants in the total adaptor market are various importers and Transcriber Co., of Attleboro, Mass. Transcriber is actually a manufacturer and importer of replacement parts for stereo equipment. Currently, Transcriber is importing 45 r.p.m. adaptors from Taiwan for use on BSR record changers. ***.

Consideration of injury or likelihood thereof by reason of alleged LTFV sales

U.S. imports.—According to industry sources, the United Kingdom accounts for approximately *** of U.S. imports of 45 r.p.m. adaptors. BSR Ltd. accounted for almost all such imports during 1976-78. The only other countries exporting 45 r.p.m. adaptors to the United States are Taiwan (only in 1977), Japan, Netherlands, and France. There is a question whether all the adaptors imported from Japan are in fact of Japanese origin or whether they are of British origin. Prior to 1979, BSR Ltd. exported approximately *** adaptors a year to Japan. Since BSR Ltd. also supplies Japanese manufacturers with record changers, it has been suggested by industry sources that the adaptors probably accompany the record changers to the United States as parts...
of complete stereo systems. As previously stated, Panasonic, the largest Japanese exporter of moderately priced stereo systems, always exports the adaptors together with the record changers.

Imports of all models of 45 r.p.m. adaptors from the United Kingdom increased from *** units in 1976 to *** units in 1977 (table 3). However, imports dropped to *** units in 1978 because of the decision of BSR (USA) to discontinue importing the product in favor of manufacturing it in the United States. As shown in figure 5, BSR Ltd.'s exports of adaptors declined drastically in August 1978, when BSR (USA) started to produce 45 r.p.m. adaptors. Since BSR Ltd. accounted for approximately *** of all imports of adaptors in 1976-78, the 1979 import figures for adaptors should take a drastic downward turn. BSR (USA) has informed the Commission that it will continue to import small amounts of specialty 45 r.p.m. adaptors in 1979.

The only appreciable number of adaptors imported into the United States from a country other than the United Kingdom came from Taiwan ***. ***. Total U.S. imports of 45 r.p.m. adaptors for consumption are shown in table 4.

Table 3.—45 r.p.m. adaptors: U.S. imports 1/ for consumption from the United Kingdom, 1976-78

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity (1,000 units)</th>
<th>1976</th>
<th>1977</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat package adaptors—</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With moving parts-------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With no moving parts----------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cylindrical adaptors (with a spindle attached to the bottom)</td>
<td></td>
<td>1976</td>
<td>1977</td>
<td>1978</td>
</tr>
<tr>
<td>Total--------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Value | | | |
|-------| | | |

| Flat package adaptors—                   |                        |      |      |      |
| With moving parts-------------------------|                        |      |      |      |
| With no moving parts----------------------|                        |      |      |      |
| Cylindrical adaptors (with a spindle attached to the bottom) | | 1976 | 1977 | 1978 |
| Total--------------------------------------|                        |      |      |      |

1/ The preliminary figures represent only *** exports of 45 r.p.m. adaptors to the United States.

Table 4.--45 r.p.m. adaptors: U.S. imports 1/ for consumption from all countries, 1976-78

<table>
<thead>
<tr>
<th>Item</th>
<th>1976 (1,000 units)</th>
<th>1977 (1,000 units)</th>
<th>1978 (1,000 units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat package adaptors--</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With moving parts-----------------------------------------------------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>With no moving parts--------------------------------------------------</td>
<td>***</td>
<td>***</td>
<td>-</td>
</tr>
<tr>
<td>Cylindrical adaptors (with a spindle attached to the bottom)--------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Total----------------------------------------------------------------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Flat package adaptors--</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With moving parts-----------------------------------------------------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>With no moving parts--------------------------------------------------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Cylindrical adaptors (with a spindle attached to the bottom)--------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Total----------------------------------------------------------------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
</tbody>
</table>

1/ The preliminary figures represent only *** exports of 45 r.p.m. adaptors to the United States.

Figure 5.--Imports of 45 R.P.M. adaptors by BSR USA, 1978
Apparent U.S. consumption, producers' shipments, and foreign trade.—Apparent U.S. consumption of all types of 45 r.p.m. adaptors increased from *** units in 1976 to *** units in 1977 and then decreased slightly in 1978 to *** units (table 5). In the same period U.S. producers' shipments of all 45 r.p.m. adaptors increased from *** units to *** units, or by *** percent. The large increase in U.S. producers' shipments from 1977 to 1978 was due to two factors. BSR (USA) Ltd., after starting up production in August 1978, sold *** units, while Aldshir delivered *** units to ***. Aldshir has advised the Commission that the aforementioned *** contract was a *** not to be repeated in 1979. Nevertheless, with BSR (USA) Ltd.'s production in full gear, U.S. producers' shipments should increase in 1979.

As previously stated, the United Kingdom accounts for more than *** of all U.S. imports of 45 r.p.m. adaptors. Such imports increased their share of the U.S. market from *** in 1976 to *** in 1977. However, in 1978, import penetration dropped to ***. Since BSR Ltd. of the United Kingdom transferred practically all its adaptor production to the United States, import penetration should be very nominal in 1979.
Table 5.--45 r.p.m. adaptors: U.S. producers' shipments, imports for consumption, and apparent consumption, by types, 1976-78

<table>
<thead>
<tr>
<th></th>
<th>Producers' shipments</th>
<th>Imports</th>
<th>Apparent consumption</th>
<th>Ratio of imports to consumption</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>---------------------</td>
<td>---------</td>
<td>----------------------</td>
<td>---------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>All 45 r.p.m. adaptors:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1977</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1978</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Flat package adaptors with moving parts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1977</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1978</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Flat package adaptors with no moving parts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1977</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1978</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Cylindrical adaptors with integral spindle:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1977</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1978</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Cylindrical adaptors without integral spindle:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1977</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>1978</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
</tbody>
</table>

Source: Compiled from data submitted to the Commission by BSR (USA) Ltd. and Aldshir Manufacturing Co., Inc.

U.S. capacity and production.—Prior to the entrance of BSR (USA) in late 1978 as a U.S. producer, Aldshir accounted for approximately *** of U.S. production of 45 r.p.m. adaptors. Aldshir is the only U.S. producer that is not related to a record changer manufacturer and the only U.S. producer to manufacture adaptors for different record changer models.

Aldshir does not manufacture the plastic component parts of the adaptors. The component parts and all the single-piece flat adaptors are made by *** for Aldshir. ***. This arrangement allows Aldshir to purchase the necessary plastic components and one-piece flat adaptors on a demand basis. Thus, Aldshir's capacity increases and decreases with the amount of orders for its adaptors (see the section on U.S. shipments). Aldshir advised the Commission that if there was sufficient demand, *** could produce the parts for more than *** adaptors a year, and Aldshir could increase its work force to assemble the component parts. *** corroborated Aldshir's statement.
BSR (USA) Ltd. started production in August 1978; *** it was reaching its production goal of 85,000 adaptors a week. BSR estimates that it can produce *** adaptors a year. The new BSR adaptor replaces the old flat adaptor with moving parts which was imported from the United Kingdom. Since BSR does not have to deal through a plastics contractor as does Aldshir, the price of the new BSR adaptor will be significantly lower than the present price of *** per unit for the imported BSR adaptors.

Employment.--Aldshir, the petitioner, has averaged *** full-time employees since 1976 (**). BSR (USA) Ltd.'s Nyack plant currently has *** full-time employees engaged in the production of 45 r.p.m. adaptors. *** of the employees assemble and package the adaptor, and *** employees operate the injection-molding machinery. The entire BSR plant has *** employees, of which *** are engaged in the production of various products, including adaptors.

U.S. producers' inventories.--Since Aldshir only produces 45 r.p.m. adaptors on demand and does not actually have production facilities, it carries a *** inventory of adaptors. In 1977 and 1978, Aldshir's yearend inventory was ** units. BSR (USA) Ltd. has advised the Commission that as of December 31, 1978, it held *** U.S.-produced 45 r.p.m. adaptors in inventory.

U.S. producers' exports.--Prior to 1979, Aldshir exported very small quantities of adaptors each year. Exports of 45 r.p.m. adaptors from Aldshir amounted to *** in 1976, *** in 1977, and *** in 1978. BSR (USA) Ltd. has advised the Commission that it has already exported *** U.S.-produced adaptors in 1979, and expects exports to average *** units a year. Most of these exports will be sent to Japan and Canada.

Lost sales.--The Commission staff has not received any allegations of lost sales by U.S. producers to imports of 45 r.p.m. adaptors from the United Kingdom occurring in 1976-78.

Financial experience of U.S. producers.--The only financial information available to the Commission at this time comes from Aldshir's income tax returns for fiscal years 1975, 1976, and 1977. The following tabulation summarizes the financial information contained in the tax returns:

<table>
<thead>
<tr>
<th>Item</th>
<th>1975 1/</th>
<th>1976 1/</th>
<th>1977 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross receipts-----------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit--------------------------</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Ratio of net profit to net sales--percent--</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
</tbody>
</table>

1/ ***.

An analysis of Aldshir's tax returns shows a very healthy and profitable small company. Gross receipts (net sales) increased by *** from 1975 to 1977, or by *** percent. Net profit rose from *** in 1975 to *** in 1976, representing an increase of ***. However, despite an increase in gross receipts in
1977, net profit ***. The ratio of net profit to net sales was *** percent in 1975; it then increased by *** percent to *** percent in 1976. In 1977, the ratio declined to *** percent.

The following facts should be considered when reviewing Aldshir's financial information. ***. Besides the president, Gerald Shirley (the only stockholder in the company), the company employs ***. Furthermore, Aldshir pays *** a year in rent for its office and assembly room. Thus, there are * * *.

Aldshir has furnished the Commission its complete tax returns for the last 3 years. Copies of those returns are available for the Commission's examination.

Prices.—Both Aldshir Manufacturing Co. and BSR (USA) Ltd. maintain a two-tier pricing system for their adaptors. The lower original-equipment-market price is only available to manufacturers of stereo equipment. The higher replacement-market price is available to all parts dealers and distributors. From 1976 through 1978, BSR's original-equipment-market price to companies that bought more than *** record changers a year was *** per unit, while the smaller manufacturers paid *** per unit. BSR's price for the same adaptors in the replacement market was *** per unit.

In 1976, Aldshir's average price for BSR model adaptors was *** per unit in the original-equipment market and *** per unit in the replacement market. Prices increased in 1977 to *** and ***, respectively. However, in 1978, despite rising costs, prices in the replacement market remained the same, while Aldshir's price to manufacturers increased to *** per unit. In sharp contrast, Aldshir's prices in both markets for non-BSR models were ***, as shown below (in cents per unit):

<table>
<thead>
<tr>
<th>Original-equipment market</th>
<th>Replacement market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976----------- ***</td>
<td>***</td>
</tr>
<tr>
<td>1977----------- ***</td>
<td>***</td>
</tr>
<tr>
<td>1978----------- ***</td>
<td>***</td>
</tr>
</tbody>
</table>

Transcriber Co.'s prices for BSR model adaptors imported from Taiwan and sold only in the replacement market were as follows:
<table>
<thead>
<tr>
<th>Year</th>
<th>Flat package adaptors--</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With moving parts</td>
<td>With no moving parts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cents per unit</td>
<td>Cents per unit</td>
<td></td>
</tr>
<tr>
<td>1977-------</td>
<td>***</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>1978-------</td>
<td>***</td>
<td>***</td>
<td></td>
</tr>
</tbody>
</table>

Transcriber advised the Commission that the landed duty-paid cost per adaptor was *** for the moving parts model and *** for the nonmoving parts model. ***.
APPENDIX A

COMMISSION'S NOTICE OF INQUIRY AND HEARING
Notice of Inquiry and Hearing

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on January 30, 1979, that during the course of determining, in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)) whether to institute an investigation with respect to certain 45 R.P.M. adaptors from the United Kingdom, Treasury had concluded from the information available to it that there is substantial doubt that 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 this merchandise into the United States. Therefore, the Commission on February 7, 1979, instituted inquiry No. AA1921-Inq.-24, under section 201(c)(2) of the act, to determine whether there is no reasonable indication that 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.

Treasury advised the Commission as follows--

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to 45 R.P.M. flat and round spindle adaptors from the United Kingdom. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is a substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Additional information will be provided by the U.S. Customs Service.
Some of the information involved in this case is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the information provided for its investigation to be for the official use of ITC only and not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely,

Robert H. Mundheim

Hearing.--A public hearing in connection with the inquiry will be held in Washington, D.C., at 10:00 a.m., e.s.t., on Thursday, February 15, 1979, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. All parties will be given an opportunity to be present, to produce information, and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary to the Commission not later than Friday, February 9, 1979.

Written statements.--Interested parties may submit statements in writing in lieu of, or in addition to, appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received no later than Friday, February 9, 1979.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: February 9, 1979
APPENDIX B

TREASURY DEPARTMENT'S ANTIDUMPING PROCEEDING NOTICE
Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to 45 R.P.M. flat and round spindle adaptors from the United Kingdom. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Additional information will be provided by the U.S. Customs Service.

Some of the information involved in this case is regarded by the Treasury Department to be of confidential nature. It is therefore requested that the Commission consider all the information provided for its investigation to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely,

[Signature]

Robert H. Mundheim

The Honorable
Joseph O. Parker
Chairman, U.S. International Trade Commission
Washington, D.C. 20436

Attachment
DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARY

45 R.P.M. ADAPTERS
(FLAT AND ROUND SPINDLE)
FROM THE UNITED KINGDOM

ANTIDUMPING PROCEEDING NOTICE

AGENCY: U.S. Treasury Department
ACTION: Initiation of Antidumping Investigation
SUMMARY:

This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of 45 r.p.m. adapters (flat and round spindle) from the United Kingdom are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended. There is substantial doubt that imports of the subject merchandise, allegedly at less than fair value, are causing, or are likely to cause, injury to an industry in the United States. Therefore, the case is being referred to the U.S. International Trade Commission for a determination as to whether there is a reasonable indication of injury.

EFFECTIVE DATE:

(Date of publication in the FEDERAL REGISTER).
FOR FURTHER INFORMATION CONTACT:


SUPPLEMENTARY INFORMATION:

On December 12, 1978, a petition in proper form was received pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from the Aldshir Manufacturing Company, Inc., Tuckahoe, New York, alleging that 45 r.p.m. adapters (flat and round spindle) from the United Kingdom are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended (19 U.S.C. 160 et seq.) (referred to in this notice as "the Act").

Flat and round spindle 45 r.p.m. adapters are 1/2 inch diameter plastic or metallic devices which fit over a standard record changer spindle in order to permit the automatic sequential play of 45 r.p.m. records. These adapters are classifiable under item 685.3270 of the Tariff Schedules of the United States, Annotated. Single adapters which are imported as part of a record changer or combination unit, and which are intended for resale as part of these units, are not subject to this investigation.
It appears that the foreign producer and the purchaser in the United States are related within the meaning of the Act and, therefore, it will be necessary to establish the exporter's sales price of the merchandise in the U.S. market.

Based upon the information set forth in the petition and that derived from the Customs Service's summary investigation, it appears that the margins of dumping may range from 30 percent to 90 percent or more.

There is evidence on record concerning injury, or likelihood of injury, to the U.S. industry from the alleged less than fair value imports of 45 R.P.M. adaptors from the United Kingdom. This information indicates that the primary British exporter, BSR, holds a large share of the U.S. market in round adaptors and a predominant share of the U.S. market in flat adaptors. Further, information submitted by petitioner indicates that margins by which is being undersold by BSR in connection with flat adaptors would be completely eliminated were the alleged less than fair value margins eliminated. Petitioner has alleged that it has been unable to compete with BSR in sales to large volume customers which are original equipment manufacturers without resorting to unprofitable price levels. Information has also been received, however, that BSR has ceased exporting flat spindle adaptors to the United States and has taken steps to commence production of this merchandise in the United States. Further, information received from the petitioner
and from other sources indicates that round spindle adaptors represent an extremely small share of the total adaptor (round and flat) market in the United States.

On the basis of such evidence, it has been concluded that there is substantial doubt of injury or likelihood of injury to an industry in the United States by virtue of such imports from the United Kingdom. Accordingly, the U.S. International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act (19 U.S.C. 160(c)(2)).

Having conducted a summary investigation as required by section 153.29 of the Customs Regulations (19 CFR 153.29), and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value. Should the U.S. International Trade Commission, within 30 days of receipt of this referral, advise the Secretary that there is no reasonable indication that an industry in the United States is being, or is likely to be, injured by reason of the importation of such merchandise into the United States, this investigation will be terminated. Otherwise, the investigation will continue to conclusion.
This notice is published pursuant to section 153.30, Customs Regulations (19 CFR 153.30).

General Counsel of the Treasury
Robert H. Mundheim
Jan. 4, 1972
Library Cataloging Data


31 p. illus. 28 cm. (USITC Publication 953)

1. Phonograph. 2. Record changers.
I. Title.