Ball Bearings From China

Investigation No. 731-TA-989 (Final)

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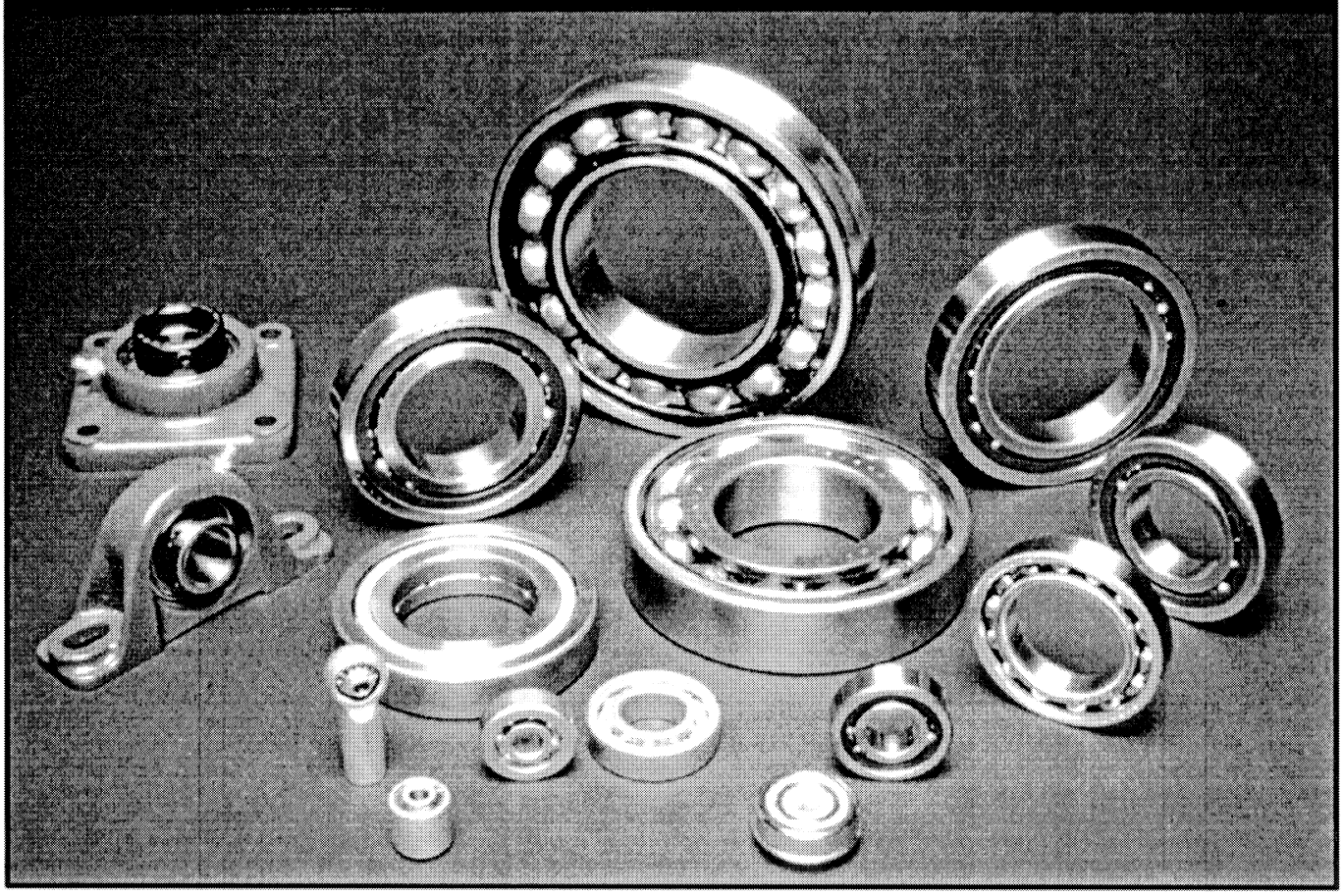
U.S. International Trade Commission



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Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation No. 731-TA-989 (Final)

BALL BEARINGS FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from China of certain ball bearings and parts thereof, provided for in subheadings 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.50, 8431.20.00, 8431.39.00, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.25, 8482.99.35, 8482.99.65, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.60, 8708.93.30, 8708.93.60, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.40, 8708.99.49, 8708.99.58, 8708.99.80, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective February 13, 2002, following receipt of a petition filed with the Commission and Commerce by the American Bearing Manufacturers Association, Washington, DC. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of ball bearings from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation 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* of October 23, 2002 (67 FR 65142) as amended on December 2, 2002 (67 FR 71588). The hearing was held in Washington, DC, on March 6, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of ball bearings and parts thereof from China that are sold in the United States at less than fair value ("LTFV").

I. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[1] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "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."[2] In turn, 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 . . . ."[3]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[4] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[5] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[6] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that has been found to be subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[7]

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[1] 19 U.S.C. § 1677(4)(A).

[2] 19 U.S.C. § 1677(4)(A).

[3] 19 U.S.C. § 1677(10).

[4] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[5] See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

[6] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[7] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five

(continued...)

A. Product Description

Commerce's final determination defines the imported merchandise within the scope of this investigation as:

> all antifriction bearings, regardless of size, precision grade or use, that employ balls as the rolling element (whether ground or unground) and parts thereof (inner ring, outer ring, cage, balls, seals, shields, etc.) that are produced in China. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts and parts thereof, ball bearings (including thrust, angular contact, and radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof. The scope includes ball bearing type pillow blocks and parts thereof and wheel hub units incorporating balls as the rolling element. With regard to finished parts, all such parts are included in the scope of the petition. With regard to unfinished parts, such parts are included if (1) they have been heat-treated, or (2) heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by the petition are those that will be subject to heat treatment after importation.
>
> Imports of these products are classified under the following Harmonized Tariff Schedules of the United States (HTSUS) subheadings: 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.5010, 8431.20.00, 8431.39.0010, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.2580, 8482.99.35, 8482.99.6595, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.6060, 8708.93.30, 8708.93.6000, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.4000, 8708.99.4960, 8708.99.5800, 8708.99.8080, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.
>
> Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (Customs) purposes, the written description of the merchandise under investigation is dispositive.
>
> Specifically excluded from the scope are unfinished parts that are subject to heat treatment after importation. Also excluded from the scope are cylindrical roller bearings, mounted or unmounted, and parts thereof (CRB) and spherical plain bearings, mounted and unmounted, and parts thereof (SPB). CRB products include all antifriction bearings that employ cylindrical rollers as the rolling element. SPB products include all spherical plain bearings that employ a spherically shaped sliding element and include spherical plain rod ends.[8]

Ball bearings permit free motion between moving and fixed parts by holding, separating, or guiding the moving parts to minimize friction and wear. Complete ball bearings typically consist of an inner ring, an outer ring, the balls, a cage, and lubrication. Ball bearings vary significantly in size and are typically made from a variety of high-quality carbon steels.[9] Ball bearings are preferred over roller

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[7] (...continued)
classes or kinds).

[8] 68 Fed. Reg. 10685, 10686 (March 6, 2003).

[9] Petition, Vol. I at 9.

bearings when speed is more important than load-carrying capacity. Ball bearings are designed to carry radial or thrust loads or a combination of the two.[10]

Complete ball bearings are produced in a wide variety of types, sizes, and specifications and are used in a wide variety of applications.[11] They are produced in radial, angular, thrust, linear, or other non-radial designs.[12] They are produced to varying degrees of precision, and ball bearings produced to tighter tolerances carry a higher Annular Bearing Engineering Committee (ABEC) rating.[13] Bearings produced to meet a higher ABEC rating provide greater running accuracy and higher speed capability.[14]

B. Prior Investigations

The Commission has conducted investigations on the ball bearing industry in the past, including a five-year review of orders on ball bearings from France, Germany, Italy, Japan, Singapore, and the United Kingdom completed in June 2000;[15] a 1991 investigation of ball bearing imports from Argentina, Austria, Brazil, Canada, Hong Kong, Hungary, Mexico, the People's Republic of China, Poland, the Republic of Korea, Spain, Taiwan, Turkey, and Yugoslavia;[16] and a 1989 investigation of ball bearing imports from France, Germany, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom.[17] [18] In those prior investigations the Commission rejected arguments that the respective scopes covered several domestic like products containing balls as rolling elements, typically defined by differences in size, quality, or application.[19] The Commission noted that there was a "wide variety of ball bearings,

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[10] Staff Report, Confidential Version (CR) at I-4, Staff Report, Public Version (PR) at I-4; Certain Bearings from China, France, Germany, Hungary, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom, Inv. Nos. AA1921-143, 731-TA-341, 731-TA-343-345, 731-TA-391-397, and 731-TA-399 (Review), USITC Pub. 3309 (June 2000), Vol. II at BB-I-23 (2000 Review).

[11] CR at II-11, PR at II-5.

[12] CR at II-1, PR at II-1.

[13] CR at I-6 n.11, PR at I-4 n.11.

[14] CR at I-6 n.11, PR at I-4 n.11.

[15] 2000 Review, Vol. I at 3.

[16] Ball Bearings, Mounted or Unmounted, and Parts Thereof, from Argentina, Austria, Brazil, Canada, Hong Kong, Hungary, Mexico, the People's Republic of China, Poland, the Republic of Korea, Spain, Taiwan, Turkey, and Yugoslavia (Preliminary), Inv. Nos. 701-TA-307, 731-TA-498-511, USITC Pub. 2374 (April 1991) at 3 (1991 Investigation).

[17] Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19 and 20 (Final) and 731-TA-391 through 399 (Final), USITC Pub. 2185 (May 1989) (1989 Investigation).

[18] The Commission must base its domestic like product determination on the record in each investigation. It is not bound by prior determinations concerning even the same imported product. Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1088 (Ct. Int'l Trade 1988). See also, e.g., Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999) (Commission determinations are sui generis, "a particular circumstance in a prior investigation cannot be regarded by the Commission as dispositive of the determination in a later investigation"). However, the Commission may draw upon previous determinations in addressing pertinent like product issues. Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000).

[19] See, e.g., 2000 Review, USITC Pub. 3309, Vol. I at 9-12; 1991 Investigation, USITC Pub. 2374 at 6-14; 1989 Investigation, USITC Pub. 2185 at 20-28.

both in terms of size and precision," with no clear dividing lines among that variety.[20] The Commission further noted that, in such cases, its usual practice was to find one like product, viewing the product in terms of a continuum.[21]

In the instant investigation, the scope is similar, but not identical, to that covered by the most recent ball bearing investigation, the five-year review investigation completed in June 2000. The scope has been expanded explicitly to cover unground bearings, and covers parts that are heat-treated prior to importation as well as parts that are not heat-treated (green) and not destined for heat treatment after importation.[22] The scope excludes green parts destined for heat treatment after importation.[23] In the preliminary phase of this investigation, we found a single domestic like product of all ball bearings and parts thereof, consistent with Commerce's scope.[24]

D. Domestic Like Product

As it did in the preliminary phase of this investigation, petitioner American Bearing Manufacturers Association (ABMA) argues that the Commission should find one domestic like product consisting of all ball bearings and parts thereof, coterminous with the scope of the investigation.[25] Petitioner argues that unground bearings do not constitute a separate like product. Respondents do not contest the inclusion of unground bearings in a single domestic like product with ground bearings.[26]

While ground bearings are subjected to grinding and honing operations designed to ensure that the components are sized to required precise tolerances and polished to ensure the smoothest possible rolling surface, unground bearings are not subjected to these processes.[27] Not all ball bearing applications require the tight tolerances and smooth finishes imparted by grinding; unground ball bearings offer a lower-cost alternative for such applications. In 2002, the domestic industry shipped *** unground ball bearing balls, compared to *** ground ball bearing balls.[28]

The record indicates that, notwithstanding differences as to the finishing processes, unground and ground ball bearings share similar physical characteristics, are produced by the same domestic producers using the same production processes, equipment, and employees, and that both types of ball bearings compete in similar channels of distribution for similar customers and similar applications.[29] No evidence gathered in the final phase of this investigation contradicts our finding in the preliminary phase that unground ball bearings are properly included in a single domestic like product along with ground ball bearings. We are mindful that this investigation covers a continuum of products in many sizes and configurations, and that in such cases our practice is to treat the continuum itself as the domestic like

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[20] 1989 Investigation, USITC Pub. 2185 at 27.

[21] 1989 Investigation, USITC Pub. 2185 at 27.

[22] 68 Fed. Reg. at 10686.

[23] 68 Fed. Reg. at 10686.

[24] Ball Bearings from China, Inv. No. 731-TA-989 (Preliminary), USITC Pub. 3504 at 6 (May 2002) (Preliminary Determination).

[25] ABMA Prehearing Brief at 4.

[26] CR at I-8, PR at I-5.

[27] CR at I-7, PR at I-4.

[28] CR/PR at Table III-12.

[29] Conf. Tr. at 24-25 (Ms. May); ABMA Prehearing Brief at 7-8.

product.[30] We do so here, and thus find that unground ball bearings are properly included with all other ball bearings in a single domestic like product, coterminous with the scope of the investigation.[31] We therefore find one domestic like product, consisting of all ball bearings and parts thereof, coterminous with the scope of the investigation.

II. DOMESTIC INDUSTRY AND RELATED PARTIES

The domestic industry is defined as "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."[32] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[33] Based on our finding of a single domestic like product, we find that the domestic industry consists of all domestic producers of ball bearings and parts thereof.

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[34] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[35]

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[30] 2000 Review, USITC Pub. 3309, Vol. I at 19; see also Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Inv. Nos. 701-TA-413 (Final) and 731-TA-913-916 and -918 (Final), USITC Pub. 3488 (February 2002) at 6-7; Cold-Rolled Steel, supra, USITC Pub. 3471 (November 2001) at 7; Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, South Africa, Trinidad and Tobago, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-417-421 (Preliminary) and 731-TA-953-963 (Preliminary), USITC Pub. 3456 (October 2001) at 6.

[31] In the preliminary phase of this investigation, respondents argued that the domestic like product should be expanded to include green parts excluded from the scope. Subsequently, however, respondents appear to have abandoned this argument. Respondents' Prehearing Brief at 4. Respondents continue to argue that green parts excluded from the scope should likewise be excluded from subject import volume. Id. As previously discussed, petitioner argues that the domestic like product should be defined coextensively with the scope and thus should exclude certain green parts. ABMA Prehearing Brief at 9-10. In light of respondents' abandonment of this issue, we find that the record contains no compelling reason to include excluded green parts in the domestic like product.

[32] 19 U.S.C. § 1677(4)(A).

[33] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir.1996).

[34] 19 U.S.C. § 1677(4)(B).

[35] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties 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 producers 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 (Ct. Int'l Trade 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

(continued...)

*** domestic producers imported subject merchandise from China during the period of investigation (POI).[36] For ***, in 2002, imports were equivalent to *** percent of domestic shipments.[37] Otherwise, over the POI, the value of imports shipped by each domestic producer was equivalent to *** of domestic shipments for each producer, and that ratio was greater than *** for only ***.[38]

No party has argued for the exclusion of any domestic producer from the domestic industry on related-party grounds. The financial performance of some importing producers did differ sharply from that of the overall industry during the POI, but those firms who outperformed the industry by the greatest margins (e.g., ***) imported *** levels of subject imports relative to their domestic production.[39] The financial performance of ***, whose imports were equivalent to *** percent of its domestic shipments in 2002, was worse than that of the domestic industry as a whole in the only year in which it imported subject merchandise.[40] The record suggests that each of the producers in question has a greater interest in domestic production than in importation from China, and the record does not indicate that any firm benefitted from allegedly unfair trade practices. Thus, we find that appropriate circumstances do not exist to exclude any producer from the domestic industry as a related party.

III. NO MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS[41]

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[42] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[43] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[44] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[45] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[46]

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[35] (...continued)
producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

[36] CR/PR at Table IV-17.

[37] Calculated from CR/PR at Table IV-17.

[38] Calculated from CR/PR at Table IV-17.

[39] CR/PR at Tables IV-17 and VI-2.

[40] CR/PR at Tables IV-17 and VI-2.

[41] Negligibility is not at issue in this determination, as subject imports exceeded three percent of all imports in the 12-month period preceding the filing of the petition. CR at IV-4, PR at IV-1.

[42] 19 U.S.C. § 1673d(b).

[43] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also, Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[44] 19 U.S.C. § 1677(7)(A).

[45] 19 U.S.C. § 1677(7)(C)(iii).

[46] 19 U.S.C. § 1677(7)(C)(iii).

For the reasons discussed below, we determine that the domestic industry is not materially injured by reason of subject imports from China found to be sold in the United States at LTFV.

A. Conditions of Competition

1. Captive Production

In the preliminary phase of this investigation, we noted the presence of internal transfers and transfers to related firms by the domestic industry and determined to seek further information on those transfers to ascertain whether the statutory captive production provision was applicable.[47]

Petitioner ABMA argues that all criteria of the captive production provision are met and the Commission should focus its analysis on the merchant market; or, in the alternative, the Commission should consider the significant volume of internal transfers as a relevant condition of competition.[48]

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[47] Preliminary Determination, USITC Pub. 3504 at 9 n.45. The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), which was added to the statute by the Uruguay Round Agreements Act (URAA), provides:

> (iv) CAPTIVE PRODUCTION -- If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that –
>
> > (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,
> >
> > (II) the domestic like product is the predominant material input in the production of that downstream article, and
> >
> > (III) the production of the domestic like product sold in the merchant market is not generally used in the production of that downstream article,
>
> then the Commission, in determining market share and the factors affecting financial performance set forth in clause (iii), shall focus primarily on the merchant market for the domestic like product.

The Statement of Administrative Action (SAA) issued in conjunction with the URAA indicates that where a domestic like product is transferred internally for the production of another article coming within the definition of the domestic like product, such transfers do not constitute internal transfers for the production of a "downstream article" for purposes of the captive production provision. SAA, H.R. Rep. 103-316, vol. I at 853.

[48] To support its claim, petitioner ABMA argues that the threshold provision is met because internal transfers ***; the first criterion is met because ***; the second criterion is met because ***; and the third statutory criterion is met because the record contains no evidence that ***. ABMA Posthearing Brief at Response to Question 15, pp.2-4.

Petitioner ABMA argues that the Commission should "***." ABMA Posthearing Brief at Response to Question 15, p.4. Even if we were to find that the captive production provision is met, we would not "exclude" any captive production from our analysis. The captive production provision directs the Commission to "focus primarily" on the merchant market in determining market share and the factors affecting financial performance when all statutory criteria of the provision are met, but does not provide grounds for excluding any producer or domestic production from the Commission's overall analysis. 19 U.S.C. § 1677(7)(C)(iv). See also SAA at 852-53 (indicating that the captive production provision of the statute added by the URAA required separate consideration of captive and merchant operations for certain statutory factors in certain circumstances, rather than indicating that the Commission is to "exclude" captively consumed articles from its consideration).

Respondents argue that the provision does not apply because neither the threshold nor the second statutory criterion is satisfied.[49]

We find that the requirements for applying the captive production provision are not satisfied. When measured by value, combined internal transfers and transfers to related parties of complete ball bearings accounted for *** percent of all shipments of the domestic like product in 2002.[50] For purposes of our analysis here, we assume, arguendo, that this percentage amounts to internal transfers of "significant production" of the domestic like product within the meaning of the threshold criterion for applying the captive production provision. We do not, however, decide the issue.[51]

Record evidence indicates that ball bearings account for no more than *** percent of the raw material cost of the downstream product.[52] The second statutory criterion requires that the domestic like product be "the predominant material input" into the downstream product, and we do not find that a raw material that accounts for *** of the raw material cost can be described as "the predominant material input."[53] The second statutory criterion is not met, and therefore we find that the captive production provision is not applicable.[54] We do, however, consider the presence of internal transfers and transfers to related parties for downstream production as a condition of competition.[55]

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[49] According to respondents, ***, makes substantial internal transfers, and respondents calculate that those internal transfers account for only *** percent of total U.S. production. Respondents further note that ball bearings account for only *** percent of the total cost of the final downstream product, and thus the second statutory criterion is not met. Respondents' Posthearing Brief at Response to Question No. 2, p.2.

[50] CR at II-4, PR at II-3. Measured by quantity, combined internal transfers and transfers to related parties of complete ball bearings accounted for only *** percent of all domestic shipments, including complete ball bearings, ball bearing balls, and other ball bearing parts, over the course of the POI. Calculated from CR/PR at Tables III-5-III-7.

We rely primarily on value-based measures of volume. For a more complete discussion of this issue, please refer to section III.A.2. infra.

[51] Commissioner Miller finds that the threshold criterion is not satisfied, but that, even if it were, the second and third criteria likely are not met for the reasons stated by the majority, and therefore the provision does not apply.

[52] *** Producer Questionnaire at II-28.

[53] Petitioner ABMA argues that the second criterion is satisfied because "***. ABMA Posthearing Brief at Response to Question 15, p.3. Regardless of whether other inputs account for a greater share of raw material costs, or the "role" of ball bearings in the downstream products, the fact that ball bearings account for such a small share of raw material costs indicates that the second criterion is not satisfied.

[54] The evidence on the record also suggests that the third statutory criterion is not met. Over *** percent of all captive consumption of ball bearings was dedicated to the production of ***. The *** sector is the single largest consumer of domestically produced bearings, accounting for at least *** percent of shipments of domestically produced ball bearings by responding producers in 2002. CR/PR at Table III-14. The *** sector probably accounts for a *** share of shipments of domestically produced ball bearings, as Table III-14 does not include shipments to the open market by ***. *** Producer Questionnaire at II-25 and IV-C. To the extent that ball bearings sold in the merchant market are used in significant part to make ***, this would indicate an overlap between downstream products produced through captive consumption and downstream products produced from purchases on the merchant market such that we would not conclude that the product sold on the merchant market "is not generally used" in the production of downstream articles made from the captively consumed product.

[55] See, e.g., Nonfrozen Concentrated Apple Juice from China, Inv. No. 731-TA-841 (Final), USITC Pub. 3303 (May 2000) at 10; Certain Emulsion Styrene-Butadiene Rubber from Brazil, Korea, and Mexico, Invs. Nos. 731-TA-794-796 (Final), USITC Pub. 3190 (May 1999) at 14.

2. Data Issues

In the course of this investigation, we gathered data on complete ball bearings, ball bearing balls, and ball bearing parts other than balls. Information on each category was gathered by both value and quantity.[56] We invited argument from the parties regarding which data provided the most reliable measure of ball bearing consumption in the U.S. market. Petitioner ABMA argues that, although the Commission has focused on value measures in prior investigations, it should not do so here, because relying on value measures would factor dumping into the consumption calculations.[57] Domestic producer Timken argues that the availability of separate data sets on complete ball bearings, ball bearing balls, and other ball bearing parts mitigates concerns about relying on quantity measures.[58] Respondents argue that the Commission has always measured apparent domestic consumption and market share of ball bearings in terms of value and should do so again here.[59] Respondents also argue that the Commission must consider data not only on complete ball bearings, but also on ball bearing balls and parts other than balls.[60]

We have considered the arguments of the parties, our past practices, and the data on the record in this investigation. We determine to rely primarily on value measures for apparent consumption, domestic shipments, and subject imports, as we have in prior ball bearing investigations, and for the same reasons.[61] We are mindful of the limitations presented by using value measures rather than quantity measures, such as the difficulty in determining whether changes in value totals are caused by changes in product mix or changes in price. Nonetheless, we again rely on value-based indicators as the best measure for a continuum product that includes a vast and disparate grouping of items differing in size, configuration, application, and precision.[62] Moreover, this is not the first investigation concerning ball

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[56] See, e.g., CR/PR at Tables III-5-III-7.

[57] ABMA Posthearing Brief at Response to Question 10, p.1-2.

[58] Timken Posthearing Brief at Okun-16.

[59] Respondents' Prehearing Brief at 22.

[60] Respondents' Posthearing Brief at Response to Question 1, p.3.

[61] Preliminary Determination, USITC Pub. 3504 at 11; 2000 Review, USITC Pub. 3309, Vol. I at 39; 1991 Investigation, USITC Pub. 2374 at 19-20; 1989 Investigation, USITC Pub. 2185 at 67, 69, 71; Tapered Roller Bearings and Parts Thereof, and Certain Housings Incorporating Tapered Rollers, from Hungary, the People's Republic of China, and Romania, Inv. Nos. 731-TA-341, 344-345 (Final), USITC Pub. 1983 (June 1987) at 16.

The Commission's practice of using value, rather than quantity, measures has been approved by the Court of International Trade. In the 1991 investigation of ball bearings, the Commission used a value measure in evaluating import volume for the purpose of its cumulation analysis. Torrington Co. v. United States, 790 F. Supp. at 1172. The CIT approved this use, noting that the statute did not expressly require the Commission to evaluate volume in terms of quantity. The court further noted that

> [t]he record provides the construction of aggregate data regarding the quantity of imports would have been impractical due to variations in product sizes and weight per unit between complete bearings and parts. [citation omitted] In addition, the Commission has in other determinations used value-based measurements to ascertain import volumes of bearings products. [citation omitted]. Plaintiff's argument that the Commission must analyze the volume of imports in terms of quantity could lead to absurd results...

Id. at 1173.

[62] For example, it would present a distorted picture of the market to consider a commodity bearing costing less than one dollar as equivalent to a precision bearing costing hundreds or even thousands of dollars.

bearings where subject imports originate from a low-cost producer.[63] We have considered quantity data where appropriate.

We also have been faced with the difficulty of choosing between subject import data gleaned from questionnaires and subject import data from official Commerce statistics. Questionnaire data conform to the scope of the investigation, but coverage is limited and apparently represents approximately one-half of subject imports.[64] Official import statistics offer broader coverage, but official import statistics include nonsubject green parts, and complete and accurate adjustments cannot be made to the official import statistics to make them conform to the scope.[65] All parties seem to agree that official import statistics are the more reliable measure of subject and nonsubject imports but note that those statistics include green parts that are excluded from the scope.[66] In light of these difficulties, we have considered both sets of data, but we rely primarily on official import statistics. We are mindful that the official import statistics overstate actual imports of the subject merchandise.

Additionally, data obtained from domestic producers on ball bearing balls and other ball bearing parts represent a relatively small number of producers and show unexplained, dramatic shifts in production levels.[67] While we have considered such data, we have given more weight to aggregate figures, which include complete ball bearings, ball bearing balls, and other ball bearing parts, particularly because financial information for the domestic industry was provided only on that basis.[68] When data are available for both the aggregate and for complete ball bearings (for which responding producers provided more complete data), we consider both.

3. Other Conditions of Competition

a. Demand

Demand for ball bearings depends on demand for the products that use ball bearings.[69] Ball bearings are used in a vast range of products and industries including automotive, construction, agriculture, aerospace, steel, paper and natural resource industries, and conveyors and materials handling.[70] Demand for these products tends to follow general economic conditions.[71]

Apparent domestic consumption of ball bearings, including complete ball bearings, ball bearing balls, and other ball bearing parts, was at its highest level in 2000, the first year of the POI, at $3.04

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[63] See, e.g., 2000 Review, USITC Pub. 3309; 1991 Investigation, USITC Pub. 2374; 1989 Investigation, USITC Pub. 2185.

[64] Compare CR/PR at Tables C-1 and C-1-A.

[65] The Commission staff attempted to gather information on the importation of green parts. See note 108.

[66] ABMA Prehearing Brief at 33; ABMA Posthearing Brief at Response to Question 10, p.1; Respondents' Prehearing Brief at 23.

[67] Only *** responding producers provided production data for ball bearing balls and *** provided production data for other ball bearing parts. The decline in ball bearing ball production was *** and *** with any declines reported in production of other ball bearing parts or complete ball bearings, or increases in imported ball bearing balls. CR/PR at Tables III-5-III-7 and IV-7.

[68] Commission staff was advised that domestic producers could not provide separate financial data for complete ball bearings, ball bearing balls, and other ball bearing parts. Timken Comments on Draft Questionnaires, Oct. 25, 2002, p.2-3.

[69] CR at II-11, PR at II-4.

[70] CR at II-11, PR at II-4.

[71] CR at II-11, PR at II-4.

billion.[72] Apparent domestic consumption declined between 2000 and 2001, with total apparent consumption contracting by 10.2 percent to $2.731 billion.[73] Apparent domestic consumption in 2002 was $2.735 billion, essentially unchanged from 2001.[74] Apparent domestic consumption of complete ball bearings followed a similar pattern, starting in 2000 at $2.70 billion, dropping by 9.8 percent in 2001 to $2.43 billion, and then rising by 0.7 percent in 2002 to $2.45 billion.[75]

b. Supply

Domestic producers accounted for approximately two-thirds of apparent domestic consumption throughout the POI.[76] Subject imports accounted for between *** percent and *** percent of apparent domestic consumption of complete ball bearings, ball bearing balls, and other ball bearing parts as measured by value over the POI.[77] Nonsubject imports, including nonsubject imports from China, accounted for the remainder.

The domestic industry producing ball bearings consists of a large number of firms, with no single firm accounting for a dominant share of the market. In 2002, *** was the leading producer as measured by value of shipments, and its share of reported shipments was *** percent.[78] Most domestic producers are multinational corporations with production facilities in many locations.[79] Ball bearing production is capital-intensive.[80]

Domestic shipments account for the large majority of all shipments by domestic producers. In 2002, domestic shipments accounted for 92.1 percent of complete ball bearing shipments, *** percent of ball bearing ball shipments, and *** percent of other ball bearing parts shipments.[81] In 2002, domestic producers exported 7.9 percent of their complete ball bearings, *** percent of their ball bearing ball

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[72] CR/PR at Table C-4-A.

[73] CR/PR at Table C-4-A.

[74] CR/PR at Table C-4-A. If questionnaire data for subject imports are used in place of official import statistics, the trends are unchanged, with apparent domestic consumption at its highest level in 2000 at $2.70 billion, sliding by 8.8 percent in 2001 to $2.46 billion, and then rising 1.0 percent to $2.48 billion in 2002. CR/PR at Table C-4.

Total open market shipments of all ball bearings in 2000 were $*** billion. Calculated from CR/PR at Tables III-5 and C-4-A. In 2002 total open market shipments of all ball bearings were $*** billion, down *** percent from 2000. Id.

[75] CR/PR at Table C-1-A. Measured by quantity, demand for complete ball bearings peaked in 2000 at 1.11 billion units and declined each year thereafter, although the decline between 2001 and 2002 was small. Id. Apparent domestic consumption of complete ball bearings by quantity in 2002 was 965 million units, down 13.0 percent from 2000. Id. Substituting import questionnaire data for official import statistics does not change trends in apparent consumption as measured either by value or by quantity. CR/PR at Table C-1-A.

Total open market shipments of complete ball bearings were $*** billion in 2000. Calculated from CR/PR at Tables III-5 and C-1-A. In 2002 total open market shipments of complete ball bearings were $*** billion, down *** percent from 2000. Id. Measured by quantity, total open market shipments of complete ball bearings declined by *** percent between 2000 and 2002. Id.

[76] CR/PR at Table C-4-A.

[77] CR/PR at Table C-4-A.

[78] CR/PR at Table III-1. ***. CR at II-4, PR at II-3; *** at II-25.

[79] CR/PR at Table III-1.

[80] Timken Prehearing Brief at 5-6; Timken Posthearing Brief at Okun-19.

[81] CR/PR at Tables III-2-III-4. Measured by quantity, domestic shipments in 2002 accounted for 90.6 percent of complete ball bearings, *** percent of ball bearing balls, and *** percent of other ball bearing parts. Id.

production, and *** percent of their other ball bearing parts shipments.[82] Internal transfers and transfers to related parties for production of downstream products accounted for *** percent of the value of all shipments by domestic producers in 2002.[83]

During the POI, domestic capacity for producing complete ball bearings increased by 1.3 percent, from 631.9 million bearings in 2000 to 640.1 million bearings in 2002.[84] As production fell, capacity utilization rates also fell.[85] Domestic capacity for producing ball bearing balls declined dramatically during the POI, slipping from *** billion in 2000 to *** billion in 2002, a decline of *** percent.[86] Domestic capacity for producing other ball bearing parts was essentially unchanged over the POI and stood at *** billion parts in 2002.[87]

c. Distribution and Pricing

As noted above, ball bearings are consumed by a wide variety of industries. The vast majority of domestically produced ball bearings are sold directly to end users, with such direct sales accounting for 98.3 percent of total shipments in 2002.[88] Similarly, virtually all subject imports from China also are sold directly to end users, with such direct sales accounting for 99.1 percent of total shipments in 2002.[89]

Most purchasers that responded to the Commission's questionnaire reported that they rarely or infrequently changed suppliers; fewer than half of the responding purchasers reported changing suppliers between 2000 and 2002.[90] Price is a moderately important factor in purchasing decisions for ball bearings. Only nine purchasers ranked it as the most important factor considered when selecting a purchaser, but 21 ranked it second and 18 ranked it third; quality was ranked as the most important factor by 31 respondents.[91] Of the 22 purchasers that changed suppliers, 11 mentioned price as a reason for their change; other cited reasons were poor delivery and quality or performance problems.[92]

Prices for both domestically produced ball bearings and subject imports generally are determined by transaction-by-transaction negotiations and by contracts.[93] Sales of domestically produced ball bearings to large-volume original equipment manufacturer (OEM) purchasers generally are determined through negotiated contracts, while smaller-volume sales to aftermarket distributors are more likely to be

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[82] CR/PR at Tables III-2-III-4. Measured by quantity, the domestic industry exported 9.4 percent of its complete ball bearings, *** percent of its ball bearing ball production, and *** percent of its other ball bearing parts production. Id.

[83] CR at II-4, PR at II-3. Measured by quantity, combined internal transfers and transfers to related parties of complete ball bearings accounted for only *** percent of all domestic shipments. Calculated from CR/PR at Tables III-5-III-7.

[84] CR/PR at Table C-1-A.

[85] CR/PR at Table C-1-A.

[86] CR/PR at Table C-2.

[87] CR/PR at Table C-3.

[88] CR at II-1, PR at II-1.

[89] CR at II-1, PR at II-1.

[90] CR at II-14, PR at II-6.

[91] CR/PR at Table II-2.

[92] CR at II-14, PR at II-6.

[93] CR at V-2, PR at V-1.

determined by price lists.[94] Neither domestic producers nor subject importers typically have set discount policies, and discounts also are negotiated.[95] Price de-escalation clauses, by which prices are reduced by a pre-determined percentage from year-to-year in multi-year contracts, have become standard in some large-volume contracts, especially within the automotive sector.[96]

d. Market Segmentation

Both petitioner and respondents directed significant argument to the issue of market segmentation. Respondents maintain that the domestic market for ball bearings is segmented, with subject imports and the domestic like product occupying different niches based on the size, style, and quality of their respective bearings. Petitioners argue that the market is not segmented, and subject imports and the domestic like product compete for sales in most bearing sizes and in most industrial sectors.

The record indicates the existence of some degree of substitutability between the domestic like product and subject imports. Sixteen of 18 responding domestic producers reported that the domestic like product and subject imports from China are used interchangeably, although 11 of 19 reported significant differences in product characteristics or sales conditions.[97] Most responding purchasers reported that the domestic like product and subject imports were used in the same applications.[98] Responding producers, importers, and purchasers all noted some quality or other differences between subject imports and the domestic like product, each generally finding the domestic product superior in some aspects.[99]

The record indicates that competitive overlap exists between the domestic like product and subject imports. Questionnaire data indicate that both the domestic like product and subject imports are concentrated in bearings with ABEC ratings of 1 or lower.[100] Contrary to respondents' arguments, subject imports during the POI included ball bearings with ABEC 3 ratings and ball bearings with larger outer diameter sizes.[101] The domestic like product and subject imports are both sold to purchasers in a wide variety of industries, though the concentration of sales varies.[102] *** of domestically produced complete ball bearings were consumed by the *** industries, while the *** sector accounted for *** percent of subject imports and *** subject imports were sold to the ***.[103] More than *** of the subject merchandise was reported as being sold to purchasers in the *** sectors, while those *** sectors accounted for *** percent of reported shipments of the domestic like product.[104]

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[94] CR at V-2, PR at V-1.

[95] CR at V-2, PR at V-1.

[96] Tr. at 131, 133 (Mr. Pedemonti); ABMA Posthearing Brief at Response to Question 7, p.1.

[97] CR at II-13, PR at II-6.

[98] CR at II-17, PR at II-7.

[99] CR at II-13-II-14, II-17, and Table II-3; PR at II-6-II-7 and Table II-3.

[100] CR/PR at Tables III-12 and IV-14.

[101] CR/PR at Table IV-14. Imports of those sizes and ABEC ratings accounted for a relatively modest share of subject imports. Id.

[102] CR/PR at Tables III-14 and IV-16.

[103] CR/PR at Tables III-14 and IV-16. The *** sector probably accounts for a *** share of shipments of domestically produced ball bearings, as Table III-14 does not include shipments to the open market by ***. *** Producer Questionnaire at II-25 and IV-C.

[104] CR/PR at Tables III-14 and IV-16.

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[105]

As noted above, apparent domestic consumption declined during the POI, with the value of complete ball bearings, ball bearing balls, and other ball bearing parts dropping by $305.4 million, or 10 percent, between 2000 and 2002.[106] This decline was split almost evenly between nonsubject imports, which declined by $153.6 million, and the domestic like product, which declined by $163.1 million.[107]

As overall domestic consumption, domestic like product shipments, and nonsubject imports all fell, the volume of subject imports increased over the POI.[108] The value of subject imports of complete ball bearings, ball bearing balls, and other ball bearing parts increased by *** percent between 2000 and 2002.[109] The market share held by subject imports as measured by value increased from *** percent in 2000 to *** percent in 2002.[110] The value of subject imports of complete ball bearings increased by *** percent between 2000 and 2002, and the market share held by subject imports of complete ball bearings increased from *** percent in 2000 to *** percent in 2002.[111]

Shipments of domestically produced and nonsubject complete ball bearings declined by 8.0 and *** percent respectively between 2000 and 2002.[112] However, the market share held by the domestic like

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[105] 19 U.S.C. § 1677(7)(C)(i).

[106] CR/PR at Table C-4-A.

[107] CR/PR at Table C-4-A.

[108] As discussed in section III.A.2. supra, the official import statistics include nonsubject green parts and thus overstate subject imports. During the course of the investigation, the Commission staff attempted to gather information regarding the importation and purchase of nonsubject green parts. *** provided such information, and the data was in the form of purchases, not imports. Nonetheless, the data may be used to make a rough adjustment to the official import statistics. After such an adjustment, subject imports as measured by value increased by *** percent between 2000 and 2002, and their market share rose from *** percent to *** percent. The market share held by the domestic industry rose from *** percent in 2000 to*** percent in 2002. Calculated from CR/PR at Tables III-11 and C-4-A.

[109] CR/PR at Table C-4-A.

[110] CR/PR at Table C-4-A. The market share of open market shipments held by subject imports as measured by value increased from *** percent in 2000 to *** percent in 2002. Id.

[111] CR/PR at Table C-1-A. Measured by quantity, subject imports increased by *** percent between 2000 and 2002, and market share rose from *** percent to *** percent. Id. Domestic market share fell from 35.9 percent to 32.9 percent, while nonsubject import share fell from *** percent to *** percent. Id.

The market share of open market shipments of complete ball bearings held by subject imports as measured by value increased from *** percent in 2000 to *** percent in 2002. Calculated from CR/PR at Tables III-5 and C-1-A. Measured by quantity, subject imports increased from *** percent of open market shipments of complete ball bearings in 2000 to *** percent in 2002. Id.

[112] CR/PR at Table C-4-A. Open market shipments of complete ball bearings by domestic producers declined by *** percent between 2000 and 2002 as measured by value. Calculated from CR/PR at Tables III-5 and C-1-A.

product increased, from 68.6 percent in 2000 to 70.4 percent in 2002.[113] Thus, any market share gained by subject imports came at the expense of nonsubject imports rather than the domestic like product.[114]

While the volume of subject imports increased over the POI at a time when apparent domestic consumption slowed, the increases were modest, as was the absolute volume of subject imports in the U.S. market throughout the POI. At the end of the POI subject imports from China accounted for only *** percent of apparent domestic consumption of complete ball bearings, ball bearing balls, and other ball bearing parts, and that market share had increased by less than *** over the POI.[115] The domestic like product accounted for over two-thirds of apparent domestic consumption, and this share increased over the POI.[116] As noted, the small amount of market share gained by subject imports came at the expense of nonsubject imports.[117] We find that the volume and the increase in volume of subject imports are not significant either in absolute or relative terms.[118]

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[119]

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[113] CR/PR at Table C-1-A. The market share of open market shipments of complete ball bearings held by domestic shipments as measured by value increased from *** percent in 2000 to *** percent in 2002. Calculated from CR/PR at Tables III-5 and C-1-A. Measured by quantity, the market share held by domestic shipments fell from *** percent to *** percent. Id.

The market share of open market shipments of complete ball bearings as measured by value held by nonsubject imports declined from *** percent in 2000 to *** percent in 2002. Calculated from CR/PR at Tables III-5 and C-1-A. Measured by quantity, the market share of open market shipments held by nonsubject imports declined from *** percent in 2000 to *** percent in 2002. Id.

[114] CR/PR at Table C-1-A. When measured by quantity, the gain in market share by subject imports was more notable, but still came both from the domestic like product and nonsubject imports, consistent with the declines in apparent domestic consumption discussed above. Id. The increase in quantity between 2000 and 2002, *** million bearings, is equivalent to *** percent of apparent domestic consumption in 2002. Id.

[115] CR/PR at Table C-4-A. The increase in the value of total subject imports from China over the POI is equivalent to only *** percent of the loss in value of domestic shipments over the same period. Id.

[116] CR/PR at Table C-4-A.

[117] The record indicates that subject imports might have been more likely to take market share from other imports rather than from the domestic like product. Thirty-two of 35 responding purchasers reported that other imports were the most competitive alternative to subject imports. CR at II-16, PR at II-6.

[118] Vice Chairman Hillman is willing to place some weight on quantity data. She finds that the volume of subject imports from China, when viewed in isolation, could be viewed as significant, particularly when examined with substantial weight on the quantity figures while still taking into account the value figures. However, given the lack of significant price effects as discussed below, the relatively modest decline in domestic market share measured by quantity, and the increase in domestic market share when measured by value, she concludes that, in this context, the volume of subject imports is not significant.

[119] 19 U.S.C. § 1677(7)(C)(ii).

The Commission collected data on 15 products, including ball bearing balls, and collected data by ABEC rating and by channel of distribution.[120] The products selected were mostly those suggested by the petitioner as products where the most significant competition between the domestic like product and the subject imports occurred.[121] For many product/distribution combinations, however, pricing data was submitted for only the domestic like product or subject imports, but not both.[122] Product-specific data covered a relatively small share of total shipment values for the domestic like product,[123] and product-specific data for the domestic like product was ***.[124] The declines shown in the product-specific quantity data accounted for a disproportionately large share of the quantity lost by domestic producers over the POI.[125]

Subject imports consistently undersold the domestic like product, typically by large margins.[126] However, a closer examination of the product-specific pricing data indicates that, notwithstanding the magnitude of the underselling, there was no consistent correlation between subject import prices and domestic like product prices. For several products, prices for the subject imports and the domestic like product did not move in the same direction.[127] This is also true on an aggregated basis. According to aggregate data presented by petitioner ABMA for eight ball bearing products sold to end users for which data on U.S. and Chinese products were obtained, domestic prices for complete ball bearings, when weighted by volume, actually rose between 2000 and 2001, as subject import prices dropped, and were *** in 2002 as in 2000.[128] Aggregate prices for subject imports of the same eight products fell by *** percent between 2000 and 2002.[129] This apparent lack of correlation is confirmed by the pricing data for

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[120] CR at V-3-V-4, PR at V-2-V-3.

[121] ABMA Comments on Draft Questionnaires, Oct. 25, 2002, at 5-6; Timken Comments on Draft Questionnaires, Oct. 25, 2002, at 5.

[122] See CR/PR at Tables V-2 (products 1 and 2 to distributors, subject import data only); Table V-3 (product 2 to end users, subject import data only); V-5 (products 3 and 5 to distributors, subject import data only); V-10 (product 8 to distributors, domestic like product data only); V-13 (product 10 to end users and distributors, domestic like product data only); and V-18 (products 13, 14, and 15 to end users, domestic like product data only). No importers reported product-specific pricing data for subject imports of ball bearing balls. CR/PR at Tables V-18 and C-3.

[123] Pricing data reported by domestic producers accounted for 3.4 percent of the value of domestic producers' commercial shipments, while the pricing data reported by importers accounted for 13.3 percent of the value of subject imports. CR at V-4, PR at V-3.

[124] For sales to end users of products 1-12 (complete ball bearings), *** accounted for *** percent of the sales data by quantity and *** percent by value. For sales to distributors of products 1-12, *** accounted for *** percent of the sales data by quantity and *** percent by value. Calculated from *** Questionnaire Responses and CR/PR at Tables V-1-V-17.

[125] Domestic producers lost sales of *** million units on products 1, 3, 5, 7, 8, 9, 11, and 12 between 2000 and 2002. ABMA Posthearing Brief at Exh. 3. Total shipments of domestically produced complete ball bearings fell by 81.069 million units between 2000 and 2002. Calculated from CR/PR at Table C-1-A. Thus, the reported loss in sales volume on products 1-12 is equivalent to *** percent of the total loss in complete ball bearing shipments, even though those products accounted for *** percent of all shipments of domestically produced ball bearings over the POI. ABMA Posthearing Brief at Exh. 3 and CR/PR at Table C-1-A.

[126] CR/PR at Table V-20.

[127] CR/PR at Tables V-1 (product 1 to end users); V-9 (product 8 to end users); V-8 (product 7 to distributors); and V-17 (product 12 to distributors).

[128] ABMA Final Comments at Exh. 3. ABMA estimates that the weighted-average price for complete ball bearings in 2002 was only *** percent lower than in 2000. Id.

[129] ABMA Final Comments at Exh. 3.

products for which no sales of subject imports were reported. Domestic prices for sales of products 13, 14, and 15 all declined although no subject import sales were reported during the POI.[130]

Moreover, there is no clear nexus between underselling and loss of domestic sales. Domestic sales quantities fell similarly both for products where subject imports undersold the domestic like product and for products for which there were no reported sales of subject imports.[131] These considerations serve to reduce the significance of the observed underselling. Additionally, the confirmed allegations of domestic sales and revenues lost to subject imports over the POI are insignificant, amounting to less than *** of the value of domestic producers' commercial shipments over the period.[132]

The record also does not support a conclusion that subject imports suppressed or depressed prices for the domestic like product to a significant degree. There is no consistent correlation between the presence of subject imports and the erosion of prices for the domestic like product. For several products where there was competition from the subject imports, prices for the domestic like product actually rose during the POI.[133] We are mindful of petitioner's argument that such increases in prices were caused by the loss of volume discounts as large-volume sales were lost to subject imports, leaving higher prices for smaller sales volumes.[134] However, there were few product categories in which subject imports gained significant sales, indicating that these sales were not being lost to subject imports on price competition. For example, for product 3 to end users,[135] product 5 to end users,[136] product 7 to distributors,[137] and product 11 to end users,[138] sales volume for both the domestic like product and subject imports fell over the POI. The price reported for end-user purchases of domestically produced product 1 rose by *** percent between the first quarter of 2000 and the fourth quarter of 2002, and sales fell by *** percent, or by *** million units. Sales of the subject imports rose by only *** units.[139]

We acknowledge that there were some products as to which there were declines in prices for the domestic like product coincident with underselling by subject imports. These include sales to end users

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[130] CR/PR at Tables V-10, V-13, and V-18. We have examined certain price data published by the Bureau of Labor Statistics. These data show that, from 2000 to 2002: (1) prices for unmounted ball bearings fluctuated but ultimately remained at a similar level; (2) prices for radial ball bearings fell approximately 10 percent; and (3) prices for other types of antifriction bearings generally rose by varying amounts. CR at Figures V-37 and V-38. The ABMA and Timken argue that the fact that only radial ball bearing prices fell, and that radial bearings account for *** subject imports from China, indicates that subject imports depressed domestic prices. ABMA Posthearing Brief at Response to Question 3, p.7; Timken Final Comments at 7. We do not reach such a conclusion in the absence of significant information on market conditions pertaining to the other types of antifriction bearings. Moreover, the fact that domestic prices for certain pricing products (e.g., products 13, 14, 15) fell despite no reported subject import sales in those categories would tend to support the opposite conclusion; namely, that factors other than subject imports were affecting prices.

[131] CR/PR at Tables V-10, V-13, and V-18.

[132] CR at V-45-V-56 and Tables V-21 and V-22; PR at V-21 and Tables V-21 and V-22. Additional allegations regarding potential lost sales and lost revenues were submitted by Timken on March 24, 2003. We have not relied on those allegations in reaching our determination, as they involved sales or revenues not yet lost at the time the allegations were presented, involved losses that would, in any case, have occurred outside the POI, and were submitted too late to be investigated.

[133] See CR/PR at Tables V-1 and V-15.

[134] ABMA Prehearing Brief at 41.

[135] CR/PR at Table V-4.

[136] CR/PR at Table V-6.

[137] CR/PR at Table V-8.

[138] CR/PR at Table V-14.

[139] Calculated from CR/PR at Table V-1.

for products 3, 5, 7, 9, 11, and 12. As previously discussed, however, for three of these products (products 3, 5, and 11), the subject imports lost sales as well. Moreover, any revenue losses to the domestic industry indicated by the product-specific data were modest in light of the size of the ball bearing market. Had the domestic industry maintained the same price and the same market share in 2002 as it had commanded in 2000 for products 1, 3, 5, 7, 8, 9, 11, and 12 sold to end users, the increase in revenue would have been less than $*** million.[140] The domestic industry's commercial sales in 2002 were $1.734 billion.[141]

The declines in prices and volume shown by the pricing data occurred when other market conditions would have resulted in price declines as well. Apparent domestic consumption contracted throughout the POI, and that loss of demand would have exerted a downward effect on prices. The effect of price-de-escalation clauses in domestic producers' high-volume contracts is difficult to estimate, but may also have been a source of downward pressure on prices, especially for high-volume products sold to end users. In light of these other factors, the lack of a correlation between subject import competition and domestic price movements, and the small volumes of subject imports at issue, we do not find that subject imports suppressed or depressed prices for the domestic like product to a significant degree. Thus, notwithstanding the underselling observed, we conclude that subject imports did not have significant price effects.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[142] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[143] [144]

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[140] These eight products were singled out by ABMA as illustrating the price effects of subject imports. ABMA Final Comments at Exh. 3.

[141] CR/PR at Table VI-1. To obtain the 2000 market share, the domestic industry would have had to produce *** million additional bearings. Thus, the additional revenue would not have translated into an equivalent increase in operating profits once the cost of producing the additional bearings was taken into account.

[142] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885 ("In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

[143] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

[144] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii) (V). In its final determinations, Commerce found the following dumping margins: 7.22 percent for Wanxiang Group Corp.; 8.33 percent for Xinchang Peer Bearing Co., Ltd; 7.80 percent for all other responding firms; and a PRC-wide rate of 59.30 percent. 68 Fed. Reg. 10685 (Mar. 6, 2003). Commerce issued a final determination of a *de minimis* margin of 0.59 percent for Ningbo Cixing Group Corp. Id.

The domestic industry remained profitable throughout the POI.[145] Operating income as a percentage of net sales was *** percent in 2002, although it was down from *** percent in 2000.[146] [147] Some erosion in the position of the domestic industry occurred over the POI. Shipments for all bearings declined, whether measured by value or by quantity, as did net sales.[148] Capacity utilization rates declined.[149] The number of production and related workers declined, as did hours worked and total wages paid, although hourly wages increased.[150] Productivity also fell.[151]

Not all performance and financial indicators for the U.S. industry declined throughout the POI. The market share held by domestic producers, production capacity for complete ball bearings, and unit values of domestic shipments all increased over the period, as did the value of domestic producers' shipments between 2001 and 2002.[152]

Total capital expenditures fell during the POI, but five of the 20 reporting producers incurred substantial amounts of capital expenditures during each year of the POI.[153] Expenditures on research and development declined over the POI but were somewhat higher in 2002 than in 2001.[154] Additionally, a significant number of firms, including not only ***, but also ***, answered in the negative when asked if the firm had experienced any actual negative effects on its return on its investment or its growth,

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[145] Separate financial data for open market transactions and captive production were not available.

[146] Our conclusion about the domestic industry as a whole is buttressed by evidence regarding particular firms. Between 2000 and 2002, the domestic industry's operating income declined by $*** million. CR/PR at Table VI-2. ***, alone accounted for *** percent of that decline. CR/PR at Table VI-2. Yet *** compete extensively with subject imports from China. The domestic production of *** is concentrated in ball bearings with *** ABEC ratings and in sales to the ***; these are markets that are essentially closed to subject imports. *** Producer Questionnaire at II-9; CR/PR at Table IV-17; ABMA Posthearing Brief at Response to Question 2, p.10. The domestic production of *** is dedicated to the ***, another sector wherein subject imports have gained little market share; additionally, a significant portion of ***. *** Producer Questionnaire at II-9, II-25, IV-C; CR/PR at Table IV-17. These significant losses in operating income by producers who receive little or no competition from subject imports indicate that the declines were caused by other conditions in the market. See also CR at D-3 and D-5, PR at D-3-D-4.

[147] CR/PR at Table VI-2.

We note that we have based our determination on the state of the domestic industry without taking into account funds disbursed to some members of the domestic industry under the Continued Dumping and Subsidies Offset Act (19 U.S.C. § 1675c) (CDSOA). These funds were not reflected in the financial data reported by the domestic industry. Timken Posthearing Brief at Exhibit 1, Affidavit of ***, p.2. However, we note that ***. Id. We take no position at this time as to whether the exclusion of such funds from the data reported to the Commission was proper.

[148] CR/PR at Table C-4-A.

[149] CR/PR at Tables III-2-III-4. Capacity utilization rates for complete ball bearings fell from 70.9 percent in 2000 to 54.9 percent in 2002; capacity utilization rates for ball bearing balls fell from *** percent in 2000 to *** percent in 2002 despite a *** percent reduction in capacity; and capacity utilization rates for other ball bearing parts fell from *** percent in 2000 to *** percent in 2002, although the 2002 rate was marginally higher than the 2001 rate. Id.

[150] CR/PR at Table III-2-III-4.

[151] CR/PR at Table III-2-III-4.

[152] CR/PR at Tables C-1-A and C-4-A.

[153] CR at VI-6, PR at VI-3.

[154] CR/PR at Table VI-3.

investment, ability to raise capital, existing development and production efforts, or the scale of capital investments, as a result of subject imports.[155]

The current decline in the performance of the domestic industry has occurred during a period of reduced demand. Indeed, the drop in apparent domestic consumption, at 10.0 percent, was sharper than the decline in the value of domestic shipments, which declined by only 8.0 percent during the same time period.[156] The domestic industry did not lose market share to subject imports, but rather gained market share.[157] The increase in the market share held by subject imports over the POI was less than ***.[158] The total increase in the value of subject imports of complete ball bearings, ball bearing balls, and other ball bearing parts was equivalent to only *** percent of the decline in the total value of domestic shipments during the POI.[159] Subject imports did not have a significant negative effect on the price received for the domestic like product.

We already have found that neither the volume nor the increase in volume of subject imports was significant and that subject imports did not have a significant effect on the price of the domestic like product. In light of those findings, we do not find that subject imports have had a significant adverse impact on the domestic industry producing the domestic like product.

Respondents have argued that subject imports could not be a source of harm to the domestic industry because subject imports and the domestic like product are sold into different, and non-overlapping, segments of the market. As we discussed above, however, the evidence gathered in this investigation does not wholly support that argument, and the evidence on the record supports a conclusion that subject imports and the domestic like product do compete in some sectors for some business.[160] Consequently, we do not base our determination on a finding of significant market segmentation.

Rather, we find that the impact of subject imports on the domestic industry has not been significant in light of the modest increase in volume and lack of significant effects on price. We therefore find that there is no material injury to the domestic injury by reason of the subject imports.

IV. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[161] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether

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[155] CR at D-3-D-4, PR at D-3.

[156] CR/PR at Table C-4-A.

[157] CR/PR at Table C-4-A.

[158] CR/PR at Table C-4-A.

[159] CR/PR at Table C-4-A.

[160] See section III.A.3.d. supra.

[161] 19 U.S.C. § 1677(7)(F)(ii).

material injury by reason of subject imports would occur unless an order is issued.[162] In making our determination, we consider all statutory threat factors that are relevant to this investigation.[163]

We already have found that the volume and the increase in the volume of subject imports over the POI were not significant and did not significantly affect the domestic industry. The market share held by subject imports increased by less than *** over the POI, and domestic producers gained market share.[164] The record evidence indicates that an increase in subject import volume significantly larger than the modest increases experienced during the POI is not likely within the imminent future. All subject ball bearing imports, including complete ball bearings, ball bearing balls, and other ball bearing parts, increased by *** percent between 2000 and 2001 and by *** percent between 2001 and 2002.[165] During that time period, subject foreign producers reportedly operated at high rates of capacity utilization and devoted a significant portion of their exports to markets other than the United States.[166] The Chinese producers that responded to our questionnaires likely do not represent the entire Chinese industry producing ball bearings.[167] Unreported capacity presumably existed during the entire POI, but did not lead to a significant volume of subject imports or significant negative price effects. We have no basis to conclude that this situation will change in the imminent future. No party claims that other antifriction bearing capacity in China can be converted to production of the subject imports within the near future.

No party disputes that economic growth within China has been robust in recent years and is likely to continue to be so in the near future. Subject producers in China directed approximately *** percent of their shipments of complete ball bearings to the home market during the POI, along with 65 percent or more of shipments of ball bearing balls.[168] The growing home market is likely to demand at least as large a share of China's domestic production in the imminent future.

The vast majority of responding purchasers did not indicate that they were considering increased purchases of imports from China for contracts that expire in 2003. *** large ball bearing purchasers (***) indicated that they were examining imports from China, along with non-subject imports in two of the three cases, for contracts that expire in 2003.[169] The fact that these companies may increase purchases of subject imports is not a sufficient basis for us to conclude that an increase in subject imports that is significant in the context of the ball bearing market as a whole is imminent.

As discussed above, at their current volume levels, subject imports did not have significant price-depressing or -suppressing effects on the domestic like product during the POI. Because we do not believe that there is a likelihood of substantially increased import volumes, we conclude it is likely that the subject imports will continue not to have significant price effects in the imminent future.

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[162] 19 U.S.C. § 1677(7)(F)(ii).

[163] 19 U.S.C. § 1677(7)(F)(i). These factors include: any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country; a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports; whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on the domestic prices and are likely to increase demand for further imports; inventories of the subject merchandise; the potential for product shifting; and the actual and potential negative effects on the existing development and production efforts of the domestic industry. 19 U.S.C. § 1677(7)(F)(i). Statutory threat factor (I) is inapplicable, as no countervailable subsidies are involved, and statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved. Id.

[164] CR/PR at Table C-4-A.

[165] CR/PR at Table C-4-A.

[166] CR/PR at Tables VII-1-A (complete ball bearings) and VII-2 (ball bearing parts).

[167] Timken Prehearing Brief at Vol. I, pp.38-43.

[168] CR/PR at Tables VII-1-A (complete ball bearings) and VII-2 (ball bearing parts).

[169] Timken Prehearing Brief, Vol. I at 44-45.

Inventories of complete ball bearings held by producers in China have not grown significantly over the POI, and inventories held by importers in the United States at the end of 2002 were at the lowest level of the POI.[170] Consequently, inventory levels do not support an affirmative threat determination.[171]

Imports of single-row radial ball bearings from China are subject to antidumping and countervailing duties in Argentina, and a final-phase investigation regarding dumping of ball bearings up to 50 mm in bore diameter from China is underway in India, but these do not appear to be major export markets for ball bearings from China.[172]

As we noted above, the domestic industry has remained profitable despite a drop in overall apparent domestic consumption, driven by general economic contraction. We do not find the domestic industry to be vulnerable to threat of material injury by reason of subject imports. The market for ball bearings in the United States remains a large one, and, after two years of economic contraction and increased subject imports, the domestic industry at the end of the POI accounted for a higher share of apparent domestic consumption than it did at the outset of the POI. We find that the domestic industry is not threatened with material injury by reason of subject imports.

CONCLUSION

For the foregoing reasons, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of ball bearings and parts thereof from China that are sold in the United States at less than fair value.

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[170] CR/PR at Tables VII-1-A and VII-3.

[171] 19 U.S.C. § 1677(7)(F)(i)(V).

[172] CR at VII-11-VII-12, PR at VII-8-VII-9. Neither order or investigation apparently covers the full scope of items subject to this investigation. Id.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by the American Bearing Manufacturers Association, Washington, DC, on February 13, 2002, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain ball bearings[1] from China. Information relating to the background of the investigation is provided below.[2]

Date	*Action*
February 13, 2002 ..	Petition filed with Commerce and the Commission; institution of Commission investigation
April 3	Commerce's notice of initiation
April 29	Commission's preliminary determination
October 15	Commerce's preliminary determination (67 FR 63609);[3] scheduling of final phase of Commission investigation (67 FR 65142, October 23, 2002)
February 26, 2003 ..	Date of Commerce's final determination (68 FR 10685, March 6, 2003)
March 6	Date of the Commission's hearing[4]
April 3	Date of the Commission's vote
April 21	Commission determination transmitted to Commerce

[1] The scope of the investigation includes all antifriction bearings, regardless of size, precision grade, or use, that employ balls as the rolling element (whether ground or unground) and parts thereof (inner ring, outer ring, cage, balls, seals, shields, etc.) that are produced in China. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts and parts thereof, ball bearings (including thrust, angular contact, and radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof. The scope includes ball bearing type pillow blocks and parts thereof; and wheel hub units incorporating balls as the rolling element. With regard to finished parts, all such parts are included in the scope of the petition. With regard to unfinished parts, such parts are included if (1) they have been heat-treated or (2) heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by the petition are those that will be subject to heat treatment after importation. Also excluded from the scope are cylindrical roller bearings, mounted or unmounted, and parts thereof (CRB) and spherical plain bearings, mounted and unmounted, and parts thereof (SPB). CRB products include all antifriction bearings that employ cylindrical rollers as the rolling element. SPB products include all spherical plain bearings that employ a spherically shaped sliding element and include spherical plain rod ends.

Imports of the subject products are classified under the following Harmonized Tariff Schedule of the United States (HTS) subheadings: 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.50, 8431.20.00, 8431.39.00, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.25, 8482.99.35, 8482.99.65, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.60, 8708.93.30, 8708.93.60, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.40, 8708.99.49, 8708.99.58, 8708.99.80, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

[3] On February 28, 2003, Commerce issued a final determination with LTFV margins (in percent ad valorem) as follows: 8.33 percent (Zhejiang Xinchang Peer Bearing Co., Ltd.), 7.80 percent (45 firms), 0.59 percent (*de minimis*) (Ningbo Cixing Group Corp.), 7.22 percent (Wanxiang Group Corp.), and a PRC-wide rate of 59.30 percent (68 FR 10685, Mar. 6, 2003).

[4] A list of witnesses that appeared at the hearing is presented in app. B.

SUMMARY DATA

A summary of data collected in the investigation is presented in appendix C, tables C-1-C-7. Tables C-1 and C-1-A[5] present data on complete ball bearings, table C-2 presents data on ball bearing balls, table C-3 presents data on ball bearing parts other than balls, table C-4 and C-4-A presents data on all ball bearings and parts of ball bearings. In addition, table C-5 presents detailed data on U.S. producers' and importers' commercial shipments, table C-6 presents detailed data on U.S. producers' and importers' internal consumption/company transfers, and table C-7 presents data on U.S. producers' and importers' shipments to end-user sectors. Except as noted, U.S. industry data are based on questionnaire responses. U.S. imports are based on questionnaire responses and official Commerce statistics.

PREVIOUS AND RELATED INVESTIGATIONS

On March 31, 1988, a petition was filed by counsel on behalf of the Torrington Co. alleging that imports of ball bearings and other antifriction bearings from Singapore and Thailand were being subsidized by the Governments of Singapore and Thailand. The petition further alleged that imports of ball bearings and other antifriction bearings from France, Germany, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom were being sold in the United States at LTFV. On October 13, 1988, and November 9, 1988, the Commission instituted final countervailing and antidumping duty investigations. The Commission determined that a domestic industry producing ball bearings was materially injured by reason of LTFV imports from France, Germany, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom. Commerce published the antidumping duty orders on these ball bearings on May 15, 1989.[6]

On April 1, 1999, the Commission instituted reviews to determine whether revocation of the antidumping duty orders on certain ball bearings and parts thereof from France, Germany, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom would likely lead to the continuation or recurrence of material injury to a domestic industry.[7] On June 22, 2000, the Commission determined that revocation of the antidumping duty orders on the subject ball bearings and parts thereof from France, Germany, Italy, Japan, Singapore, and the United Kingdom would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[8] On that same date, the Commission determined that revocation of the antidumping duty orders on ball bearings and parts thereof from Romania and Sweden 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. In the course of the review investigations, the Commission found one domestic like product consisting of all subject ball bearings and parts thereof and one domestic industry consisting of all domestic producers of such ball bearings and parts thereof.[9]

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[5] Table C-1 uses questionnaire data for import shipments and table C-1-A uses official Commerce statistics for imports. Throughout this report tables with "A" use official Commerce statistics for imports unless otherwise noted.

[6] The Commission also found that a domestic industry was materially injured by reason of subsidized and LTFV imports of ball bearings from Singapore and subsidized imports of ball bearings from Thailand. Commerce published the countervailing duty order on Singapore and the countervailing duty and antidumping duty orders on Thailand in May 1989, but later revoked the orders.

[7] 64 FR 15783.

[8] 65 FR 39925 (June 28, 2000).

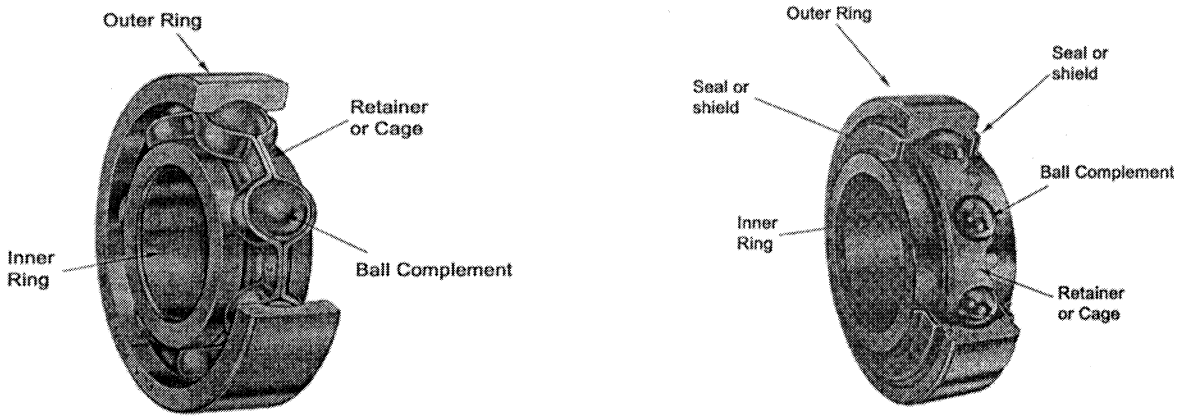
[9] Postconference brief of petitioner, pp. 12-13, citing *Certain Bearings from China, France, Germany, Hungary, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom*, Investigations Nos. AA1921-143, 731-TA-

(continued...)

THE SUBJECT PRODUCT

For purposes of this investigation, ball bearings and parts thereof, whether mounted or unmounted, are generally defined as antifriction bearings that employ balls as the rolling element. The scope encompasses antifriction balls; inner and outer races; both ground and unground ball bearings (including radial, thrust, and angular contact ball bearings) and parts thereof; ball bearings with integral shafts; ball bearing type pillow blocks and parts thereof; ball bearing type flange, take-up, cartridge, and hanger units and parts thereof; and wheel hub units incorporating balls as the rolling element. All finished parts are included within the scope of the investigation; however, unfinished parts are included only if they have been heat-treated, or if heat treatment is not required to be performed on the part. This definition of the scope is consistent with that of previous investigations on ball bearings and that of the petition underlying this investigation. Figure I-1 shows cut-aways of typical radial ball bearings and components.

Figure I-1
Ball bearings: Typical radial ball bearing and its components



Source: The Timken Co.

U.S. Tariff Treatment

The general tariff rate for assembled ball bearings with integral shafts is 2.4 percent *ad valorem*; the general rate for other ball bearings is 9 percent *ad valorem*. Imports of combination bearings containing balls receive a general duty rate of 5.8 percent *ad valorem*. The general rates for balls, inner and outer rings, and other parts of ball bearings range from 4.4 percent to 9.9 percent *ad valorem*. Housed ball bearings are subject to a rate of 4.5 percent *ad valorem*. The duty rates were reduced in stages from 1995 to 1999 and are not scheduled for further reductions. The general duty rates for additional parts and products containing ball bearings (including parts of vehicles) range from free to 5.5 percent *ad valorem*.

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[9] (...continued)
341, 731-TA-343 through 345, 731-TA-391 through 397, and 731-TA-399 (Review), USITC Pub. 3309, June 2000, Vol. I.

Product Description

The function of an antifriction bearing is to reduce friction between moving and fixed parts and thereby enable easier, faster motion. Bearings consist of a few major components:[10] an outer ring or outer race, an inner ring or inner race, a series of balls or roller elements that fit into the opening in a separator cage, and a separator or cage that keeps the balls or rollers equally distributed around the races. The inner ring and outer ring rotate with respect to each other, separated by the rolling elements, which support the load. Bearings normally are equipped with one of two types of rolling elements - balls or rollers.

Ball bearings are often preferred over roller bearings when speed is a more important factor than load-carrying capacity. They can withstand fairly high speeds because there is less contact between the rolling balls and the inner and outer rings than there would be with a roller bearing. Ball bearings are designed to carry radial or thrust loads, or a combination of the two. They are classified by a number of geometric configurations including single row, double row, self-aligning, and angular contact.

Manufacturing Process

There are four major steps in the production of most antifriction bearings: green machining, heat treatment, finishing, and assembly and inspection. Special bearing grade alloy steel in the form of seamless tubing is the raw material utilized in the production of most inner and outer rings. Alloy wire, in the form of coils, is the base material for ball and roller manufacture. There is a generally accepted minimum industry standard for steel utilized in bearings production; however, the raw material used by most bearing manufacturers exceeds this standard in quality. The production processes described below generally apply to the manufacture of all types of bearings. However, because of the strict specification requirements applied to precision and super-precision bearings,[11] production of these products often involves greater inspection and the use of clean rooms to control particle and humidity levels during the manufacturing process.

The first step in the process of bearings production–green machining–refers to the machining operations performed on the raw material prior to heat treatment. For inner and outer rings, the steel tubing is machined on single or multiple screw machines. When the desired contour and shape is achieved, the inner or outer ring is sheared off the end of the tube. Green machining the inner ring involves more steps because of the complexity of the design and function of this component. The machined components are then inspected and gauged to ensure adherence to the prescribed specifications. The green machining of balls begins when coil wire is fed into a cold header machine, where the wire is cut into blanks and pressed into balls between hemispherical dies. The balls are then ground to attain a uniform spherical shape.

Following the green machining process, bearing components are heat-treated to ensure durability, hardness, and shock resistance. The first step in this process, carburization, heats the green-machined

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[10] It is generally the case that bearings contain all of the stated elements; however, not every product classified as a complete antifriction bearing requires all four components.

[11] Precision and superprecision bearings are manufactured to higher tolerances than non-precision bearings. ABEC (Annular Bearing Engineering Committee) tolerances pertain to ball bearings, while RBEC (Roller Bearing Engineering Committee) tolerances pertain to roller bearings. Tolerance classes are 1, 3, 5, 7, and 9 (higher numbered classes correspond to higher tolerances); these classes define the minimum and maximum manufacturing ranges for bearings (for example, such tolerances govern the allowable variation limits on bore size, diameter, width, and thickness as well as other error limitations). Bearings that are manufactured to higher tolerances provide greater running accuracy and have a higher speed capability. A common use for such bearings is in machine tool spindle units.

components in a carbon-rich atmosphere to impregnate carbon into the surface of the product. The components are then "quenched" or immersed in an oil bath. After quenching, the carbonized outside case becomes very hard, whereas the lower carbon core remains comparatively soft. The highly carbonized outer layer ensures that the roller contact surfaces will be hard and wear-resistant, while the softer core enables the bearing to absorb shocks more easily.

The next stage of heat treatment is applicable in the manufacture of all steel bearing parts, with the exception of cages.[12] The components are placed in a hardening furnace and heated to very high temperatures for an extended period of time. This process permanently fixes the carbon in the bearing component. The components are then placed in a stamping die for reshaping, as the heating process distorts their size, and are quenched once more in an oil bath.

The third phase of production is finishing. This process consists mainly of a series of grinding and honing operations to ensure that the components are sized to the required precise tolerances and polished to ensure the smoothest possible rolling surface. Grinding is performed in a series of steps wherein the width, outside diameter, and bore of the inner and outer rings are shaped. Honing involves the polishing of the inside diameter of the outer ring and the outside diameter of the inner ring.

Balls are finished somewhat differently than are the inner and outer rings. Heat-treated balls are fed into grinding and finishing machines, which grind the balls to a uniform size and finish each sphere to the correct dimensions, shape, and outside surface. The balls are inspected for size, form, and surface finish, then packed for shipment or incorporation in the assembly process.

After the finishing process, the bearings are assembled. Cages are mounted on an assembly nest and the balls or rollers are placed in the openings or pockets of the cage. The inner ring is then inserted into the middle of the cage. The inner and outer ring assemblies are then demagnetized, inspected, slushed with a protective anti-rust solution, and packaged for shipment.

DOMESTIC LIKE PRODUCT ISSUES

The petitioner argues that all ball bearings and parts thereof constitute a single like product with respect to the subject imports from China. It bases this conclusion on previous Commission findings, including the June 2000 sunset review in which "the Commission reaffirmed its longstanding position that ball bearings and parts thereof are a single domestic like product."[13] Additionally, petitioners support the exclusion of so-called "green parts" (non-heat-treated parts that will be subject to heat treatment after importation) from the domestic like product definition, and support the Commission's decision in the preliminary phase to include unground ball bearings under the like product category, as both ground and unground bearings share similar physical characteristics, manufacturing processes, end uses, and conditions of competition.[14]

Respondents do not challenge the inclusion of unground ball bearings under the like product definition. However, respondents feel that green parts that will be subject to heat treatment after importation should be included within the definition of the domestic like product, even though

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[12] Cages are manufactured from cold-rolled strip steel. The steel is fed into a press, which blanks and pierces the material to form a finished cage. The cages are then surface-treated and cleaned before incorporation into the assembly process.

[13] Prehearing brief of petitioner, p. 5, citing *Certain Bearings from China, France, Germany, Hungary, Italy, Japan, Romania, Singapore, Sweden, and the United Kingdom*, Investigations Nos. AA1921-143, 731-TA-341, 731-TA-343 through 345, 731-TA-391 through 397, and 731-TA-399 (Review), USITC Pub. 3309, June 2000, p. BB-I-24.

[14] Prehearing brief of petitioner, pp. 6-8.

Commerce specifically excluded green parts in its final written description of the scope.[15] If green parts are to be excluded from the like domestic product category, respondents argue that data on such parts must be extracted from the import statistics[16] in order to avoid overstating the volume of subject imports and the market share held by Chinese producers.[17]

[15] Prehearing brief of respondents, p. 4. *See also*, 68 FR 10685 in app. A.

[16] The Commission did not collect data on imports of green parts. Further, it is not possible to collect or separate official import statistics with respect to green parts. Imports of parts for ball bearings enter the United States collectively under several HTS subheadings. There are no distinctions for parts requiring heat treatment after importation, parts that have already been machined or heat treated, or parts that have not been heat treated but do not require heat treatment following importation.

[17] Prehearing brief of respondents, p. 4.

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

U.S. CHANNELS OF DISTRIBUTION/MARKET SEGMENTS

The vast majority of U.S.-produced and imported Chinese ball bearings are sold directly to end users. U.S. producers' shipments to end users accounted for 98.5 percent of total U.S. shipments in 2000, 98.2 percent in 2001, and 98.3 percent in 2002. Chinese importers' shipments to end users accounted for 94.7 percent of total U.S. shipments in 2000, 98.1 percent in 2001, and 99.1 percent in 2002.

Respondents argue that the overwhelming majority of ball bearings made in the United States are different in terms of type, size, specifications, application and customer from the overwhelming majority of ball bearings imported from China.[1] Respondents maintain that ***. By contrast, *** of all ball bearings produced in the United States are angular, thrust, linear or other non-radial ball bearings.[2] Respondents argue that imports from China are concentrated in smaller commodity-grade ball bearings (i.e., between 9 mm and 52 mm outside diameter, whereas some U.S. producers produce ***.[3] Respondents further argue that ***. Respondents note that the largest end user of U.S. ball bearings is the automobile industry. Respondents note that the Chinese producer presence in this segment of the ball bearing market was $*** in 2002 or *** percent. Respondents further report that the ***.[4] Respondents report that purchaser questionnaire responses show little overlap of competition between U.S. and Chinese ball bearings. Respondents further argue that the largest ***.[5] Respondents also maintain that certification programs, close supplier relationships (i.e., "keiretsu" relationships), and "Buy America" policies insulate U.S. producers from competition with Chinese suppliers.[6] Finally, respondents contend that even in those incidences where there is overlap between Chinese product and domestically produced ball bearings in terms of size, ABEC tolerance, or end market, such bearings are not identical but vary greatly with respect to characteristics such as quality, precision, bearing life, heat tolerance, raw materials and lubricants used, and ultimate application (e.g. bearings for steering columns versus generation three wheel hub units in the automotive industry).[7]

Petitioners argue that Chinese manufacturers are producing a wide range of ball bearings of comparable quality to U.S. products. Petitioners maintain that the Chinese-produced ball bearings satisfy customer specifications, such as ABEC tolerance; and Chinese-produced ball bearings regularly satisfy customer qualification standards, including certification for the automotive sector.[8] Petitioners maintain that there is a substantial degree of overlap between U.S.-produced and Chinese-made ball bearings by type, size, and ABEC tolerance.[9] Petitioners note that radial ball bearings represent almost 65 percent of total U.S. shipments in 2002, which is comparable to Chinese imports, for which radial bearings

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[1] Respondents' prehearing brief, pp. 13 and 29.

[2] Respondents' prehearing brief, p. 18.

[3] Respondents' prehearing brief, p. 18.

[4] Respondents' prehearing brief, p. 14.

[5] Respondents' prehearing brief, pp. 16 and 29.

[6] Respondents' prehearing brief, pp. 21-22.

[7] See hearing transcript at pp. 171-172, 174-175, and 192; and respondents' post-hearing brief, pp. 6-7 and response to question No. 3, pp. 1-2.

[8] ABMA prehearing brief, p. 13.

[9] ABMA prehearing brief, p. 15.

comprise over 84 percent.[10] Petitioners argue that for ABEC-rated ball bearings, over *** percent of shipments for both U.S. and Chinese ball bearings fall within the ABEC 1-3 tolerance category.[11] Petitioners also note that by bearing size, shipments of bearings with an outside diameter of 30 mm to 52 mm account for roughly *** U.S. and Chinese total shipments.[12]

Petitioners further maintain that Chinese ball bearings compete with U.S. ball bearings in practically all end-use applications.[13] Petitioners note that of the thirteen individual categories of SIC codes for which the Commission requested data for 2002, there was only one end use for which there is no overlap between the U.S. and Chinese products–aerospace (SIC Code 372). Petitioners argue that the data for the other twelve categories reveal that sales of U.S. and Chinese ball bearings overlap substantially.[14] Petitioners further maintain that U.S. producers are not insulated from competition with Chinese producers by certification requirements,[15] "Keiretsu" relationships, or "Buy American" provisions.[16] [17] [18] In reply to respondents' assertion that Chinese and U.S. ball bearings of the same size, tolerance, and/or end-use market may differ in terms of other characteristics, petitioners and representatives of the U.S. industry argue that this simply does not apply in the vast majority of cases, and that Chinese producers actually market their products as being fully interchangeable with U.S. ball bearings in terms of size, precision, quality, and performance.[19] Further, parties in support of relief cite references that indicate that ***.[20]

Responding purchasers' yearly purchases of complete ball bearings, in value terms, are shown in table II-1. Purchasers are ranked in descending order based on their 2002 purchases of U.S.-produced complete ball bearings. Responding purchasers accounted for 40.4 percent of U.S. producers' commercial shipments of complete ball bearings and 25.2 percent of U.S. imports of Chinese complete ball bearings during 2000-2002.[21]

Table II-1
Ball bearings: Responding purchasers' reported purchases, in value terms ($1,000) by year, 2000-2002

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[10] ABMA prehearing brief, p. 15.

[11] ABMA prehearing brief, p 16. Timken brief, pp. 11-13.

[12] ABMA prehearing brief, p. 16. Timken brief, pp. 8-10.

[13] ABMA prehearing brief, p. 13.

[14] ABMA prehearing brief, pp. 19-22. Timken brief, pp. 13 and 14.

[15] ABMA prehearing brief, pp. 23 and 24.

[16] ABMA prehearing brief, pp. 24-28.

[17] Petitioners state that the Buy American Act, as implemented by the Federal Acquisition Regulation Part 25, requires that "domestic end products" be acquired by U.S. government agencies for public use. However, petitioner maintains that this restriction is subject to numerous exceptions and limitations that make it possible for ball bearings manufactured in China to be sold to U.S. government agencies. ABMA prehearing brief, p. 26.

[18] U.S. producers estimate that their sales of ball bearings since January 2000 that were subject to "Buy American" constraints accounted for approximately 8.7 percent of their U.S. commercial shipments. U.S. producer questionnaire responses.

[19] Petitioner's post-hearing brief, pp. 2 and 4; and Timken post-hearing brief, responses to questions from Chairman Okun, p. 4.

[20] Timken post-hearing brief, responses to questions from Commissioner Miller, pp. 2-3.

[21] ***.

Captive Consumption

U.S. producers' internal consumption of complete ball bearings accounted for *** percent of U.S. producers total U.S. shipments in 2000, *** percent in 2001, and *** percent in 2002. Virtually all internal consumption was accounted for by ***.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Supply

Based on available information, U.S. producers of ball bearings are likely to respond to changes in price with substantial changes in the quantity shipped to the U.S. market. Supply responsiveness is constrained by U.S. producers' inability to switch between production of ball bearings and production of other products. However, large levels of excess capacity, and moderately high levels of inventories and export shipments suggest greater supply responsiveness.

Industry capacity

U.S. producers' capacity to produce complete ball bearings increased by 1.3 percent during 2000-2002. U.S. production of complete ball bearings fell by 21.5 percent during 2000-2002. U.S. producers' capacity utilization fell from 70.9 percent in 2000 to 54.9 percent in 2002.

Export markets

U.S. producers' export shipments of complete ball bearings accounted for a moderately high share of total shipments. The percentage of U.S. producers' export shipments of ball bearings relative to their total shipments increased from 8.4 percent in 2000 to 9.5 percent in 2001, then fell to 9.4 percent in 2002.

Inventories

U.S. producers' inventories of complete ball bearings were relatively high during the period examined. The ratio of such inventories to total shipments increased from 12.4 percent in 2000 to 18.8 percent in 2002.

Production alternatives

U.S. producers cannot easily switch between production of ball bearings and other products. Fifteen of 20 responding U.S. producers reported that they do not produce other products on the same equipment and machinery used in the production of ball bearings. Those producers that reported being able to produce other products on the same equipment cited products such as roller bearings, stamped assemblies, washers, metal slugs, and spacers.

Subject Chinese Imports

Subject Chinese producers are likely to respond to changes in price with moderate changes in the quantity of ball bearings shipped to the U.S. market. The main reasons for subject Chinese producers' ball bearing supply responsiveness are the existence of substantial alternate markets from which subject Chinese producers could shift sales and moderately high levels of inventories. Subject Chinese producers' lack of excess capacity and inability to shift between production of ball bearings and other products are constraints on subject Chinese producers' ball bearing supply response.

Industry capacity

Subject Chinese producers' capacity to produce complete ball bearings fell by *** percent from 2000 to 2001, then increased by *** percent in 2002. Subject Chinese production of complete ball bearings fell by *** percent from 2000 to 2001, then increased by *** percent in 2002. Reported subject Chinese ball bearing capacity utilization was ***.

Alternative markets

Subject Chinese producers' home market shipments of complete ball bearings fell by *** percent in 2001, then increased by *** percent in 2002. Subject Chinese producers' home market shipments relative to their total shipments fell from *** percent in 2000 to *** percent in 2002. Subject Chinese producers' exports to countries other than the United States fell by *** percent in 2001, then increased by *** percent in 2002. Subject Chinese producers' exports of ball bearings to countries other than the United States (relative to their total shipments) fell from *** percent in 2000 to *** percent in 2001, then increased to *** percent in 2002.

Inventories

Subject Chinese producers held moderately high levels of complete ball bearing inventories relative to their total shipments during the period of investigation. The ratio of subject Chinese producers' inventories to their total shipments rose from *** percent in 2000 to *** percent in 2001, then fell to *** percent in 2002.

Production alternatives

Most Chinese producers reported that they do not produce other products on the same machinery and equipment used to produce ball bearings.[22]

U.S. Demand

Demand Characteristics

The U.S. demand for ball bearings depends on the demand for the products that use ball bearings. Ball bearings are used in a vast range of products and industries including the automotive, construction, agriculture, aerospace, steel, paper and natural resource industries, and conveyers and material handling. The demand for these products tends to follow general economic conditions.

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[22] ***.

Most U.S. producers and importers reported that U.S. demand for ball bearings was flat or decreased during 2000-2002.[23] Several U.S. producers reported that demand increased during 2000, but fell thereafter. Several U.S. producers also reported that auto sector demand has been relatively strong during the period.[24] Based on Commission questionnaire responses, apparent U.S. consumption of complete ball bearings decreased in value by 8.5 percent from $2.4 billion in 2000 to $2.2 billion in 2001, then increased slightly by 0.5 percent in 2002.

Substitute Products

Most U.S. producers reported that, prior to the design stage, other types of bearings can be substituted for ball bearings. Cited substitute products include tapered roller bearings, needle roller bearings, fluid bearings, air bearings, magnetic bearings, spherical roller bearings, cylindrical roller bearings, and bushings. Thirty out of 41 responding importers reported that there are no substitute products for ball bearings. Those importers that reported substitutes cited products such as bushings, needle roller bearings, tapered roller bearings, and sleeve bearings as possible substitute products. Forty-two of the 47 responding purchasers reported that there were no substitutes. The five purchasers that reported substitutes cited tapered bearings, bushings, and roller bearings.

Cost Share

Ball bearings are used in a wide variety of products and the cost share can vary considerably for each end use product. In general, however, the cost share for ball bearings accounts for a small proportion of the cost of the final products in which they are used (although the share of the cost of intermediate products may be somewhat higher). Some examples of cost shares reported by purchasers are as follows: exercise equipment- 1 to 6 percent; automotive parts- 1 to 36 percent; vacuum cleaners - 1 percent; and industrial machinery, farm machinery, and construction equipment- 1 to 3 percent.

SUBSTITUTABILITY ISSUES

Comparisons of Domestic Products and Subject and Nonsubject Imports

Lead times reported by U.S. producers varied widely, from same day service for stock items to 6 months for new designs. U.S. producers' lead times for made to order ball bearings generally ranged from 4 to 16 weeks. Most Chinese importers reported lead times of 3 to 4 months, although several reported same day sales from inventory.

Most purchasers reported that they know the manufacturer of the ball bearings they buy and also know whether they are produced in the United States or are imported. Fifty of 57 purchasers said they "always" or "usually" are aware of whether the ball bearings they purchase are U.S.-produced or imported and 48 of 57 said that they "always" or "usually" know the manufacturer of the ball bearings

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[23] In their prehearing brief, respondents cite statements by petitioners to their shareholders and the press indicating that the economic downturn has led to declining demand for ball bearings. Respondent's prehearing brief, pp. 12-13.

[24] Petitioners' report that data show that the ball and roller bearing sector showed an 8 percent decline during the period examined. However, some end use sectors showed an increase over the period (e.g., farm machinery and equipment, light truck, and motor vehicle transmission). Timken's posthearing brief, answers to Commissioner Koplan's questions, p. 1.

they purchase. Most (41 of 57) purchasers also stated that their buyers are aware of and/or interested in the country of origin of the goods which they supply them.

Sixteen of 18 responding domestic producers reported that U.S.-produced and imported Chinese ball bearings are used interchangeably. One domestic producer reported that imported Chinese ball bearings are generally of lower quality, and the other domestic producer reported that there are no domestic equivalents made by that producer for the imports from China. Twenty-nine of 42 responding importers reported that U.S.-produced and imported Chinese ball bearings are used interchangeably. In general, those importers that reported that U.S.-produced and imported Chinese ball bearings are not used interchangeably maintained that the imported Chinese ball bearings are of lower quality, or that U.S. producers do not produce the specific types of bearings they import from China.

Eleven of 19 responding domestic producers reported that there are significant differences in product characteristics or sales conditions between U.S.-produced and imported Chinese ball bearings. These domestic producers cited factors such as better and more consistent domestic quality, technical support, transportation logistics, product range, and dramatically lower Chinese prices.

Thirty-one of 41 responding Chinese importers reported that there are significant differences in product characteristics or sales conditions between U.S.-produced and imported Chinese ball bearings. Reported domestic producers' advantages include: better and more consistent quality, longer product lifetime, wider product range, better technical and service support, better warranties, shorter lead times, and easier transportation network. The most often reported Chinese advantage was lower price. In addition, several importers reported that U.S. producers were unwilling or unable to produce certain types of ball bearings, and were unwilling to sell in small lot sizes.

Purchase Factors

Purchasers varied on how frequently they purchased bearings, with 19 reporting purchasing daily, 19 weekly, 9 monthly, 1 yearly, and 7 reporting that the frequency varies. Most purchasers reported they seldom, rarely, or infrequently changed suppliers. Twenty-two purchasers reported changes in suppliers in the past 3 years. Price was mentioned as a reason by 11 purchasers; other reasons (and number of purchasers reporting) were supply issues (1), poor delivery (2), poor customer service (1), reduced product range (2), quality/performance (3), availability (1), expanded product offering (1), reduced supply base (1), and the antidumping investigation (1).

When asked to list the three most important factors considered when choosing a supplier, quality was listed first most frequently, and price was listed second and third most frequently. A number of other factors were also mentioned by purchasers (table II-2).

Thirty-nine of 56 purchasers require some form of certification or prequalification, with most requiring it for all their purchases. Twenty-seven firms reported time required to qualify a new supplier, with times ranging from immediately to 2 years. About two-thirds reported average times of 6 months or more; about a third reported average times of less than 6 months. Only nine of 51 responding purchasers reported that one or more suppliers had failed to qualify their ball bearings or had lost their approved status; seven purchasers named Chinese producers, one named a U.S. producer, and two named nonsubject country producers (India and Czech Republic).

Purchasers that purchased imported Chinese ball bearings were asked whether the most competitive alternative to the Chinese ball bearings most often were imports from another foreign source of supply or domestic ball bearings. Thirty-two of 35 responding purchasers reported that imports from another source were the most competitive alternative to the Chinese imports.

Table II-2
Ball bearings: Most important factors considered when selecting a supplier

Factor	First	Second	Third
Quality	31	13	2
Price/cost/value	9	21	18
Current/contract/related/ traditional supplier	8	2	4
Availability	4	7	8
OEM authorized/manufacture approved	3	1	1
Meeting customer specifications/customer request/customer need	2	1	1
Delivery/lead time	0	6	5
Vendor reputation/supplier performance	0	0	3
Service/engineering services	0	0	3
Other[1]	1	1	7

[1] Other includes current need as determined by stocking formulas as first most important factor; scheduled purchase for second most important factor; and stocking program, location, packaging, minimums, prearranged pricing, and terms for third most important factor.

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

Factors Affecting Purchasing Decisions

Purchasers were asked to report if ball bearings from different countries were used in the same applications. Most purchasers reported that ball bearings produced in the United States, China, and nonsubject countries were used in the same applications, with 17 specifically reporting that domestic and Chinese ball bearings were used in the same applications. Six purchasers reported that Chinese products were not always used in the same applications as ball bearings from other sources; three noted that Chinese products could only be used in certain applications such as low-end applications and for repairs, two noted that the quality of the Chinese product was not as good as that of other sources, and one said that the Chinese product could not be used in "NAFTA products."

Twenty-two of 57 responding purchasers reported that they or their customers sometimes order ball bearings from one country in particular over other sources of supply. Nine stated they purchase domestic for some or all of their purchases for various reasons including quality, preference for a particular U.S. supplier, to support U.S. manufacturers, for government contracts, and sole supplier agreement. Two said that they or their customers prefer not to buy Chinese because of quality problems; a third only buys Chinese for low-end applications. However, two said they prefer Chinese product (one purchaser because of better price and inventory and another said Chinese was better than product from Thailand). In addition, one purchaser preferred products from Germany for quality reasons, two

preferred products from Japan for quality reasons, and another preferred product from NAFTA countries. All responding purchasers agreed that U.S. prices were higher than the prices of Chinese product.

Purchasers were asked to report the importance of 14 factors in their purchase decision and to make country-by-country comparisons on the same 14 purchase factors (table II-3).

Table II-3
Ball bearings: Importance of purchase factors as reported by purchasers and comparisons of U.S. product with Chinese product and U.S. and Chinese product with nonsubject country product as reported by purchasers

Factor	Importance			U.S. vs. China			U.S. vs. nonsubject			China vs. nonsubject		
	V	S	N	S	C	I	S	C	I	S	C	I
	Number of purchaser responses[1]											
Availability	43	7	0	7	15	1	8	26	1	0	12	2
Delivery terms	19	26	5	7	14	2	4	31	0	1	10	3
Delivery time	31	18	1	8	13	2	5	28	2	1	10	3
Discounts offered	14	21	12	1	10	10	1	28	4	4	8	1
Lowest price	26	22	2	0	1	22	2	20	13	12	1	1
Minimum quantity requirements	9	31	10	4	15	4	4	28	3	2	9	3
Packaging	13	27	10	9	14	0	2	33	0	0	9	5
Product consistency	44	5	0	11	12	0	1	33	1	1	6	7
Product quality	46	4	0	10	12	0	2	31	2	1	6	7
Product range	15	25	10	6	14	3	4	26	5	1	6	6
Reliability of supply	43	7	0	7	14	1	6	27	2	1	8	5
Technical support/service	25	22	3	15	8	0	12	21	2	0	4	10
Transportation network	12	27	11	8	14	0	7	28	0	1	10	3
U.S. transportation costs	8	29	12	4	16	2	5	30	0	0	12	1

[1] For nonsubject country comparisons, some purchasers reported differing responses for different nonsubject countries. Each differing response was counted separately.

Note.–For importance, V=very important, S=somewhat important, N=not important. For the country comparisons, S = U.S. product is superior, C = both countries' products are comparable, I = U.S. product is inferior.

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide comments in their prehearing briefs. Petitioners provided comments on the elasticity of substitution.

U.S. Supply Elasticity[25]

The domestic supply elasticity for ball bearings measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of ball bearings. The elasticity of domestic 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 ball bearings. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to substantially increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 is suggested. No parties provided comments concerning the suggested domestic supply elasticity estimate range in their prehearing briefs.

U.S. Demand Elasticity

The U.S. demand elasticity for ball bearings measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of ball bearings. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the ball bearings in the production of any downstream products. Based on the available information, the aggregate demand for ball bearings is likely to be inelastic; a range of -0.5 to -1 is suggested. No parties provided comments concerning the suggested U.S. demand elasticity estimate range in their prehearing briefs.

Substitution Elasticity

The elasticity of substitution depends upon the extent to which the market is segmented and the extent of product differentiation between the domestic and imported products.[26] Product differentiation, in turn, depends upon such factors as quality (e.g., tolerances, surface finish, consistency, etc.) and conditions of sale (availability, sales terms/discounts/promotions, technical support, etc.). Based on available information, the elasticity of substitution between U.S.-produced ball bearings and imported Chinese ball bearings is likely to be in the range of 2 to 4.

Petitioners argue that the substitution elasticity range of 2 to 4 estimated for the Prehearing Report may be low, especially when compared with the substitution elasticity estimates for the 2000 Sunset Review of 3 to 5. Petitioners maintain that: U.S. and Chinese ball bearings overlap substantially by size, type, and ABEC tolerance; U.S. producers and Chinese suppliers are selling to the same end users; U.S. purchasers consider U.S. and Chinese ball bearings to be substitutes; and U.S. purchasers consider price to be one of the most important purchase factors. For these reasons, petitioners argue that the elasticity of substitution range should be from 3 to 5.[27]

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[25] A supply function is not defined in the case of a non-competitive market.

[26] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

[27] ABMA prehearing brief, pp. 15-23. Timken prehearing brief, p. 52.

Staff acknowledges petitioners' arguments concerning competitive overlap and purchaser perceptions. However, staff notes that there were end use applications where there is little or no Chinese competition (i.e., aerospace, high-end automotive, etc.) and evidence of segments subject to "Buy American" constraints. Staff further notes that, although most purchasers consider U.S.-produced and imported Chinese ball bearings to be comparable, there is evidence that some purchasers consider U.S. ball bearings to be superior in some non-price characteristics. Given these factors, staff believes that the moderately high elasticity of substitution estimate range of 2 to 4 is appropriate.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 22 firms accounting for the great majority of U.S. production of ball bearings and parts.[1]

The petition listed 45 known producers of ball bearings and parts of ball bearings in the United States and *Bearings HQ* lists an additional 43 producers. Table III-1 presents plant locations, positions on the petition, and shares of reported 2002 U.S. production of complete ball bearings, ball bearing balls, and ball bearing parts other than balls (in units) and reported 2002 U.S. shipments (in value) for each of the ball bearing producers that responded to the Commission's questionnaire.

Table III-1
Ball bearings: U.S. producers, their positions on the petition, plant locations, ownership, and shares of U.S. production (quantity) and shipments (value), 2002

Firm	Position on petition	Plant location(s)	Related companies	Share of reported	
				Production (units)	Shipments (value)
Barden Corp.[1]	Support	Danbury, CT	FAG Kugelfischer Georg Schaefer AG of Germany	***	***
Delphi Corp.[1]	***	Troy, MI	None	***	***
Emerson Power Transmission Corp.[1]	Support	Aurora, IL; Valapariso, IN; Morehead, KY; Mexico	Emerson of St. Louis, MO (plant in Mexico)	***	***
FAG Bearings Corp.[1] (see also INA USA Corp.)	Support	Danbury, CT	FAG Kugelfischer Georg Schaefer AG of Germany	***	***
Frantz Manf. Co.	Support	Sterling, IL	None	***	***
Freeway	Support	Clevland, OH	None	***	***
Hoover Precision [1]	Support	Cummings, GA East Granby, CT Erwin, TN Washington, IN	Tsubaki Nakashima Co., Ltd. of Japan (plants in Hungary & Mexico)	***	***
INA USA Corp.[1] (see also FAG Kugelfischer)	Support	Fort Mill, SC	INA Holding Scharffler KG of Germany	***	***
Koyo[1]	Support	Westlake, OH & Orangeburgh, SC	Koyo Seiko Co., Ltd. of Japan (plants in Japan)	***	***
MPB Corp.[1]	Support	Keene, NH & Lebanon, NH	The Timken Co. (plants in England, the Netherlands, Romania, and Singapore)	***	***

Table continued on next page.

[1] Fourteen of these firms reported foreign ownership.

Firm	Position on petition	Plant location(s)	Related companies	Share of reported	
				Production (units)	Shipments (value)
Nachi[1]	Support	Greenwood, IN	Nachi Fujikoshi of Japan (plants in Japan and Spain)	***	***
Nakanishi[1]	Support	Winterville, GA	Nakanisi Metal Works Co., Ltd. of Japan (plants in Japan and the Philippines)	***	***
National Bearings[1]	Support	Lancaster, PA	None	***	***
New Hampshire Ball Bearings	Support	Chatsworth, CA	NMB (USA), Inc.; Minebea Co., Ltd. Japan	***	***
NN, Inc.	Support	Erwin, TN Lubbock, TX	None	***	***
NTN Bearing Corp. of America[1]	Support	Mt. Prospect, IL	NTN Corp. of Japan (plants in Canada, Germany, Japan, Taiwan, and Thailand)	***	***
NSK Corp.[1]	Support	Ann Arbor, MI	NSK, Ltd. of Japan (plants in Brazil, China, England, Germany, Indonesia, Japan, Korea, Malaysia, Poland, and Switzerland)	***	***
Pacamor/Kubar	Support	Troy, NY	None	***	***
Rexnord Link-Belt	Support	Indianapolis, IN	Rexnord of Milwaukee, WI	***	***
Rockwell Automation Power Systems	Support	Rogersville, TN	Rockwell Automation	***	***
SKF[1]	Support	Norristown, PA	ABSKF of Goteborg Sweden (plants in Argentina, Austria, France, Germany, India, Italy, Mexico, Spain, Sweden)	***	***
The Torrington Co.[1]	Support	Torrington, CT; Canton, GA; Rockford, IL; Syracuse, NY; Rutherford, NC; Clinton, SC; Union, SC; Walhalla, SC; Pulaski, TN	Ingersoll Rand of Bermuda (plants in China, Canada, England, Germany, and Spain)	***	***

[1] ***.

Note.--Shares of reported 2002 U.S. production are based on units and shares of 2002 U.S. shipments are based on value. Carolina Forge Co. and Hartford Bearing responded in the preliminary phase of this investigation but did not respond during the final phase.

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

The Timken Company is a leading international manufacturer of antifriction bearings and alloy and specialty steels and related components. With operations in 27 countries, the company employs about 18,000 associates worldwide and recorded 2001 sales and services of $2.4 billion.[2] Its wholly owned subsidiary, MPB Corporation, d/b/a Timken Aerospace and Super Precision, produces ball bearings and miniature and precision bearings, shipping $*** in 2002.

The Torrington Company is a leading worldwide producer of high-quality, precision bearings and motion control components and assemblies. These products are sold under the Torrington, Fafnir, and Kilian brands direct or through authorized distributors to automotive and industrial manufacturers, as well as aftermarket users around the world.[3] In October 2002, Ingersoll-Rand announced that it had agreed to sell its Engineered Solutions business, which includes the Torrington, Fafnir, and Kilian brands among others, to Timken.[4] Effective February 18, 2003, Timken completed the acquisition of Torrington from Ingersoll-Rand for $840 million -- $700 million in cash and Timken shares valued at $140 million.[5]

Delphi Automotive Systems manufactures a wide range of automotive products and is the largest such producer in the world, with annual sales in 2001 of over $29 billion.[6] Delphi has approximately 195,000 employees and operates 199 wholly owned manufacturing sites, 43 joint ventures, 53 customer centers and sales offices, and 32 technical centers in 43 countries, including regional headquarters in Paris, Tokyo, and Sao Paulo.[7]

SKF-USA is the U.S. subsidiary of the Swedish company SKF, the largest bearings manufacturer in the world. SKF operates 54 bearing production facilities in 20 countries, and has dedicated research facilities in the Netherlands and the United States. Nine of its plants are located in the United States.[8]

NSK Corp. is headquartered in Ann Arbor, MI, and is an industry leader in the manufacture of anti-friction bearings, precision machinery and parts, mechatronics, and automotive products. NSK Corp. is part of Tokyo-based NSK, Ltd., the second largest bearings manufacturer in the world, which operates over 30 plants outside of Japan, including six in the United States.[9]

NTN Corporation, a bearing manufacturer in Japan since 1918 and the third largest bearings manufacturer worldwide, established its first plant in the United States in 1971. That plant, American NTN Bearing Manufacturing Corporation (ANBM), is located in Schiller Park, IL. Four years later, NTN Elgin Corporation was established in Elgin, IL to meet increased bearing production demand. In 1985, NTN Elgin Corporation and ANBM merged to form American NTN Bearing Manufacturing Corporation. ANBM manufactures hub unit bearings, radial ball bearings, tapered roller bearings, and steel balls for automobiles and other industries. These bearings are sold widely in the world market for automobile wheels, alternators, and transmissions, as well as for agricultural machinery, hydraulic pumps, and other industrial equipment.[10]

Koyo Seiko has been manufacturing bearings for over 80 years and today ranks as one of the world's leading manufacturers of ball and roller bearings and automotive steering systems. As the

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[2] From Timken website, *www.timken.com*, retrieved on February 11, 2003.

[3] From Torrington website, *www.torrington.com*, retrieved on February 11, 2003.

[4] From Ingersoll-Rand news release, dated October 16, 2002, from Torrington website, retrieved on February 11, 2003.

[5] From Timken website, *http://www.timpkin.com/news/*, retrieved March 3, 2003.

[6] Delphi Corp. 2001 Annual Report, *http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=DPH&script=700*, retrieved on March 12, 2002.

[7] Delphi Corp., *http://www.delphiauto.com/corporate/*, retrieved on March 12, 2002.

[8] From SKF-USA website, *http://www.skfusa.com/home2.html*, retrieved on March 12, 2002.

[9] From NSK Corp. website, *http://www.nsk.com/eng/company/index.html*, retrieved March 3, 2003.

[10] From NTN website: *http://www.ntncorp.com/anbm/corporateprofile.asp*, retrieved March 3, 2003.

world's fourth largest bearing supplier, Koyo manufacturers over 100,000 variations of ball and roller bearings. It was established in 1921 with the head office located in Osaka, Japan. It has worldwide employment of 6,926 with plants in Japan, the United States, Europe, and Asia.[11]

Hoover Precision Products, Inc. is comprised of five facilities located throughout the United States. The Hoover Precision facility in Cumming, GA is the company headquarters. Hoover is wholly owned by Tsubaki Nakashima Co., Ltd. (formerly Tsubakimoto Precision Products Co., Ltd.) that was established in 1934 and incorporated in 1939. The company merged with its subsidiary Nakashima Manufacturing Co., Ltd. in April 1996 and changed its name. The company manufactures steel ball bearings for precision machinery and bicycle rotary parts. The company is also engaged in the production of precision machinery and machinery parts including ball screws and industrial blowers. Ball bearings and other steel balls accounted for 79 percent of fiscal 1999 revenues; machinery parts, 14 percent; blowers and general industrial machinery, 4 percent; and real estate rental and leasing, 3 percent. The company has thirteen consolidated subsidiaries, six in the United States, five in Mexico, and two in Japan. Overseas sales accounted for 53.0 percent of fiscal 1999 revenues.[12]

Frantz Manufacturing, headquartered in Sterling, IL, is a manufacturer of conveyor bearings and steel balls. Frantz's conveyor bearings and wheels are used primarily in unit handling conveyor systems. Frantz's steel ball products are used throughout the world in a wide variety of applications including bearings.[13]

St. Louis-based Emerson is involved in industrial automation; process control; heating, ventilating and air conditioning; electronics and telecommunications; and appliances and tools. Sales in fiscal 2001 were $15.5 billion; bearings commercial shipments were approximately $*** in 2001 and $*** in 2002.[14]

NMB (USA), Inc., is the North American headquarters of the Minebea Group of companies. The subsidiaries of NMB (USA) are: NMB Technologies Corporation; IMC Magnetics Corporation; Hansen Corporation; and New Hampshire Ball Bearings. Minebea Co., Ltd., Tokyo, Japan, is the world's largest producer of miniature ball bearings, and a major manufacturer of precision electromechanical devices. Through internal growth and strategic acquisitions, Minebea has become a multinational enterprise comprising 58 subsidiaries in 15 countries, with 32 manufacturing plants and 52 sales offices and branches around the world. Minebea Co., Ltd., has annual sales in excess of $3 billion and can best be described as a vertically integrated volume producer of high-quality precision components. Minebea Co., Ltd., employs approximately 45,000 people worldwide. New Hampshire Ball Bearings had commercial U.S. shipments of approximately $*** in 2002.[15]

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[11] From Koyo's website: *http://www.koyousa.com/*, retrieved March 3, 2003.

[12] From *Business.com's* web site: *http://www.business.com/directory/industrial_goods_and_services/industrial_supplies/bearings/tsubaki_nakashima_co_ltd/profile/*, retrieved March 3, 2003.

[13] From Frantz's web site: *http://www.frantz-mfg.com/about.htm*.

[14] From Emerson's website: *http://www.emerson-ept.com/EPTRoot/Public/corp/corpmain.htm*; and its questionnaire response.

[15] From New Hampshire's website: *http://www.nhbb.com/general/about.cfm#minebea*; and its questionnaire response.

Reported U.S. shipments of complete ball bearings in 2002, by type, are presented in the following tabulation:

Type	Share	1,000 bearings
Angular contact	8.5	26,743
Thrust	0.3	1,049
Linear	0.1	320
Radial	62.3	195,614
Integral shaft	9.7	30,537
Other	19.1	59,966
Total	100.0	314,229

Further, responding producers reported that 12.5 percent of U.S. shipments of ball bearings had an electrical motor quality (EMQ) rating and 2.0 percent were directed to the defense sector.

Tables III-2, III-3, and III-4 present U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators during 2000-2002, for complete ball bearings, ball bearing balls, and ball bearing parts other than balls, respectively.

Table III-2
Complete ball bearings: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 2000-2002

Item	Calendar year		
	2000	2001	2002
Capacity (*1,000 bearings*)	631,946	632,679	640,115
Production (*1,000 bearings*)	447,832	362,811	351,668
Capacity utilization (*percent*)	70.9	57.3	54.9
U.S. shipments:			
Quantity (*1,000 bearings*)	398,321	328,257	317,252
Value (*1,000 dollars*)	1,851,003	1,691,100	1,725,329
Unit value (*per unit*)	$4.65	$5.15	$5.44
Export shipments:			
Quantity (*1,000 bearings*)	36,763	34,434	33,103
Value (*1,000 dollars*)	173,733	161,827	148,767
Unit value (*per unit*)	$4.73	$4.70	$4.49
Total shipments:			
Quantity (*1,000 bearings*)	435,084	362,691	350,355
Value (*1,000 dollars*)	2,024,736	1,852,927	1,874,096
Unit value (*per unit*)	$4.65	$5.11	$5.35
Inventories (*1,000 bearings*)	53,960	54,149	65,849
Ratio of inventories to total shipments (*percent*)	12.4	14.9	18.8
Production and related workers (PRWs)	11,835	9,282	8,910
Hours worked by PRWs (*1,000 hours*)	19,699	18,493	18,090
Wages paid to PRWs (*1,000 dollars*)	363,366	348,734	354,001
Hourly wages	$18.45	$18.86	$19.57
Productivity (*bearings produced per hour*)	22.7	19.6	19.4
Unit labor costs (*per bearing*)	$0.81	$0.96	$1.01

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

Table III-3
Ball bearing balls: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 2000-2002

* * * * * * *

Table III-4
Ball bearing parts other than balls: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 2000-2002

* * * * * * *

Tables III-5, III-6, and III-7 present U.S. producers' shipments, by types, during 2000-2002, for complete ball bearings, ball bearing balls, and ball bearing parts other than balls, respectively.

Table III-5
Complete ball bearings: U.S. producers' shipments, by types, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Quantity (*1,000 bearings*)		
Commercial shipments	387,441	319,071	307,445
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total U.S. shipments	398,321	328,257	317,252
Export shipments	36,763	34,434	33,103
Total shipments	435,084	362,691	350,355
	Value (*1,000 dollars*)		
Commercial shipments	1,576,009	1,461,863	1,468,907
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total U.S. shipments	1,851,003	1,691,100	1,725,329
Export shipments	173,733	161,827	148,767
Total shipments	2,024,736	1,852,927	1,874,096
	Unit value (*per bearing*)		
Commercial shipments	$4.07	$4.58	$4.78
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total U.S. shipments	4.65	5.15	5.44
Export shipments	4.73	4.70	4.49
Average	4.65	5.11	5.35

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

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

Table III-6
Ball bearing balls: U.S. producers' shipments, by types, 2000-2002

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Table III-7
Ball bearing parts other than balls: U.S. producers' shipments, by types, 2000-2002

* * * * * * *

Tables III-8, III-9, III-10, and III-11 present U.S. producers' purchases, by sources and types, during 2000-2002, of complete ball bearings, ball bearing balls, ball bearing parts other than balls, and unfinished ball bearing parts other than balls that require heat treatment, respectively. No U.S. producer reported purchases of unfinished ball bearing balls that require heat treatment.

Table III-8
Complete ball bearings: U.S. producers' purchases from U.S. importers and domestic producers, 2000-2002

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Table III-9
Ball bearing balls: U.S. producers' purchases from U.S. importers and domestic producers, 2000-2002

* * * * * * *

Table III-10
Ball bearing parts other than balls: U.S. producers' purchases from U.S. importers and domestic producers, 2000-2002

* * * * * * *

Table III-11
Unfinished ball bearing parts other than balls that require heat treatment: U.S. producers' purchases from U.S. importers, 2000-2002

* * * * * * *

Table III-12 presents U.S. commercial shipments of complete ball bearings (by size and rating), and ball bearing balls (ground and unground), during 2000-2002.

Table III-12
Ball bearings: U.S. commercial shipments of complete ball bearings and ball bearing balls, by types, 2000-2002

* * * * * * *

Table III-13 presents U.S. producers' internal consumption/company transfers of complete ball bearings (by size and rating) and ball bearing balls (ground and unground), during 2000-2002.

Table III-13
Ball bearings: U.S. producers' internal consumption/company transfers of complete ball bearings and ball bearing balls, by types, 2000-2002

* * * * * * *

Table III-14 presents U.S. shipments to end users, by sectors, in 2002.

Table III-14
Complete ball bearings: U.S. shipments to end users, by sectors, 2002

* * * * * * *

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

Importers of ball bearings are located throughout the United States. The Commission sent questionnaires to 81 firms as identified by the petition and a review of U.S. Customs Service data and the 47 firms identified as possible producers in the petition. In the final phase of this investigation the Commission received usable data on imports of ball bearings from 50 companies (15 U.S. producers).

The principal importers of nonsubject ball bearings in the United States are the domestic bearing manufacturers and/or their affiliated firms; Chinese ball bearings do not follow this trend. Table IV-1 presents information on the importing firms that responded to the Commission's importers' questionnaire.

Table IV-1
Ball bearings: Selected importer questionnaire respondents, their sources of imports, and their parent companies

* * * * * * *

U.S. IMPORTS AND APPARENT CONSUMPTION

Data in this section regarding the quantity and value of U.S. imports of ball bearings and parts of ball bearings are based on questionnaire data and official U.S. import statistics.[1] Official import data are shown in tables IV-2 through IV-5.[2] During the 12-month period from February 2001 to January 2002, imports from China were $124.9 million and imports from all other sources were $740.7 million (total imports for this period were $865.4 million).

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[1] Because Ningbo Cixing Group (Cixing Group) has a *de minimus* dumping margin, the questionnaire and official statistics for China are broken out into subject and nonsubject imports. Nonsubject Chinese imports are imports from Cixing Group, and subject Chinese imports have Cixing Group's exports to the United States (from their response to the Commission's foreign producer questionnaire) subtracted out.

[2] The following are the top 10 suppliers (based on value) of imported ball bearings and parts of ball bearings in 2002: Japan (30.9 percent), China (15.9 percent), Canada (14.7 percent), Germany (4.3 percent), Korea (3.9 percent), Taiwan (3.3 percent), Mexico (3.3 percent), France (2.6 percent), Singapore (2.5 percent) and Thailand (2.3 percent). Radial ball bearings accounted for over half, by value, of total ball bearing and ball bearing parts imports during 2002; radial ball bearings from China accounted for 12.5 percent of total imports of ball bearings and ball bearing parts in 2002. Radial ball bearings are the most common type of ball bearing and are used in a wide range of applications, from appliances to automobiles. They consist of a single or double row of balls held by a retainer cage within an inner and outer ring. Radial ball bearings are designed to support a radial load almost exclusively, often at very high speeds.

Table IV-2
Ball bearings and parts of ball bearings: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Value (*1,000 dollars*)[1]		
Subject China [2]	***	***	***
Nonsubject China [3]	***	***	***
Other sources	880,387	754,353	726,745
Total	1,006,737	882,308	864,483
	Share of value (*percent*)		
Subject China [2]	***	***	***
Nonsubject China [3]	***	***	***
Other sources	87.5	85.5	84.1
Total	100.0	100.0	100.0

[1] Landed, duty-paid.
[2] Official minus Cixing Group.
[3] Cixing Group.

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

Source: Compiled from official Commerce statistics.

Table IV-3
Complete ball bearings: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Quantity (*1,000 bearings*)		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	453,937	374,856	362,376
Total	710,944	643,547	647,749
	Value (*1,000 dollars*)[3]		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	726,418	623,860	597,773
Total	845,602	742,039	724,460
	Unit value (*per bearing*)		
Subject China [1]	$***	$***	$***
Nonsubject China [2]	***	***	***
Other sources	1.60	1.66	1.65
Average	1.19	1.15	1.12
	Share of quantity (*percent*)		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	63.9	58.2	55.9
Total	100.0	100.0	100.0
	Share of value (*percent*)		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	85.9	84.1	82.5
Total	100.0	100.0	100.0

[1] Official minus Cixing Group.
[2] Cixing Group.
[3] Landed, duty-paid.

Note.--The following HTS classifications are included in this table: 8482.10.1040; 8482.10.1080; 8482.10.5004; 8482.10.5008; 8482.10.5016; 8482.10.5024; 8482.10.5028; 8482.10.5032; 8482.10.5036; 8482.10.5044; 8482.10.5048; 8482.10.5052; 8482.10.5056; 8482.10.5060; 8482.10.5064; 8482.10.5068; 8482.80.0020; 8482.80.0040; 8482.80.0060; 8482.80.0080; 8483.20.4040; and 8483.20.8040.

Source: Compiled from official Commerce statistics.

Table IV-4
Ball bearing balls: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Quantity (*1,000 pounds*)		
China	3,466	6,618	4,670
Other sources	8,789	7,425	12,355
Total	12,254	14,042	17,024
	Value (*1,000 dollars*)[1]		
China	5,048	7,280	5,716
Other sources	14,974	13,834	16,861
Total	20,022	21,114	22,577
	Unit value (*per pound*)		
China	$1.46	$1.10	$1.22
Other sources	1.70	1.86	1.36
Average	1.63	1.50	1.33
	Share of quantity (*percent*)		
China	28.3	47.1	27.4
Other sources	71.7	52.9	72.6
Total	100.0	100.0	100.0
	Share of value (*percent*)		
China	25.2	34.5	25.3
Other sources	74.8	65.5	74.7
Total	100.0	100.0	100.0

[1] Landed, duty-paid.

Note.--The following HTS classifications are included in this table: 8482.91.0010 and 8482.91.0020. The Cixing Group did not export ball bearing balls to the United States.

Source: Compiled from official Commerce statistics.

Table IV-5
Ball bearing parts other than balls: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Quantity (*1,000 pounds*)		
China	1,035	1,178	2,683
Other sources	44,745	39,463	44,472
Total	45,779	40,641	47,155
	Value (*1,000 dollars*)[1]		
China	2,117	2,496	5,336
Other sources	138,996	116,659	112,111
Total	141,112	119,155	117,447
	Unit value (*per pound*)		
China	$2.05	$2.12	$1.99
Other sources	3.11	2.96	2.52
Average	3.08	2.93	2.49
	Share of quantity (*percent*)		
China	2.3	2.9	5.7
Other sources	97.7	97.1	94.3
Total	100.0	100.0	100.0
	Share of value (*percent*)		
China	1.5	2.1	4.5
Other sources	98.5	97.9	95.5
Total	100.0	100.0	100.0

[1] Landed, duty-paid.

Note.--The following HTS classifications are included in this table: 8482.99.0500 and 8482.99.3500. The Cixing Group did not export ball bearing parts other than balls to the United States.

Source: Compiled from official Commerce statistics.

Tables IV-6 through IV-8 present import data compiled from questionnaires.

Table IV-6
Complete ball bearings: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Quantity (*1,000 bearings*)		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	174,159	150,135	151,028
Total	174,159	150,135	151,028
	Value (*1,000 dollars*)[3]		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	304,198	275,893	258,628
Total	304,198	275,893	258,628
	Unit value (*per bearing*)		
Subject China [1]	$***	$***	$***
Nonsubject China [2]	***	***	***
Other sources	1.75	1.84	1.71
Average	1.18	1.20	1.12
	Share of quantity (*percent*)		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	54.4	52.8	52.3
Total	100.0	100.0	100.0
	Share of value (*percent*)		
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other sources	80.4	81.0	80.3
Total	100.0	100.0	100.0

[1] Questionnaire data minus Cixing Group.
[2] Cixing Group.
[3] Landed, duty-paid.

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

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

Table IV-7
Ball bearing balls: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Quantity (*1,000 balls*)		
China	502,493	4,143,476	2,633,541
Other sources	745,639	627,722	1,830,892
Total	1,248,132	4,771,197	4,464,433
	Value (*1,000 dollars*)[1]		
China	1,456	4,376	4,093
Other sources	5,538	2,734	5,888
Total	6,994	7,110	9,981
	Unit value (*per 1,000 balls*)		
China	$2.90	$1.06	$1.55
Other sources	7.43	4.36	3.22
Average	5.60	1.49	2.24
	Share of quantity (*percent*)		
China	40.3	86.8	59.0
Other sources	59.7	13.2	41.0
Total	100.0	100.0	100.0
	Share of value (*percent*)		
China	20.8	61.5	41.0
Other sources	79.2	38.5	59.0
Total	100.0	100.0	100.0

[1] Landed, duty-paid.

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

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

Table IV-8
Ball bearing parts other than balls: U.S. imports, by sources, 2000-2002

Source	Calendar year		
	2000	2001	2002
	Quantity (*1,000 units*)		
China	24,093	19,057	24,908
Other sources	318,700	301,832	324,422
Total	342,793	320,889	349,329
	Value (*1,000 dollars*)[1]		
China	4,832	5,858	7,765
Other sources	83,466	80,621	94,330
Total	88,298	86,480	102,095
	Unit value (*per unit*)		
China	$0.20	$0.31	$0.31
Other sources	0.26	0.27	0.29
Average	0.26	0.27	0.29
	Share of quantity (percent)		
China	7.0	5.9	7.1
Other sources	93.0	94.1	92.9
Total	100.0	100.0	100.0
	Share of value (*percent*)		
China	5.5	6.8	7.6
Other sources	94.5	93.2	92.4
Total	100.0	100.0	100.0

[1] Landed, duty-paid.

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

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

Tables IV-9 through IV-12 present data on U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption during 2000-2002 based on questionnaire responses. Tables IV-9-A through IV-12-A present data on U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent consumption during 2000-2002 based on questionnaire responses and official Commerce statistics.

Table IV-9
Complete ball bearings: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Quantity (*1,000 bearings*)		
U.S. producers' U.S. shipments	398,321	328,257	317,252
U.S. shipments of imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	169,421	146,201	144,164
All countries	309,832	272,878	282,592
Apparent U.S. consumption	708,153	601,135	599,844
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	1,851,003	1,691,100	1,725,329
U.S. shipments of imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	440,715	407,458	379,288
All countries	553,182	509,645	486,549
Apparent U.S. consumption	2,404,185	2,200,745	2,211,878
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	56.2	54.6	52.9
U.S. shipments of imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other Nonsubject countries	23.9	24.3	24.0
All countries	43.8	45.4	47.1
	Share of value (*percent*)		
U.S. producers' U.S. shipments	77.0	76.8	78.0
U.S. shipments of imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	18.3	18.5	17.1
All countries	23.0	23.2	22.0

[1] Questionnaire data minus Cixing Group.
[2] Cixing Group.

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

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

Table IV-9-A
Complete ball bearings: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Quantity (*1,000 bearings*)		
U.S. producers' U.S. shipments	398,321	328,257	317,252
U.S. imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	453,937	374,856	362,376
All countries	710,944	643,547	647,749
Apparent U.S. consumption	1,109,265	971,804	965,001
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	1,851,003	1,691,100	1,725,329
U.S. imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	726,418	623,860	597,773
All countries	845,602	742,039	724,460
Apparent U.S. consumption	2,696,605	2,433,139	2,449,789
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	35.9	33.8	32.9
U.S. imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other onsubject countries	40.9	38.6	37.6
All countries	64.1	66.2	67.1
	Share of value (*percent*)		
U.S. producers' U.S. shipments	68.6	69.5	70.4
U.S. imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	26.9	25.6	24.4
All countries	31.4	30.5	29.6

[1] Official data minus Cixing Group.
[2] Cixing Group.

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

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table IV-10
Ball bearing balls: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Quantity (*1,000 balls*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	362,446	1,717,111	3,720,366
Nonsubject countries	433,843	411,366	1,181,789
All countries	796,289	2,128,477	4,902,155
Apparent U.S. consumption	***	***	***
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	1,060	2,450	4,686
Nonsubject countries	7,847	3,969	6,862
All countries	8,906	6,419	11,548
Apparent U.S. consumption	***	***	***
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	***	***	***
Nonsubject countries	***	***	***
All countries	***	***	***
	Share of value (*percent*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	***	***	***
Nonsubject countries	***	***	***
All countries	***	***	***

Note.--Because of rounding, figures may not add to the totals shown. The Cixing Group did not export ball bearing balls to the United States.

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

Table IV-10-A
Ball bearing balls: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from--			
China	5,048	7,280	5,716
Nonsubject countries	14,974	13,834	16,861
All countries	20,022	21,114	22,577
Apparent U.S. consumption	***	***	***
	Share of value (*percent*)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from--			
China	***	***	***
Nonsubject countries	***	***	***
All countries	***	***	***

Note.--Because of rounding, figures may not add to the totals shown. Apparent consumption based on quantity cannot be calculated using Commerce data for imports because Commerce data were collected by weight and U.S. producer data were collected in number of balls. The Cixing Group did not export ball bearing balls to the United States.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table IV-11
Ball bearing parts other than balls: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Quantity (*1,000 units*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	23,978	18,825	25,046
Nonsubject countries	317,226	297,674	323,750
All countries	341,205	316,499	348,796
Apparent U.S. consumption	***	***	***
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	5,082	5,732	8,038
Nonsubject countries	95,498	89,504	107,519
All countries	100,580	95,236	115,557
Apparent U.S. consumption	***	***	***
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	***	***	***
Nonsubject countries	***	***	***
All countries	***	***	***
	Share of value (*percent*)		
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from--			
China	***	***	***
Nonsubject countries	***	***	***
All countries	***	***	***

Note.--Because of rounding, figures may not add to the totals shown. Cixing Group did not export ball bearing parts other than balls to the United States.

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

Table IV-11-A
Ball bearing parts other than balls: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from--			
China	2,117	2,496	5,336
Nonsubject countries	138,996	116,659	112,111
All countries	141,112	119,155	117,447
Apparent U.S. consumption	***	***	***
	Share of value (*percent*)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from--			
China	***	***	***
Nonsubject countries	***	***	***
All countries	***	***	***

Note.--Because of rounding, figures may not add to the totals shown. Apparent consumption based on quantity cannot be calculated using Commerce data for imports because Commerce data were collected by weight and U.S. producer data were collected in number of units. Cixing Group did not export ball bearing parts other than balls to the United States.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table IV-12
Ball bearings and parts of ball bearings: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	2,033,767	1,848,911	1,870,654
U.S. shipments of imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	544,060	500,930	493,668
All countries	662,669	611,300	613,653
Apparent U.S. consumption	2,696,436	2,460,211	2,484,307
	Share of value (*percent*)		
U.S. producers' U.S. shipments	75.4	75.2	75.3
U.S. shipments of imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	20.2	20.4	19.9
All countries	24.6	24.8	24.7

[1] Questionnaire data minus Cixing Group.
[2] Cixing Group.

Note.--Because of rounding, figures may not add to the totals shown. Apparent consumption based on quantity cannot be calculated because data for complete ball bearings, ball bearing balls, and ball bearing parts were collected using different units.

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

Table IV-12-A
Ball bearings and parts of ball bearings: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2000-2002

Item	Calendar year		
	2000	2001	2002
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	2,033,767	1,848,911	1,870,654
U.S. imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	880,387	754,353	726,745
All countries	1,006,737	882,308	864,483
Apparent U.S. consumption	3,040,504	2,731,219	2,735,137
	Share of value (*percent*)		
U.S. producers' U.S. shipments	66.9	67.7	68.4
U.S. imports from--			
Subject China [1]	***	***	***
Nonsubject China [2]	***	***	***
Other nonsubject countries	29.0	27.6	26.6
All countries	33.1	32.3	31.6

[1] Commerce data minus Cixing Group.
[2] Cixing Group.
[3] Less than 0.05 percent.

Note.--Because of rounding, figures may not add to the totals shown. Apparent consumption based on quantity cannot be calculated because data for complete ball bearings, ball bearing balls, and ball bearing parts were collected using different units.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table IV-13 presents data on U.S. importers' internal consumption and company transfers of imported product.

Table IV-13
Ball bearings and parts of ball bearings: U.S. importers' internal consumption/company transfers of imports, by sources, 2000-2002

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Table IV-14 presents U.S. importers' commercial shipments of complete ball bearings (by size and rating), and ball bearing balls (ground and unground), during 2000-2002.

Table IV-14
Ball bearings: U.S. importers' commercial shipments of complete ball bearings and ball bearing balls, by types, 2000-2002

* * * * * * *

Table IV-15 presents U.S. importers' internal consumption/company transfers of complete ball bearings (by size and rating) and ball bearing balls (ground and unground), during 2000-2002.

Table IV-15
Ball bearings: U.S. importers' internal consumption/company transfers of complete ball bearings and ball bearing balls, by types, 2000-2002

* * * * * * *

Table IV-16 presents importers' U.S. shipments to end users, by sectors, in 2002.

Table IV-16
Complete ball bearings: U.S. shipments to end users, by sectors, 2002

* * * * * * *

Table IV-17 presents data on selected U.S. producers' shipments of domestic and imported ball bearings during 2000-2002.

Table IV-17
Ball bearings: Selected U.S. producers' U.S. shipments and U.S. shipments of Chinese imports and other imports, 2000-2002

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PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

U.S. producers reported that raw material costs to produce ball bearings accounted for *** percent of the cost of goods sold in 2000, *** percent in 2001, and *** percent in 2002.

Transportation Costs to the U.S. Market

Transportation costs for ball bearings from China to the United States (excluding U.S. inland costs) are estimated to be approximately 5.7 percent of the total cost of ball bearings. These estimates are derived from January 2000-November 2002 official import data and represent the transportation and other charges on imports on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Inland transportation costs generally account for a small share of the delivered price of subject ball bearings. For U.S. producers, estimates generally ranged from 1 to 5 percent. Importers estimated that U.S. inland transportation costs for their shipments of subject imports from China accounted for a wider range of between 1 and 15 percent.

U.S. producers tend to ship ball bearings longer inland distances than do importers. Questionnaire responses indicate that 7.9 percent of U.S. producers' shipments are for distances within 100 miles; 64.0 percent of U.S. producers' shipments are for distances between 101 and 1,000 miles; and 28.1 percent are for distances greater than 1,000 miles. Subject importers reported that 17.1 percent of their shipments are for distances less than 100 miles; 68.3 percent are for distances between 101 and 1,000 miles; and 14.6 percent are for distances greater than 1,000 miles.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan relative to the U.S. dollar remained essentially unchanged during the period examined because the Chinese yuan has been pegged to the U.S. dollar since January 1, 1994. Real exchange rates cannot be calculated due to the unavailability of the relevant Chinese producer price information.

PRICING PRACTICES

U.S. producers and subject importers reported that ball bearing pricing is generally determined by transaction-by-transaction negotiations and contracts. U.S. producers reported that prices for large volume sales to OEMs and large distributors are generally determined through negotiated contracts, whereas prices for smaller volume sales to aftermarket distributors are determined by transaction-by-transaction negotiation, and in some cases based on list prices. Ball bearing prices are usually quoted on an f.o.b. plant, warehouse, or point of entry basis, and typical sales terms are net 30 days. U.S. producers and subject importers typically do not have set discount policies–discounts are negotiated on a transaction-by-transaction basis and depend on factors such as the prevailing competitive environment, purchase order volumes, and annual purchase volumes.

Contracts

U.S. producers and subject importers sell the majority of their ball bearings on a contract basis. U.S. producers sold 64.6 percent of their ball bearings on a contract basis and the remaining 35.4 percent on a spot basis. Chinese importers sold 60.1 percent of their ball bearings on a contract basis and the remaining 39.9 percent on a spot basis.

Most U.S. producers reported that contracts are typically 1-3 years in duration, and are renegotiated at the end of the contract period. Contracts generally fix price, and estimate quantity. Seven of 19 responding U.S. producers reported that contracts have meet or release provisions. In general, U.S. producers' contracts do not have standard minimum quantity requirements or price premiums for sub-minimum shipments. Most subject importers reported that contracts are typically one year in duration, and are renegotiated at the end of the contract period. Contracts generally fix both price and quantity, but in some cases only fix price. Twenty of 32 responding subject importers reported that contracts have meet or release provisions. In general, subject importers do not have standard minimum quantity requirements or price premiums for sub-minimum shipments.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly quantity and f.o.b. value data for sales to unrelated end users and distributors during the period January 2000 through December 2002. Product specifications for which pricing data were requested are as follows:

Product 1.--608ZZ-Radial ball bearing, single row, deep groove. 8mm bore, 22mm OD, 7mm width, with two shields. ABEC 1 tolerance.

Product 2.--608ZZ-Radial ball bearing, single row, deep groove. 8mm bore, 22mm OD, 7mm width, with two shields. ABEC 3 tolerance.

Product 3.–6000 2RS. Ball bearing, single row, radial, 10mm bore, 28mm OD, 8mm width, with two contact seals. ABEC 1 tolerance.

Product 4.--6000 2RS. Ball bearing, single row, radial, 10mm bore, 28mm OD, 8mm width, with two contact seals. ABEC 3 tolerance.

Product 5.--608 2RS. Ball bearing, single row, radial, 8mm bore, 24mm OD, 9mm width, with two contact seals. ABEC 1 tolerance.

Product 6.--608 2RS. Ball bearing, single row, radial, 8mm bore, 24mm OD, 9mm width, with two contact seals. ABEC 3 tolerance.

Product 7.--6203ZZ-Radial ball bearing, single row, deep groove. 17mm bore, 40mm OD, 12mm width, with two shields. ABEC 1 tolerance.

Product 8.--6203ZZ-Radial ball bearing, single row, deep groove. 17mm bore, 40mm OD, 12mm width, with two shields. ABEC 3 tolerance.

Product 9.–6203 2RS. Ball bearing, single row, radial, 17mm bore, 40mm OD, 12mm width, with two contact seals. ABEC 1 tolerance.

Product 10.–6203 2RS. Ball bearing, single row, radial, 17mm bore, 40mm OD, 12mm width, with two contact seals. ABEC 3 tolerance.

Product 11.–204RR6. Ball bearing, 0.75 inch bore, 1.78 inch OD, 0.610 inch width, with two rubber seals, ABEC 1 tolerance.

Product 12.–RA100RR. Wide inner ring ball bearing (extended inner ring type). 1 inch bore, 2.0472 inch OD (cylindrical), 0.844 inch inner ring width, 0.591 inch outer ring width, with self-locking collar. ABEC 1 tolerance.

Product 13.–Ball made of chrome steel, 9/16 inches (14.288mm) in diameter, grade 25.

Product 14.–Ball made of chrome steel, 25/32 inches in diameter, grade 25.

Product 15.–Ball made of chrome steel, 5/16 inches in diameter, grade 5.

Seven U.S. producers and 21 Chinese importers provided usable pricing data. Pricing data reported by the U.S. producers accounted for 3.4 percent of the value of U.S. producers' commercial shipments of ball bearings during January 2000-December 2002. Pricing data reported by the Chinese importers accounted for 13.3 percent of the value of U.S. imports of Chinese ball bearings during January 2000-December 2002.

Price Trends

Weighted-average prices, margins of underselling/overselling, and quantities sold of U.S.-produced and imported ball bearings are shown in tables V-1 through V-18 and figures V-1 through V-36. A summary of the price data, by product, is shown in table V-19.

Table V-1
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 1[1] sold to end users, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$0.41	388,601	***
April-June	***	***	0.36	370,687	***
July-September	***	***	0.31	498,599	***
October-December	***	***	0.33	421,788	***
2001:					
January-March	***	***	0.31	357,191	***
April-June	***	***	0.26	650,530	***
July-September	***	***	0.33	407,587	***
October-December	***	***	0.33	488,504	***
2002:					
January-March	***	***	0.32	407,145	***
April-June	***	***	0.33	541,503	***
July-September	***	***	0.32	622,133	***
October-December	***	***	0.32	280,993	***

[1] 608ZZ-Radial ball bearing, single row, deep groove. 8mm bore, 22mm OD, 7mm width, with two shields. ABEC 1 tolerance.

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

Table V-2
Ball bearings: Weighted-average f.o.b. prices and quantities of imported Chinese products 1[1] and 2[2] sold to distributors, by quarters, January 2000-December 2002

Period	Product 1		Product 2	
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)
2000:				
January-March			***	***
April-June	$0.23	241,579	***	***
July-September			***	***
October-December	0.17	405,392	***	***
2001:				
January-March	0.19	304,154	***	***
April-June			***	***
July-September	0.31	70,493	***	***
October-December	0.44	57,719	***	***
2002:				
January-March	0.51	53,514	***	***
April-June	0.32	93,253	***	***
July-September	0.42	59,308	***	***
October-December	0.41	67,137	***	***

[1] 608ZZ-Radial ball bearing, single row, deep groove. 8mm bore, 22mm OD, 7mm width, with two shields. ABEC 1 tolerance.
[2] 608ZZ-Radial ball bearing, single row, deep groove. 8mm bore, 22mm OD, 7mm width, with two shields. ABEC 3 tolerance.

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

Table V-3
Ball bearings: Weighted-average f.o.b. prices and quantities of imported Chinese product 2 sold to end users, by quarters, January 2000-December 2002

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Table V-4
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 3[1] sold to end users, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$0.67	530,811	***
April-June	***	***	0.68	486,426	***
July-September	***	***	0.63	517,510	***
October-December	***	***	0.67	409,686	***
2001:					
January-March	***	***	0.55	410,096	***
April-June	***	***	0.52	351,469	***
July-September	***	***	0.61	479,104	***
October-December	***	***	0.60	470,065	***
2002:					
January-March	***	***	0.67	314,394	***
April-June	***	***	0.56	523,461	***
July-September	***	***	0.58	507,726	***
October-December	***	***	0.57	493,579	***

[1] 6000 2RS. Ball bearing, single row, radial, 10mm bore, 28mm OD, 8mm width, with two contact seals. ABEC 1 tolerance.

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

Table V-5
Ball bearings: Weighted-average f.o.b. prices and quantities of imported Chinese products 3[1] and 5[2] sold to distributors, by quarters, January 2000-December 2002

Period	Product 3		Product 5	
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)
2000:				
January-March	$0.38	14,029	$0.64	47,640
April-June	0.37	16,400	0.56	49,730
July-September	0.44	31,606	0.55	51,087
October-December	0.43	41,159	0.53	51,449
2001:				
January-March	0.35	80,736	0.25	68,180
April-June	0.48	34,426	0.38	93,334
July-September	0.53	29,296	0.34	76,026
October-December	0.56	27,036	0.34	62,768
2002:				
January-March	0.59	30,293	0.37	71,005
April-June	0.47	44,121	0.29	102,451
July-September	0.55	36,387	0.32	103,550
October-December	0.54	27,713	0.36	75,199

[1] 6000 2RS. Ball bearing, single row, radial, 10mm bore, 28mm OD, 8mm width, with two contact seals. ABEC 1 tolerance.
[2] 608 2RS. Ball bearing, single row, radial, 8mm bore, 24mm OD, 9mm width, with two contact seals. ABEC 1 tolerance.

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

Table V-6
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and Chinese imported product 5[1] sold to end users, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$0.35	1,282,491	***
April-June	***	***	0.35	973,990	***
July-September	***	***	0.36	846,943	***
October-December	***	***	0.34	1,034,129	***
2001:					
January-March	***	***	0.36	401,012	***
April-June	***	***	0.33	801,294	***
July-September	***	***	0.34	434,143	***
October-December	***	***	0.34	522,141	***
2002:					
January-March	***	***	0.33	625,366	***
April-June	***	***	0.33	400,306	***
July-September	***	***	0.32	563,305	***
October-December	***	***	0.32	403,952	***

[1] 608 2RS. Ball bearing, single row, radial, 8mm bore, 24mm OD, 9mm width, with two contact seals. ABEC 1 tolerance.

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

Table V-7
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 7[1] sold to end users, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	$0.91	3,109,009	$0.55	2,922,036	39.6
April-June	0.91	2,207,936	0.54	3,076,799	40.9
July-September	0.92	1,944,949	0.56	2,387,904	39.4
October-December	0.94	1,795,851	0.57	2,090,950	39.8
2001:					
January-March	1.01	2,153,879	0.51	2,974,233	49.3
April-June	0.95	1,764,115	0.42	2,798,667	55.2
July-September	***	***	0.51	2,659,413	***
October-December	***	***	0.53	2,688,934	***
2002:					
January-March	***	***	0.46	3,073,512	***
April-June	***	***	0.47	2,962,854	***
July-September	***	***	0.48	2,854,776	***
October-December	***	***	0.50	2,036,054	***

[1] 6203ZZ-Radial ball bearing, single row, deep groove. 17mm bore, 40mm OD, 12mm width, with two shields. ABEC 1 tolerance.

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

Table V-8
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 7[1] sold to distributors, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$0.62	35,588	***
April-June	***	***	***	***	***
July-September	***	***	0.51	86,886	***
October-December	***	***	0.50	42,184	***
2001:					
January-March	***	***	0.47	162,353	***
April-June	***	***	0.50	83,160	***
July-September	***	***	0.56	56,314	***
October-December	***	***	0.52	61,892	***
2002:					
January-March	***	***	0.52	45,052	***
April-June	***	***	0.53	46,496	***
July-September	***	***	0.53	53,351	***
October-December	***	***	0.58	38,327	***

[1] 6203ZZ-Radial ball bearing, single row, deep groove. 17mm bore, 40mm OD, 12mm width, with two shields. ABEC 1 tolerance.

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

Table V-9
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 8 sold to end users, and margins of underselling, by quarters, January 2000-December 2002

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Table V-10
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic product 8 sold to distributors, by quarters, January 2000-December 2002

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Table V-11
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 9[1] sold to end users, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$0.59	1,982,182	***
April-June	***	***	0.58	1,966,424	***
July-September	***	***	0.56	2,360,854	***
October-December	***	***	0.55	2,188,745	***
2001:					
January-March	***	***	0.55	2,867,525	***
April-June	***	***	0.53	3,252,274	***
July-September	***	***	0.55	2,574,186	***
October-December	***	***	0.55	2,621,607	***
2002:					
January-March	***	***	0.58	1,913,552	***
April-June	***	***	0.55	2,148,687	***
July-September	***	***	0.56	2,545,601	***
October-December	***	***	0.56	2,047,670	***

[1] 6203 2RS. Ball bearing, single row, radial, 17mm bore, 40mm OD, 12mm width, with two contact seals. ABEC 1 tolerance.

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

Table V-12
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 9[1] sold to distributors, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$0.83	90,773	***
April-June	***	***	0.68	134,474	***
July-September	***	***	0.65	169,564	***
October-December	***	***	0.75	91,348	***
2001:					
January-March	***	***	0.58	277,951	***
April-June	***	***	0.57	242,255	***
July-September	***	***	0.60	190,943	***
October-December	***	***	0.57	213,000	***
2002:					
January-March	***	***	0.49	276,196	***
April-June	***	***	0.48	343,520	***
July-September	***	***	0.49	267,993	***
October-December	***	***	0.56	175,421	***

[1] 6203 2RS. Ball bearing, single row, radial, 17mm bore, 40mm OD, 12mm width, with two contact seals. ABEC 1 tolerance.

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

Table V-13
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic product 10 sold to end users and distributors, by quarters, January 2000-December 2002

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Table V-14
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 11 sold to end users, and margins of underselling, by quarters, January 2000-December 2002

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Table V-15
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 11[1] sold to distributors, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$2.02	5,792	***
April-June	***	***	***	***	***
July-September	***	***	2.76	7,565	***
October-December	***	***	2.43	4,147	***
2001:					
January-March	***	***	2.02	4,671	***
April-June	***	***	2.79	7,005	***
July-September	***	***	2.45	6,976	***
October-December	***	***	***	***	***
2002:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***

[1] 204RR6. Ball bearing, 0.75 inch bore, 1.78 inch OD, 0.610 inch width, with two rubber seals, ABEC 1 tolerance.

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

Table V-16
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 12 sold to end users, and margins of underselling, by quarters, January 2000-December 2002

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Table V-17
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 12[1] sold to distributors, and margins of underselling, by quarters, January 2000-December 2002

Period	United States		China		
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)	Margin (*percent*)
2000:					
January-March	***	***	$2.20	5,646	***
April-June	***	***	3.22	1,669	***
July-September	***	***	2.24	4,986	***
October-December	***	***	3.27	1,106	***
2001:					
January-March	***	***	2.73	3,829	***
April-June	***	***	2.47	4,354	***
July-September	***	***	2.52	4,912	***
October-December	***	***	2.73	4,356	***
2002:					
January-March	***	***	2.47	5,845	***
April-June	***	***	2.14	4,993	***
July-September	***	***	2.56	4,920	***
October-December	***	***	2.49	2,900	***

[1] RA100RR. Wide inner ring ball bearing (extended inner ring type). 1 inch bore, 2.0472 inch OD (cylindrical), 0.844 inch inner ring width, 0.591 inch outer ring width, with self-locking collar. ABEC 1 tolerance.

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

Table V-18
Ball bearings: Weighted-average f.o.b. prices and quantities of domestic products 13, 14, and 15 sold to end users, by quarters, January 2000-December 2002

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Figure V-1
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 1 sold to end users, January 2000-December 2002

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Figure V-2
Ball bearings: Quantities of domestic and imported Chinese product 1 sold to end users, January 2000-December 2002

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Figure V-3
Ball bearings: Weighted-average f.o.b. prices of imported Chinese products 1 and 2 sold to distributors, January 2000-December 2002

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Figure V-4
Ball bearings: Quantities of imported Chinese products 1 and 2 sold to distributors, January 2000-December 2002

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Figure V-5
Ball bearings: Weighted-average f.o.b. prices of imported Chinese product 2 sold to end users, January 2000-December 2002

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Figure V-6
Ball bearings: Quantities of imported Chinese product 2 sold to end users, January 2000-December 2002

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Figure V-7
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 3 sold to end users, January 2000-December 2002

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Figure V-8
Ball bearings: Quantities of domestic and imported Chinese product 3 sold to end users, January 2000-December 2002

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Figure V-9
Ball bearings: Weighted-average f.o.b. prices of imported Chinese products 3 and 5 sold to distributors, January 2000-December 2002

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Figure V-10
Ball bearings: Quantities of imported Chinese products 3 and 5 sold to distributors, January 2000-December 2002

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Figure V-11
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 5 sold to end users, January 2000-December 2002

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Figure V-12
Ball bearings: Quantities of domestic and imported Chinese product 5 sold to end users, January 2000-December 2002

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Figure V-13
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 7 sold to end users, January 2000-December 2002

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Figure V-14
Ball bearings: Quantities of domestic and imported Chinese product 7 sold to end users, January 2000-December 2002

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Figure V-15
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 7 sold to distributors, January 2000-December 2002

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Figure V-16
Ball bearings: Quantities of domestic and imported Chinese product 7 sold to distributors, January 2000-December 2002

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Figure V-17
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 8 sold to end users, January 2000-December 2002

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Figure V-18
Ball bearings: Quantities of domestic and imported Chinese product 8 sold to end users, January 2000-December 2002

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Figure V-19
Ball bearings: Weighted-average f.o.b. prices of domestic product 8 sold to distributors, January 2000-December 2002

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Figure V-20
Ball bearings: Quantities of domestic product 8 sold to distributors, January 2000-December 2002

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Figure V-21
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 9 sold to end users, January 2000-December 2002

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Figure V-22
Ball bearings: Quantities of domestic and imported Chinese product 9 sold to end users, January 2000-December 2002

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Figure V-23
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 9 sold to distributors, January 2000-December 2002

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Figure V-24
Ball bearings: Quantities of domestic and imported Chinese product 9 sold to distributors, January 2000-December 2002

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Figure V-25
Ball bearings: Weighted-average f.o.b. prices of domestic product 10 sold to end users and distributors, January 2000-December 2002

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Figure V-26
Ball bearings: Quantities of domestic product 10 sold to end users and distributors, January 2000-December 2002

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Figure V-27
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 11 sold to end users, January 2000-December 2002

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Figure V-28
Ball bearings: Quantities of domestic and imported Chinese product 11 sold to end users, January 2000-December 2002

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Figure V-29
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 11 sold to distributors, January 2000-December 2002

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Figure V-30
Ball bearings: Quantities of domestic and imported Chinese product 11 sold to distributors, January 2000-December 2002

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Figure V-31
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 12 sold to end users, January 2000-December 2002

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Figure V-32
Ball bearings: Quantities of domestic and imported Chinese product 12 sold to end users, January 2000-December 2002

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Figure V-33
Ball bearings: Weighted-average f.o.b. prices of domestic and imported Chinese product 12 sold to distributors, January 2000-December 2002

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Figure V-34
Ball bearings: Quantities of domestic and imported Chinese product 12 sold to distributors, January 2000-December 2002

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Figure V-35
Ball bearings: Weighted-average f.o.b. prices of domestic products 13, 14, and 15 sold to end users, January 2000-December 2002

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Figure V-36
Ball bearings: Quantities of domestic products 13, 14, and 15 sold to end users, January 2000-December 2002

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Table V-19
Ball bearings: Summary of numbers of quarters of price data, high price, low price, and percentage change in price by country, channel of distribution, and product, January 2000-December 2002

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Price Comparisons

There were 143 quarterly price comparisons between U.S.-produced and imported Chinese ball bearings. Chinese imports undersold domestic products in all quarters, and margins of underselling ranged from 14.2 percent to 88.5 percent. A summary of the margins of underselling is shown in table V-20.

Table V-20
Ball bearings: Summary of quarters of underselling, and the range of underselling margins, by channel of distribution and product, January 2000-December 2002

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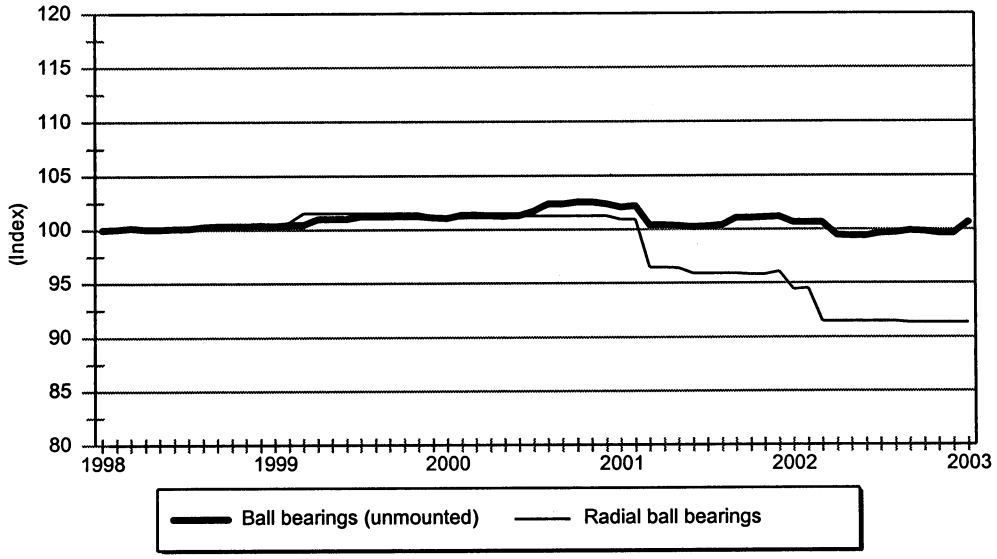
Public Price Data

Bureau of Labors Statistics (BLS) monthly price index data for U.S. producers' sales of unmounted ball bearings, radial ball bearings, tapered roller bearings, needle roller bearings, spherical roller bearings, and cylindrical roller bearings are shown in figures V-37 and V-38. In figure V-37, prices for the more general category, unmounted ball bearings, remained relatively flat, whereas prices

for the subset category, radial ball bearings, fell significantly over the period.[1] Figure V-38 shows prices for the specified roller bearing products increasing, while prices for unmounted ball bearings remained flat.

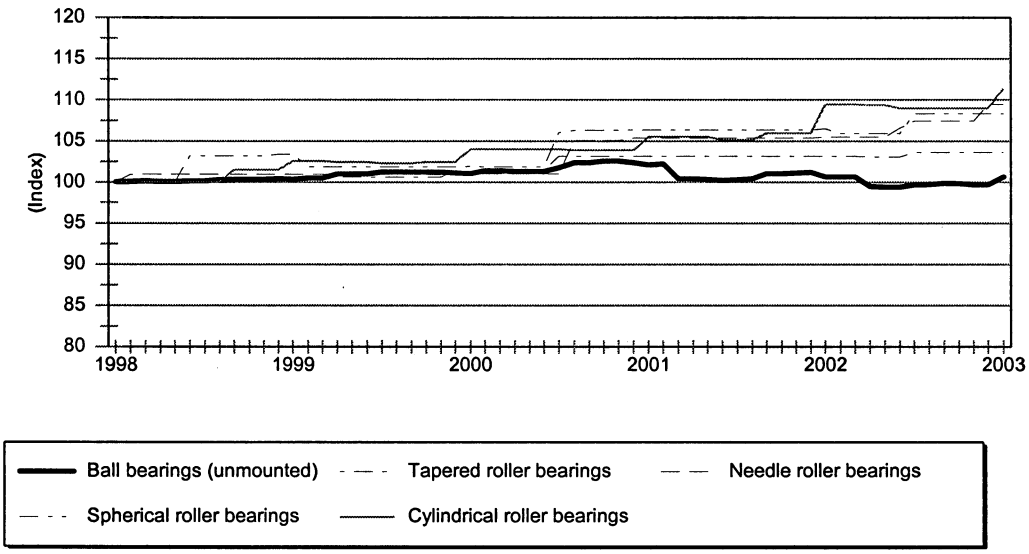
Figure V-37
Ball bearings: Monthly price indexes of unmounted ball bearings and radial ball bearings, January 1998-January 2003



Source: Bureau of Labor Statistics.

[1] Radial ball bearings accounted for the majority of ball bearing sales by both U.S. producers and Chinese importers.

Figure V-38
Ball bearings: Monthly price indexes of unmounted ball bearings, tapered roller bearings, needle roller bearings, spherical roller bearings, and cylindrical roller bearings, January 1998-January 2003



Source: Bureau of Labor Statistics.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of ball bearings to report any instances of lost sales and lost revenues they experienced due to competition from imports of ball bearings from China since January 1999. In the petition, petitioners reported 129 lost sales allegations involving *** units valued at ***. Petitioners also reported 39 lost revenue allegations valued at *** involving *** units. In the final phase of the investigation, U.S. producers reported an additional 40 lost sales allegations involving *** units valued at ***.[2] U.S. producers also reported an additional 99 lost revenue allegations valued at *** involving *** units.

Staff contacted 32 cited purchasers named in 118 lost sales allegations valued at *** and 93 lost revenue allegations valued at ***. A summary of the information obtained follows (tables V-21 and V-22). Corrected information is provided in the tables in parentheses below the alleged information.

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***.

Table V-21
Ball bearings: U.S. producers' lost sales allegations

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[2] ***.

Table V-22
Ball bearings: U.S. producers' lost revenue allegations

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PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Twenty producers that produced and sold ball bearings during the period examined provided financial data on their ball bearings operations.[1] One producer, ***, reported internal consumption which accounted for approximately *** percent of total sales value in 2002. Four producers reported a very insignificant amount of transfers to related companies.[2] Those transfers reflected *** percent of total sales (in terms of value) for all periods.

OPERATIONS ON BALL BEARINGS

The results of the 20 responding U.S. producers' ball bearings operations are presented in table VI-1.[3] Net sales value and operating income decreased continuously from 2000 through 2002. The ratios of cost of goods sold (COGS) to net sales value increased slightly from 2000 to 2001 and decreased slightly from 2001 to 2002, ranging from 82.6 percent in 2000 to 83.8 percent in 2002, while the ratios of operating income to net sales value decreased continuously from 6.9 percent in 2000 to 4.4 percent in 2002. However, the ratios of net income to net sales value increased from 2.9 percent in 2001 to 3.1 percent in 2002. The aggregate results of ball bearings operations indicate operating income decreased continuously over the period, but they continued to maintain operating income, rather than incurring operating losses.

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[1] The producers with fiscal year ends other than December 31 are ***. *** decided not to provide financial data, in spite of staff's request. *** financial data were not used due to incomplete data. *** has not provided data for the final phase of this investigation, even though it submitted a response in the preliminary phase of the investigation.

[2] They are ***.

[3] Due to variations in product mix as well as commingling of parts with complete bearings, the unit value data and variance analysis (which is based on unit values and quantities) are not presented.

Table VI-1
Results of operations of U.S. producers in the production of ball bearings, fiscal years 2000-2002

Item	Fiscal year		
	2000	2001	2002
	Value (*$1,000*)		
Commercial sales	1,911,345	1,778,328	1,734,431
Internal consumption	***	***	***
Related company transfers	***	***	***
Total sales	2,191,980	2,013,784	1,996,816
COGS	1,810,362	1,686,611	1,662,212
Gross profit	381,618	327,173	334,604
SG&A expenses	231,318	235,133	245,828
Operating income	150,300	92,040	88,776
Interest expense	34,062	34,178	27,970
Other expense	11,096	12,136	8,073
Other income	7,999	12,519	8,460
Net income	113,141	58,245	61,193
Depreciation/amortization	121,081	121,959	119,752
Cash flow	234,222	180,204	180,945
	Ratio to net sales (*percent*)		
COGS	82.6	83.8	83.2
Gross profit	17.4	16.2	16.8
SG&A expenses	10.6	11.7	12.3
Operating income	6.9	4.6	4.4
Net income	5.2	2.9	3.1
	Number of firms reporting		
Operating losses	2	4	6
Data	20	20	20

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

The results of operations on sales of ball bearings by firm are presented in table VI-2. Thirteen producers out of the total of 20 had an operating income for all periods and no producers had an operating loss for the entire period.

Table VI-2
Results of operations of U.S. producers (by firm) in the production of ball bearings, fiscal years 2000-2002

* * * * * * *

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures and research and development (R&D) expenses, together with the value of their fixed assets, are presented in table VI-3. Capital expenditures decreased continuously from 2000 to 2002. R&D expenses decreased somewhat from 2000 to 2001 and remained at relatively the same level from 2001 to 2002. While original cost of productive facilities increased continuously from 2000 through 2002, net book value of those facilities increased from 2000 to 2001, then decreased from 2001 to 2002. Capital expenditures by individual firms are presented in table VI-4. Five producers incurred substantial amounts of capital expenditures during each year of the period examined.[4]

Table VI-3
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of ball bearings, fiscal years 2000-2002

Item	Fiscal year		
	2000	2001	2002
	Value (*$1,000*)		
Capital expenditures	122,103	107,637	99,482
R&D expenses	18,482	17,288	17,300
Productive facilities:			
Original cost	1,977,439	2,079,056	2,087,138
Book value	821,321	857,971	832,414

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

[4] They are ***.

Table VI-4
Capital expenditures by U.S. producers (by firm) in the production of ball bearings, fiscal years 2000-2002

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested the producers to describe any actual or potential negative effects of imports of ball bearings from China on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix D.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

The bearings industry in China has developed rapidly with current annual sales of around $2.5 billion. Bearings have become one of the leading export products of the Chinese machinery industry, and many Chinese bearings plants are set up exclusively for export.[1] The vast majority (80 percent)[2] of bearings produced in China are ball bearings.[3] Accordingly, ball bearings are the most significant type of bearing imported into the United States from China.[4] Of total bearing imports from China in 2002, ball bearings and parts thereof constituted over 72 percent.[5] Chinese producers export ball bearings world-wide in addition to the United States.

Since its founding in 1988, the China Bearing Industry Association has been committed to accelerating the development of the industry. Geographically located throughout China, its 251 members represent 85 percent of total Chinese sales; annual sales value is $2.5 billion. Bearings are one of the major export products for foreign exchange in Chinese machinery industry.[6] While there are a total of approximately 1,500 bearings producers in China, a large percentage of such businesses are small family-run operations. Approximately 50 percent of China's total bearings output is accounted for by five large state-owned firms.[7] Chinese bearings producers are reportedly highly competitive in low-technology, high-volume applications, such as bearings for roller blades and computer games. There is substantial

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[1] John A. Tucker, U.S. Department of Commerce Bearings industry analyst, interview by USITC staff, Washington, DC, Sept. 19, 2002.

[2] John A. Tucker, *Statistical Handbook of the Ball and Roller Bearing Industry, Second Edition*, Bureau of Export Administration, U.S. Department of Commerce, p. 28.

[3] Ball bearings are reportedly the easiest to produce among all the bearing types. John A. Tucker, U.S. Department of Commerce Bearings industry analyst, interview by USITC staff, Washington, DC, Sept. 19, 2002.

[4] "The General Administration of Customs, Peoples Republic of China, reported bearing exports for December 2002 and for the full year 2002. In 2002, the PRC exported 1.72 billion finished bearings, up 12.7% from 1.53 billion sets in 2001. Separately, the agency reported December 2002 exports hit 168.4 million sets, worth USD $60.4 million. At that rate, the PRC is on track to increase its bearing exports by more than 18% in 2003, to over 2 billion sets, worth more than $725 million. While the official count shows strong growth, the actual volumes are likely much higher -- the PRC has been widely criticized for under-reporting its actual export volumes of bearings and other commodity and semi-commodity goods. Note also that the counts include only bearings shipped separately, not including those shipped as components of other finished goods such as drawer slides, roller blades, electric motors (26 million in December 2002 alone), appliances and other mechanical devices." China Bearing Industry Association *http://www.bearing.com.cn/read_news.php?id=113*, retrieved March 20, 2003.

[5] Compiled from official Commerce statistics.

[6] China Bearing Industry Association, *http://www.chinabearing.com.cn/english/p2.htm*, retrieved March 14, 2002.

[7] John A. Tucker, *Statistical Handbook of the Ball and Roller Bearing Industry, Second Edition*, Bureau of Export Administration, U.S. Department of Commerce, p. 28.

foreign investment in the industry, and all of the world's major bearings producers, including Torrington, SKF, NSK, have production facilities in China, many as joint ventures with state-owned enterprises. These multinational operations primarily serve the domestic Chinese market, but such enterprises are reportedly introducing quality to bearings manufacturing operations in China.[8] Table VII-1, VII-1-A, and VII-2 present data on complete ball bearings,[9] complete ball bearings minus Cixing Group,[10] and ball bearing balls,[11] respectively, for those Chinese producers responding to the Commission's questionnaire.[12] There are no reported data for ball bearing parts other than balls.

[8] John A. Tucker, U.S. Department of Commerce Bearings industry analyst, interview by USITC staff, Washington, DC, Sept. 19, 2002.

[9] Five foreign producers of complete ball bearings did not report projected data and seven of the responding firms were exporters that did not report production or capacity.

[10] Cixing Group was found to have a *de minimis* dumping margin.

[11] Three of the responding firms were exporters that did not report production or capacity.

[12] Of the 175 foreign producer questionnaires sent to Chinese manufactures of ball bearings 42 responded with useable data. Cixing Group reported no data with respect to ball bearing balls and ball bearing parts other than balls.

Table VII-1
Complete ball bearings: China's production capacity, production, shipments, and inventories, 2000-2002 and projected 2003-2004

Item	Actual experience			Projections	
	2000	2001	2002	2003	2004
	Quantity (*1,000 bearings*)				
Capacity	639,845	595,017	629,814	558,284	565,404
Production	556,626	493,228	535,927	487,915	512,787
End of period inventories	87,859	95,688	83,996	48,411	40,819
Shipments:					
Internal consumption	8,228	12,302	31,295	34,012	34,432
Home market	248,438	205,961	210,279	196,847	212,409
Exports to--					
The United States	127,427	120,596	139,807	104,593	105,757
All other markets	261,973	233,543	250,741	230,873	253,386
Total exports	389,400	354,139	390,549	335,467	359,143
Total shipments	646,066	572,402	632,123	566,326	605,984
	Value (*1,000 dollars*)				
Shipments:					
Internal consumption	3,353	4,644	10,000	12,976	13,308
Home market	113,884	109,091	119,097	110,303	117,656
Exports to--					
The United States	60,165	57,729	67,735	54,682	54,560
All other markets	100,059	101,224	105,398	87,993	95,103
Total exports	160,224	158,954	173,133	142,675	149,663
Total shipments	277,461	272,689	302,230	265,953	280,626
	Unit value (*per unit*)				
Shipments:					
Internal consumption	$0.41	$0.38	$0.32	$0.38	$0.39
Home market	0.46	0.53	0.57	0.56	0.55
Exports to--					
The United States	0.47	0.48	0.48	0.52	0.52
All other markets	0.38	0.43	0.42	0.38	0.38
Total exports	0.41	0.45	0.44	0.43	0.42
Total shipments	0.43	0.48	0.48	0.47	0.46

Table continued on next page.

Item	Actual experience			Projections	
	2000	2001	2002	2003	2004
	Ratios and shares (*percent*)				
Capacity utilization	87.0	82.9	85.1	87.4	90.7
Inventories to production	15.8	19.4	15.7	9.9	8.0
Inventories to total shipments	13.6	16.7	13.3	8.5	6.7
Share of total quantity of shipments:					
Internal consumption	1.3	2.1	5.0	6.0	5.7
Home market	38.5	36.0	33.3	34.8	35.1
Exports to--					
The United States	19.7	21.1	22.1	18.5	17.5
All other markets	40.5	40.8	39.7	40.8	41.8
All export markets	60.3	61.9	61.8	59.2	59.3

Note.–Because of rounding, figures may not add to the totals shown. Five foreign producers of complete ball bearings did not report projected data and seven of the responding firms were exporters that did not report production or capacity.

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

Table VII-1-A
Complete ball bearings: China's production capacity, production, shipments, and inventories, minus Cixing Group data, 2000-2002 and projected 2003-2004

* * * * * * *

Table VII-2
Ball bearing balls: China's production capacity, production, shipments, and inventories, 2000-2002 and projected 2003-2004

Item	Actual experience			Projections	
	2000	2001	2002	2003	2004
			Quantity (*1,000 balls*)		
Capacity	167,000	167,000	1,095,000	1,115,000	1,135,000
Production	137,659	145,735	1,162,403	1,208,500	1,218,000
End of period inventories	19,873	15,942	328,234	306,024	254,510
Shipments:					
Internal consumption	76,079	74,129	66,926	75,500	76,000
Home market	445,728	707,974	1,667,474	1,478,200	1,606,500
Exports to--					
The United States	88,422	65,057	74,283	425,005	610,006
All other markets	178,276	227,881	433,043	536,005	653,008
Total exports	266,698	292,938	507,325	961,010	1,263,014
Total shipments	788,505	1,075,041	2,241,725	2,514,710	2,945,514
			Value (*1,000 dollars*)		
Shipments:					
Internal consumption	1,067	970	956	1,004	1,019
Home market	3,189	4,767	14,430	13,560	14,560
Exports to--					
The United States	1,658	784	1,059	2,850	3,865
All other markets	934	1,323	2,168	2,417	2,779
Total exports	2,592	2,107	3,227	5,267	6,644
Total shipments	6,848	7,844	18,613	19,831	22,223
			Unit value (*per 1,000 balls*)		
Shipments:					
Internal consumption	$14.02	$13.09	$14.28	$13.30	$13.41
Home market	7.15	6.73	8.65	9.17	9.06
Exports to--					
The United States	18.75	12.05	14.26	6.71	6.34
All other markets	5.24	5.81	5.01	4.51	4.26
Total exports	9.72	7.19	6.36	5.48	5.26
Total shipments	8.68	7.30	8.30	7.89	7.54

Table continued on next page.

Item	Actual experience			Projections	
	2000	2001	2002	2003	2004
	Ratios and shares (*percent*)				
Capacity utilization	82.4	87.3	106.2	108.4	107.3
Inventories to production	14.4	10.9	28.2	25.3	20.9
Inventories to total shipments	2.5	1.5	14.6	12.2	8.6
Share of total quantity of shipments:					
Internal consumption	9.6	6.9	3.0	3.0	2.6
Home market	56.5	65.9	74.4	58.8	54.5
Exports to--					
The United States	11.2	6.1	3.3	16.9	20.7
All other markets	22.6	21.2	19.3	21.3	22.2
All export markets	33.8	27.2	22.6	38.2	42.9

Note.–Because of rounding, figures may not add to the totals shown. Three of the responding firms were exporters that did not report production or capacity. Cixing Group reported no data with respect to ball bearing balls.

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

U.S. INVENTORIES OF PRODUCT FROM CHINA

Tables VII-3, VII-4, and VII-5 present data on U.S. importers' end-of-period inventories of imported complete ball bearings, ball bearing balls, and ball bearing parts other than balls, respectively, from China and all other sources during 2000-2002. No importer reported any inventories of Cixing Group product.

Table VII-3
Complete ball bearings: U.S. importers' end-of-period inventories of imports from China and all other sources, 2000-2002

Item/source	Calendar year		
	2000	2001	2002
Imports from China:			
Inventories (*1,000 bearings*)	51,263	54,691	49,428
Ratio to imports (*percent*)	35.1	40.7	35.9
Ratio to U.S. shipments (*percent*)	36.5	43.2	35.7
Imports from all other sources:			
Inventories (*1,000 bearings*)	57,011	57,709	59,890
Ratio to imports (*percent*)	32.7	38.4	39.7
Ratio to U.S. shipments (*percent*)	33.7	39.5	41.5
Imports from all sources:			
Inventories (*1,000 bearings*)	108,274	112,400	109,318
Ratio to imports (*percent*)	33.8	39.5	37.9
Ratio to U.S. shipments (*percent*)	34.9	41.2	38.7
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VII-4
Ball bearing balls: U.S. importers' end-of-period inventories of imports from China and all other sources, 2000-2002

Item/source	Calendar year		
	2000	2001	2002
Imports from China:			
Inventories (*1,000 bearings*)	140,057	2,566,419	1,242,796
Ratio to imports (*percent*)	27.9	61.9	47.2
Ratio to U.S. shipments (*percent*)	38.6	149.5	33.4
Imports from all other sources:			
Inventories (*1,000 bearings*)	223,145	231,952	662,102
Ratio to imports (*percent*)	29.9	37.0	36.2
Ratio to U.S. shipments (*percent*)	51.4	56.4	56.0
Imports from all sources:			
Inventories (*1,000 bearings*)	363,202	2,798,371	1,904,898
Ratio to imports (*percent*)	29.1	58.7	42.7
Ratio to U.S. shipments (*percent*)	45.6	131.5	38.9
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VII-5
Ball bearing parts other than balls: U.S. importers' end-of-period inventories of imports from China and all other sources, 2000-2002

Item/source	Calendar year		
	2000	2001	2002
Imports from China:			
Inventories (*1,000 bearings*)	1,673	1,905	1,865
Ratio to imports (*percent*)	6.9	10.0	7.5
Ratio to U.S. shipments (*percent*)	7.0	10.1	7.4
Imports from all other sources:			
Inventories (*1,000 bearings*)	52,794	56,952	57,178
Ratio to imports (*percent*)	16.6	18.9	17.6
Ratio to U.S. shipments (*percent*)	16.6	19.1	17.7
Imports from all sources:			
Inventories (*1,000 bearings*)	54,467	58,857	59,043
Ratio to imports (*percent*)	15.9	18.3	16.9
Ratio to U.S. shipments (*percent*)	16.0	18.6	16.9

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

U.S. IMPORTERS' CURRENT ORDERS

Sixteen firms reported imports of a wide range of subject product from China scheduled for delivery after December 31, 2002. Some firms reported their yearly orders and others monthly orders for varying time periods.

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Argentina's international trade department, responding to a complaint by SKF Argentina S.A. (Buenos Aires), the country's sole producer of antifriction bearings, opened an investigation into alleged dumping of bearings into Argentina from China in 2001. SKF's complaint covers single-row radial ball bearings. The investigation was revealed in June (2001) 4th's *Boletin Oficial de Republica Argentina*, which also noted that preliminary countervailing duties of 491 percent to 858 percent had been established.[13] A final affirmative determination was reached in early 2002.[14]

Following a request by the Ball and Roller Bearing Manufacturers Association of India, India's Directorate General of Anti-dumping and Allied Duties (DGAD) initiated an investigation concerning

[13] *The eBearing Times*, June 6, 2001.

[14] Argentine National Foreign Trade Commission, *Estado de las Solicitudes de Investigación con Apertura,* found at Internet address http://www.mecon.gov.ar/cnce/informacion/tablas/tabla.htm, retrieved Jan. 28, 2003.

imports of ball bearings up to 50 mm in bore diameter from China and three additional countries.[15] During the preliminary phase of the investigation, the DGAG found sufficient evidence of dumping, and the investigation is currently in its final phase.

[15] Imports from Poland, Romania, and Russia are also included in the investigation. India's Minstry of Commerce and Industry, Department of Commerce, Directorate General of Anti-dumping and Allied Duties, Initiation Notification, Sept. 21, 2002, found at *http://commerce.nic.in/adint_ballbearings.htm*, retrieved Mar. 12, 2003; and *The eBearings Times*, Sept. 25, 2002.

APPENDIX A

FEDERAL REGISTER NOTICES

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–874]

Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Ball Bearings and Parts Thereof from the People's Republic of China

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

ACTION: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination.

EFFECTIVE DATE: October 15, 2002.

FOR FURTHER INFORMATION CONTACT: James Terpstra or Cindy Lai Robinson, AD/CVD Enforcement, Office 6, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3965, and (202) 482–3797, respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended (the Act), are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce's (the Department) regulations are to the regulations codified at 19 CFR part 351 (2001).

Preliminary Determination

We preliminarily determine that ball bearings and parts thereof (ball bearings) from the People's Republic of China (PRC) are being sold, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 733 of the Act. The estimated margins of sales at LTFV are shown in the "Suspension of Liquidation" section of this notice.

Case History

This investigation was initiated on March 25, 2002. *See Notice of Initiation of Antidumping Duty Investigation: Certain Ball Bearings and Parts Thereof From the People's Republic of China*, 67 FR 15787 (April 3, 2002) (*Initiation Notice*).[1] Since the initiation of the investigation, the following events have occurred.

On April 10, 2002, the Department requested the PRC's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) to distribute a mini-section A questionnaire to the top 10 exporters and/or producers, based on their export sales volume or value, who manufactured and exported subject merchandise to the United States, or who manufactured the subject merchandise that was exported to the United States through an another company, during the period of investigation (POI). We received no reply to this letter from MOFTEC.

Between April 16 and April 25, 2002, we received mini-section A responses from 21 producers and exporters of ball bearings in the PRC.

On April 26, 2002, the United States International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of ball bearings imports from the PRC. *See Ball Bearings From China*, 67 FR 22449 (May 3, 2002).

On May 6, 2002, pursuant to section 777A(c) of the Act, the Department determined that, due to the large number of exporters/producers of the subject merchandise, it would limit the number of mandatory respondents in this investigation. *See* "Respondent Selection" section below.

On May 7, 2002, the Department issued its antidumping questionnaire[2] to MOFTEC. The Department requested that MOFTEC send the questionnaire to Xinchang Peer Bearing Company Ltd. (Peer) and Wanxiang Group Corporation (Wanxiang), the two mandatory respondent companies selected by the Department. In addition, the Department also sent a separate memorandum to MOFTEC concerning those producers and exporters who submitted a complete response to section A of the questionnaire and whether they may be considered for treatment other than inclusion under the rate applicable to the government-controlled enterprise. *See Memorandum from James Terpstra to Melissa Skinner*

[1] The petitioner in this case is the American Bearing Manufacturers Association (ABMA).

[2] Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales, or, if the home market is not viable, of sales in the most appropriate third-country market (this section is not applicable to respondents in non-market economy (NME) cases). Section C requests a complete listing of U.S. sales. Section D requests information on the factors of production (FOP) of the subject merchandise under investigation. Section E requests information on further manufacturing.

Re: Selection of Respondents (respondent selection memo), dated May 6, 2002, on file in the Central Records Unit (CRU) located in Room B–099, main Commerce Building. Also *see* the "Margins for Exporters Whose Responses Were Not Analyzed" section below.

On May 7, May 13, and May 14, 2002, we received comments from respondents and petitioner urging the Department to select additional mandatory respondents. Based on these comments, on May 15, 2002, the Department added an additional mandatory respondent, Ningbo Cixing Group Corp. and its U.S. affiliate, CW Bearings USA, Inc. (collectively, "Cixing").

On April 22, April 23, and May 28, 2002, the Department received scope inquiries from the following parties: Caterpillar Inc., Nippon Pillow Block Sales Company Limited, Nippon Pillow Block Manufacturing Company Limited and FYH Bearing Units USA, Inc. (collectively, "NPBS"), the ABMA, and Wanxiang. *See* the "Scope Clarification" section below.

The Department received responses to sections A, C, D, and E, where applicable, from the three mandatory respondents on June 13, July 11, and July 15, 2002. In addition, 45 exporters submitted section A responses. The Department issued supplemental questionnaires to all three mandatory respondents and the 45 exporters that submitted section A responses in July and August, where appropriate. The supplemental responses were received in August and September.

On July 16, 2002, the petitioner made a request pursuant to 19 CFR 351.205(e) for a 50–day postponement of the preliminary determination, pursuant to section 733(c)(1)(A) of the Act. On July 26, 2002, pursuant to section 733(c)(1)(B) of the Act, the Department postponed the preliminary determination of this investigation 50 days, from August 12, 2002, to October 1, 2002. *See Certain Ball Bearings and Parts Thereof from the People's Republic of China: Notice of Extension of Preliminary Antidumping Duty Determination*, 67 FR 48878 (July 26, 2002).

On September 13, 2002, we received untimely section A responses from Fuzhou YongShunDa Machinery & Electrical Co. Ltd., Fuzhou Yongdong Xinxing Machinery & Hardware Co. Ltd., and Fuzhou Fujia Machinery & Electrical Mfg. Co. Ltd. Due to the fact that these responses were submitted in an untimely manner, we returned them to the submitters. *See* September 30, 2002, letter from James Terpstra to Fuzhou YongShunDa, et. al.

The petitioner and the three mandatory respondents submitted their comments on factors of production in September 2002.

Postponement of the Final Determination

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. The Department's regulations, at 19 CFR 351.210(e)(2), require that requests by respondents for postponement of a final determination be accompanied by a request for an extension of the provisional measures from a four-month period to not more than six months.

On September 20, 2002, the three mandatory respondents requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until 135 days after the publication of the preliminary determination. Accordingly, since we have made an affirmative preliminary determination, and the parties requesting postponement account for a significant proportion of exports of the subject merchandise, we have postponed the final determination until not later than 135 days after the date of the publication of the preliminary determination and are extending the provisional measures accordingly.

Scope of Investigation

The scope of the investigation includes all antifriction bearings, regardless of size, precision grade or use, that employ balls as the rolling element (whether ground or unground) and parts thereof (inner ring, outer ring, cage, balls, seals, shields, *etc.*) that are produced in China. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts and parts thereof, ball bearings (including thrust, angular contact, and radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof. The scope includes ball bearing type pillow blocks and parts thereof; and wheel hub units incorporating balls as the rolling element. With regard to finished parts, all such parts are included in the scope of the petition. With regard to unfinished parts, such parts are included if (1) they have been heat-treated, or (2) heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by the petition are those that will be subject to heat treatment after importation.

Imports of these products are classified under the following Harmonized Tariff Schedules of the United States (HTSUS) subheadings: 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.5010, 8431.20.00, 8431.39.0010, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.2580, 8482.99.35, 8482.99.6595, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.6060, 8708.93.30, 8708.93.6000, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.4000, 8708.99.4960, 8708.99.5800, 8708.99.8080, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.

Specifically excluded from the scope are unfinished parts that are subject to heat treatment after importation. Also excluded from the scope are cylindrical roller bearings, mounted or unmounted, and parts thereof (CRB) and spherical plain bearings, mounted and unmounted, and parts thereof (SPB). CRB products include all antifriction bearings that employ cylindrical rollers as the rolling element. SPB products include all spherical plain bearings that employ a spherically shaped sliding element and include spherical plain rod ends. Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (Customs) purposes, the written description of the merchandise under investigation is dispositive.

Scope Clarification

On April 22, 2002, Caterpillar Inc. requested that XLS (English) series ball bearings and pin-lock slot XLS (English) series ball bearings having an inside diameter of between 1 3/4 inches and 5 1/2 inches be excluded from the scope of the investigation. Caterpillar Inc. also claimed that there is an insufficient domestic supply of XLS series ball bearings and parts. On May 6, 2002, the petitioner responded that these bearings are within the scope. Petitioner also contends that at least four domestic producers manufacture and sell XLS series ball bearings in the U.S. market, and, therefore, there is not an insufficient domestic supply of XLS series ball bearings.

On April 23, 2002, NPBS requested that the Department clarify whether

split pillow block housings and non-split pillow block housings, which are imported separately from ball bearings, are excluded from the scope of the investigation. On May 6, 2002, petitioner stated that non-split pillow blocks, even when imported separately, are used primarily as a housing for ball bearings, and are rightly included in the scope.

On May 28, 2002, Wanxiang, one of the three mandatory respondents, requested guidance as to whether the language in the scope stating that the investigation covers "wheel hub units incorporating balls as the rolling element" also includes wheel hub units that do not contain ball bearings or any other type of rolling element at the time of importation. Wanxiang pointed out that every HTSUS subheading in the scope as applicable to subject wheel hub units describes articles either directly as "bearings" or indirectly as "incorporating ball bearings." In addition, Wanxiang claimed that the empty wheel hub units that it produces are designed to be used with either ball bearings or tapered roller bearings. On May 29 and May 30, 2002, petitioner stated that both complete wheel hub units incorporating balls as the rolling element and empty wheel hub units capable of incorporating balls as the rolling elements are covered by the investigation.

The scope of the investigation includes all antifriction bearings, regardless of size, precision grade or use. Therefore, XLS (English) series ball bearings and pin-lock slot XLS (English) series ball bearings are clearly within the scope.

With respect to NPBS's request for clarification of whether split pillow block housings and non-split pillow block housings that are imported separately from ball bearings are excluded from the scope of this investigation, the Department previously determined in *Final Determinations of Sales at Less Than Fair Value: Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Republic of Germany*, 54 FR 18992, 19015 (May 3, 1989) (*Antifriction Bearings*). to exclude split pillow block housings (not containing antifriction bearings) from the order. The Department stated that pillow block housings were not mentioned in the petition, and based on the factual information available, determined that pillow block housings are not bearings, do not contain bearings, and are not parts or subassemblies of bearings. *See id.* Therefore, consistent with that determination and the facts of this investigation, we find that split pillow block housings (not containing antifriction bearings) are excluded from the scope of this investigation. However, the scope of the current investigation includes ball bearing type pillow blocks and parts thereof. Thus, non-split pillow blocks, even when imported separately, are included in the scope.

The scope covers all antifriction bearings that employ balls as the rolling element (whether ground or unground) and parts thereof. Wheel hub units are designed to use either ball bearings or tapered roller bearings. Empty wheel units that are designed to employ balls as the rolling elements have characteristic raceways that are dedicated to ball bearings. Therefore, for purposes of the preliminary determination, empty wheel hub units are included in the scope. However, we will address this issue further to determine whether the empty wheel hub units produced by Wanxiang use balls or tapered roller bearings interchangeably.

Period of Investigation

The POI is July 1, 2001, through December 31, 2001. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (i.e., February 2002). See 19 CFR 351.204(b)(1).

Respondent Selection

The Department determined that the resources available to it for this investigation limited its ability to analyze any more than the responses of the three largest exporters/producers of the subject merchandise in this investigation. Based on mini-section A questionnaire responses, the Department originally selected the two largest exporters, Peer and Wanxiang, to be the mandatory respondents in this proceeding. (*See* the respondent selection memo.) On May 7, May 13, and May 14, 2002, we received comments from respondents and petitioner urging the Department to select additional mandatory respondents. Subsequently, based on these comments, on May 15, 2002, the Department added a third mandatory respondent, Cixing. (See May 15, 2002, Letter to Cixing from James Terpstra on file in the CRU.)

Nonmarket Economy Country Status

The Department has treated the PRC as a nonmarket economy (NME) country in previous antidumping investigations (*see, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China*, 65 FR 33805 (May 25, 2000); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Non-Frozen Apple Juice Concentrate from the People's Republic of China*, 65 FR 19873 (April 13, 2000); and the *Notice of Final Determination of Sales at Less Than Fair Value Certain: Hot-Rolled Carbon Steel Flat Products from the People's Republic of China*, 66 FR 49632 (September 28, 2001)). In accordance with section 771(18)(C) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked. No party to this investigation has sought revocation of the NME status of the PRC. Therefore, pursuant to section 771(18)(C) of the Act, the Department will continue to treat the PRC as an NME country.

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs the Department to base normal value (NV) on the NME producer's factors of production, valued in a comparable market economy that is a significant producer of comparable merchandise. *See* the "Surrogate Country" section below. The sources of individual factor prices are discussed under the "Normal Value" section below.

Separate Rates

In an NME proceeding, the Department presumes that all companies within the country are subject to governmental control and should be assigned a single antidumping duty rate unless the respondent demonstrates the absence of both *de jure* and *de facto* governmental control over its export activities. *See Notice of Final Determination of Sales at Less Than Fair Value: Bicycles From the People's Republic of China*, 61 FR 19026, 19027 (April 30, 1996). Peer, Wanxiang, Cixing, and the cooperative nonselected exporters named in the "Suspension of Liquidation" section below have provided the requested company-specific separate rates information and have indicated that there is no element of government ownership or control over their operations. We have considered whether the mandatory respondents are eligible for a separate rate as discussed below.

The Department's separate-rates test is not concerned, in general, with macroeconomic/ border-type controls (*e.g.*, export licenses, quotas, and minimum export prices), particularly if these controls are imposed to prevent dumping. Rather, the test focuses on controls over the export-related investment, pricing, and output decision-making process at the individual firm level. *See Notice of*

Final Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From Ukraine, 62 FR 61754, 61757 (November 19, 1997); *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 62 FR 61276, 61279 (November 17, 1997); and *Notice of Preliminary Determination of Sales at Less Than Fair Value: Honey From the People's Republic of China*, 60 FR 14725, 14726 (March 20, 1995).

To establish whether a firm is sufficiently independent from government control to be entitled to a separate rate, the Department analyzes each exporting entity under a test arising out of the *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991), as modified in the *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*). Under this test, the Department assigns separate rates in NME cases only if an exporter can demonstrate the absence of both *de jure* and *de facto* governmental control over its export activities. *See Silicon Carbide* and the *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22545 (May 8, 1995) (*Furfuryl Alcohol*).

1. *Absence of De Jure Control*

The Department considers the following de jure criteria in determining whether an individual company may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) any other formal measures by the government decentralizing control of companies.

The mandatory respondents have placed on the record a number of documents to demonstrate the absence of de jure control, including their business licenses, and the "Company Law of the People's Republic of China." Other than limiting the mandatory respondents' operations to the activities referenced in the respective licenses, we noted no restrictive stipulations associated with these licenses. In addition, in previous cases, the Department has analyzed the "Company Law of the People's Republic of China" and found that it establishes an absence of de jure control. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Certain Partial-Extension Steel Drawer Slides with Rollers from the People's Republic of China*, 60 FR 54472, 54474 (October 24, 1995); and *Furfuryl Alcohol*. We have no information in this proceeding which would cause us to reconsider this determination. Therefore, based on the foregoing, we have preliminarily found an absence of *de jure* control.

2. *Absence of De Facto Control*

The Department typically considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) Whether the export prices are set by, or subject to, the approval of a governmental authority; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of its management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. With regard to the issue of *de facto* control, the mandatory respondents have reported the following: (1) There is no government participation in setting export prices; (2) its managers have authority to bind sales contracts; (3) it does not have to notify any government authorities of its management selection; and (4) there are no restrictions on the use of its export revenue and it is responsible for financing its own losses. Additionally, the mandatory respondents' questionnaire responses do not suggest that pricing is coordinated among exporters. Furthermore, our analysis of the mandatory respondents' questionnaire responses reveals no other information indicating governmental control of export activities. Therefore, based on the information provided, we preliminarily determine that there is an absence of *de facto* government control over the mandatory respondents' export functions. Consequently, we preliminarily determine that the mandatory respondents have met the criteria for the application of a separate rate.

Margins for Cooperative Exporters Not Selected

For those exporters: (1) who submitted a timely response to Section A of the Department's questionnaire, but were not selected as mandatory respondents, and (2) for whom the Section A response indicates that the exporter is eligible for a separate rate, we assigned a weighted-average of the rates of the fully analyzed companies excluding any rates that were zero, *de minimis* or based entirely on facts available. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China*, 67 FR 36570 (May 24, 2002) (*Welded Steel Pipe*). Companies receiving this rate are identified by name in the "Suspension of Liquidation" section of this notice.

PRC-Wide Rate

In all NME cases, the Department makes a rebuttable presumption that all exporters located in the NME country comprise a single exporter under common government control, the "NME entity."

Section 776(a)(2) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides information which cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the Act, facts otherwise available in reaching the applicable determination. As explained above, MOFTEC and some exporters of the subject merchandise failed to respond to the Department's request for information. The failure of these exporters to respond also has significantly impeded this proceeding. Thus, pursuant to section 776(a) of the Act, in reaching our preliminary determination, we have based the PRC-wide rate on adverse facts available.

In applying facts otherwise available, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as facts otherwise available. Adverse inferences are appropriate "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully." *See* Statement of Administrative Action (SAA) accompanying the URAA, H.R. Doc. No. 316, 103d Cong., 2d Session at 870 (1994). Furthermore, "affirmative evidence of bad faith on the part of the respondent is not required before the Department may make an adverse inference." *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27340 (May 19, 1997). The complete failure of these exporters to respond to the Department's requests for information constitutes a failure to cooperate to the best of their ability.

An adverse inference may include reliance on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record. *See* section 776(b) of the Act. However, section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, the Department shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. The SAA states that the independent sources may include published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation or review. *See* SAA at 870. The SAA clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value. *Id.* As noted in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), to corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.

For our preliminary determination, as adverse facts available, we have used as the PRC-wide rate the highest recalculated dumping margin from the petition (*see* below). In the petition, for the normal value calculation, the petitioner based the factors of production, as defined by section 773(c)(3) of the Act, on the quantities of inputs used to produce four representative ball bearings (6201–2RS, 6201ZZ, 6203–2RS, and 6203ZZ) reported by one of its major member companies. The petitioner used the actual usage rates of a U.S. production facility in accordance with 19 CFR § 351.202(b)(7)(B) because information on actual usage rates of representative Chinese bearing producers is not reasonably available to the petitioner. The petitioner based export price (EP) on price lists and quotes of four representative sample products from Chinese distributors of Chinese ball bearings and U.S. distributors of Chinese ball bearings for the period October to December 2001. For further discussion, *see Initiation Notice.*

To corroborate the petitioner's EP calculations, we compared the prices in the petition to the average unit values from import statistics released by the Census Bureau. To corroborate the petitioner's NV calculations, we compared the petitioner's factor consumption and surrogate value data for those same four products to the data reported by the respondents for the most significant factors (steel, factory overhead, and selling, general, and administrative expenses), and the surrogate values for these factors in the petition to the values selected for the preliminary determination, as discussed below.

Our analysis shows that, with the exception of the steel value, the petitioner's data was either reasonably close to the data submitted by the respondents and the surrogate values chosen by the Department, or conservative. For the steel value we found that the information in the petition did not have probative value. In valuing the steel input, petitioner relied on an Indian Harmonized Tariff Schedule (HTS) category for finished bearing parts, not unfinished steel used to produce bearings parts. Petitioner alleged that this value was conservative because it was lower than the actual purchase price of these components by certain U.S. producers. In contrast to this assertion, the record of this case is abundantly clear that ball bearing manufacturers in the PRC purchase unfinished steel to make finished bearing parts. The steel value used by petitioner is significantly higher than the value we are using in our calculations. Thus, we find that this information has no probative value regarding the normal value of the subject merchandise. Therefore, we recalculated the petition margins using other steel factor values on the record. The recalculated petition margins range from 6.00 to 59.30 percent. For a more detailed discussion, see *Memorandum From David Salkeld to James Terpstra Re: Corroboration of Secondary Information* dated October 1, 2002, on file in the CRU.

Fair Value Comparison

To determine whether the mandatory respondents' sales of ball bearings to customers in the United States were made at LTFV, we compared EP or constructed export price (CEP), as appropriate, to NV, calculated using our NME methodology, as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice below. In accordance with section 777A(d)(1)(A)(i) of the Act, we calculated weighted-average EPs or CEPs.

Export Price and Constructed Export Price

During the POI, of the three mandatory respondents, Peer and Wanxiang made only CEP sales, while Cixing made both EP and CEP sales during the POI. In accordance with section 772(a) of the Act, for Cixing, we used EP where the subject merchandise was sold directly to unaffiliated customers in the United States prior to importation. As explained below, for Peer, Wanxiang, and Cixing, we used CEP, where appropriate.

We calculated EP in accordance with section 772(a) of the Act. Specifically, we calculated Cixing's EP based on the FOB, CIF, or C&F prices charged to the first unaffiliated customer for exportation to the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight, brokerage and handling, international freight, domestic inland insurance, and marine insurance. Where foreign inland freight, marine insurance, domestic inland insurance, and brokerage and handling were provided by NME companies, we used surrogate values from India to value these expenses (*see* Factors of Production Valuation Memorandum dated October 1, 2002, on file in the CRU).

For Peer, Wanxiang, and Cixing, where appropriate, we used CEP in accordance with section 772(b) of the Act, because the first sales to unaffiliated purchasers were made after importation. We calculated CEP based on packed prices from the U.S. affiliate's warehouse to the first unaffiliated purchaser in the United States. We made the following deductions from the starting price (gross unit price), where applicable: discounts and rebates, foreign inland freight and brokerage and handling, international (ocean) freight, marine insurance, U.S. customs duty, U.S. brokerage and handling expenses, and U.S. movement expenses. In accordance with section 772(d)(1) of the Act, we deducted from CEP direct and indirect selling expenses (*i.e.*, commissions, credit and indirect selling expenses) that were associated with the respondents' economic activities occurring in the United States. For Peer, we also deducted further manufacturing and re-packing costs. See sections 772(c) and (d) of the Act.

To calculate foreign inland freight expenses, we multiplied the reported distance from the plant to the port of exit by a surrogate rail or truck rate from India. Because U.S. customs duty, brokerage and handling expenses, credit expenses, and selling expenses are

market-economy costs incurred in U.S. dollars, we used actual costs rather than surrogate values for these deductions to gross unit price.

Normal Value

1. Surrogate Country

Section 773(c)(4) of the Act requires that the Department value the NME producers' factors of production, to the extent possible, on the prices or costs of factors of production in one or more market economy countries that are 1) at a level of economic development comparable to that of the NME country; and 2) significant producers of comparable merchandise. The Department's Office of Policy initially identified five countries that are at a level of economic development comparable to the PRC in terms of per capita GNP and the national distribution of labor. Those countries are India, Pakistan, Indonesia, Sri Lanka and the Philippines (*see* the June 13, 2002, memorandum from Jeffrey May to Melissa Skinner). According to the information available on the record, we have determined that India meets the statutory requirements for an appropriate surrogate country for the PRC and is the largest producer, among the countries listed above, of like merchandise. In addition, for most factors of production, India has quantifiable, contemporaneous, and publicly available data. Therefore, for purposes of the preliminary determination, we have selected India as the surrogate country, based on the quality and contemporaneity of the currently available data. Accordingly, we have calculated NV using Indian values for the PRC producers' factors of production, except, as noted below, in certain instances where an input was sourced from a market economy and paid for in a market economy currency. We have obtained and relied upon publicly available information wherever possible.

2. Factors of Production

In accordance with section 773(c) of the Act, we calculated NV based on factors of production reported by the companies in the PRC who produced ball bearings for the exporters who sold ball bearings to the United States during the POI. Factors of production include: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs. *See* section 773(c) of the Act. To calculate NV, the reported unit factor quantities were multiplied by publicly available Indian values, where possible.

In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the surrogate values. For those values not contemporaneous with the POI, we adjusted the values to account for inflation using wholesale price indices published in the International Monetary Fund's *International Financial Statistics*. As appropriate, we included freight costs in input prices to make them delivered prices. Specifically, we added to the surrogate values a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp.* v. *United States*, 117 F. 3d 1401 (Fed. Cir. 1997).

We valued material inputs and packing materials (including steel bar, steel tube, steel balls, steel sheets, steel plates, grease, paper boxes, plastic bags, tape, and pallets) using values from the appropriate Harmonized Tariff Schedule (HTS) number for contemporaneous Indian imports statistics reported in the Indian Import Statistics. In accordance with the Department's practice, we used export values to calculate NV when import values for like products were not available. *See Sebacic Acid from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 64 FR 69503 (December 13, 1999).

Certain producers in this investigation purchased material inputs from market economy suppliers and paid for the inputs with market economy currency. In accordance with 19 CFR 351.408(c)(1), we generally valued these material inputs using the actual price reported. However, consistent with Department practice concerning subsidized inputs, we have not used the actual prices paid by PRC producers of material inputs which we have reason to believe or suspect are subsidized. Instead, we have relied on surrogate values. *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished from the People's Republic of China: Preliminary Results of 2000–2001 Administrative Review, Partial Rescission of Review, and Notice of Intent to Revoke Order In Part* (*TRB Review*), 67 FR 45451, 45454 (July 9, 2002). See also Calculation Memoranda for Peer, Wanxiang, and Cixing, on file in the CRU, dated October 1, 2002, for further discussion of company-specific issues.

As appropriate, for these imported materials, we calculated PRC brokerage and inland freight from the port to the factory using surrogate rates from India. We valued the remaining factors using publicly available information from India. Where a producer did not report the distance between the material supplier and the factory, as facts available, we used either the distance to the nearest seaport (if an import value was used as the surrogate value for the factor) or the farthest distance reported for a supplier, as facts available.

In addition, certain producers used market economy carriers to ship subject merchandise to the United States. Because the majority of their shipments were provided by market economy entities and the entities were paid in market economy currencies, we applied the market economy price for these transactions to calculate all ocean freight expenses, in accordance with 19 CFR 351.408(a)(1).

We valued labor based on a regression-based wage rate, in accordance with 19 CFR 351.408(c)(3).

To value electricity, we calculated our surrogate value for electricity based on electricity rate data from the *Energy Data Directory & Yearbook (1999/2000)* published by Tata Energy Research Institute.

To value truck freight rates, we used a collection of seventeen November 1999 price quotes from six different Indian trucking companies which were obtained by the Department in India and used in the *Final Determination of Sales at Less than Fair Value: Bulk Aspirin from the People's Republic of China*, 65 FR 33805 (May 25, 2000). We valued rail freight using the average of two November 1999 rail freight price quotes for domestic bearing quality steel shipments within India. These quotes were obtained by the Department from two Indian rail freight transporters. *See id. See also, TRB Review*, 67 FR at 45454–5.

We based our calculation of selling, general and administrative (SG&A) expenses, overhead, and profit on the 2001 annual reports of five Indian bearings producers.

For a complete analysis of surrogate values used in the preliminary determination, *see* the Factors of Production Valuation Memorandum.

Verification

In accordance with section 782(i) of the Act, we intend to verify all information relied upon in making our final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service (Customs Service) to suspend liquidation of all entries of ball

bearings from the PRC, that are entered, or withdrawn from warehouse, for consumption, on or after the date on which this notice is published in the **Federal Register**. In addition, we are instructing the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds the EP or CEP, as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice.

We determine that the following percentage weighted-average margins exist for the POI:

Manufacturer/exporter	Weighted-Average Margin (percent)
Xinchang Peer Bearing Company Ltd	2.39
Wanxiang Group Corporation	39.93
CW Bearings USA, Inc. and Ningbo Cixing Group Corp.	32.69
B&R Bearing Co.	22.99
Changshan Import & Export Company, Ltd.	22.99
Changzhou Daya Import and Export Corporation Limited	22.99
China Huanchi Bearing Group Corp. AND Ningbo Huanchi Import & Export Co. Ltd.	22.99
China National Automobile Industry Guizhou Import & Export Corp.	22.99
China National Machinery & Equipment Import & Export Wuxi Co., Ltd.	22.99
Chongqing Changjiang Bearing Industrial Corporation	22.99
CSC Bearing Company Limited	22.99
Dongguan TR Bearing Corporation, Ltd.	22.99
Fujian Nanan Fushan Hardware Machinery Electric Co., Ltd.	22.99
Guangdong Agricultural Machinery Import & Export Company	22.99
Harbin Bearing Group AND Heilongjiang Machinery and Equipment Import and Export Corporation	22.99
Jiangsu CTD Imports & Exports Co., Ltd.	22.99
Jiangsu General Ball & Roller Co., Ltd.	22.99
Jiangsu Hongye Intl. Group Industrial Development Co., Ltd.	22.99
Jinrun Group Ltd. Haining	22.99
Ningbo Cixi Import Export Co.	22.99
Ningbo Economic and Technological Development Zone AND Tiansheng Bearing Co. Ltd AND TSB Group USA Inc. AND TSB Bearing Group America, Co. (TSB Group)	22.99
Ningbo General Bearing Co., Ltd.	22.99
Ningbo Jinpeng Bearing Co., Ltd. AND Ningbo Mikasa Bearing Co. Ltd. AND Ningbo Cizhuang Bearing Co. Tahsleh Development Zone	22.99
Ningbo MOS Group Corporation, Ltd.	22.99
Norin Optech Co., Ltd.	22.99
Premier Bearing & Equipment, Ltd.	22.99
Sapporo Precision Inc./Shanghai Precision Bearing Co., Ltd.	22.99
Shaanxi Machinery & Equipment Import & Export Corp.	22.99
Shandong Machinery Import & Export Group Corp.	22.99
Shanghai Bearing (Group) Company Limited	22.99
Shanghai Foreign Service and Economic Cooperation Co. Ltd.	22.99
Shanghai General Pudong Bearing Co., Ltd.	22.99
Shanghai Hydraulics & Pneumatics Corp.	22.99
Shanghai Nanshi Foreign Economic Cooperation & Trading Co., Ltd.	22.99
Shanghai SNZ Bearings Co., Ltd.	22.99
Shanghai Zhong Ding I/E Trading Co., Ltd. AND Shanghai Li Chen Bearings	22.99
Shaoguan Southeast Bearing Co. Ltd.	22.99
Sin NanHwa Bearings Co. Ltd. AND Sin NanHwa Co. Ltd.	22.99
TC Bearing Manufacturing Co. Ltd.	22.99
Wafangdian Bearing Company Ltd.	22.99
Wholelucks Industrial Limited	22.99
Wuxi New-way Machinery Co., Ltd.	22.99
Zhejiang Rolling Bearing Co. Ltd.	22.99
Zhejiang Shenlong Bearing Co. Ltd.	22.99
Zhejiang Wanbang Industrial Co., Ltd.	22.99
Zhejiang Xinchang Xinzhou Industrial Co. Ltd.	22.99
Zhejiang Xinchun Bearing Co. Ltd.	22.99
Zhejiang ZITIC Import & Export Co. Ltd.	22.99
PRC-Wide Rate	59.30

Disclosure

In accordance with 19 CFR 351.224(b), the Department will disclose the calculations performed in the preliminary determination to interested parties within five days of the date of publication of this notice.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of the Department's preliminary affirmative determination. If the final determination in this proceeding is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of ball bearings from the PRC are materially injuring, or threaten material injury to, the U.S. industry.

Public Comment

In accordance with 19 CFR 351.301(c)(3)(i), interested parties may submit publicly available information to value the factors of production for purposes of the final determination

within 30 days after the date of publication of this preliminary determination. Case briefs or other written comments must be submitted to the Assistant Secretary for Import Administration no later than one week after issuance of the verification report. Rebuttal briefs, whose content is limited to the issues raised in the case briefs, must be filed within five days after the deadline for the submission of case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Further, we request that parties submitting briefs and rebuttal briefs provide the Department with a copy of the public version of such briefs on diskette.

In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. If a request for a hearing is made, we will tentatively hold the hearing two days after the deadline for submission of rebuttal briefs at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled date.

Interested parties who wish to request a hearing, or to participate in a hearing if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, oral presentations will be limited to issues raised in the briefs. *See* 19 CFR 351.310(c). The Department will make its final determination no later than 135 days after the date of publication of this preliminary determination.

This determination is issued and published in accordance with sections 733(d) and 777(i)(1) of the Act.

Dated: October 1, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 02–26114 Filed 10–11–02; 8:45 am]

BILLING CODE 3510–DS–S

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–989 (Final)]

Ball Bearings From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–989 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of certain ball bearings and parts thereof, provided for in subheadings 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.50, 8431.20.00, 8431.39.00, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.25, 8482.99.35, 8482.99.65, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.60, 8708.93.30, 8708.93.60, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.40, 8708.99.49, 8708.99.58, 8708.99.80, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigation, hearing procedures, 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 and C (19 CFR part 207).

EFFECTIVE DATE: October 8, 2002.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187), 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*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

SUPPLEMENTARY INFORMATION:

Background.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain ball bearings and parts thereof from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on February 13, 2002, by the American Bearing Manufacturers Association, Washington, DC.

Participation in the investigation 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 final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

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 the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation 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 final phase of this investigation will be placed in the nonpublic record on February 19, 2003, and a public version will be issued thereafter, pursuant to § 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on March 4, 2003, 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 February 24, 2003. 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

[1] For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "antifriction bearings, regardless of size, precision grade or use, that employ balls as the rolling element (whether ground or unground) and parts thereof (inner ring, outer ring, cage, balls, seals, shields, etc.) that are produced in China. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts and parts thereof, ball bearings (including thrust, angular contact, and radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof. The scope includes ball bearing type pillow blocks and parts thereof; and wheel hub units incorporating balls as the rolling element. With regard to finished parts, all such parts are included in the scope of the petition. With regard to unfinished parts, such parts are included if (1) they have been heat-treated, or (2) heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by the petition are those that will be subject to heat treatment after importation."

should attend a prehearing conference to be held at 9:30 a.m. on February 27, 2003, 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), and 207.24 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 who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.23 of the Commission's rules; the deadline for filing is February 26, 2003. 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 § 207.25 of the Commission's rules. The deadline for filing posthearing briefs is March 11, 2003; 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 investigation may submit a written statement of information pertinent to the subject of the investigation on or before March 11, 2003. On March 26, 2003, 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 March 28, 2003, but such final comments must not contain new factual information and must otherwise comply with § 207.30 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 investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.21 of the Commission's rules.

By order of the Commission.

Issued: October 17, 2002.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 02–26879 Filed 10–22–02; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570–874]

Notice of Amended Preliminary Determination of Sales at Less Than Fair Value: Certain Ball Bearings and Parts Thereof From the People's Republic of China

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

ACTION: Notice of Amended Preliminary Determination.

EFFECTIVE DATE: November 20, 2002.

FOR FURTHER INFORMATION CONTACT: James Terpstra or Cindy Lai Robinson, AD/CVD Enforcement, Office 6, Group II, Import Administration, International Trade Administration, US Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone:(202) 482–3965 and (202) 482–3797, respectively.

SUPPLEMENTARY INFORMATION:

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citationsto the Department

of Commerce's (the Department's) regulations are to the provisions codified at 19 CFR part 351 (2001).

Significant Ministerial Errors

The Department is amending the preliminary determination of sales at less than fair value in the antidumping duty investigation of certain ball bearings and parts thereof from the People's Republic of China (PRC) to reflect the correction of several ministerial errors made in that determination's margin calculations, pursuant to 19 CFR 341.224(g)(1) and (g)(2).

A ministerial error is defined as an error in addition, subtraction, or other arithmetic function, clerical error resulting from inaccurate copying, duplication, or the like, and any other similar type of unintentional error which the Secretary considers ministerial. *See* 19 CFR 351.224(f). A significant ministerial error is defined as an error, the correction of which, singly or in combination with other errors, would result in (1) a change of at least five absolute percentage points in, but not less than 25 percent of, the weighted-average dumping margin calculated in the original (erroneous) preliminary determination; or (2) a difference between a weighted-average dumping margin of zero or *de minimis* and a weighted-average dumping margin of greater than *de minimis* or vice versa. *See* 19 CFR 351.224(g). In this case, correction of the ministerial errors results in a change in the margin considered significant within the meaning of 19 CFR 351.224(g)(1). We are publishing this amendment to the preliminary determination pursuant to 19 CFR 351.224(e). As a result of this amended preliminary determination, we have revised the antidumping rates for two of the respondents and the weight-averaged rate applied to the cooperative exporters who were not selected as mandatory respondents.[1]

Scope of Investigation

For purposes of this investigation, the products covered are ball bearings and parts thereof. For a comprehensive description of the scope of this investigation, please see the preliminary determination in this proceeding. *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Ball Bearings and Parts Thereof From the People's Republic of China*, 67 FR 63609 (October 15, 2002) (*Preliminary Determination*).

Ministerial-Errors Allegation

On October 15, 2002, the Department published its preliminary determination in this proceeding. *See Preliminary Determination.* On October 15, 2002, the Department received timely allegations of ministerial errors in the *Preliminary Determination*, in accordance with section 351.224(c)(2) of the Department's regulations, from the petitioner, a domestic producer/interested party, and each of the three mandatory respondents.

The Department has reviewed the preliminary calculations, and, while disagreeing with several of the allegations, agrees that there are errors in the *Preliminary Determination* that constitute ministerial errors within the meaning of 19 CFR 351.224(f). Furthermore, we determine that the change in Wanxiang and Cixing's margins, as well as the change in the rate applied to the un-investigated cooperative exporters, resulting from the correction of these errors, is significant pursuant to 19 CFR 351.224(g)(1). We are amending the *Preliminary Determination* to reflect the correction of these ministerial errors pursuant to 19 CFR 351.224(e). For a detailed discussion of specific ministerial error allegations and Department responses *see Memorandum From Melissa Skinner to Bernard Carreau: Ministerial Error Memorandum* dated November 13, 2002, on file in the Central Records Unit (CRU), room B-099 of the main Commerce building.

The collection of bonds or cash deposits and suspension of liquidation will be revised accordingly and parties will be notified of this determination, in accordance with sections 733(d) and (f) of the Act.

Amended Preliminary Determination

As a result of our correction of the ministerial errors, we have determined that the following dumping margins apply. In accordance with section 733(d)(2) of the Act, we are directing the Customs Service to continue to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We will instruct the Customs Service to require a cash deposit or the posting of a bond equal to the weighted-average amounts as indicated in the chart below. These suspension-of-liquidation instructions will remain in effect until further notice. The percentage weighted-average dumping margins are as follows:

Manufacturer/exporter	Weighted-Average Margin (percent)
Xinchang Peer Bearing Company Ltd.	2.39
Wanxiang Group Corporation	2.50
Ningbo Cixing Group Corp and CW Bearings USA, Inc.	2.32
B&R Bearing Co.	2.41
Changshan Import & Export Company, Ltd.	2.41
Changzhou Daya Import and Export Corporation Limited	2.41
China Huanchi Bearing Group Corp. AND Ningbo Huanchi Import & Export Co. Ltd.	2.41
China National Automotive Industry Guizhou Import & Export Corp.	2.41
China National Machinery & Equipment Import & Export Wuxi Co., Ltd.	2.41
Chongqing Changjiang Bearing Industrial Corporation	2.41
CSC Bearing Company Limited	2.41
Dongguan TR Bearing Corporation, Ltd.	2.41
Fujian Nanan Fushan Hardware Machinery Electric Co., Ltd.	2.41
Guangdong Agricultural Machinery Import & Export Company	2.41
Harbin Bearing Group AND Heilongjiang Machinery and Equipment Import and Export Corporation	2.41

[1] Specifically, the amended rate for Ningbo Cixing Group Corp. ("Cixing") is now 2.32, changed from 32.69 in our *Preliminary Determination*; the amended rate for Wanxiang Group Corporation ("Wanxiang") is 2.50, changed from 39.93; and the amended weighted-average rate is 2.41, changed from 22.99. The revised rate for Xinchang Peer Bearing Company Ltd. ("Peer") is 7.11, compared with 2.39; however, the overall effect on the weighted-average dumping margin is not significant and therefore does not warrant amendment of the *Preliminary Determination* with respect to Peer. Moreover, because we are not amending Peer's margin at this time, we have not included Peer's revised dumping margin in the re-calculated weighted-average dumping margin for the cooperative exporters who were not selected as mandatory respondents; rather, we used Peer's original *Preliminary Determination* margin.

Manufacturer/exporter	Weighted-Average Margin (percent)
Jiangsu CTD Imports & Exports Co., Ltd.	2.41
Jiangsu General Ball & Roller Co., Ltd.	2.41
Jiangsu Hongye Intl. Group Industrial Development Co., Ltd.	2.41
Jinrun Group Ltd. Haining	2.41
Ningbo Cixi Import Export Co.	2.41
Ningbo Economic and Technological Development Zone AND Tiansheng Bearing Co. Ltd AND TSB Group USA Inc. AND TSB Bearing Group America, Co. (TSB Group)	2.41
Ningbo General Bearing Co., Ltd.	2.41
Ningbo Jinpeng Bearing Co., Ltd. AND Ningbo Mikasa Bearing Co. Ltd. AND Ningbo Cizhuang Bearing Co. Tahsleh Development Zone	2.41
Ningbo MOS Group Corporation, Ltd.	2.41
Norin Optech Co., Ltd.	2.41
Premier Bearing & Equipment, Ltd.	2.41
Sapporo Precision Inc./Shanghai Precision Bearing Co., Ltd.	2.41
Shaanxi Machinery & Equipment Import & Export Corp.	2.41
Shandong Machinery Import & Export Group Corp.	2.41
Shanghai Bearing (Group) Company Limited	2.41
Shanghai Foreign Service and Economic Cooperation Co. Ltd.	2.41
Shanghai General Pudong Bearing Co., Ltd.	2.41
Shanghai Hydraulics & Pneumatics Corp.	2.41
Shanghai Nanshi Foreign Economic Cooperation & Trading Co., Ltd.	2.41
Shanghai SNZ Bearings Co., Ltd.	2.41
Shanghai Zhong Ding I/E Trading Co., Ltd. AND Shanghai Li Chen Bearings	2.41
Shaoguan Southeast Bearing Co. Ltd.	2.41
Sin NanHwa Bearings Co. Ltd. AND Sin NanHwa Co. Ltd.	2.41
TC Bearing Manufacturing Co. Ltd.	2.41
Wafangdian Bearing Company Ltd.	2.41
Wholelucks Industrial Limited	2.41
Wuxi New-way Machinery Co., Ltd.	2.41
Zhejiang Rolling Bearing Co. Ltd.	2.41
Zhejiang Shenlong Bearing Co. Ltd.	2.41
Zhejiang Wanbang Industrial Co., Ltd.	2.41
Zhejiang Xinchang Xinzhou Industrial Co. Ltd.	2.41
Zhejiang Xinchun Bearing Co. Ltd.	2.41
Zhejiang ZITIC Import & Export Co. Ltd.	2.41
PRC-Wide Rate	59.30

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our amended preliminary determination. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of the preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the US industry.

Public Comment

Case briefs for this investigation must be submitted to the Department no later than seven days after the date of the final verification report issued in this proceeding. Rebuttal briefs must be filed five days from the deadline date for case briefs. A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes. Section 774 of the Act provides that the Department will hold a public hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a request for a hearing is made in this investigation, the hearing will tentatively be held two days after the rebuttal-brief deadline date at the US Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, US Department of Commerce, Room 1870, within 30 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

We will make our final determination no later than February 26, 2003.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: November 13, 2002.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 02–29496 Filed 11–19–02; 8:45 am]

BILLING CODE 3510–DS–S

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–989 (Final)]

Ball Bearings From China

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigation.

EFFECTIVE DATE: November 22, 2002.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187), 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*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at *http://dockets.usitc.gov/eol/public.*

SUPPLEMENTARY INFORMATION: On October 8, 2002, the Commission established a schedule for the conduct of the final phase of the subject investigation (67 FR 65142, October 23, 2002). The Commission hereby revises the date for its hearing in the investigation from March 4, 2003, to March 6, 2003.

The Commission's new schedule for the investigation is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than February 26, 2003; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on March 3; the prehearing staff report will be placed in the nonpublic record on February 21; the deadline for filing prehearing briefs is February 28; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on March 6; the deadline for filing posthearing briefs is March 13; the Commission will make its final release of information on March 26; and final party comments are due on March 28. For further information concerning this investigation 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 C (19 CFR part 207).

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: November 25, 2002.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 02–30371 Filed 11–29–02; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–874]

Notice of Final Determination of Sales at Less Than Fair Value: Certain Ball Bearings and Parts Thereof From the People's Republic of China

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

ACTION: Notice of final determination of sales at less than fair value.

EFFECTIVE DATE: March 6, 2003.

FOR FURTHER INFORMATION CONTACT: James Terpstra or Cindy Lai Robinson, AD/CVD Enforcement, Office 6, Group II, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–3965, and (202) 482–3797, respectively.

SUPPLEMENTARY INFORMATION:

Final Determination

Pursuant to section 735 of the Tariff Act of 1930, as amended (the Act), we determine that ball bearings from the People's Republic of China (PRC) are being sold, or are likely to be sold, in the United States at less than fair value (LTFV). The estimated margins of sales at LTFV are shown in the "Final Determination of Investigation" section of this notice.

Background

On October 15, 2002, the Department of Commerce (the Department) published its preliminary determination of sales at LTFV in the antidumping duty investigation of ball bearings from the PRC. *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Certain Ball Bearings and Parts Thereof from the People's Republic of China*, 67 FR 63609 (October 15, 2002) (*Preliminary Determination*).

On November 20, 2002, the Department published the amended preliminary determination of sales at LTFV in the antidumping duty investigation of ball bearings from the PRC. *See Notice of Amended Preliminary Determination of Sales at Less Than Fair Value: Certain Ball Bearings and Parts Thereof from the People's Republic of China*, 67 FR 70053 (November 20, 2002) (*Amended Preliminary Determination*). Since the preliminary determination, the following events have occurred.

During November and December 2002, the Department conducted verifications of the mandatory respondents' [1] sales and factors of production information.

Both the petitioner [2] and the mandatory respondents (respondents) filed surrogate value information and data on December 13, 2002. On December 23, 2002, petitioner and respondents filed information rebutting the December 13 factor value submissions.

Parties filed case and rebuttal briefs on January 13 and January 21, 2003, respectively. On January 22, 2003, a public hearing was held at the Department of Commerce.

We note that although we stated in our *Amended Preliminary Determination* that we would make the final determination no later than February 26, 2003, the actual statutory deadline pursuant to section 735(a)(2) of the Act is February 27, 2003. Accordingly, we are issuing our final determination on February 27, 2003, in accordance with the statutory requirement.

Scope of the Investigation

The scope of the investigation includes all antifriction bearings, regardless of size, precision grade or use, that employ balls as the rolling element (whether ground or unground) and parts thereof (inner ring, outer ring, cage, balls, seals, shields, *etc.*) that are produced in China. Imports of these products are classified under the following categories: antifriction balls, ball bearings with integral shafts and parts thereof, ball bearings (including thrust, angular contact, and radial ball bearings) and parts thereof, and housed or mounted ball bearing units and parts thereof. The scope includes ball bearing type pillow blocks and parts thereof and wheel hub units incorporating balls as the rolling element. With regard to finished parts, all such parts are included in the scope of the petition. With regard to unfinished parts, such parts are included if (1) they have been heat-treated, or (2) heat treatment is not required to be performed on the part. Thus, the only unfinished parts that are not covered by the petition are those that will be subject to heat treatment after importation.

Imports of these products are classified under the following Harmonized Tariff Schedules of the United States (HTSUS) subheadings: 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.5010, 8431.20.00, 8431.39.0010, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.2580, 8482.99.35, 8482.99.6595, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.6060, 8708.93.30, 8708.93.6000, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.4000, 8708.99.4960, 8708.99.5800, 8708.99.8080, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90.

Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (Customs) purposes, the written description of the merchandise under investigation is dispositive.

Specifically excluded from the scope are unfinished parts that are subject to heat treatment after importation. Also excluded from the scope are cylindrical roller bearings, mounted or unmounted, and parts thereof (CRB) and spherical plain bearings, mounted and unmounted, and parts thereof (SPB). CRB products include all antifriction bearings that employ cylindrical rollers as the rolling element. SPB products include all spherical plain bearings that employ a spherically shaped sliding element and include spherical plain rod ends.

Scope Clarification

In the *Preliminary Determination*, the Department addressed scope inquiries received from Caterpillar Inc., Nippon Pillow Block Sales Company Limited, Nippon Pillow Block Manufacturing Company Limited and FYH Bearing Units USA, Inc. (collectively, NPBS), and Wanxiang.

On April 22, 2002, Caterpillar Inc. requested that XLS (English) series ball bearings and pin-lock slot XLS (English) series ball bearings having an inside diameter of between 1¾ inches and 5½ inches be excluded from the scope of the investigation.

On April 23, 2002, NPBS requested that the Department clarify whether split pillow block housings and non-split pillow block housings, which are imported separately from ball bearings, are excluded from the scope of the investigation.

On May 28, 2002, Wanxiang, one of the three mandatory respondents, requested guidance as to whether the language in the scope stating that the investigation covers "wheel hub units incorporating balls as the rolling element" also includes wheel hub units that do not contain ball bearings or any other type of rolling element at the time of importation.

The Department preliminarily determined that the scope of the investigation includes all antifriction bearings, regardless of size, precision grade or use, that employ balls as the rolling element, and parts thereof. Therefore, XLS (English) series ball bearings and pin-lock slot XLS (English) series ball bearings are clearly within the scope. With respect to NPBS's request for clarification of whether split pillow block housings and non-split pillow block housings that are imported separately from ball bearings are excluded from the scope of this investigation, the Department previously determined in *Final Determination of Sales at Less Than Fair Value: Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Republic of Germany*, 54 FR 18992, 19015 (May 3, 1989) (*Antifriction Bearings*) that pillow block housings are not bearings, do not contain bearings, and are not parts or

[1] The mandatory respondents in this investigation are Zhejiang Xinchang Peer Bearing Company Ltd. (Peer), Wanxiang Group Corporation (Wanxiang), and Ningbo Cixing Group Corp. and its U.S. affiliate, CW Bearings USA, Inc. (collectively, Cixing).

[2] The petitioner in this case is the American Bearing Manufacturers Association (ABMA).

subassemblies of bearings. Therefore, consistent with that determination and the facts of this investigation, we found that split pillow block housings (not containing antifriction bearings) are excluded from the scope of this investigation. However, the scope of the current investigation includes ball bearing type pillow blocks and parts thereof. Thus, non-split pillow blocks, even when imported separately, are included in the scope.

Regarding Wanxiang's request for clarification as to whether empty wheel hub units are included in the scope, in the *Preliminary Determination*, the Department stated that we would examine this issue further to determine whether the empty wheel hub units produced by Wanxiang use balls or tapered roller bearings interchangeably. At the verification of Wanxiang, company officials used a model of an empty wheel hub unit to demonstrate that the base of the unit can be used with either ball bearings or tapered bearings as the rolling element. Based on that demonstration, we determine that because the empty wheel hub units produced by Wanxiang can use either balls or tapered roller bearings interchangeably, such merchandise is included within the scope of this investigation. Neither the Department nor Customs can ascertain with certainty which empty well hub units will be solely used for tapered roller bearings and which ones will be designated for use with roller bearings.

Based on the foregoing, the Department maintains its position in the final determination that the scope of the investigation includes XLS (English) series ball bearings and pin-lock slot XLS (English) series ball bearings; non-split pillow blocks, even when imported separately; and empty wheel hub units. *See Preliminary Determination*, 67 FR 63610.

Since the publication of the *Preliminary Determination*, the Department received two requests for scope clarifications. On November 15, 2002, Guangdong Agricultural Machinery Import & Export (GAM), a voluntary Section A respondent, requested that the Department exclude mast guide bearings and chain wheels from the scope, which they claim are used exclusively in forklift trucks. Alternatively, GAM requested that the Department determine that mast guide bearings are a separate class or kind of subject merchandise than all other ball bearings. On December 6, 2002, EMPI Inc. sought a scope clarification for some of the balls that it imports because those balls are used exclusively in the rebuilding of CV joints.

These two additional scope requests were received after the *Preliminary Determination*. Due to time constraints in conducting this investigation, the Department was unable to address the additional scope requests within the context of this investigation. As a result, we have not addressed the scope requests or additional arguments raised by the petitioner in our final determination. However, should an order be issued in the instant investigation, parties can resubmit scope requests in accordance with section 351.225 of the Department's regulations and the Department will examine such requests in that context.

Name Changes

Since the *Preliminary Determination*, a number of parties have notified the Department of incorrect company names or have requested name changes.

On October 31, 2002 and on January 13, 2003, Zhejiang Rolling Bearing Co., Ltd. (ZRB) informed the Department of its name change to Zhejiang Tianma Bearing Co., Ltd. The supporting documentation included a pre-approval from the Zhejiang Industrial and Commercial Administration Bureau. ZRB also stated that notwithstanding the approval, it is required under Chinese law to maintain its original name for one year after final approval. We find that during the period of investigation (POI), the company name remained ZRB; therefore, the company-specific rate is only applicable to ZRB. For further discussion of this issue, *see* Comment 4, "Corporate Name Change Filing" of the Memorandum from Holly A. Kuga, Acting Deputy Assistant Secretary for Import Administration, to Faryar Shirzad, Assistant Secretary for Import Administration, "Issues and Decision Memorandum for the Final Determination in the Antidumping Duty Investigation of Certain Ball Bearings and Parts Thereof from the People's Republic of China," dated concurrently with this notice (Decision Memorandum).

On November 1, 2002, China National *Automotive* Industry Guizhou Import & Export Corporation stated that they had incorrectly reported the company's name as China National Automobile Industry Guizhou Import & Export Corporation. Dong Guan Bearing Factory also reported that it is in the process of changing its name to Dong Guan TR Bearings Group, Ltd. (TR) and requested that the Department use both the old and new names in the instructions to Customs. Regarding the first request, the Department will notify Customs of the correct company name. However, the Department is unable to grant Dong Guan Bearing Factory's request because the company has stated that it must continue to export under its old name until Chinese Customs switches to the new name, and because the company has not provided any supporting documentation. Therefore, the Department will not issue any instructions to Customs pertaining to the company's new name.

On November 25, 2002, Zhejiang Xinchang Peer Bearing Company, Ltd., a Chinese exporter, and Peer Bearing Company, its affiliated U.S. importer of subject merchandise (Peer), requested that the Department inform Customs that the current antidumping rate assigned to Xinchang Peer Bearing Company, Ltd., is also applicable to Zhejiang Xinchang Peer Bearing Company, Ltd. The company stated that its formal company name is Zhejiang Xinchang Peer Bearing Company, Ltd. However, in the *Preliminary Determination* and *Amended Preliminary Determination*, the Department referred to the company as Xinchang Peer Bearing Company, Ltd. Based on record evidence demonstrating the company's true name, the Department determined that Peer's formal name is Zhejiang Xinchang Peer Bearing Company, Ltd. Accordingly, the Department will provide specific instructions to Customs for Zhejiang Xinchang Peer Bearing Company, Ltd.

Period of Investigation

The POI is July 1, 2001, through December 31, 2001. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, February 2002). *See* 19 CFR 351.204(b)(1).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this proceeding and to which we have responded are listed in the Appendix to this notice and addressed in the Decision Memorandum, which is hereby adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation and the corresponding recommendations in this public memorandum which is on file in the central records unit (CRU), room B–099 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at *http://ia.ita.doc.gov*. The paper copy and electronic version of the Decision Memorandum are identical in content.

Non-Market Economy

The Department has treated the PRC as a non-market economy (NME)

country in all its past antidumping investigations. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Folding Gift Boxes from the People's Republic of China,* 66 FR 58115 (November 20, 2001); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Steel Flat Products from the People's Republic of China,* 67 FR 62107 (October 3, 2002). A designation as an NME country remains in effect until it is revoked by the Department. *See* section 771(18)(C) of the Act. The respondents in this investigation have not requested a revocation of the PRC's NME status. Therefore, we have continued to treat the PRC as a NME in this investigation. For further details, see the *Preliminary Determination.*

Separate Rates

In our *Preliminary Determination,* we found that forty-five companies met the criteria for the application of separate, company-specific antidumping duty rates. We have not received any other information since the *Preliminary Determination* which would warrant reconsideration of our separates rates determination with respect to these companies. For a complete discussion of the Department's determination that the respondents are entitled to a separate rate, *see* the *Preliminary Determination.*

The PRC-Wide Rate

In the *Preliminary Determination,* we found that the use of adverse facts available for the PRC-wide rate was appropriate for other exporters in the PRC based on our presumption that those respondents who failed to demonstrate entitlement to a separate rate constitute a single enterprise under common control by the Chinese government. The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from the three mandatory respondents and the respondents that are entitled to a separate rate.

When analyzing the petition for purposes of the initiation, the Department reviewed all of the data upon which the petitioner relied in calculating the estimated dumping margin and determined that the margin in the petition was appropriately calculated and supported by adequate evidence in accordance with the statutory requirements for initiation. In order to corroborate the petition margin for purposes of using it as adverse facts available, we examined the price and cost information provided in the petition in the context of our preliminary determination. For further details, *see* Memorandum from David Salkeld, Case Analyst, to Melissa G. Skinner, Office Director, "Corroboration of Secondary Information," dated October 1, 2002.

Since the *Preliminary Determination,* we have received comments from the petitioner, which are discussed in the accompanying Decision Memorandum at Comment 5. The Department has continued to use the PRC-wide rate calculation methodology it employed for the *Preliminary Determination,* and the PRC-wide rate is, for the final determination, 59.30 percent.

Surrogate Country

For purposes of the final determination, we continue to find that India remains the appropriate surrogate country for the PRC. For further discussion and analysis regarding the surrogate country selection for the PRC, *see* the *Preliminary Determination.*

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondent for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondents. For changes from the *Preliminary Determination* as a result of verification, *see* the "Changes Since the Preliminary Determination" section below.

Changes Since the Preliminary Determination

Based on our findings at verification and on our analysis of the comments received, we have made adjustments to the calculation methodologies used in the preliminary determination. These adjustments are discussed in detail in the (1) Decision Memorandum, (2) Memorandum from the Team to the File, "Final Factors of Production Valuation Memorandum," dated February 27, 2003, and (3) Memorandum from the Team to the File, "Calculation Memorandum for the Final Determination," dated February 27, 2003.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B)(ii) of the Act, we are directing Customs to continue suspension liquidation of entries of subject merchandise from the PRC, except for merchandise produced and exported by Cixing, that are entered, or withdrawn from warehouse, for consumption on or after October 15, 2002 (the date of publication of the *Preliminary Determination* in the **Federal Register**). We will instruct Customs to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the normal value exceeds the U.S. price, as indicated in the chart below. Merchandise produced and exported by Cixing will be excluded from any antidumping duty order, if issued. These suspension-of-liquidation instructions will remain in effect until further notice.

Final Determination of Investigation

We determine that the following weighted-average percentage margins exist for the period July 1, 2001, through December 31, 2001:

Manufacturer/exporter	Weighted-average margin (percent)
Zhejiang Xinchang Peer Bearing Company Ltd	8.33
Wanxiang Group Corporation	7.22
Ningbo Cixing Group Corp	[1] 0.59
B&R Bearing Co	7.80
Changshan Import & Export Company, Ltd	7.80
Changzhou Daya Import and Export Corporation Limited	7.80
China Huanchi Bearing Group Corp. and Ningbo Huanchi Import & Export Co. Ltd	7.80
China National Automobile Industry Guizhou Import & Export Corp	7.80
China National Machinery & Equipment Import & Export Wuxi Co., Ltd	7.80
Chongqing Changjiang Bearing Industrial Corporation	7.80
CSC Bearing Company Limited	7.80
Dongguan TR Bearing Corporation, Ltd	7.80

Manufacturer/exporter	Weighted-average margin (percent)
Fujian Nanan Fushan Hardware Machinery Electric Co., Ltd	7.80
Guangdong Agricultural Machinery Import & Export Company	7.80
Harbin Bearing Group and Heilongjiang Machinery and Equipment Import and Export Corporation	7.80
Jiangsu CTD Imports & Exports Co., Ltd	7.80
Jiangsu General Ball & Roller Co., Ltd	7.80
Jiangsu Hongye Intl. Group Industrial Development Co., Ltd	7.80
Jinrun Group Ltd. Haining	7.80
Ningbo Cixi Import Export Co	7.80
Ningbo Economic and Technological Development Zone and Tiansheng Bearing Co. Ltd and TSB Group USA Inc. and TSB Bearing Group America, Co. (TSB Group)	7.80
Ningbo General Bearing Co., Ltd	7.80
Ningbo Jinpeng Bearing Co., Ltd. and Ningbo Mikasa Bearing Co. Ltd. and Ningbo Cizhuang Bearing Co. Tahsleh Development Zone	7.80
Ningbo MOS Group Corporation, Ltd	7.80
Norin Optech Co., Ltd	7.80
Premier Bearing & Equipment, Ltd	7.80
Sapporo Precision Inc./Shanghai Precision Bearing Co., Ltd	7.80
Shaanxi Machinery & Equipment Import & Export Corp	7.80
Shandong Machinery Import & Export Group Corp	7.80
Shanghai Bearing (Group) Company Limited	7.80
Shanghai Foreign Service and Economic Cooperation Co. Ltd	7.80
Shanghai General Pudong Bearing Co., Ltd	7.80
Shanghai Hydraulics & Pneumatics Corp	7.80
Shanghai Nanshi Foreign Economic Cooperation & Trading Co., Ltd	7.80
Shanghai SNZ Bearings Co., Ltd	7.80
Shanghai Zhong Ding I/E Trading Co., Ltd. and Shanghai Li Chen Bearings	7.80
Shaoguan Southeast Bearing Co. Ltd	7.80
Sin NanHwa Bearings Co. Ltd. and Sin NanHwa Co. Ltd	7.80
TC Bearing Manufacturing Co. Ltd	7.80
Wafangdian Bearing Company Ltd	7.80
Wholelucks Industrial Limited	7.80
Wuxi New-way Machinery Co., Ltd	7.80
Zhejiang Rolling Bearing Co. Ltd	7.80
Zhejiang Shenlong Bearing Co. Ltd	7.80
Zhejiang Wanbang Industrial Co., Ltd	7.80
Zhejiang Xinchang Xinzhou Industrial Co. Ltd	7.80
Zhejiang Xinchun Bearing Co. Ltd	7.80
Zhejiang ZITIC Import & Export Co. Ltd	7.80
PRC-Wide Rate	59.30

[1] *De Minimis.*

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine, within 45 days, whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all imports of subject merchandise entered for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Order (APO)

This notice also serves as a reminder to parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. 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.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: February 27, 2003.

Faryar Shirzad,

Assistant Secretary for Import Administration.

Appendix—Issues in Decision Memorandum

I. General Issues

Comment 1: Valuation of Overhead, SG&A, and Profit Ratios ("Financial Ratios")

A. Whether Companies Which Reported a Loss Should Be Excluded from Profit Ratios Calculation

B. Whether the Department Should Use a Weighted Average or a Simple Average to Calculate Financial Ratios

C. Whether the Department Should Exclude Companies Which Did Not Manufacture the Merchandise under Investigation

D. Whether the Department Should Exclude Financial Data That Are Not Contemporaneous with the POI

E. Whether the Department Should Exclude Companies That Were Owned and Controlled by the Indian Government

[FR Doc. 03–5300 Filed 3–5–03; 8:45 am]

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–989 (Final)]

Ball Bearings From China

Determination

On the basis of the record [1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from China of certain ball bearings and parts thereof, provided for in subheadings 3926.90.45, 4016.93.00, 4016.93.10, 4016.93.50, 6909.19.50, 8431.20.00, 8431.39.00, 8482.10.10, 8482.10.50, 8482.80.00, 8482.91.00, 8482.99.05, 8482.99.25, 8482.99.35, 8482.99.65, 8483.20.40, 8483.20.80, 8483.30.40, 8483.30.80, 8483.50.90, 8483.90.20, 8483.90.30, 8483.90.70, 8708.50.50, 8708.60.50, 8708.60.80, 8708.70.60, 8708.93.30, 8708.93.60, 8708.93.75, 8708.99.06, 8708.99.31, 8708.99.40, 8708.99.49, 8708.99.58, 8708.99.80, 8803.10.00, 8803.20.00, 8803.30.00, 8803.90.30, and 8803.90.90 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective February 13, 2002, following receipt of a petition filed with the Commission and Commerce by the American Bearing Manufacturers Association, Washington, DC. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of ball bearings from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation 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** of October 23, 2002 (67 FR 65142), as amended on December 2,

[1] The record is defined in sec. 207.2(f) of the Commission's rules of practice and procedure (19 CFR 207.2(f)).

2002 (67 FR 71588). The hearing was held in Washington, DC, on March 6, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on April 21, 2003. The views of the Commission are contained in USITC Publication 3593 (April 2003), entitled Ball Bearings from China: Investigation No. 731–TA–989 (Final).

By order of the Commission.

Issued: April 7, 2003.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–8967 Filed 4–11–03; 8:45 am]

BILLING CODE 7020–02–P

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Ball Bearings from China

Inv. No.: 731-TA-989 (Final)

Date and Time: March 6, 2003 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

In Support of the Imposition of Antidumping Duties:

Session 1: Open to the public

Covington & Burling
Washington, D.C.
on behalf of

The American Bearings Manufacturers Association ("ABMA")

David Rohn, President and Secretary, American Bearings Manufacturers Association

Gary Yomantas, Chairman, American Bearings Manufacturers Association

Patrick Flynn, President and Chief Operating Officer, Freeway Corporation

Carl Pfizenmaier, President and Chief Executive Officer, Hoover Precision Products, Inc.

In Support of the Imposition
of Antidumping Duties (continued):

Larry Potts, Plant Manager, National Bearings

John Brinkman, Director, Sales and Marketing,
OEM Business Unit, NSK Corporation

Sten Malmstrom, President and Chief Executive Officer,
SKF USA, Inc.

Andrew Wechsler, Managing Director, LECG

Andrew Szamosszegi, Economist, LECG

Harvey M. Applebaum)
Tod Ackerly)
David R. Grace)
Karin L. Kizer) – OF COUNSEL
Lara Czajkowski Higgins)
Nathan T. Daschle)
Priti Seksaria)

Stewart and Stewart
Washington, D.C.
on behalf of

The Timken Company

Paul G. Pedemonti, Vice President, Industrial Sales, North
America, Timken U.S. Corporation (formerly The
Torrington Company)

David D. Gridley, Executive Director, Marketing Services
and Government Affairs, Timken U.S. Corporation
(formerly The Torrington Company)

William Duff, Vice President and General Manager, Kilian
Manufacturing Corp., a unit of The Timken Company

Terence P. Stewart)
Eric P. Salonen) – OF COUNSEL
Dennis R. Nuxoll)

In Opposition to the Imposition
of Antidumping Duties:

Session 2: Open to the public

Wilmer, Cutler & Pickering
Washington, D.C.
on behalf of

Ningbo MOS Group
Ningbo Cixin Bearing
Ningbo Huanchi Group
Wangxiang China
Ningbo General Bearing Co., Limited
Jiangsu General Ball and Roller Co., Limited

Joseph Hoo, Vice President, General Bearing Corporation

Dierdre Maloney, Trade Consultant, Wilmer, Cutler & Pickering

John Greenwald)
) – OF COUNSEL
Jason E. Kearns)

Coudert Brothers LLP
Washington, D.C.
on behalf of

Peer Bearing Company

John M. Gurley) – OF COUNSEL

Session 3: *IN CAMERA* (Closed to the public)

Respondents' *in camera* presentation

Session 4: *IN CAMERA* (Closed to the public)

Petitioners' *in camera* rebuttal

APPENDIX C

SUMMARY DATA

Table C-1
Complete ball bearings: Summary data concerning the U.S. market, 2000-2002

(Quantity=*1,000 bearings*; value=*1,000 dollars*; unit values, unit labor costs, and unit expenses are *per bearing*; and period changes=*percent*, except where noted)

Item	Calendar year			Period changes		
	2000	2001	2002	2000-2002	2000-01	2001-2002
U.S. consumption quantity:						
Amount	708,153	601,135	599,844	-15.3	-15.1	-0.2
Producers' share [1]	56.2	54.6	52.9	-3.4	-1.6	-1.7
Importers' share: [1]						
China (subject) [2]	***	***	***	***	***	***
China (non subject) [3]	***	***	***	***	***	***
Other sources	23.9	24.3	24.0	0.1	0.4	-0.3
Total	43.8	45.4	47.1	3.4	1.6	1.7
U.S. consumption value:						
Amount	2,404,185	2,200,745	2,211,878	-8.0	-8.5	0.5
Producers' share [1]	77.0	76.8	78.0	1.0	-0.1	1.2
Importers' share: [1]						
China (subject) [2]	***	***	***	***	***	***
China (non subject) [3]	***	***	***	***	***	***
Other sources	18.3	18.5	17.1	-1.2	0.2	-1.4
Total	23.0	23.2	22.0	-1.0	0.1	-1.2
U.S. shipments of imports from--						
China (subject): [2]						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory	([4])	([4])	([4])	([4])	([4])	([4])
China (nonsubject): [3]						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory	([4])	([4])	([4])	([4])	([4])	([4])
Other sources:						
Quantity	169,421	146,201	144,164	-14.9	-13.7	-1.4
Value	440,715	407,458	379,288	-13.9	-7.5	-6.9
Unit value	$2.60	$2.79	$2.63	1.1	7.1	-5.6
Ending inventory	57,011	57,709	59,890	5.0	1.2	3.8
All sources:						
Quantity	309,832	272,878	282,592	-8.8	-11.9	3.6
Value	553,182	509,645	486,549	-12.0	-7.9	-4.5
Unit value	$1.79	$1.87	$1.72	-3.6	4.6	-7.8
Ending inventory	108,274	112,400	109,318	1.0	3.8	-2.7

Table continued on next page.

(Quantity=*1,000 bearings*; value=*1,000 dollars*; unit values, unit labor costs, and unit expenses are *per bearing*; and period changes=*percent*, except where noted)

Item	Calendar year			Period changes		
	2000	2001	2002	2000-2002	2000-01	2001-2002
U.S. producers'--						
Capacity quantity	631,946	632,679	640,115	1.3	0.1	1.2
Production quantity	447,832	362,811	351,668	-21.5	-19.0	-3.1
Capacity utilization[1]	70.9	57.3	54.9	-15.9	-13.5	-2.4
U.S. shipments:						
Quantity	398,321	328,257	317,252	-20.4	-17.6	-3.4
Value	1,851,003	1,691,100	1,725,329	-6.8	-8.6	2.0
Unit value	$4.65	$5.15	$5.44	17.0	10.9	5.6
Export shipments:						
Quantity	36,763	34,434	33,103	-10.0	-6.3	-3.9
Value	173,733	161,827	148,767	-14.4	-6.9	-8.1
Unit value	$4.73	$4.70	$4.49	-4.9	-0.6	-4.4
Ending inventory quantity	53,960	54,149	65,849	22.0	0.4	21.6
Inventories/total shipments[1]	12.4	14.9	18.8	6.4	2.5	3.9
Production workers	11,835	9,282	8,910	-24.7	-21.6	-4.0
Hours worked (*1,000 hours*)	19,699	18,493	18,090	-8.2	-6.1	-2.2
Wages paid (*1,000 dollars*)	363,366	348,734	354,001	-2.6	-4.0	1.5
Hourly wages	$18.45	$18.86	$19.57	6.1	2.2	3.8
Productivity (*bearings per hour*)	22.7	19.6	19.4	-14.5	-13.7	-0.9
Unit labor costs	$0.81	$0.96	$1.01	24.1	18.5	4.7

[1] Period changes are in percentage points.
[2] Questionnaire data minus Cixing Group.
[3] Cixing Group.
[4] Not available.

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

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

Table C-1-A
Complete ball bearings: Summary data concerning the U.S. market, 2000-2002

(Quantity=*1,000 bearings*; value=*1,000 dollars*; unit values, unit labor costs, and unit expenses are *per bearing*; and period changes=*percent*, except where noted)

Item	Calendar year			Period changes		
	2000	2001	2002	2000-2002	2000-01	2001-2002
U.S. consumption quantity:						
Amount	1,109,265	971,804	965,001	-13.0	-12.4	-0.7
Producers' share [1]	35.9	33.8	32.9	-3.0	-2.1	-0.9
Importers' share: [1]						
China (subject) [2]	***	***	***	***	***	***
China (nonsubject) [3]	***	***	***	***	***	***
Other sources	40.9	38.6	37.6	-3.4	-2.3	-1.0
Total	64.1	66.2	67.1	3.0	2.1	0.9
U.S. consumption value:						
Amount	2,696,605	2,433,139	2,449,789	-9.2	-9.8	0.7
Producers' share [1]	68.6	69.5	70.4	1.8	0.9	0.9
Importers' share: [1]						
China (subject) [2]	***	***	***	***	***	***
China (nonsubject) [3]	***	***	***	***	***	***
Other sources	26.9	25.6	24.4	-2.5	-1.3	-1.2
Total	31.4	30.5	29.6	-1.8	-0.9	-0.9
U.S. imports from--						
China (subject): [2]						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory	([4])	([4])	([4])	([4])	([4])	([4])
China (nonsubject): [3]						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	$***	$***	$***	***	***	***
Ending inventory	([4])	([4])	([4])	([4])	([4])	([4])
Other sources:						
Quantity	453,937	374,856	362,376	-20.2	-17.4	-3.3
Value	726,418	623,860	597,773	-17.7	-14.1	-4.2
Unit value	$1.60	$1.66	$1.65	3.1	4.0	-0.9
Ending inventory	57,011	57,709	59,890	5.0	1.2	3.8
All sources:						
Quantity	710,944	643,547	647,749	-8.9	-9.5	0.7
Value	845,602	742,039	724,460	-14.3	-12.2	-2.4
Unit value	$1.19	$1.15	$1.12	-6.0	-3.1	-3.0
Ending inventory	108,274	112,400	109,318	1.0	3.8	-2.7

Table continued on next page.

(Quantity=*1,000 bearings*; value=*1,000 dollars*; unit values, unit labor costs, and unit expenses are *per bearing*; and period changes=*percent*, except where noted)

Item	Calendar year			Period changes		
	2000	2001	2002	2000-2002	2000-01	2001-2002
U.S. producers'--						
Capacity quantity	631,946	632,679	640,115	1.3	0.1	1.2
Production quantity	447,832	362,811	351,668	-21.5	-19.0	-3.1
Capacity utilization[1]	70.9	57.3	54.9	-15.9	-13.5	-2.4
U.S. shipments:						
Quantity	398,321	328,257	317,252	-20.4	-17.6	-3.4
Value	1,851,003	1,691,100	1,725,329	-6.8	-8.6	2.0
Unit value	$4.65	$5.15	$5.44	17.0	10.9	5.6
Export shipments:						
Quantity	36,763	34,434	33,103	-10.0	-6.3	-3.9
Value	173,733	161,827	148,767	-14.4	-6.9	-8.1
Unit value	$4.73	$4.70	$4.49	-4.9	-0.6	-4.4
Ending inventory quantity	53,960	54,149	65,849	22.0	0.4	21.6
Inventories/total shipments[1]	12.4	14.9	18.8	6.4	2.5	3.9
Production workers	11,835	9,282	8,910	-24.7	-21.6	-4.0
Hours worked (*1,000 hours*)	19,699	18,493	18,090	-8.2	-6.1	-2.2
Wages paid (*1,000 dollars*)	363,366	348,734	354,001	-2.6	-4.0	1.5
Hourly wages	$18.45	$18.86	$19.57	6.1	2.2	3.8
Productivity (*bearings per hour*)	22.7	19.6	19.4	-14.5	-13.7	-0.9
Unit labor costs	$0.81	$0.96	$1.01	24.1	18.5	4.7

[1] Period changes are in percentage points.
[2] Official Commerce statistics minus Cixing Group.
[3] Cixing Group.
[4] Not available.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
Ball bearing balls: Summary data concerning the U.S. market, 2000-2002

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Table C-3
Ball bearing parts other than balls: Summary data concerning the U.S. market, 2000-2002

* * * * * * *

Table C-4
Ball bearings and parts of ball bearings: Summary data concerning the U.S. market, 2000-2002

(value=*1,000 dollars*, period changes=*percent*, except where noted)

Item	Calendar year			Period changes		
	2000	2001	2002	2000-2002	2000-01	2001-2002
U.S. consumption value:						
Amount	2,696,436	2,460,211	2,484,307	-7.9	-8.8	1.0
Producers' share[1]	75.4	75.2	75.3	-0.1	-0.3	0.1
Importers' share:[1]						
China (subject) [2]	***	***	***	***	***	***
China (nonsubject) [3]	***	***	***	***	***	***
Other sources	20.2	20.4	19.9	-0.3	0.2	-0.5
Total	24.6	24.8	24.7	0.1	0.3	-0.1
U.S. imports from--						
China (subject) [2]	***	***	***	***	***	***
China (nonsubject) [3]	***	***	***	***	***	***
Other sources	544,060	500,930	493,668	-9.3	-7.9	-1.5
All sources	662,669	611,300	613,653	-7.4	-7.8	0.4
U.S. producers'--						
U.S. shipments	2,033,767	1,848,911	1,870,654	-8.0	-9.1	1.2
Export shipments	216,184	197,679	185,222	-14.3	-8.6	-6.3
Total shipments	2,249,951	2,046,590	2,055,876	-8.6	-9.0	0.5
Production workers	13,200	10,440	9,932	-24.8	-20.9	-4.9
Hours worked (*1,000 hours*)	22,527	20,847	20,222	-10.2	-7.5	-3.0
Wages paid (*1,000 dollars*)	398,425	377,793	381,749	-4.2	-5.2	1.0
Hourly wages	$17.69	$18.12	$18.88	6.7	2.5	4.2
Net sales	2,191,980	2,013,784	1,996,816	-8.9	-8.1	-0.8
COGS	1,810,362	1,686,611	1,662,212	-8.2	-6.8	-1.4
Gross profit or (loss)	381,618	327,173	334,604	-12.3	-14.3	2.3
SG&A expenses	231,318	235,133	245,828	6.3	1.6	4.5
Operating income or (loss)	150,300	92,040	88,776	-40.9	-38.8	-3.5
Capital expenditures	122,103	107,637	99,482	-18.5	-11.8	-7.6
COGS/sales[1]	82.6	83.8	83.2	0.7	1.2	-0.5
Operating income or (loss)/sales[1]	6.9	4.6	4.4	-2.4	-2.3	-0.1

[1] Period changes are in percentage points.
[2] Questionnaire data minus Cixing Group.
[3] Cixing Group.

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

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

Table C-4-A
Ball bearings and parts of ball bearings: Summary data concerning the U.S. market, 2000-2002

(value=*1,000 dollars*, period changes=*percent*, except where noted)

Item	Calendar year			Period changes		
	2000	2001	2002	2000-2002	2000-01	2001-2002
U.S. consumption value:						
Amount	3,040,504	2,731,219	2,735,137	-10.0	-10.2	0.1
Producers' share[1]	66.9	67.7	68.4	1.5	0.8	0.7
Importers' share:[1]						
China (subject) [2]	***	***	***	***	***	***
China (nonsubject) [3]	***	***	***	***	***	***
Other sources	29.0	27.6	26.6	-2.4	-1.3	-1.0
Total	33.1	32.3	31.6	-1.5	-0.8	-0.7
U.S. imports from--						
China (subject) [2]	***	***	***	***	***	***
China (nonsubject) [3]	***	***	***	***	***	***
Other sources	880,387	754,353	726,745	-17.5	-14.3	-3.7
All sources	1,006,736	882,308	864,483	-14.1	-12.4	-2.0
U.S. producers'--						
U.S. shipments	2,033,767	1,848,911	1,870,654	-8.0	-9.1	1.2
Export shipments	216,184	197,679	185,222	-14.3	-8.6	-6.3
Total shipments	2,249,951	2,046,590	2,055,876	-8.6	-9.0	0.5
Production workers	13,200	10,440	9,932	-24.8	-20.9	-4.9
Hours worked (*1,000 hours*)	22,527	20,847	20,222	-10.2	-7.5	-3.0
Wages paid (*1,000 dollars*)	398,425	377,793	381,749	-4.2	-5.2	1.0
Hourly wages	$17.69	$18.12	$18.88	6.7	2.5	4.2
Net sales	2,191,980	2,013,784	1,996,816	-8.9	-8.1	-0.8
COGS	1,810,362	1,686,611	1,662,212	-8.2	-6.8	-1.4
Gross profit or (loss)	381,618	327,173	334,604	-12.3	-14.3	2.3
SG&A expenses	231,318	235,133	245,828	6.3	1.6	4.5
Operating income or (loss)	150,300	92,040	88,776	-40.9	-38.8	-3.5
Capital expenditures	122,103	107,637	99,482	-18.5	-11.8	-7.6
COGS/sales[1]	82.6	83.8	83.2	0.7	1.2	-0.5
Operating income or (loss)/sales[1]	6.9	4.6	4.4	-2.4	-2.3	-0.1

[1] Period changes are in percentage points.
[2] Official Commerce data minus Cixing Group.
[3] Cixing Group.

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

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table C-5
Ball bearings and ball bearing parts: U.S. producer's and importers' commercial shipments, by type, 2000-2002

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Table C-6
Ball bearings and ball bearing parts: U.S. producers' and importers' internal consumption/company transfers, by type, 2000-2002

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Table C-7
Complete ball bearings: U.S. producers' and importers' shipments to end users, by sectors, 2002

* * * * * * *

APPENDIX D

EFFECTS OF SUBJECT IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Responses of U.S. producers to the following questions:

1. Since January 1, 2000, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of ball bearings from China?

Barden ***.

Delphi ***.

Dodge ***.

Emerson ***.

FAG ***.

Hoover ***.

INA ***.

Koyo ***.

MPB ***.

Nachi ***.

Nakanishi ***.

National ***.

New Hampshire ***.

NN ***.

NSK ***.

NTN ***.

Pacamor/Kubar ***.

Rexnord ***.

SKF ***.

Torrington ***.

2. Does your firm anticipate any negative impact of imports of ball bearings from China?

Barden	***.
Delphi	***.
Dodge	***.
Emerson	***.
FAG	***.
Hoover	***.
INA	***.
Koyo	***.
MPB	***.
Nachi	***.
Nakanishi	***.
National	***.
New Hampshire	***.
NN	***.
NSK	***.
NTN	***.
Pacamor/Kubar	***.
Rexnord	***.
SKF	***.
Torrington	***.