

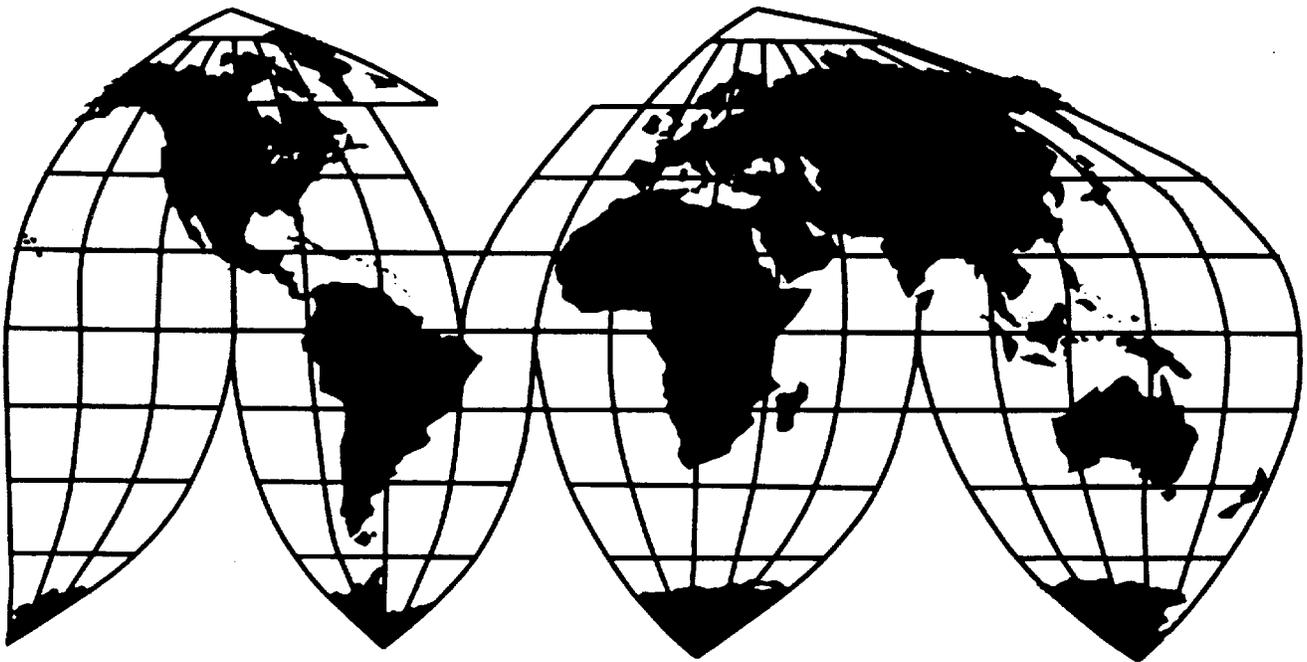
# Internal Combustion Industrial Forklift Trucks From Japan

Investigation No. 731-TA-377 (Second Review)

Publication 3831

December 2005

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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**Stephen Koplan, Chairman**  
**Deanna Tanner Okun, Vice Chairman**  
**Jennifer A. Hillman**  
**Charlotte R. Lane**  
**Daniel R. Pearson**  
**Shara L. Aranoff**

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Robert A. Rogowsky  
*Director of Operations*

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

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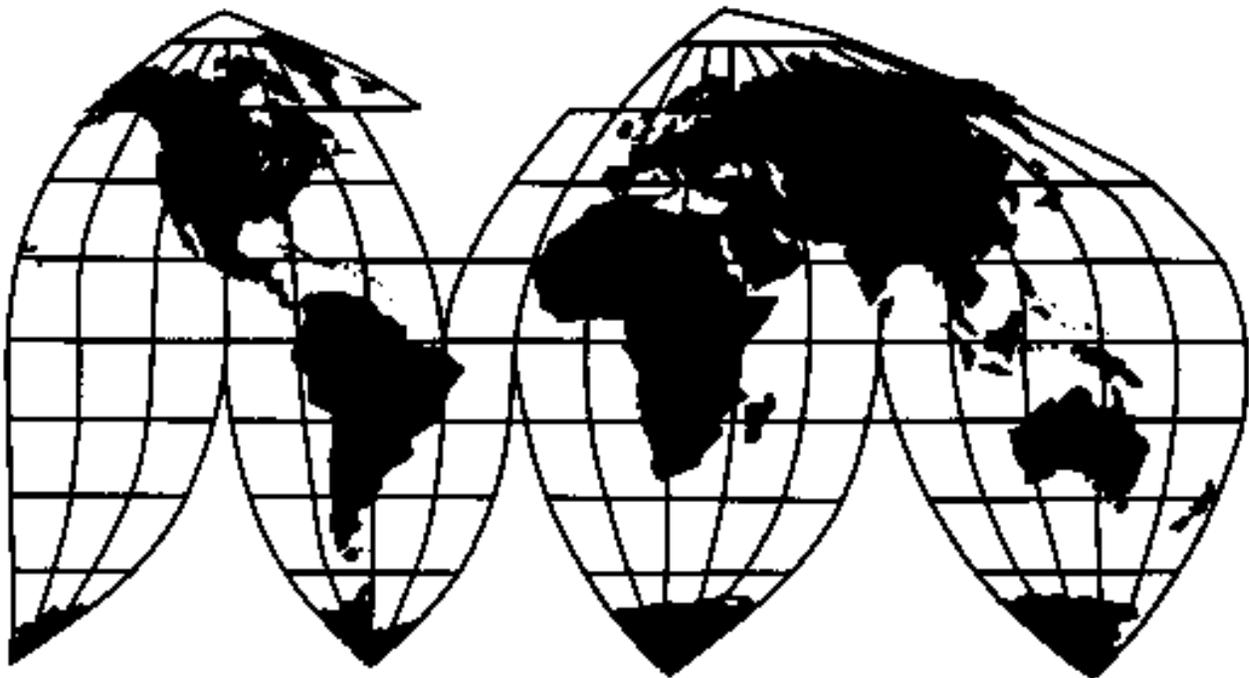
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**Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.**

# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-377 (Second Review)

## INTERNAL COMBUSTION INDUSTRIAL FORKLIFT TRUCKS FROM JAPAN

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission instituted this review on March 1, 2005 (70 F.R. 9971) and determined on June 6, 2005 that it would conduct a full review (70 F.R. 36657, June 24, 2005). Notice of the scheduling of the Commission's review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on July 7, 2005 (70 F.R. 39333). The hearing was held in Washington, DC, on November 1, 2005, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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



## VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan is not likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. SUMMARY

The Commission’s determination in the original investigation in 1988 focused on the evidence that the domestic industry had been materially injured by reason of the significant and increasing volume of forklift trucks from Japan, the high import penetration throughout the period of investigation, the consistent pattern of price undercutting by those imports, and the continuing and increasing operating losses of the domestic industry.

Substantial changes in the U.S. market and industry have taken place since the issuance of the antidumping duty order in June 1988. By 1990, all of the Japanese producers had shifted from exporting subject product to the United States to serving the U.S. market through U.S. production from subsidiaries or joint ventures that they had obtained or established in the United States. Since the first review in 1998,<sup>1</sup> Japanese-owned production subsidiaries have made over \*\*\* in capital expenditures in their U.S. operations. The Japanese-owned firms accounted for an overwhelming share of domestic production of forklift trucks in 2004.

We consider all six domestic producers – Komatsu, Mitsubishi, NACCO, Nissan, TCM, and Toyota – to be part of the domestic industry and do not exclude any producers as related parties. The productive capacity of the domestic industry more than tripled between 1987 and 2004. Domestic production in 2004 was nearly \*\*\* times greater than that of 1987. Subject imports from Japan now are virtually non-existent.

We find that revoking the order will not result in a significant volume of subject imports from Japan. We summarize here several of the main reasons for this conclusion. First, there have been virtually no imports of subject forklifts since 1997. Second, the U.S. market is served primarily by the longstanding and substantial U.S. production facilities owned by Japanese producers. Whereas only one Japanese company had established U.S. production facilities at the time of the original investigation, now each Japanese producer has a counterpart in the United States. The financial commitment and combined levels of production by these Japanese-affiliated producers in the United States has grown substantially. Thus, just as NACCO and NACCO-Sumitomo do not encroach on one another’s territories, the other Japanese producers and their U.S. subsidiaries also are likely to do the same. Third, while the industry in Japan is large, it now has limited excess production capacity. Fourth, while Japanese producers are export oriented, they have a number of longstanding and viable export markets outside the United States including Australia, Europe, Asia, and Africa, with global demand projected to rise. There are no known barriers to exports of forklift trucks from Japan in any of these regions. Thus, Japanese producers have a limited ability or incentive to increase exports to the United States simply by increasing production or shifting exports.

We find it unlikely that revocation of the order will prompt any of the Japanese producers to shutter their U.S. operations and replace that production with imports from Japan. Several of the Japanese producers lack unused capacity in Japan sufficient to make up for the closure of their U.S.

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<sup>1</sup> In the first review, the Commission excluded the U.S. subsidiaries of Japanese producers from the domestic industry as related parties. The Commission further made an affirmative determination of likely material injury to the domestic industry consisting of the three domestic producers that were not owned by Japanese companies. Vice Chairman Okun dissented with respect to the findings on related parties and likely material injury.

counterparts. All of these producers have demonstrated their intent to remain in the U.S. market through substantial and continuing investment. The potential duty savings from importing completed forklift trucks from Japan instead of importing components from Japan and completing the trucks in the United States do not appear sufficient to lead to a closure of U.S. facilities in favor of importing trucks from Japan. While the duty on finished trucks is zero percent, the duties on major components currently imported by the U.S. subsidiaries to make finished forklift trucks in the United States are either zero or at modest levels. Finally, to a significant degree, the Japanese producers, like U.S. producer NACCO, have adopted the corporate strategy of locating production facilities for forklift trucks in regions throughout the world to supply their host country and nearby markets.

Similarly, we do not find it likely that the larger affiliated producers such as Toyota and Mitsubishi would rationalize production between their U.S. and Japanese production facilities to such an extent as to produce a significant net shift in the volumes of forklift trucks produced in the United States versus Japan. These firms have made continuing and significant investment in U.S. facilities and have indicated that revocation of the order would not significantly affect the nature of their substantial U.S. operations.

Given the dominant presence of producers in the U.S. market that are affiliated with Japanese manufacturers, we find it unlikely that, absent the order, any resulting Japanese subject imports would be sold at prices likely to have significant adverse effects on these domestic producers. In light of the substantial market share of their U.S. affiliates and their minimal excess capacity in Japan, there is no incentive for Japanese producers to engage in aggressive pricing practices with regard to exports to the U.S. market if the order is revoked.

In the absence of significant volume or price effects by subject imports, we find that revocation of the order will not have a significant negative impact on the domestic industry. While the data on the recent performance of the domestic industry are somewhat mixed, overall we do not find that these data show the industry to be in a weakened condition.

Finally, we note that in this review we have altered our definition of the domestic like product from the definition adopted by the Commission in the original investigation and first review. In the original investigation the Commission defined the like product to include only trucks of the specified type and size (*i.e.*, operator-riding internal combustion industrial forklift trucks with a weight-lift capacity between 2,000 and 15,000 pounds) that contained a frame made in the United States. In the first review, in the absence of any issue raised concerning the domestic like product, we again included this U.S.-frame limitation. In the current review, as urged by NACCO, we have defined the domestic like product without limitation as to the origin of the frame. As described below, frame production has become a less significant part of the overall production of forklift trucks. The practical effect of this shift is that we will not exclude from our consideration the forklift truck production that incorporates imported frames of NACCO and one other domestic producer.

## II. BACKGROUND

In May 1988, the Commission determined that an industry in the United States was being materially injured by reason of imports of internal combustion industrial forklift trucks from Japan that were being sold at less than fair value.<sup>2</sup> On June 7, 1988, Commerce issued an antidumping duty order on imports of internal combustion industrial forklift trucks from Japan.<sup>3</sup>

On April 1, 1999, the Commission instituted its first five-year review pursuant to section 751(c) of the Act in order to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks would likely lead to continuation or recurrence of material injury.<sup>4</sup> In a three-to-three vote, the Commission determined that revocation of the subject order was likely to lead to continuation or recurrence of material injury.<sup>5</sup>

The Commission instituted this second five-year review on March 1, 2005.<sup>6</sup> The Commission received one substantive response to the notice of institution, filed by domestic producer NACCO Materials Handling Group, Inc. (“NACCO”). The Commission determined that NACCO’s response was individually adequate. Based upon NACCO’s representation that it accounted for a substantial percentage of U.S. production of the domestic like product, the Commission determined that NACCO’s response constituted an adequate domestic interested party group response. Because it did not receive any response to the notice of institution from any Japanese respondent interested party, the Commission determined that the Japanese respondent interested party group response was inadequate. The Commission, however, determined that circumstances, including possible changes in the domestic industry’s production levels since the first review and the involvement of U.S. subsidiaries or joint ventures of Japanese producers in the production of the domestic like product, warranted conducting a full review.<sup>7</sup>

All of the domestic producers of the like product and three out of six Japanese producers of the subject merchandise responded to the Commission’s questionnaires; only domestic producer NACCO filed briefs and provided testimony at the Commission’s hearing.

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<sup>2</sup> Internal Combustion Engine Forklift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082 (June 1988).

<sup>3</sup> 53 Fed. Reg. 20882 (June 7, 1988).

<sup>4</sup> 64 Fed. Reg. 15786 (April 1, 1999).

<sup>5</sup> Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Review), USITC Pub. 3287 (April 2000) (Chairman Bragg and Commissioners Askey and Okun dissenting). The statute deems a tie-vote to be an affirmative determination. See 19 U.S.C. §1677(11) (including determinations under §1675).

<sup>6</sup> 70 Fed. Reg. 9971 (March 1, 2005).

<sup>7</sup> Vice Chairman Okun determined that the domestic interested party group response was inadequate. In the first five-year review, Vice Chairman Okun defined the domestic industry to include more firms than the Commission majority because she determined that appropriate circumstances did not exist to exclude any firm producing the domestic like product from the domestic industry as a related party. See USITC Pub. 3287 at 23-24. Based on NACCO’s share of U.S. production of the domestic like product during the first review and estimated share of the larger industry during the adequacy phase of this review, Vice Chairman Okun determined that NACCO’s response in this second review did not constitute an adequate domestic industry party group response. Vice Chairman Okun, however, voted to conduct a full review for the aforementioned reasons.

### III. DOMESTIC LIKE PRODUCT AND INDUSTRY

#### A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”<sup>8</sup> The Act defines the “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>9</sup> The Commission’s practice in five-year reviews is to look to the like product definitions from the original investigations and any previous review and consider whether the record indicates any reason to revisit that definition.

In this second review, Commerce has defined the scope of the antidumping duty order on Japanese subject merchandise exactly as it defined the scope in the original investigation and first review as follows:

certain internal-combustion, industrial forklift trucks, with lifting capacity of 2,000 to 15,000 pounds. The products covered are described as follows: assembled, not assembled, and less than complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane, or diesel fuel internal-combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles. Less than complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by this order.<sup>10</sup>

Forklift trucks are operator-riding, self-propelled work trucks with platforms that can be raised and lowered for insertion under a load to be lifted or transported. These trucks are used for general materials handling, and stacking and retrieving. Forklift trucks typically are powered either by internal combustion engines using gasoline, diesel, or liquified petroleum gas (“LPG”), or by an electric motor. Internal combustion (“IC”) engine forklift trucks, which are the subject merchandise, normally are used in outdoor and/or well-ventilated indoor operations when continuous operation is important or when ramps or other heavy-duty applications are involved.<sup>11</sup>

There are a variety of basic types of operator-riding forklift trucks, including counterbalanced, narrow aisle, sideloader, orderpicker, and turret. Most internal combustion forklift trucks are rider trucks of the counterbalanced lift type, powered by LPG engines, with a lifting capacity of 2,000 to 15,000

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<sup>8</sup> 19 U.S.C. § 1677(4)(A).

<sup>9</sup> 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979). The Commission generally considers the following factors: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, when appropriate, (6) price. See Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

<sup>10</sup> 70 F.R. 58373 (Oct. 6, 2005).

<sup>11</sup> CR at I-26; PR at I-19.

pounds.<sup>12</sup> There are two basic fabrication processes involved in the production of internal combustion forklift trucks before assembly, namely the production of the frame and the production of the mast. Forklift trucks are finished with customer-specified options.<sup>13</sup>

In the original investigation, the Commission defined the domestic like product as industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame.<sup>14</sup> In reaching this like product definition, the Commission addressed two principal issues: (1) whether forklift trucks with a weight lift capacity greater than 15,000 pounds should be included in the definition; and (2) whether forklift trucks powered by other than an internal combustion engine, particularly electric powered trucks, should be included in the definition. The Commission determined in the original investigation that neither the forklift trucks with lifting capacities greater than 15,000 pounds nor those with electric powertrains should be included in the definition.<sup>15</sup>

In the original investigation, the Commission also considered another issue which it characterized as “concerning the definition of the domestic like product and the domestic industry,” namely whether domestic production of forklift trucks should be defined on the basis of a U.S.-produced frame or a certain minimum level of U.S. value added.<sup>16</sup> The Commission explained that in order to resolve this issue it

must define as part of its like product definition, what constitutes a U.S.-produced IC forklift truck. Put another way, the Commission must decide what component(s) of any given model of IC forklift must be manufactured in the United States, or what the nature and extent of the domestic manufacturing activities related to that model must be, for that model to be considered a U.S. produced IC forklift.<sup>17</sup>

The Commission noted that it previously had “never been called upon to make a like product-domestic industry determination in this manner: that is, to use either a pure value-added approach or a pure component-based (i.e., frame) approach to determine which specific models of a product (in this case, IC forklifts) should be considered ‘domestically produced.’”<sup>18</sup> The Commission further observed that “[t]he effect of applying either the value added approach or the frame-based approach will be to exclude data relating to certain IC forklift models not because these models are dissimilar in characteristics and uses to other models, but because they are not ‘U.S.-produced.’”<sup>19</sup>

The Commission ultimately decided to use frame production as a proxy for domestic production. The Commission explained that it had decided “to adopt the frame approach: i.e., to define domestic

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<sup>12</sup> CR at I-27; PR at I-19.

<sup>13</sup> CR at I-21 to I-22; PR at I-16 to I-17.

<sup>14</sup> USITC Pub. 2082 at 17.

<sup>15</sup> The Commission “determine[d] not to include forklift trucks with lifting capacities greater than 15,000 pounds because the end uses and applications of such trucks and the manufacturing processes by which they are produced are different from those of the standard-lift IC’s.” USITC Pub. 2082 at 5-6. The Commission also determined not to include electric forklift trucks in its definition because the evidence “suggests that in the three key respects . . . physical characteristics, applications and end uses, and production processes – there are more than ‘minor differences’ between Class 1 and Class 2 electric forklifts, and Class 4 and Class 5 IC forklifts.” Id. at 9.

<sup>16</sup> Id. at 9-17.

<sup>17</sup> Id. at 10.

<sup>18</sup> Id.

<sup>19</sup> Id. at 10-11.

production of the like product as an IC forklift with a U.S.-produced frame. . . . [because the] frame approach most fully incorporates consideration of such practical indicia of U.S. production activity as the level of research and development expenses (including design and engineering expenses), capital investment in plant and equipment, and labor activity related to the production of standard-lift IC's."<sup>20</sup> The Commission further explained that it had decided to use the frame-approach rather than the value-added approach because "no standard-lift IC with a U.S.-produced frame contains less than 35 percent U.S. value added, the minimum threshold proposed. . . . [and that for] several of the largest U.S. producers . . . the share of U.S. value added for standard-lift IC's with a U.S. produced frame was significantly greater than 50 percent."<sup>21</sup> The Commission added that "the frame approach ensures that a significant portion of the total manufacturing operations on any single truck are produced in the United States."<sup>22</sup> Based upon the above analysis, the Commission found a single domestic like product, namely industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S. produced frame.<sup>23</sup>

In the first review, NACCO indicated that it agreed with the Commission's domestic like product definition in the original investigation and therefore it did not argue for any changes to that definition. On the record of that review and absent any contrary argument, the Commission defined the domestic like product in the first review as it had in the original investigation: industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds, with a U.S.-produced frame.<sup>24</sup>

In this second review, however, NACCO urges the Commission to change the like product definition used in the original investigation and the first review. NACCO contends that the Commission should eliminate from the like product definition the "requirement that the frame be produced in the United States."<sup>25</sup> No other party presented arguments on the definition of the domestic like product.

The decline in importance of frame production indicates that it can no longer be used as a valid proxy for domestic forklift truck production. NACCO's Vice President, Mr. Gregory Dawe, stated at the hearing that "frame production now has become highly automated and no longer represents the epicenter of our production operations . . . the principal manufacturing operations now center around mast fabrication and the major truck assembly process."<sup>26</sup> Mr. Dawe also stated that "most of NACCO's labor and capital investment is now concentrated in the assembly operations for its forklift trucks as opposed to the production of the frame."<sup>27</sup>

Frame production is also less significant in this second review for two additional reasons. First, whereas frame production represented approximately 10 to 15 percent of total manufacturing costs for forklift trucks during the original investigation and first review, it now accounts for as little as 3 percent of total manufacturing costs.<sup>28</sup> Second, whereas in the original investigation forklift trucks with U.S. frames had a substantially higher domestic value added by U.S. producers than those trucks with imported

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<sup>20</sup> *Id.* at 15-16.

<sup>21</sup> *Id.* at 16.

<sup>22</sup> *Id.* at 16-17.

<sup>23</sup> *Id.* at 17.

<sup>24</sup> USITC Pub. 3287 at 5-6.

<sup>25</sup> NACCO's Prehearing Br. at 4.

<sup>26</sup> Hearing Tr. at 32-33.

<sup>27</sup> *Id.* at 23.

<sup>28</sup> NACCO's Prehearing Br. at 7.

frames, on the current record there is no longer such a relationship.<sup>29</sup> For example, despite using imported frames for most of its U.S. production, NACCO had among the highest overall domestic value added of U.S. producers. Accordingly, we eliminate any reference to frame production in the domestic like product definition and find a single domestic like product consisting of all industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds, coextensive with Commerce's scope.<sup>30</sup>

## **B. Domestic Industry and Related Parties**

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole 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.”<sup>31</sup> Currently, there are six firms producing forklift trucks in the United States: Komatsu Forklift USA, Inc. (“Komatsu USA”), Mitsubishi Caterpillar Forklift America, Inc. (“Mitsubishi USA”), NACCO, Nissan Forklift Corp. North America (“Nissan USA”), TCM Manufacturing USA, Inc. (“TCM USA”), and Toyota Industrial Equipment Manufacturing, Inc. (“Toyota USA”).<sup>32</sup>

In this second review, NACCO argues that the domestic industry should be defined as domestic producers of the like product, but advocates that the Commission should exclude all Japanese-owned companies as related parties. We address the following two domestic industry issues: (1) whether the U.S. subsidiaries of Japanese forklift truck producers have sufficient production-related activities in the United States to be included in the domestic industry, and (2) whether appropriate circumstances exist to exclude any related parties.<sup>33</sup>

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<sup>29</sup> Compare CR/PR at Table I-5 with Original Investigation Staff Report Tables C-4, C-5, & C-6.

<sup>30</sup> There is no argument and no basis in the record for re-examining the Commission's determination in the original investigation that neither forklift trucks with lifting capacities greater than 15,000 pounds nor those with electric powertrains should be included in the domestic like product definition.

<sup>31</sup> 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

<sup>32</sup> CR at I-30 to I-31; PR at I-21 to I-22.

<sup>33</sup> Consistent with our domestic like product definition, we find one domestic industry, consisting of all domestic producers of internal combustion industrial forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds, inclusive.

## 1. Sufficient-Production Related Activities

In the first review, the Commission rejected NACCO's argument that the U.S. subsidiaries of the Japanese producers did not engage in sufficient production-related activities to qualify as domestic producers.<sup>34</sup> NACCO has not specifically raised that argument in this second review.<sup>35</sup>

Based on the substantial nature of their U.S. operations, we find that each of the U.S. subsidiaries of the Japanese producers qualifies as a domestic producer under the six-factor test used by the Commission.<sup>36</sup> As discussed below, in its production of forklift truck models with the highest volume of

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<sup>34</sup> In so doing, the Commission stated as follows:

In determining whether a firm's operations involve sufficient U.S. production-related activity to qualify as domestic production of the like product, the Commission often has analyzed the overall nature and extent of a firm's production-related activity in the United States. See, e.g., Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391 and 731-TA-816-821 (Final), USITC Pub. 3273 at 8-9 (Jan. 2000). The U.S. subsidiaries of the Japanese producers have made substantial investments in the United States for the production of forklift trucks, ranging from an estimated \*\*\*. Nissan USA's and TCM USA's questionnaire responses. Each firm to varying degrees uses a substantial percentage of domestic components and adds domestic value comparable to the other U.S. producers in the production of their models with the highest volume of sales. Employment levels for production and related workers at Mitsubishi USA and Toyota USA are substantially less than at NACCO USA, which produced about the same number of forklift trucks in 1998. Moreover, unlike NACCO USA, none of these subsidiaries undertakes substantial research and development in the United States. On balance, however, we find that these firms fall within the range of domestic production-related activities that the Commission has considered adequate to qualify as a domestic producer and define Mitsubishi USA, Toyota USA, Nissan USA, Komatsu USA, and TCM USA as domestic producers.

USITC Pub. 3287 at 7-8 n.28.

The dissent, however, did not include Komatsu USA in the domestic industry because it produced forklift trucks \*\*\*. Id. at 23-24.

<sup>35</sup> At the hearing, NACCO acknowledged that “. . . in this case, what you'll find is certainly NACCO and virtually all of the transplants, would be considered to be, in terms of value added, legitimate U.S. producers, not necessarily when you look at things like research and development and other indicia that you look at, but certainly most of them have enough value added.” Hearing Tr. at 80-81 (Rosenthal). Although the Commission at the hearing specifically requested NACCO's counsel in its posthearing brief to address the issue of whether the U.S. subsidiaries of the Japanese producers qualify as domestic producers under the Commission's six-factor test, NACCO failed to do so. Thus, NACCO effectively concedes that the U.S. subsidiaries are engaged in sufficient production-related activities to qualify as domestic producers under section 774(a) of the Act.

<sup>36</sup> In deciding whether a firm qualifies as a domestic producer, the Commission generally has analyzed the overall nature of a firm's production-related activities in the United States and generally considers six factors:

- (1) source and extent of the firm's capital investment;
- (2) technical expertise involved in U.S. production activities;
- (3) value added to the product in the United States;
- (4) employment levels;
- (5) quantity and type of parts sourced in the United States; and
- (6) any other costs and activities in the United States directly leading to production of the like product.

(continued...)

sales in 2004, each firm uses a substantial percentage of domestic components and/or adds significant domestic value.<sup>37</sup> We examine each of these firms in turn.

*Toyota USA.* Toyota USA accounted for \*\*\* percent of domestic production in 2004.<sup>38</sup> The original cost of Toyota USA's property, plant, and equipment is \*\*\* with a \*\*\* book value in FY 2004.<sup>39</sup> Toyota USA's total assets ranged from \*\*\* to \*\*\* during the period examined. Toyota USA's major capital investments were approximately \*\*\* between 1999 and 2004. Toyota USA's total capital expenditures were approximately \*\*\* between 1999 and 2004, and were approximately \*\*\* in interim 2005. Toyota USA identified \*\*\* as the source of its capital.<sup>40</sup> In 2004, Toyota USA's employment was approximately \*\*\* production and related workers ("PRWs"), who worked approximately \*\*\* hours.<sup>41</sup> In 2004, \*\*\* percent of Toyota USA's component costs for its model forklift truck with the highest sales volume were attributed to products sourced domestically while foreign components accounted for \*\*\* percent of component costs.<sup>42</sup> Domestic value added excluding component costs and sales, general, and administrative ("SG&A") costs accounted for \*\*\* percent of total costs.<sup>43</sup> During the period examined, domestic components ranged from \*\*\* percent to \*\*\* of Toyota USA's raw material costs for producing forklift trucks while raw material costs attributed to foreign components ranged from \*\*\* percent to \*\*\* percent.<sup>44</sup>

*Mitsubishi USA.* Mitsubishi USA accounted for \*\*\* percent of domestic production in 2004.<sup>45</sup> The original cost of Mitsubishi USA's property, plant, and equipment is \*\*\*, with a \*\*\* book value in FY 2004.<sup>46</sup> Mitsubishi USA's total assets ranged from \*\*\* to \*\*\* during the period examined. Mitsubishi USA's major capital investments totaled approximately \*\*\* between 1999 and 2004. The company's total capital expenditures were approximately \*\*\* between 1999 and 2004, and were approximately \*\*\* in interim 2005.<sup>47</sup> Mitsubishi USA identified \*\*\* as the source of its capital.<sup>48</sup> In 2004, Mitsubishi USA employment was approximately \*\*\* PRWs, who worked approximately \*\*\* hours.<sup>49</sup> In 2004, \*\*\* percent of Mitsubishi USA's component costs for its forklift truck with the highest sales volume were attributed to products sourced domestically while foreign components accounted for \*\*\* percent of component costs.<sup>50</sup> Domestic value added excluding component costs and SG&A

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<sup>36</sup> (...continued)

No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation.

<sup>37</sup> CR/PR at Table I-5.

<sup>38</sup> CR/PR at Table I-6.

<sup>39</sup> See NACCO's Posthearing Br. at 10.

<sup>40</sup> CR/PR at Tables III-16 & 17.

<sup>41</sup> CR/PR at Table I-4; see also, Toyota USA's Producers' Questionnaire, section II-11a.

<sup>42</sup> CR/PR at Tables I-5 & E-8.

<sup>43</sup> Id.

<sup>44</sup> CR/PR at Tables III-12a, III-12b & III-13.

<sup>45</sup> CR/PR at Table I-6.

<sup>46</sup> See NACCO's Posthearing Br. at 10.

<sup>47</sup> CR/PR at Tables III-16 and III-17.

<sup>48</sup> Id.

<sup>49</sup> CR/PR at Table I-4; see also, Mitsubishi USA's Producers' Questionnaire, section II-11a.

<sup>50</sup> CR/PR at Tables I-5 & E-3.

accounted for \*\*\* percent of total costs.<sup>51</sup> During the period examined, domestic components ranged from \*\*\* percent to \*\*\* percent of Mitsubishi USA's raw material costs for producing forklift trucks while raw material costs attributed to foreign components ranged from \*\*\* to \*\*\* percent.<sup>52</sup>

*Nissan USA.* In 2004, Nissan USA accounted for \*\*\* percent of domestic production of forklift trucks.<sup>53</sup> In 1988, Nissan USA's Japanese parent firm purchased Barrett Industrial Trucks, Inc. of Illinois, expanded its existing manufacturing facilities, and began producing internal combustion industrial forklift trucks in the United States. A second facility was opened in Illinois in 1995 to meet increased demand for forklift trucks in the United States and Canada. The original cost of Nissan USA's property, plant, and equipment is \*\*\* with a \*\*\* book value in FY 2004.<sup>54</sup> Nissan USA's total assets ranged from \*\*\* to \*\*\* during the period examined.<sup>55</sup> Nissan USA's annual capital expenditures ranged from \*\*\* to \*\*\* during the period examined.<sup>56</sup> Nissan USA identified \*\*\* as the source of its capital.<sup>57</sup> In 2004, Nissan employed approximately \*\*\* PRWs, who worked approximately \*\*\* hours.<sup>58</sup> In 2004, \*\*\* percent of Nissan USA's component costs for its model forklift truck with the highest sales volume were attributed to products sourced domestically while foreign components accounted for \*\*\* percent of component costs.<sup>59</sup> Domestic value added excluding component costs and SG&A accounted for \*\*\* percent of total costs.<sup>60</sup> During the period examined, domestic components ranged from \*\*\* percent to \*\*\* percent of Nissan USA's total raw material costs for producing forklift trucks while foreign components ranged from \*\*\* percent to \*\*\* percent of such raw material costs.<sup>61</sup> Customization operations have represented approximately \*\*\* percent of net revenues for Nissan USA in recent years.<sup>62</sup>

*Komatsu USA.* In 2004, Komatsu USA accounted for \*\*\* percent of domestic production of forklift trucks.<sup>63</sup> The original cost of Komatsu USA's property, plant, and equipment is \*\*\* with a \*\*\* book value in FY 2004.<sup>64</sup> Komatsu USA's total assets ranged from \*\*\* to \*\*\* during the period examined.<sup>65</sup> Komatsu USA's annual capital expenditures ranged from \*\*\* to \*\*\* during the period examined.<sup>66</sup> In 2004, Komatsu USA employed approximately \*\*\* PRWs, who worked approximately \*\*\* hours.<sup>67</sup> In 2004, domestically sourced products accounted for \*\*\* percent of component costs for the highest sales volume Komatsu USA forklift truck model while foreign components accounted for \*\*\*

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<sup>51</sup> *Id.*

<sup>52</sup> CR/PR at Tables III-12a, III-12b & III-13.

<sup>53</sup> CR/PR at Table I-6.

<sup>54</sup> NACCO's Posthearing Br. at 10.

<sup>55</sup> Nissan USA's major capital investments totaled approximately \*\*\*. Nissan USA's capital expenditures totaled approximately \*\*\* from 1999 until 2004, and were \*\*\* in interim 2005. CR/PR at Tables III-16 & III-17.

<sup>56</sup> CR/PR at Table III-17.

<sup>57</sup> CR/PR at Table III-16.

<sup>58</sup> CR/PR Table I-4; CR at I-38; PR at I-27.

<sup>59</sup> CR/PR at Tables I-5 & E-6.

<sup>60</sup> *Id.*

<sup>61</sup> CR/PR at Table III-12b. In its U.S. producers' questionnaire response, Nissan USA reported that \*\*\*." Nissan USA's Producers' Questionnaire, section II-17.

<sup>62</sup> CR at I-20 n.22; PR at I-15 n.22.

<sup>63</sup> CR/PR at Table I-6.

<sup>64</sup> NACCO's Posthearing Br. at 10.

<sup>65</sup> CR/PR at Table III-17.

<sup>66</sup> *Id.*

<sup>67</sup> Komatsu USA's Producers' Questionnaire, section II-11a.

percent of those component costs.<sup>68</sup> Domestic value added excluding component costs and SG&A accounted for \*\*\* percent of total costs.<sup>69</sup> During the period examined, domestic components accounted for \*\*\* percent of Komatsu USA's raw material costs for producing forklift trucks while foreign components accounted for approximately \*\*\* percent of such raw material costs.<sup>70</sup> Customization operations accounted for approximately \*\*\* percent of the value of the trucks produced by Komatsu USA.<sup>71</sup>

*TCM USA.* In 2004, TCM USA accounted for \*\*\* percent of domestic production of forklift trucks.<sup>72</sup> In September 1988, TCM USA purchased a manufacturing facility in South Carolina and began U.S. production of forklift trucks in January 1989. The original cost of TCM USA's property, plant, and equipment is \*\*\* with a \*\*\* book value in FY 2004.<sup>73</sup> TCM USA's total assets ranged from \*\*\* to \*\*\* during the period examined.<sup>74</sup> TCM USA's annual capital expenditures ranged from \*\*\* to \*\*\* during the period examined.<sup>75</sup> In 2004, TCM USA employed approximately \*\*\* PRWs, who worked approximately \*\*\* hours.<sup>76</sup> In 2004, domestically sourced products accounted for \*\*\* percent of the component costs for the highest sales volume TCM USA forklift truck model while foreign components accounted for \*\*\* percent of those component costs.<sup>77</sup> Domestic value added excluding component costs and SG&A accounted for \*\*\* percent of total costs.<sup>78</sup> During the period examined, domestic components ranged from \*\*\* percent to \*\*\* percent of TCM USA's raw material costs for producing forklift trucks while foreign components accounted for approximately \*\*\* percent to \*\*\* percent of such raw material costs.<sup>79</sup>

Based upon the record in this second review, we find that each of the U.S. subsidiaries of the Japanese producers qualifies as a domestic producer of the domestic like product using the Commission's six-factor test. As to the first factor, *i.e.*, source and extent of the firm's capital investment, Toyota USA and Mitsubishi USA have made substantial investments in the United States in the production of forklift trucks, while Nissan USA, TCM USA, and Komatsu USA have invested to a lesser but not insignificant degree in their U.S. operations. Moreover, these firms generally identified the United States or their own operations as the source of their capital.<sup>80</sup> As to the second factor, *i.e.*, technical expertise involved in U.S. production activities, most of the firms reported that some degree of technical expertise was involved

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<sup>68</sup> CR/PR at Tables I-5 & E-2.

<sup>69</sup> *Id.*

<sup>70</sup> CR/PR at Table III-12b. In its questionnaire response, Komatsu USA reported "\*\*\*\*." Komatsu USA's Producers' Questionnaire, section II-17.

<sup>71</sup> CR at I-20 n.22; PR at I-15 n.22.

<sup>72</sup> CR/PR at Table I-6.

<sup>73</sup> NACCO's Posthearing Br. at 10.

<sup>74</sup> TCM USA's major capital investments during the period examined totaled approximately \*\*\*\*. TCM USA's capital expenditures totaled approximately \*\*\*\* from 1999 until 2004, and were \*\*\* in interim 2005. CR/PR at Tables III-16 & III-17.

<sup>75</sup> CR/PR at Table III-17.

<sup>76</sup> TCM USA's Producers' Questionnaire, section II-11a.

<sup>77</sup> CR/PR at Tables I-5 & E-7.

<sup>78</sup> *Id.*

<sup>79</sup> CR/PR at Table III-12b.

<sup>80</sup> CR/PR at Table III-16.

in their U.S. production activities, and the level of technical expertise did not differ significantly from that reported by NACCO.<sup>81</sup>

As to the third factor, *i.e.*, value added to the product in the United States, each of the Japanese transplants added significant domestic value in the production of their models with the highest volume of sales in 2004, with several adding value only to a slightly lesser degree than did NACCO.<sup>82</sup> As to the fourth factor, *i.e.*, employment levels, Mitsubishi USA and Toyota USA employed the most substantial number of PRWs who worked \*\*\*; Nissan USA, Komatsu USA, and TCM USA employed a lesser but not an insignificant number of PRWs during the period examined. As to the fifth factor, *i.e.*, quantity and type of parts sourced in the United States, each of the U.S. subsidiaries of the Japanese producers uses predominantly domestic components in the production of its highest sales volume forklift truck model, and \*\*\* than does NACCO.<sup>83</sup> As to the sixth factor, *i.e.*, any other costs and activities in the United States directly leading to production of the like product, unlike NACCO, none of the Japanese transplants undertakes substantial research and development in the United States. On the other hand, the Japanese transplants reported that customization operations accounted for \*\*\* percent of the value of their finished forklift trucks, while for NACCO customization added only \*\*\* percent of the final value.<sup>84</sup>

In our view, five out of six factors – the source and extent of the firm’s capital investment, value added to the product in the United States, quantity and type of parts sourced in the United States, employment levels, and technical expertise involved in U.S. production activities – weigh in favor of finding that each of the U.S. subsidiaries of the Japanese producers qualifies as a domestic producer. Evidence as to the remaining factor (*i.e.*, other costs and activities directly leading to the production of the like product) is mixed. On balance, we find that each of the U.S. subsidiaries of the Japanese producers engages in adequate domestic production-related activities to qualify as a domestic producer. We therefore define Toyota USA, Mitsubishi USA, Nissan USA, Komatsu USA, and TCM USA, along with NACCO, as domestic producers.

## 2. Related Parties

In the original investigation, there were no related party issues before the Commission regarding U.S. subsidiaries of the Japanese producers. The Commission did, however, consider whether two domestic producers, which imported subject product, should be excluded as related parties, and found that appropriate circumstances to do so did not exist.<sup>85</sup>

In the first review, the Commission found that each of the U.S. subsidiaries of the Japanese producers were related parties because they were wholly or majority owned by Japanese producers of the subject merchandise and that appropriate circumstances existed to exclude these firms from the domestic industry.<sup>86</sup>

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<sup>81</sup> CR at I-17 to I-19; PR at I-14 to I-15.

<sup>82</sup> In 2004, domestically sourced products accounted for \*\*\* percent of component costs for the highest sales volume NACCO forklift truck model while foreign components accounted for \*\*\* percent of those component costs. CR/PR at Table I-5.

<sup>83</sup> During the period examined, domestic components accounted for \*\*\* percent to \*\*\* of NACCO’s raw material costs for producing forklift trucks while foreign components accounted for \*\*\* percent to \*\*\* percent of such raw material costs. CR/PR at Table III-12b.

<sup>84</sup> CR at I-20 n.22; PR at I-15 n.22.

<sup>85</sup> USITC Pub. 2082 at 18-20.

<sup>86</sup> The Commission found that appropriate circumstances existed to exclude these firms from the domestic industry under the related parties provision for two reasons. First, the Commission noted that “[w]ith the exception of Komatsu, USA, each of the U.S. manufacturing subsidiaries of the Japanese producers was established after the  
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In this second review, NACCO argues that all of the Japanese-owned subsidiaries should be excluded from the domestic industry because (1) their primary interest lies in avoiding the imposition of the antidumping duties and not in domestic production,<sup>87</sup> and (2) their inclusion will severely skew the analysis of the impact of revocation.<sup>88</sup>

Each of the U.S. subsidiaries of the Japanese producers is wholly or majority owned, and thus directly controlled, by Japanese manufacturers and/or exporters of the subject merchandise. As a result of their corporate relationship with subject manufacturers/exporters, Toyota USA, Mitsubishi USA, Nissan USA, Komatsu USA, and TCM USA each satisfy the statutory definition of a related party.<sup>89</sup>

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<sup>86</sup> (...continued)

imposition of the antidumping duty order apparently to participate in the U.S. market without incurring antidumping duties.” Second, the Commission observed “that the Japanese producers, free from the restraining effects of the order, would be likely to rationalize their U.S. and Japanese production operations, and supply the U.S. market by both importation and U.S. production, or importation alone.” USITC Pub. 3287 at 8-9.

Vice Chairman Okun dissented and found that appropriate circumstances did not exist to exclude any firm from the domestic industry under the related parties provision. See Dissenting Views of Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun, Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Review), USITC Pub. 3287 (April 2000) at 23-24.

<sup>87</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

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

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (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 producers and whether the primary interest of the related producer lies in domestic production or importation. See, e.g., Open-End Spun Rayon Singles Yarn from Austria, Inv. No. 731-TA-751 (Preliminary), USITC Pub. 2999 at 7 n.39 (October 1996). These latter two considerations were cited as appropriate factors as well in Allied Mineral Products, Inc. v. United States, —Fed. Supp. 2d.—, Slip Op. 04-139 (Ct. Int’l Trade November 12, 2004) at 6; Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989) (upholding a Commission decision to exclude a related party even when the reason the subsidiary imported from its subject parent company was to “obtain sizes and grades which are unavailable from other sources” noting, with approval as “the exact scenario of the instant case” the statement from the 1979 legislative history of the statute concerning a subject foreign parent directing exports to the U.S. so as not to compete with its related U.S. producer).

In the present review, NAACO argues that the Commission should exclude the U.S. subsidiaries of Japanese producers from the domestic industry. NAACO asserts that the primary interest of the U.S. subsidiaries is not in domestic production but in avoiding antidumping duties. While we generally view the issue as whether a producer’s primary interest is in domestic production or importation, in any event we do not concur with NAACO that the U.S. subsidiaries would halt or substantially reduce U.S. production upon revocation of the order, for the reasons explained in section IV.B.1 of these views.

<sup>88</sup> NACCO’s Prehearing Brief at 10-14. At the hearing, however, NACCO’s counsel stated that “I really don’t think it matters what you do to related parties in this case, to be honest with you.” Hearing Tr. at 187 (Rosenthal).

<sup>89</sup> In Japan, NACCO has a 50-percent-owned joint venture with the Japanese conglomerate Sumitomo Heavy Industries Ltd. (“Sumitomo”). Hearing Tr. at 130 (Eklund). This joint venture entity is known as Sumitomo-NACCO Materials Handling Co., Ltd. (“Sumitomo-NACCO”). CR/PR at Table I-7. No party has argued that NACCO is a related party nor does the record establish whether NACCO directly or indirectly controls a foreign

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We therefore turn to the issue of whether appropriate circumstances exist to exclude any of these related party domestic producers from the domestic industry. Each of these firms now has been established in the United States for at least fifteen years – four out of the five firms were established shortly after the original antidumping duty order became effective, while Komatsu USA was established in 1987, before the order was issued. As noted above, each of these firms has made substantial investments in its U.S. operations during the past fifteen years.<sup>90</sup> As a result of these significant investments, the U.S. subsidiaries of the Japanese producers accounted for \*\*\* percent of domestic production of forklift trucks in 2004. Accordingly, the exclusion of all of these firms from the domestic industry would result in the exclusion of a substantial majority of U.S. production.

The five related party producers did not import the subject merchandise into the United States during the period examined.<sup>91</sup> Similarly, their Japanese parent corporations did not export subject merchandise to the United States during the period examined, with the exception of minimal volumes in 1999 and 2000.<sup>92</sup> Moreover, as discussed further below, we find it unlikely that subject imports will increase by any significant amount within the reasonably foreseeable future. Even if the antidumping duty order were revoked, the record does not establish that any of the U.S. subsidiaries of the Japanese producers would be insulated from the effects of any renewed subject imports. Rather, the fact that there are multiple U.S. subsidiaries of Japanese producers indicates that each U.S. subsidiary of the Japanese producers would still face competition in the U.S. market from any renewed subject imports.<sup>93</sup>

In terms of financial performance, \*\*\* – performed below the industry average for much of the period examined, which suggests that these firms did not derive any significant benefit from their relationships with their Japanese parents in a way that would skew the data for the industry.<sup>94</sup> While \*\*\* outperformed the U.S. industry average in terms of its financial performance during the period examined, there is no basis on this record to attribute \*\*\* financial performance in significant part to its relationship with its Japanese parent firm.<sup>95</sup>

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<sup>89</sup> (...continued)

exporter as a result of NACCO's 50/50 joint venture with Sumitomo.

We find it unnecessary to determine whether NACCO qualifies as a related party under the statute because, in either event, appropriate circumstances do not exist to exclude it from the domestic industry. In 2004, NACCO accounted for \*\*\* percent of domestic production and over the period examined it invested considerable sums in its productive capacity. CR/PR Table I-6; CR at I-34 and PR at I-24. NACCO has not imported subject merchandise during the period examined, nor has Sumitomo- NACCO exported subject merchandise to the United States. CR at I-34 and IV-3, PR at I-24 and IV-1, foreign producer questionnaire responses. Given NAACO's investment in its U.S. operations, and the relatively small size of its Japanese joint venture, we do not find that Sumitomo-NACCO would export significantly increased volumes of subject merchandise to the United States if the order were revoked. See Sumitomo-NACCO foreign producer questionnaire response, NACCO Posthearing brief at 30, CR at IV-5, PR at IV-4. Nor would NACCO be shielded from the impact of subject imports, given that there are several Japanese producers of forklift trucks other than Sumitomo-NACCO. Finally, in terms of financial returns, NACCO generally \*\*\*, indicating that it did not derive a significant benefit from its joint-venture in Japan. CR/PR at Table III-11b.

<sup>90</sup> As noted above, Nissan USA, Komatsu USA, and TCM USA have invested to a lesser degree in their U.S. forklift truck operations than Toyota USA and Mitsubishi USA.

<sup>91</sup> CR at I-40; PR at I-28.

<sup>92</sup> CR/PR at Table IV-1.

<sup>93</sup> We also note that three firms – including \*\*\* – have taken no position regarding continuation of the order in this review, although two firms \*\*\* oppose continuation of the order. CR/PR at Table I-6.

<sup>94</sup> CR/PR at Table III-11b.

<sup>95</sup> \*\*\*'s ratio of operating income to net sales was \*\*\* percent in 1999, \*\*\* percent in 2000, \*\*\* percent in 2001, \*\*\* percent in 2002, \*\*\* percent in 2003, \*\*\* percent in 2004, and \*\*\* percent in interim period 2005. CR/PR at

(continued...)

Thus, in light of the substantial portion of domestic production accounted for by the related parties, the lack of evidence of any significant benefit to the U.S. subsidiaries due specifically to their relationships with their Japanese corporate parents, and the lack of any imports of subject merchandise by the related parties during the period examined, we decline to exclude any of these firms from the domestic industry. Accordingly, we define the domestic industry to include Toyota USA, Mitsubishi USA, Nissan USA, Komatsu USA, TCM USA, and NACCO.

#### **IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>96</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>97</sup> Thus, the likelihood standard is prospective in nature.<sup>98</sup> The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>99 100 101</sup>

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<sup>95</sup> (...continued)

Table III-11b.

<sup>96</sup> 19 U.S.C. § 1675a(a).

<sup>97</sup> SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

<sup>98</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>99</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”; Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>100</sup> Vice Chairman Deanna Tanner Okun notes that, consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” to mean “probable.” See Usinor Industeel, S.A. et al v. United States, No. 01-00006, Slip Op. 02-39 at 13 (Ct. Int’l Trade April 29, 2002). However, she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. See also Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 731-TA-707-709

(continued...)

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>102</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis [in antidumping investigations].”<sup>103 104</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>105</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>106</sup>

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<sup>100</sup> (...continued)  
(Review)(Remand), USITC Pub. 3754 (Feb. 2005).

<sup>101</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

<sup>102</sup> 19 U.S.C. § 1675a(a)(5).

<sup>103</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” SAA at 887.

<sup>104</sup> In analyzing what constitutes a reasonably foreseeable time, Chairman Koplán examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

<sup>105</sup> 19 U.S.C. § 1675a(a)(1).

<sup>106</sup> 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the order under review. CR at I-11; PR at I-9. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

## A. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>107</sup> The following conditions of competition are relevant to our determination.

In the first review, the Commission majority identified four major conditions of competition. First, it highlighted an important change in the composition of the domestic industry, most notably that four Japanese forklift truck producers had established U.S. subsidiaries soon after the original antidumping duty order took effect.<sup>108</sup> Second, it observed that demand for internal combustion industrial forklift trucks had remained strong since the end of the original investigation and throughout the period examined in the first review.<sup>109</sup> Third, it noted that the technology for producing forklift trucks had remained essentially unchanged since the original investigation.<sup>110</sup> Fourth, it found that nonsubject imports continued to account for a significant share of the U.S. market as they did during the original investigation.<sup>111</sup>

### 1. U.S. Demand

In the current review, we observe that while demand for forklift trucks in the United States has grown substantially since the time of the original investigation, it also fluctuates in tandem with the performance of the general economy and manufacturing sector.<sup>112</sup> Between the original investigation and the first review, apparent U.S. consumption of the domestic like product almost doubled, increasing from 46,152 forklift trucks in 1987 to 85,747 forklift trucks in 1998.<sup>113</sup> Apparent U.S. consumption of the domestic like product increased irregularly during the period examined in the current review. Apparent U.S. consumption was only slightly lower in 1999 and 2000 than in 1998, it fell sharply to \*\*\* forklift trucks in 2001, and it continued to fall to \*\*\* forklift trucks in 2002.<sup>114</sup> Apparent U.S. consumption then increased to \*\*\* forklift trucks in 2003, and it increased further to \*\*\* forklift trucks in 2004.<sup>115</sup>

By NACCO’s own account, some of these declines in U.S. demand for forklift trucks – most notably in 2001 and 2002 – reflected the recession experienced by the U.S. economy and the

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<sup>107</sup> 19 U.S.C. § 1675a(a)(4).

<sup>108</sup> USITC Pub. 3287 at 11.

<sup>109</sup> Id.

<sup>110</sup> Id. at 11-12.

<sup>111</sup> Id. at 12. Vice Chairman Okun found separate conditions of competition. See Dissenting Views of Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun, Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Review), USITC Pub. 3287 (April 2000) at 27-28.

<sup>112</sup> CR at II-14; PR at II-9.

<sup>113</sup> CR/PR at Table I-1.

<sup>114</sup> Apparent U.S. consumption increased from \*\*\* forklift trucks in 1999 to \*\*\* forklift trucks in 2004. CR/PR at Table I-11. We note that the U.S. apparent consumption data in the original investigation and first review were based upon the like product definition used in those previous determinations, which included forklift trucks with U.S.-produced frames only. However, the apparent U.S. consumption data in this second review is based upon the different like product definition adopted here, namely forklift trucks with “all frames.” We are cognizant of the differences between the apparent U.S. consumption data in the original investigation, first review, and second review, and take those differences fully into account in reaching our determination here.

<sup>115</sup> Apparent U.S. consumption also increased from \*\*\* forklift trucks in interim 2004 to \*\*\* forklift trucks in interim 2005. CR/PR at Table I-11.

manufacturing sector.<sup>116</sup> With the recent U.S. economic recovery, apparent U.S. consumption for forklift trucks rebounded in 2004 and surpassed U.S. demand at the beginning of the period in 1999.<sup>117</sup> This positive trend continued between interim 2004 and interim 2005 with apparent U.S. consumption \*\*\* percent higher in the latter period.<sup>118</sup> Four domestic forklift truck producers (including \*\*\*) reported expected increases in U.S. demand for forklift trucks through at least 2007.<sup>119</sup> Three domestic producers predicted increases in U.S. demand for forklift trucks through 2010.<sup>120</sup>

## 2. Global Demand

The United States is the largest market in the world for internal combustion industrial forklift trucks followed by China, Japan, Europe, Latin America, and Canada.<sup>121</sup> As in the U.S. market, demand for forklift trucks in these foreign markets is cyclical and has fluctuated with the general strength of the economies of these nations. Global demand for forklift trucks exceeded expectations in 2004 and strong growth is expected in 2005. According to World Industrial Truck Statistics, worldwide shipments of ICI forklift trucks (Classes 4 and 5) increased by \*\*\* percent from 2003 to 2004. The Americas and Asia led growth in 2004, with increased shipments of \*\*\* percent and \*\*\* percent, respectively.<sup>122</sup> Global shipments for forklift trucks during the first six months of 2005 were \*\*\* percent higher than during the comparable period of 2004.<sup>123</sup>

Demand for forklift trucks in Japan reportedly was stagnant between 1999 and 2003 with some growth between 2004 and 2005.<sup>124</sup> Demand for forklift trucks in China has increased dramatically between 1999 and 2004 and this trend is expected to continue.<sup>125</sup> Demand for forklift trucks in Europe has been relatively stable with some slow growth between 1999 and 2004.<sup>126</sup> Between 1999 and 2004, demand for forklift trucks in Latin America and Canada grew along with real GDP in those markets.<sup>127</sup>

Future growth in Japanese demand for forklift trucks is expected to be slow. European growth also is expected to be positive but slow, driven by demand from Eastern Europe. Continued strong growth in demand for forklift trucks in China is expected through 2009. Similarly, growing demand is projected in Latin America and Canada.<sup>128</sup>

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<sup>116</sup> Hearing Tr. at 106.

<sup>117</sup> CR/PR at Table I-11; CR at II-14 to II-15; PR at II-9.

<sup>118</sup> CR/PR at Table C-1.

<sup>119</sup> CR at II-14; PR at II-9.

<sup>120</sup> Only NACCO predicted a slight correction in U.S. demand for forklift trucks in 2008. CR at II-14; PR at II-9; NACCO's Posthearing Br., Exh. 1 at 29.

<sup>121</sup> CR at II-22; PR at II-14.

<sup>122</sup> CR at IV-15; PR at IV-10.

<sup>123</sup> Id.

<sup>124</sup> CR/PR at Tables IV-3 and IV-4; CR at II-23; PR at II-14.

<sup>125</sup> Id.

<sup>126</sup> Id. at II-24; PR at II-15.

<sup>127</sup> CR at II-25; PR at II-15.

<sup>128</sup> CR at II-23 to II-25; PR at II-14 to II-16; NACCO Posthearing Br., Exh. 1 at 29.

### 3. U.S. Supply

During the original investigation, Japan was an important source of imported forklift trucks for the U.S. market, at a time when U.S. demand exceeded U.S. capacity by more than \*\*\* percent.<sup>129</sup> During that period, U.S. producers themselves accounted for a large share of U.S. imports of forklift trucks from Japan and virtually all imports of forklift trucks from countries other than Japan. Indeed, in 1987, Yale Materials Handling Corp. (now part of the corporate structure of domestic interested party NACCO) \*\*\*.<sup>130</sup>

While U.S. apparent consumption has nearly \*\*\* since the original investigation, the size of the domestic industry has increased at an even faster rate. Domestic production capacity more than \*\*\* between 1987 and 2004, while domestic production in 2004 was nearly \*\*\* times greater than that of 1987.<sup>131</sup> Exports by the domestic industry in 2004 were more than \*\*\* times the level of exports in 1987.<sup>132</sup>

Imports of subject forklift trucks from Japan have been virtually non-existent since at least 1997.<sup>133</sup> Instead, as discussed more fully below, Japanese producers have chosen to participate in the U.S. market through production by U.S. affiliates, which now account for the vast majority of domestic production of forklift trucks.

Nonsubject imports account for a significant share of the U.S. market as they did in the original investigation and first review. Nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 1987, 21.9 percent of apparent U.S. consumption in 1998, and \*\*\* percent of apparent U.S. consumption in 2004.<sup>134</sup>

### 4. Domestic Industry Restructuring

As the domestic industry expanded, it also underwent a significant change in composition. During the original investigation, there were eight domestic producers of forklift trucks: AC Materials Handling Corp., Caterpillar Industrial Inc., Clark Equipment Co., Hyster Co., Komatsu Forklift (USA), Inc., Taylor Machine Works, White Lift Truck and Parts Mfg. Co., and Yale Materials Handling Corp.<sup>135</sup> Three firms, – Hyster, Caterpillar, and Clark – accounted for more than \*\*\* percent of U.S. production in 1987.<sup>136</sup> Only one of these firms – Komatsu USA – remains unchanged in the industry today. Hyster and Yale were acquired by NACCO, Caterpillar Industries, Inc. formed a joint venture with

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<sup>129</sup> In 1987, U.S. producers had sufficient capacity to produce only \*\*\* forklift trucks. Apparent U.S. consumption in 1987 was 46,152 forklift trucks. CR/PR at Table I-1.

<sup>130</sup> Original Confidential Report at A-14, A-17, and A-69; Original Determination at 9, 11.

<sup>131</sup> CR/PR at Tables I-1 (1987) and C-1 (2004). Data for 2004 are based on U.S. operations on forklift trucks with imported or domestic frames.

<sup>132</sup> CR/PR at Tables I-1 (1987) and C-1 (2004).

<sup>133</sup> CR/PR at Table I-1.

<sup>134</sup> CR/PR at Tables I-1 (1987 and 1998) and I-11 (2004). NACCO's imports \*\*\*. CR/PR at Tables III-7 and IV-1.

<sup>135</sup> Original Staff Report at A-13.

<sup>136</sup> Id.

Japanese-owned Mitsubishi USA, Clark was acquired by a South Korean company, and the remaining original domestic producers have exited the market.<sup>137</sup>

While several original producers have exited the market, the remaining Japanese producers/exporters of forklift trucks established U.S. forklift truck manufacturing operations (Toyota, Mitsubishi, Nissan, and TCM). All six of the Japanese producers have now virtually ceased exports to the United States. Rather, they are serving the U.S. market through domestic production.<sup>138</sup> As noted earlier, the other U.S. subsidiary of a Japanese producer – Komatsu USA – was established before the antidumping duty order.<sup>139</sup> At present, the domestic industry consists of NACCO and the five U.S. subsidiaries of the Japanese producers.<sup>140</sup>

As a result of the developments described above, the U.S. subsidiaries of the Japanese producers now account for the bulk of the domestic industry. Whereas U.S. subsidiaries of the Japanese producers accounted for one of eight domestic producers in the original investigation, they accounted for five of eight domestic producers in the first review, and five of six producers in this second review. The U.S. subsidiaries of the Japanese producers accounted for less than \*\*\* percent of domestic production in 1988, but accounted for \*\*\* percent of domestic production in 1998, and \*\*\* percent of domestic production in 2004.<sup>141</sup>

The investments of the Japanese producers in U.S. capacity appear consistent with a general trend toward the creation of regional production facilities. NACCO, for example, has manufacturing and assembly facilities in the Americas (the United States, Mexico, and Brazil), Europe (Ireland and Scotland), and Asia (Japan and China).<sup>142</sup> Toyota has manufacturing facilities not only in the United States and Japan but in France and Sweden as well.<sup>143</sup> The other domestic producers also have facilities in third-country markets.<sup>144</sup> These regional production facilities primarily serve the market in which they are situated, but also third-country markets in those regions.<sup>145</sup>

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<sup>137</sup> CR at I-33 to I-37, and IV-1 n.5; PR at I-24 to I-26 and IV-1 n.5.

<sup>138</sup> These U.S. subsidiaries were established as a result of the Japanese parent forming a joint venture (Mitsubishi), purchasing an existing manufacturing facility (Nissan and TCM), or building a new facility in the United States (Toyota and Komatsu). CR at I-33 to I-39; PR at I-24 to I-27; Original Investigation Staff Report at A-20. Sumitomo-NACCO is a joint venture subsidiary of domestic producer NACCO. CR at I-34; PR at I-24. NACCO does not import subject product from its joint venture.

<sup>139</sup> CR at I-35 to I-36; PR at I-25.

<sup>140</sup> CR/PR at Table I-6; CR at I-3; PR at I-3.

<sup>141</sup> CR/PR at Table I-6; First Review CR/PR at Table I-6; Original Investigation CR/PR at Table 1. We note that the U.S. market share data in the original investigation and first review were based upon the like product definition used in those previous determinations, which included forklift trucks with U.S.-produced frames only; however, the U.S. market share data in this second review is based upon the different like product definition adopted here, namely forklift trucks with “all frames.” We are cognizant of the differences between the U.S. market share data in the original investigation, first review, and second review, and take those differences fully into account in reaching our determination here.

<sup>142</sup> CR/PR at Table I-7; CR at I-34, PR at I-24.

<sup>143</sup> CR/PR at Table I-7; CR at IV-6, PR at IV-5.

<sup>144</sup> CR/PR at Table I-7; CR at IV-5 to IV-8, PR at IV-4 to IV-6 (Komatsu, Mitsubishi, Nissan, TCM).

<sup>145</sup> The U.S. industry exports principally to \*\*\* CR at III-6, PR at III-5. In 2004, Japan’s top export markets were Australia (14.7 percent), Malaysia (6.1 percent), Thailand (5.2 percent), Russia (5.1 percent), South Africa (5.0 percent), and Taiwan (4.8 percent). CR at IV-14, PR at IV-9. Because these export figures are based on shipments that include ICI forklift trucks with a lift capacity exceeding 15,000 pounds, the actual figures for the subject merchandise may differ somewhat. As noted, exports of subject ICI forklift trucks from Japan to the United States were minimal during the period examined. CR/PR at Table IV-1.

Another condition of competition that we consider is the substantial reorganization undergone by domestic producer NACCO. NACCO moved the vast majority of its frame production operations outside the United States beginning in 1999 to a facility with approximately 350 employees in Saltillo, Mexico.<sup>146</sup> In 2002, NACCO phased out assembly operations in Danville, Illinois limiting that facility to parts distribution.<sup>147</sup> In 2003, NACCO shut down its facility in Lenior, North Carolina where it formerly manufactured truck masts and cylinders.<sup>148</sup> With this restructuring, NACCO now assembles forklift trucks primarily at its facilities in Berea, Kentucky, while it produces parts at its Sulligent, Alabama facility.<sup>149</sup> It has another production facility in Greenville, North Carolina and research and development operations in Portland, Oregon.<sup>150</sup> During the period examined, NACCO cites investments of over \$130 million in research and development, capital tooling, and manufacturing and marketing in order to replace its entire forklift truck production line which will culminate in \*\*\*.<sup>151</sup>

## 5. Customization

Forklift trucks are differentiated by type of tire (cushion or pneumatic), type of engine (gasoline, LPG, or diesel), lift-capacity, and front-end equipment. U.S. producers manufacture standard forklift trucks on assembly lines and customize each order to provide whichever combination of the wide variety of available features that their customers desire.<sup>152</sup> For example, NACCO manufactures approximately 1,400 different mast variations made to custom order.<sup>153</sup> Domestic producers reported that customization accounts for between \*\*\* percent to \*\*\* percent of a forklift truck's value, with the majority of domestic producers reporting that customization accounts for \*\*\* percent to \*\*\* percent of a forklift truck's value.<sup>154</sup>

## 6. Channels of Distribution

During the period examined, the primary distribution channels for forklift trucks were dealers followed by national account end users, with the remainder shipped to distributors.<sup>155</sup> Distributors typically sell to dealers, and dealers sell or lease most of their forklift trucks to end users, while a few are maintained as short-term rental units.<sup>156</sup> Domestic forklift truck producers rely heavily on extensive dealer networks to market their forklift trucks nationwide to end users; each dealer is assigned a geographic region by its supplier and is required to achieve a certain market share in that region.<sup>157</sup> Most dealers typically carry a single producer's forklift truck brand, although some dealers carry two or three

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<sup>146</sup> Hearing Tr. at 76 (Dawe); CR at I-34 and III-2; PR at I-24 and III-2.

<sup>147</sup> CR at I-34; PR at I-24.

<sup>148</sup> Id.

<sup>149</sup> Id.

<sup>150</sup> Hearing Tr. at 31-32 (Dawe); CR at I-34; PR at I-24.

<sup>151</sup> Hearing Tr. at 15-16 (Eklund); CR at I-34; PR at I-24.

<sup>152</sup> CR at I-20 and I-23; PR at I-15 and I-17.

<sup>153</sup> CR at I-22; PR at I-17.

<sup>154</sup> CR at I-20; PR at I-15.

<sup>155</sup> For the period examined, domestic producers reported shipping \*\*\* percent of the total quantity of domestically produced forklift trucks with all frames directly to U.S. dealers, \*\*\* percent directly to national account end users, and the remaining \*\*\* percent to distributors. CR/PR at II-1.

<sup>156</sup> CR/PR at II-1.

<sup>157</sup> CR at II-2; PR at II-1.

different brands. Brand loyalty is important in the U.S. forklift trucks industry. Thus, dealers and other customers almost never change suppliers. This customer loyalty may be partially explained by the fact that domestic forklift truck producers provide extensive technical, service, and financial support to their dealers.<sup>158</sup>

The end-user customers of domestic forklift truck producers, called national-account end users, negotiate directly with domestic producers for the price and quantity of forklift trucks that they purchase. National-account end users typically receive lower prices than other end users that purchase from dealers and distributors. Two domestic producers (\*\*\*) reported that they pursue the national accounts business for volume, potential aftermarket parts business,<sup>159</sup> and market share.<sup>160</sup> While the quantity required varies from year to year, each domestic producer also requires its national account customers to have multiple locations, either nationally or in regions of two or more dealers, and to maintain a minimum purchase quantity ranging from \*\*\* forklift trucks for \*\*\* to \*\*\* forklift trucks for \*\*\*.<sup>161</sup> Prices negotiated with national account end users depend on a number of factors, including but not limited to quantity purchased, competitive pressures, incumbent supplier, type of product being purchased, potential size of the customer's forklift truck fleet, and length of contract.<sup>162</sup>

## **B. Revocation of the Order on Subject Imports from Japan Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

### **1. Likely Volume of Subject Imports**

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>163</sup> In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>164</sup>

In the original investigation, the Commission found that the volume of subject imports and the increase in their market share were significant. It noted that the volume of subject imports from Japan increased in both value and volume terms, albeit modestly, during each year of the period of

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<sup>158</sup> CR at II-2 to II-3; PR at II-1 to II-2.

<sup>159</sup> According to NACCO, the profit margins on the parts aftermarket are much greater than profit margins in the forklift trucks market. As a result, NACCO indicated that it is important for a producer to introduce as many of its forklift trucks into the market as possible in order to support the parts business. NACCO sells all of its parts directly to dealers, who, in turn, sell those parts directly to their customers or use them to do the service work on the forklift truck. NACCO has a \$300 million parts business at its facility in Danville, Illinois. CR at II-3 n.16; PR at II-2 n.16.

<sup>160</sup> CR at II-3; PR at II-2.

<sup>161</sup> CR at II-4; PR at II-2.

<sup>162</sup> *Id.*

<sup>163</sup> 19 U.S.C. § 1675a(a)(2).

<sup>164</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

investigation.<sup>165</sup> The Commission also found that the market share of subject imports from Japan was significant throughout and increased slightly during the period examined.<sup>166</sup>

In the first review, the Commission concluded that subject import volume was likely to be significant for four reasons if the antidumping duty order was revoked. First, the Commission observed that the Japanese producers had substantial excess capacity in Japan.<sup>167</sup> Second, the Commission noted that the Japanese producers had relatively high inventory levels compared to their domestic counterparts, including NACCO.<sup>168</sup> Third, the Commission noted that the United States is the largest market in the world for forklift trucks, Japanese producers depended on exports for more than half of their shipments of forklift trucks, and home market shipments of forklift trucks in Japan had declined during the period examined.<sup>169</sup> Fourth, the Commission reasoned that, if the antidumping duty order were revoked, the response by the U.S. subsidiaries of the Japanese producers – especially given their varying sizes and level of investments – would range from “complete repatriation of production, where U.S. production is halted and all production returned to Japan with the U.S. market completely supplied by imports from Japan to rationalization of the U.S. and Japanese production operations to avoid duplication and improve production economies of scale.”<sup>170</sup>

We now turn to the facts of this second review. Imports of subject forklift trucks from Japan have been virtually non-existent since at least 1997.<sup>171</sup> Instead, as discussed above, Japanese producers have chosen to participate in the U.S. market through production by U.S. affiliates, which now account for the vast majority of domestic production of forklift trucks.

In addition, while the industry in Japan is large, it has relatively limited excess production capacity. The Commission received questionnaire responses from three out of six Japanese forklift truck producers, namely Toyota Japan, Komatsu Japan, and Sumitomo-NACCO.<sup>172</sup> These three firms accounted for the large majority of Japanese forklift production during the period examined, representing approximately \*\*\* percent of total production of ICI forklift trucks in Japan in 2004.<sup>173</sup> Based upon the questionnaire responses from these three reporting firms,<sup>174</sup> the data (as adjusted by staff<sup>175</sup>) reflect that

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<sup>165</sup> USITC Pub. 2082 at 25.

<sup>166</sup> Id. at 25-26.

<sup>167</sup> USITC Pub. 3287 at 13-14.

<sup>168</sup> Id. at 14.

<sup>169</sup> Id. at 14-15.

<sup>170</sup> Id. at 15-16. Vice Chairman Okun disagreed and concluded that absent the order, subject imports likely would not increase to a significant level, nor regain a significant share of the U.S. market. See Dissenting Views of Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun, Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Review), USITC Pub. 3287 (April 2000) at 28-31.

<sup>171</sup> CR/PR at Table I-1.

<sup>172</sup> CR at IV-5; PR at IV-4.

<sup>173</sup> In 2004, Toyota Japan accounted for approximately \*\*\* percent of Japanese production, Komatsu Japan accounted for approximately \*\*\* percent of Japanese production, and Sumitomo-NACCO accounted for approximately \*\*\* percent of Japanese production. CR at IV-5 to IV-7; PR at IV-4 to IV-5.

<sup>174</sup> NACCO urges the Commission to rely upon data from the Japanese Industrial Vehicle Association (“JIVA”) rather than upon questionnaire responses for purposes of determining the Japanese producers’ capacity and capacity utilization. According to NACCO, the JIVA data indicates that the overall capacity utilization rate for the Japanese producers was approximately \*\*\* percent in 2004. See NACCO’s Prehearing Br. at 20-22.

We focus our attention on questionnaire data rather than JIVA data for four reasons. First, the Commission’s questionnaire data at issue provides good coverage of the Japanese forklift trucks industry’s operations on the subject merchandise for the period examined in this second review. As discussed above, the three  
(continued...)

capacity utilization for Japanese forklift truck producers increased from \*\*\* percent in 1999 to \*\*\* percent in 2004, and was \*\*\* percent in interim 2005, compared to \*\*\* percent in interim 2004.<sup>176</sup> Thus, Japanese producers have a limited ability to increase exports to the United States simply by increasing

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<sup>174</sup> (...continued)

reporting firms accounted for the overwhelming share of Japanese forklift truck production in 2004, approximately \*\*\* percent. CR at IV-5; PR at IV-4. Second, Commission staff contacted JIVA seeking to collect data regarding the production capacity of the Japanese forklift truck producers for the period examined in this second review. JIVA, however, informed Commission staff that it did not collect or maintain any capacity data. Rather, it collects only production data. See Email correspondence from \*\*\* dated 11/20/05. Third, the JIVA data are overbroad because they apparently also cover nonsubject product (*i.e.*, large forklift trucks outside Commerce's scope). Fourth, the data proffered by NACCO are too remote in time. NACCO acknowledges that its capacity estimates actually were based upon 1991 production figures from JIVA used as a basis for extrapolating the Japanese producers' 2004 capacity utilization. Exhibit 5 (attached to NACCO's Posthearing Brief) also suggests that there have been reductions in the Japanese producers' forklift truck production capacity since 1991. In any event, even based upon the JIVA data submitted by NACCO regarding the Japanese producers' excess capacity, it is doubtful that the Japanese producers would be able to absorb the production of their U.S. subsidiaries to any significant degree. Compare NACCO's Prehearing Br. at 21-22 with CR/PR at Tables III-4 & III-11b.

<sup>175</sup> CR/PR at Table IV-3. Commission staff used the capacity data submitted by Sumitomo-NACCO and Komatsu Japan, but adjusted the capacity data submitted by Toyota Japan. Accordingly, Toyota Japan's annual capacity reflects its highest level of annual production during the period for which the data were collected in this second review \*\*\*. We find that using Toyota's \*\*\* production data reported to the Commission is preferable to using 1991 JIVA production data as proposed by NACCO because the \*\*\* data reported to the Commission pertains to the period under review and is limited to the types of forklift trucks included in the scope of the order. CR/PR at Table IV-3 n.2.

Moreover, two of the Japanese producers that did not submit questionnaire responses in this review did submit responses in the first review. The combined data of these two producers – Nissan and TCM – and the small producer Sumitomo-NACCO showed a relatively high utilization rate (\*\*\* percent) and relatively modest available capacity (\*\*\* trucks) in 1998, the last full year of review. Memorandum INV-X-049 (March 2, 2000) at Table IV-4. While Mitsubishi Japan did not supply a questionnaire response in either the prior or current review, JIVA data submitted by NACCO show Mitsubishi to have the smallest difference between its production in 1991 (NACCO's proxy for capacity) and its production in 2004 of any of the Japanese producers. See NACCO Posthearing Br. at 7.

<sup>176</sup> CR/PR at Table IV-3. NACCO urges the Commission in this second review to draw adverse inferences against the Japanese forklift truck producers, including against two Japanese producers (Toyota USA and Komatsu USA) who responded to the Commission's questionnaires. Presumably, NACCO would make an exception for its Japanese affiliate, Sumitomo-NACCO. NACCO emphasizes that only the three Japanese producers (Sumitomo-NACCO, Komatsu-Japan, and Toyota-Japan) have submitted questionnaire responses in this second review while three others have failed to submit questionnaire responses. NACCO argues that the capacity data submitted by Toyota USA and Komatsu USA are wholly inadequate and suspect. NACCO urges the Commission to draw adverse inferences against the Japanese producers by finding that the Japanese forklift truck producers have substantial excess capacity to sell subject imports into the United States. See NACCO's Final Comments at 3-7.

We decline to draw adverse inferences against any of the Japanese forklift truck producers in this second review. While the three Japanese producers responding to the Commission's questionnaires in the first review (*i.e.*, TCM Japan, Nissan Japan, and Sumitomo-NACCO) accounted for only an estimated \*\*\* percent of Japanese production of forklift trucks in 1998 (based on older data and estimates), the three Japanese producers responding to the Commission's questionnaires in this second review (Sumitomo-NACCO, Komatsu-Japan, and Toyota-Japan) accounted for \*\*\* percent of Japanese production of forklift trucks in 2004. See First Review Views at 18; CR at IV-5; PR at IV-4. Moreover, Komatsu Japan's questionnaire responses were adequate despite NACCO's protestations to the contrary. Similarly, Toyota Japan's questionnaire responses were made in good faith and also were adequate, albeit after the adjustments discussed above made by Commission staff to Toyota Japan's production capacity data for the period examined.

production.<sup>177</sup> Similarly, Japanese forklift truck producers had only relatively modest existing inventories during the period examined, peaking at \*\*\* percent of total shipments in 2004.<sup>178</sup>

Japanese producers are export oriented, exporting between \*\*\* percent and \*\*\* percent of shipments during the period of review.<sup>179</sup> Japanese forklift truck producers have a number of longstanding and viable export markets outside the United States including Australia, Europe, Asia, and Africa, with global demand projected to rise.<sup>180</sup> There are no known barriers to exports of forklift trucks from Japan in third country markets.

These basic facts – the lack of recent subject imports, the longstanding and substantial U.S. production facilities owned by Japanese producers, relatively limited available capacity and inventories in Japan, and the absence of import barriers in other markets – support a finding that subject imports from Japan are not likely to increase to a significant level if the order were revoked. NACCO argues that the volume of subject imports from Japan is likely to increase if the order is revoked because, according to NACCO, the three smallest U.S. subsidiaries of Japanese producers (Nissan USA, Komatsu USA, TCM USA) will repatriate operations to Japan while the two largest U.S. subsidiaries of Japanese producers, Toyota USA and Mitsubishi USA, will rationalize production between their U.S. and Japanese facilities.<sup>181</sup> We address NACCO's repatriation and rationalization arguments below.

### *Repatriation*

NACCO claims that the three smallest U.S. subsidiaries of the Japanese producers – Komatsu USA, Nissan USA, and TCM USA – would cease operations in the United States and repatriate their forklift truck production operations to Japan resulting in a substantial increase in the likely volume of subject imports if the antidumping duty were revoked. According to NACCO, these three firms have only “skeletal operations in the United States” and are “struggling financially.”<sup>182</sup> NACCO claims that given the low profit margins for these three firms their Japanese corporate parents have a “strong incentive to cease production operations in the United States, while maintaining basic depot operations, similar to the operations before the imposition of the order.”<sup>183</sup> While this argument reflects the Commission majority’s decision in our last review, we find that the record developed in this review no longer supports NACCO’s repatriation argument.

First, neither Komatsu nor Nissan has unused capacity in Japan sufficient to make up for the loss of its U.S. counterpart. In 2004, Komatsu Japan had approximately \*\*\* units of unused capacity, while the capacity of Komatsu USA was \*\*\* higher at \*\*\* units.<sup>184</sup> The record points to the same conclusion as to Nissan. Nissan USA’s production capacity of \*\*\* units in 2004 is considerable compared to the

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<sup>177</sup> In any event, we note that the U.S. affiliates of Japanese producers generally produce a wide range of forklift trucks in the United States. CR at I-27 n.44; PR at I-19 n.44. NACCO does not allege, and we do not find, that Japanese producers would be likely to increase exports to the United States to fill in gaps in their product offerings in the U.S. market.

<sup>178</sup> CR/PR at Table IV-3.

<sup>179</sup> *Id.*

<sup>180</sup> CR at IV-14 to IV-16; PR at IV-9 to IV-10; CR/PR at Table IV-4.

<sup>181</sup> NACCO’s Prehearing Br. at 24-30.

<sup>182</sup> *Id.* at 26.

<sup>183</sup> *Id.* at 27.

<sup>184</sup> Komatsu Japan’s unused capacity for 2004 was derived by subtracting its production (\*\*\* units) from its capacity (\*\*\* units). See Komatsu Japan’s foreign producer questionnaire (section II-7a) and Komatsu USA’s producer questionnaire (section II-11a).

estimated \*\*\*-unit capacity for its Japanese facility.<sup>185</sup> According to these figures, Nissan could make up for the closure of its U.S. facility only if its capacity utilization rate in Japan were lower than \*\*\* percent. NACCO, however, estimates Nissan Japan's capacity utilization rate to be substantially higher, at \*\*\* percent.<sup>186</sup>

Second, repatriation is unlikely because the Japanese industry has long-standing third-country markets in which demand is projected to grow.<sup>187</sup> Japanese producers also dominated their home market accounting for virtually all forklift trucks sold in Japan during the period examined.<sup>188</sup> Reported exports to third countries by Japanese producers increased slightly during the period 1999-2004, as there are no reported antidumping duty orders in place against Japanese forklift truck producers except in the United States.<sup>189</sup>

Third, as we previously noted, the level of investments in the U.S. production facilities by each of the U.S. producers with Japanese corporate parents is significant, therefore making repatriation unlikely in the reasonably foreseeable future. Komatsu USA began production before the entry of the original antidumping duty order and it has been in the U.S. market for eighteen years; meanwhile, Toyota USA, Nissan USA, and TCM USA have been established in the U.S. market for more than fifteen years. Indeed, Toyota USA opened a greenfield facility in 1990, made substantial investments during the first review, and continues to invest during the present review.<sup>190</sup> As discussed above, although Nissan USA, Komatsu USA, and TCM have invested in their U.S. forklift truck production facilities to a lesser degree than Toyota USA and Mitsubishi USA, these investments are nonetheless significant. In their questionnaire response in this second review, each of these three firms indicated that it did not anticipate any significant changes in its production operations or organizational structure if the antidumping duty order were revoked.<sup>191</sup>

Fourth, it is unclear that the U.S. subsidiaries of the Japanese producers will repatriate because their U.S. operations have not been profitable. Although \*\*\* was by far the most profitable of the U.S.

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<sup>185</sup> Nissan USA's production capacity is reported in its producer questionnaire response. Nissan Japan's production capacity is taken from NACCO's Posthearing Brief at 30. As explained elsewhere in these views, we have certain reservations about using the capacity data submitted by NACCO, and we have relied on alternative data where they are available.

<sup>186</sup> NACCO's Posthearing Br. at 30.

<sup>187</sup> CR/PR at Table IV-4; CR at IV-15; PR at IV-10.

<sup>188</sup> CR at II-24; PR at II-15.

<sup>189</sup> Total exports for Japanese forklift truck producers increased irregularly from \*\*\* in 1999 forklift trucks to \*\*\* units in 2004. Japanese producers reported only minimal exports to the United States during 1999-2004 (\*\*\* forklift trucks in 1999, \*\*\* forklift trucks in 2000, and \*\*\* exports to the United States between 2001 and 2004). CR/PR at Table IV-3.

<sup>190</sup> CR/PR at Table III-16; CR at I-39; PR at I-27; First Review Staff Report at Table III-10.

<sup>191</sup> CR/PR at Appendix D-3. Nissan's Foreign-Trade Zones ("FTZ") application does not support NACCO's argument that this U.S. subsidiary would rationalize significant production with its Japanese corporate parent if the antidumping duty order is revoked. In its FTZ application, Nissan USA stated that it was forced to move the manufacturing of one pneumatic forklift truck model outside the United States to one of its underutilized facilities in Mexico in 2004 due to price pressures and higher costs associated with U.S. production, even without any subject imports from Japan. CR at III-3 n.2; PR at III-2 n.2; NACCO's Prehearing Br., Exh. 1, Executive Summary at 2. Nissan USA also stated in its FTZ application that if it cannot become more competitive, it will consider moving some unspecified amount of additional production to underutilized production facilities in Spain or other locations in 2006. *Id.* Nissan USA nowhere specifically indicated in its FTZ application that it would consider moving significant production from its U.S. operations to Japan within the reasonably foreseeable future. Rather, the application represents a significant effort to maintain U.S. production operations and its willingness to invest more in its U.S. operations.

subsidiaries, \*\*\* was profitable throughout the period examined, and \*\*\* was profitable for more than half of the period examined.<sup>192</sup> Only \*\*\* showed operating losses for most of the period examined. Moreover, the drop in U.S. demand for forklift trucks which began in 2001 adversely, but temporarily, affected the profitability of these operations as fixed costs were spread over fewer units sold. Apparent U.S. consumption increased at the end of the period examined, was higher in interim 2005 than in interim 2004, and is expected to continue to increase through at least 2007 and likely until 2010.<sup>193</sup> Accordingly, the adverse demand conditions which suppressed profitability earlier in the period examined are not likely to prevail in the reasonably foreseeable future.

Fifth, it is also not clear that repatriation by the U.S. subsidiaries to Japan is likely because there are higher social costs associated with downsizing and closing plants in Japan than in the United States as argued by NACCO.<sup>194</sup> In any event, even if social costs associated with downsizing and plant closings were higher to some degree in Japan than in the United States, this does not establish that the U.S. subsidiaries would likely repatriate to Japan, especially when viewed in light of the other evidence in the record suggesting that repatriation is unlikely to occur within a reasonably foreseeable time if the antidumping duty order is revoked (e.g., growing worldwide demand suggests that no facilities would need to close and high capacity utilization rates in Japan suggest that Japanese producers do not have sufficient capacity to absorb production from U.S. operations).

Sixth, the record does not support NACCO's claim that repatriation will result in significant duty savings for the Japanese producers. NACCO claimed that because the duty on finished trucks (0 percent) was below the duty on parts and components, the Japanese producers would have a strong incentive to repatriate production to Japan and ship completed trucks, rather than parts, to the United States. However, the record reflects that the U.S. subsidiaries of the Japanese producers generally pay modest tariffs on major components imported from Japan and procure more components domestically than from Japan and other sources.<sup>195</sup>

Seventh, contrary to NACCO's argument, we do not find that the experience of Japanese forklift truck producers with respect to the European Union market after a Voluntary Export Restraint ("VER") was lifted in 1994 supports a finding of likely repatriation.<sup>196</sup> Regardless of whether the Japanese producers increased their exports to the EU after the VER was lifted, there is no evidence in the record to show that the Japanese producers actually reduced their EU production by any amount, much less that they repatriated their EU forklift truck operations to Japan or another market. Japanese producers' affiliates producing forklift trucks in the EU are apparently fewer and smaller than their affiliates in the

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<sup>192</sup> CR/PR at Table III-11b.

<sup>193</sup> CR at II-14; PR at II-9.

<sup>194</sup> NACCO offered no evidence to support its bare assertion that social costs affiliated with downsizing and plant closings are higher in Japan than in the United States. As \*\*\* noted, these assertions appear based on generalized and outdated views of Japan that may not currently apply to the forklift trucks industry. See, e.g., CR at II-11, PR at II-7; Hearing Tr. at 170-172 (Dawe).

<sup>195</sup> NACCO's Prehearing Br., Exh. 1 at App. D (64-73); Posthearing Br., Ex. 7; CR at I-13. While Nissan USA's application for a foreign trade zone represents an effort to avoid tariffs on components, tariffs on many major components range from 2 percent to 7 percent. For example, engines are the most significant item imported from Japan by the U.S. subsidiaries of the Japanese producers. Of the \*\*\* in components from Japan imported by the U.S. subsidiaries of the Japanese producers in fiscal year 2004, \*\*\* percent, or \*\*\*, were engines. CR/PR at Table III-13. Engines, however, are imported at duty rates between 0 and 2.5 percent. NACCO's Prehearing Br. at App. D. Tariffs on all items are less than 10 percent. Id.

<sup>196</sup> NACCO's Posthearing Brief at 3-5. We note that, despite extensive discussion of the repatriation issue at the Commission's hearing, NACCO did not provide information or argument concerning the EU's VER until its posthearing brief even though it was asked why Japanese producers located production facilities in the EU absent an antidumping duty order. Hearing Tr. at 136-137.

United States;<sup>197</sup> thus it is not clear that the EU experience is probative of what is likely to occur in the United States in the event of revocation.<sup>198</sup> Moreover, Toyota Japan acquired an additional EU producer in 2000, contrary to the suggestion that repatriation would ensue.<sup>199</sup>

Eighth and finally, NACCO asserts that the Japanese producers would realize economies of scale and cost efficiencies by repatriating their U.S. operations to a single supply source and therefore would do so.<sup>200</sup> Indeed, NACCO's own business model belies this assertion, as it has multiple forklift truck manufacturing and assembly facilities, including facilities in the United States, Japan, China, Brazil, and the United Kingdom serving these different regional markets, rather than a single production source.<sup>201</sup> Similarly, there is evidence in the record demonstrating the importance of regionalized rather than single source production for the U.S. subsidiaries of the Japanese producers and their Japanese corporate parents.<sup>202</sup>

### *Rationalization*

In this second review, NACCO also argues that Toyota USA and Mitsubishi USA would rationalize specific product lines to Japan if the antidumping duty order is revoked. According to NACCO, these two firms have made "substantial investments" in their U.S. operations so that, if the order were revoked, rather than shut down their U.S. operations entirely, they will "likely rationalize their U.S. and Japanese production operations, and supply the U.S. market by both importation and U.S. production."<sup>203</sup> NACCO argues that Toyota USA and Mitsubishi USA would rationalize production in such a manner that the higher volume pneumatic trucks would be repatriated to Japan while cushion-tire trucks and more specialized pneumatic-tire trucks would continue to be produced at their U.S.-owned facilities.<sup>204</sup>

While the record does not demonstrate that no rationalization is possible, we find no evidence of record indicating that such a change is likely on a significant scale, that it is likely to occur within a reasonably foreseeable time, or that it would necessarily result in a net loss of U.S. production. Both Toyota USA and Mitsubishi USA have made substantial and ongoing investments in their U.S. production facilities, contrary to the suggestion that they would idle a substantial part of their U.S. capacity in favor of production in Japan. There is no evidence of record that either firm has even considered rationalizing production if the order is revoked, much less taken any steps to do so. In their questionnaire responses, both Toyota USA and Mitsubishi USA indicated \*\*\*.<sup>205</sup> Moreover, as discussed above, the record does not establish that the companies would achieve greater economies of scale or that cultural or social considerations favor production in one country over the other. In addition, an impediment to a significant net transfer of production is that the United States and Japan impose differing

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<sup>197</sup> CR/PR at Table I-7 (only Nissan and Toyota have subsidiaries producing ICI forklift trucks in the EU).

<sup>198</sup> We note that NACCO acknowledges that the European operations of Japanese transplants differ from their operations in either Japan or the United States. NACCO's Posthearing Br. at 1.

<sup>199</sup> CR at IV-6; PR at IV-5.

<sup>200</sup> NACCO's Prehearing Br. at 22-23.

<sup>201</sup> CR at I-34; PR at I-24.

<sup>202</sup> CR at II-8 to II-9; PR at II-5 to II-6. \*\*\* of the U.S. subsidiaries of the Japanese producers reported exporting forklift trucks during the period examined, with Canada and Mexico cited most frequently as export markets. \*\*\*. CR at II-8 n.32; PR at II-5 n.32.

<sup>203</sup> NACCO's Prehearing Br. at 29.

<sup>204</sup> NACCO's Prehearing Br. at 30; NACCO's Posthearing Br. at 10.

<sup>205</sup> CR/PR at Appendix D-3.

industry, safety, and emission standards.<sup>206</sup> As noted previously, \*\*\* ships particular products to Australia and New Zealand from its U.S. production facilities, even though its Japanese production facilities are actually closer to these markets, because those markets require certain forklift truck specifications which \*\*\* produces in the United States but not in Japan.<sup>207</sup> Based on the foregoing, we conclude that any rationalization efforts undertaken by Toyota USA and Mitsubishi USA in the reasonably foreseeable future are not likely to lead to a significant increase in the volume of subject imports.

In addition to NACCO's arguments on repatriation and rationalization, we also have considered whether it is likely that Japanese producers would switch production facilities and equipment currently used for other products to the production of subject forklift trucks. Japanese producers responding to our questionnaires indicated an inability to shift from production of other products to production of ICI forklift trucks using the same equipment.<sup>208</sup> Finally, there is no basis to conclude, and NACCO has not claimed, that subject producers are likely to switch forklift trucks currently destined for its home or third-country markets to the U.S. market in the event of revocation.

Nor do we find other indications that the likely volume of subject imports would be significant upon revocation. The record indicates that the volume of subject imports during the period examined in this review was minimal. Inventories kept by Japanese forklift truck producers were low, and barriers to entry for Japanese forklift truck producers in other markets outside the United States were also low. Japanese producers do not have substantial excess capacity, and they already have a substantial presence in the U.S. forklift trucks market via their U.S. subsidiaries. On these bases, we conclude that, absent the order, subject imports likely would not increase to a significant level, nor regain a significant share of the U.S. market within a reasonably foreseeable time.

## 2. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like products.<sup>209</sup>

In the original determination, the Commission found that prices of subject imports had adversely affected prices of domestic forklift trucks. The evidence showed that in 18 out of 20 price comparisons involving U.S.-produced subject forklifts rejected in favor of Japanese trucks, the price of the purchased Japanese truck was lower than the price of the rejected U.S. truck, with margins of underselling ranging from 0.3 to 21.8 percent. Based upon this evidence, the Commission concluded that there was a consistent pattern of price underselling by subject imports. The Commission also found that subject imports had a significant price suppressing effect on the prices of forklift trucks in the United States based on evidence that domestic producers' net unit values for forklift trucks either fell or remained flat during

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<sup>206</sup> CR at II-12 & II-32 n.109; PR at II-8 and II-21 n.109.

<sup>207</sup> CR at II-8 to II-9; PR at II-5 to II-6.

<sup>208</sup> CR at II-13; PR at II-6.

<sup>209</sup> 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

the original investigation while the domestic industry experienced operating losses during the period examined.<sup>210</sup>

In the first review, the Commission found that revocation of the antidumping duty order would likely lead to significant underselling by the subject imports of the domestic like product, as well as significant price depression and suppression, within a reasonably foreseeable time. Based on the limited pricing data available, the Commission concluded “that the Japanese producers would revert to the pricing behavior evidenced during the original investigation and would undersell the domestic like product” if the order was revoked.<sup>211</sup> Moreover, the Commission found that “in rationalizing their U.S. and Japanese production operations, these Japanese entities would achieve production efficiencies and economies of scale which would enable them to price the models exported to the United States more aggressively than the current prices offered by their U.S. subsidiaries, while at the same time largely shielding their subsidiaries from adverse price effects.”<sup>212</sup>

In this second review, NACCO argues that subject imports from Japan are likely to have a negative impact on domestic industry prices if the order is revoked. First, NACCO contends that given the significant underselling by the subject imports during the original investigation, it is likely that such underselling would reoccur if the antidumping duty order was revoked and cause price suppression in the domestic market.<sup>213</sup> Second, NACCO claims that the record in this second review establishes that the Japanese transplants have significantly undersold NACCO in virtually every quarter for which price comparisons were possible.<sup>214</sup> NACCO contends that underselling by the Japanese transplants during the period examined in this review “has caused pressure on domestic prices, such that U.S. prices are sensitive to renewed price suppression or depression from unfairly traded imports.”<sup>215</sup> Third, NACCO emphasizes that questionnaire responses by purchasers also indicate that revocation of the order would cause price depression, not just price suppression.<sup>216</sup>

Because all of the Japanese manufacturers have U.S. affiliates engaged in forklift truck production operations, but have had little or no importation, the record in this review contains pricing data for the U.S. market that is limited to the prices of domestic producers. The price trends vary somewhat by product type; however, our price data generally show relatively steady prices from 1999 through 2001, some fluctuations in 2002 and 2003, and generally rising prices in 2004 and interim 2005. As described above, U.S. demand for forklift trucks is expected to continue to increase, which will likely result in upward pressure on domestic forklift truck prices within the reasonably foreseeable future.

The information in the record suggests that, while price is an important factor for purchasers, competition also is based on a number of other factors including availability, quality, technical support, dealer relationships, product range, discounts offered, and brand loyalty. Purchasers frequently consider the first three factors (availability, quality, and technical support) to be more important than price.<sup>217</sup>

Given the dominant presence of producers in the U.S. market that are affiliated with Japanese manufacturers, we find it unlikely that, absent the order, any resulting Japanese subject imports would be

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<sup>210</sup> USITC Pub. 2082 at 26.

<sup>211</sup> USITC Pub. 3287 at 18.

<sup>212</sup> Id. Vice Chairman Okun disagreed and found no likely significant price effects within the reasonably foreseeable future if the order were revoked. See Dissenting Views of Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun, Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Review), USITC Pub. 3287 (April 2000) at 31-32.

<sup>213</sup> NACCO’s Prehearing Br. at 35.

<sup>214</sup> Id. at 34.

<sup>215</sup> Id.

<sup>216</sup> Id. at 35-36.

<sup>217</sup> CR/PR at Table II-3.

sold at prices likely to have significant adverse effects on these domestic producers, and also unlikely that there will be significant volumes of subject imports absent the order. Especially in light of the substantial market share of their U.S. affiliates and their minimal excess capacity in Japan, there is no incentive for Japanese producers to engage in aggressive pricing practices with regard to exports to the U.S. market if the order is revoked.

Contrary to NACCO's claim, we do not find that the prices of forklift trucks made in the United States by affiliates of Japanese producers are necessarily indicative of the likely prices of exports of forklift trucks from Japan. The prices of these affiliates are U.S.-product prices. Given the wide variety of models and features of forklift trucks, there is no basis to conclude that any likely imports from Japan would be priced the same as those currently made in the United States.<sup>218</sup> In addition, the establishment of the U.S. affiliates and their continued operation over the last 15 years is a fundamental shift in conditions of competition such that the underselling that occurred during the original investigation is not necessarily probative of likely import pricing in the reasonably foreseeable future. Thus, we find that revocation of the antidumping duty order likely would not lead to significant underselling by the subject imports of the domestic like product, or to significant price depression or suppression, within a reasonably foreseeable time.

### 3. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>219</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>220</sup> As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.<sup>221</sup>

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<sup>218</sup> We note that while the U.S.-product prices of \*\*\* were generally below NACCO's prices, \*\*\* prices were frequently higher than NACCO's. CR/PR at Appendix F. It is not clear whether these data reflect true apples-to-apples price comparisons given the great variety of product-specific features and options. For the same reason, evidence of Japanese pricing behavior in third-country markets is not necessarily indicative of the likely prices of exports of subject products to the United States.

<sup>219</sup> 19 U.S.C. § 1675a(a)(4).

<sup>220</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce determined likely dumping margins ranging from 13.65 percent to 56.81 percent. CR at I-10. Commerce has not made any duty absorption findings with respect to the subject antidumping duty order.

<sup>221</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

In the original investigation, the Commission found that the domestic industry had been materially injured by reason of the significant and increasing volume of forklift trucks from Japan, the high import penetration throughout the period of investigation, the consistent pattern of price undercutting by those imports, and the continuing and increasing operating losses of the domestic industry.<sup>222</sup>

In the first review, the Commission found that if the antidumping duty order was revoked, subject imports from Japan would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time. At the outset, the Commission explained that it had considered the impact that revocation of the order would have on the domestic industry defined to exclude the related U.S. subsidiaries of Japanese producers since these subsidiaries would be largely shielded from the effects of the renewed subject imports.<sup>223</sup> Given what it viewed as the weak and declining financial performance of the domestic industry, the Commission concluded that the domestic industry was in a weakened state and was vulnerable to material injury if the order were revoked.<sup>224</sup> The Commission reasoned that the significant volume and price effects of subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, particularly given its vulnerable condition.<sup>225</sup>

In the current review, NACCO argues that the domestic industry is in a weakened and vulnerable state, citing its own financial performance as well as the financial performance of the transplant companies. However, the record in this second review is mixed regarding the financial performance of the domestic industry. Although the domestic industry showed relatively small operating losses in 2001, 2002, and interim 2004, the domestic industry was profitable in 1999, 2000, 2003, 2004, and in interim 2005.<sup>226</sup> Moreover, most of the domestic industry's operating losses occurred in 2001 and 2002 when domestic demand was lower following the economic downturn in 2001, and while NACCO was incurring significant restructuring costs.<sup>227</sup> Finally, the U.S. forklift trucks market is highly competitive, and, consequently, profit margins in this industry traditionally have been modest.<sup>228</sup>

As discussed previously, apparent U.S. consumption has increased significantly since the original investigation, and, after a drop in demand beginning in 2001, demand increased late in the period

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<sup>222</sup> USITC Pub. 2082 at 28-29.

<sup>223</sup> USITC Pub. 3287 at 19.

<sup>224</sup> *Id.* at 20.

<sup>225</sup> *Id.* Vice Chairman Okun disagreed and found that if the antidumping duty order were revoked, subject imports from Japan would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time. See Dissenting Views of Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun, Internal Combustion Industrial Forklift Trucks from Japan, Inv. No. 731-TA-377 (Review), USITC Pub. 3287 (April 2000) at 32-34.

<sup>226</sup> As a ratio to net sales, the domestic industry's operating income was \*\*\* percent in 1999, \*\*\* percent in 2000, \*\*\* percent in 2001, \*\*\* percent in 2002, \*\*\* percent in 2003, \*\*\* percent in 2003, \*\*\* percent in interim 2004, and \*\*\* percent in interim 2005. CR/PR at Table III-9b.

<sup>227</sup> NACCO reported operating expenses for rationalization and restructuring of \*\*\* in 2001 and 2002, whereas the industry's operating losses in those two years totaled \$13.1 million. CR/PR at Table III-9b.

<sup>228</sup> See, e.g., Hearing Tr. at 102 (Rosenthal) ("highly competitive market" and "relatively low profitability of the industry"), 89 (Wilson) ("This is a very price-competitive market. We measure differences in prices in tenths of a percent. Tenths of a percent have significant impacts on profitability. If we were to lose one percent of price across our product range on everything we sold, it would cost us \$10 million, and if you've seen the financials of NACCO Materials Handling Group, that would have a material impact on our profitability"), 107 (Rosenthal) ("You can see that nobody, and this is public knowledge, is doing particularly well in this market given the nature of the competition"); CR/PR at Table I-1; CR at II-3 n.13; PR at II-2 n.13 (competitive pressures) and n.16 (NACCO stating that volume of forklift trucks is important because the margin structure on the parts side of the business is much greater), CR/PR at Table III-11b.

examined, and it was projected to increase further through at least 2007. The quantity of U.S. shipments of forklift trucks manufactured in the United States has increased substantially overall since the original investigation, rising from \*\*\* units in 1987 to \*\*\* units in 1998, and falling only slightly to \*\*\* units in 2004.<sup>229</sup> Similarly, the reported market share held by domestic forklift trucks manufactured in the United States has more than tripled since the original investigation, rising from \*\*\* percent in 1987 to 78.1 percent in 1998, and to \*\*\* percent in 2004.<sup>230</sup> The number of PRWs employed by the domestic industry has grown significantly along with hours worked since the original investigation.<sup>231</sup> While substantial investments have contributed to increased capacity, sharply higher production means that the domestic industry's capacity utilization rates have risen from 47.3 percent in 1987 to 78.3 percent in 1998, before dropping slightly to \*\*\* percent in 2004.<sup>232</sup>

Based on the foregoing, we conclude that the domestic industry is not in a weakened state, as contemplated by the vulnerability criterion of the statute.

We also do not find it likely that revocation of the order would result in a significant increase in the volume of subject imports. While we do not rule out the possibility of a small increase in the volume of subject merchandise in the event of revocation, we do not find it likely that any reasonably foreseeable increase in the volume of subject imports would depress or suppress the domestic industry's prices significantly, or have a significant adverse impact on the production, shipments, sales, employment, and revenue levels of the domestic industry. Any marginal reduction in the domestic industry's production, shipments, sales, employment, and revenue levels would not have a direct adverse impact on the domestic industry's profitability or its ability to raise capital and make and maintain necessary capital investments. Accordingly, based on the record in this review, we conclude that, in the event of revocation of the order, subject imports from Japan likely would not have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

## CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan 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.

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<sup>229</sup> In addition, both the volume and value of domestic producers' export shipments have grown substantially. Export shipments increased from \*\*\* units in 1987 to 6,841 units in 1998 to \*\*\* units in 2004. The average unit values of these shipments increased from \*\*\* in 1987 to \$19,189 in 1998 to \*\*\* in 2004. CR/PR at Tables I-1 & C-1.

As noted above, the U.S. shipment data in the original investigation and first review were based upon the like product definition used in those previous determinations, which included forklift trucks with U.S.-produced frames only; however, the U.S. shipment data in this second review is based upon the different like product definition adopted here, namely forklift trucks with "all frames."

<sup>230</sup> CR/PR at Tables I-1 and C-1.

<sup>231</sup> The domestic industry employed \*\*\* PRWs in 1987, 2,559 PRWs in 1998, and \*\*\* PRWs in 2004. Employees for the domestic industry worked \*\*\* PRW hours in 1987, 6.17 million PRW hours in 1998, and \*\*\* PRW hours in 2004. CR/PR at Tables I-1 & C-1.

<sup>232</sup> CR/PR at Tables I-1 & C-1.



## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On March 1, 2005, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted a review to determine whether revocation of the antidumping duty order on internal combustion industrial (“ICI”) forklift trucks from Japan would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective June 6, 2005, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the review is provided in the following tabulation.<sup>1</sup>

Effective date	Action
March 1, 2005	Commission’s institution of review (70 FR 9971, March 1, 2005)
June 6, 2005	Commission’s decision to conduct a full review (70 FR 36657, June 24, 2005)
June 29, 2005	Commission’s scheduling of the review (70 FR 39333, July 7, 2005)
October 6, 2005	Commerce’s final results of expedited review (70 FR 58373, October 6, 2005)
November 1, 2005	Commission’s hearing <sup>1</sup>
December 21, 2005	Commission’s vote
January 25, 2006	Commission’s determination transmitted to Commerce

<sup>1</sup> App. B is a list of witnesses who appeared at the hearing.

### THE ORIGINAL INVESTIGATION

On April 23, 1987, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of ICI forklift trucks from Japan.<sup>2</sup> The Commission made a final affirmative injury determination on May 31, 1988. On June 7, 1988, Commerce issued an antidumping order, with margins as follows:

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<sup>1</sup> The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site.

<sup>2</sup> The petition was filed by Hyster Co., Portland, OR, a producer of ICI forklift trucks; the Independent Lift Truck Builders Union; the International Association of Machinists and Aerospace Workers; the International Union, Allied Industrial Workers of America (AFL-CIO); and the United Shop & Service Employees.

<b>Manufacturer/producer/exporter</b>	<b>Weighted-average margin (percent)<sup>1</sup></b>
Toyota Motor	17.29
Nissan Motor	51.33
Komatsu Forklift	47.50
Sumitomo-Yale	51.33
TCM <sup>2</sup>	51.33
Sanki Industrial	13.65
Kasagi Forklift	56.81
Mitsubishi	( <sup>3</sup> )
All others	39.45

<sup>1</sup> *Internal Combustion Industrial Forklift Trucks from Japan; Antidumping Duty Order and Amendment to Final Determination of Sales at Less Than Fair Value*, 53 FR 20882, June 7, 1988. Subsequent to the publication of the Department of Commerce's final determination, Komatsu Forklift made allegations that certain clerical errors had been made. After review, Commerce amended its final determination to correct these errors and changed Komatsu Forklifts' weighted average dumping margin from 47.73 percent to 47.50 percent and the "all others" rate from 39.50 percent to 39.45 percent.

<sup>2</sup> TCM was formerly named Toyo Umpanki Co., Ltd.

<sup>3</sup> Mitsubishi did not initially receive a separate margin. As part of Commerce's first annual review of the order, however, the company received a margin of 39.45 percent.

Source: 53 FR 20882, June 7, 1988.

### **THE FIRST FIVE-YEAR REVIEW**

The Commission instituted its first review of the subject order on April 1, 1999. On July 2, 1999, the Commission determined that a full sunset review of the antidumping duty order on ICI forklift trucks from Japan should proceed. On August 5, 1999, the Commission received the final results of Commerce's expedited sunset review. Commerce determined that dumping was likely to continue if the antidumping duty order on ICI forklift trucks was revoked, and estimated the likely margins of dumping as follows:

<b>Manufacturer/producer/exporter</b>	<b>Weighted-average margin (percent)</b>
Toyota Motor	47.79
Nissan Motor	51.33
Komatsu Forklift	47.50
Sumitomo-Yale	51.33
TCM	51.33
Sanki Industrial	13.65
Kasagi Forklift	56.81
Mitsubishi	39.45
All others	39.45

Source: 64 FR 42662, August 5, 1999.

Effective April 4, 2000, the Commission determined that revocation of the subject order would be likely to lead to continuation or recurrence of material injury to an industry in the United States.<sup>3</sup> Effective April 17, 2000, Commerce published a notice of continuation in the *Federal Register*.<sup>4</sup>

## SUMMARY DATA

A summary of data collected in the review is presented in appendix C, tables C-1 through C-8. Except as noted, U.S. industry data are based on questionnaire responses of six firms that accounted for virtually all of the production of ICI forklift trucks during the period for which data were collected (1999-2004, January-June 2004, and January-June 2005). U.S. import data are based on questionnaire responses of seven firms, none of which reported imports of ICI forklift trucks from Japan, as well as data reported by three responding manufacturers and exporters of ICI forklift trucks from Japan. Staff also examined data obtained from U.S. Customs and Border Protection (“Customs”) and official import statistics compiled by Commerce. Available comparative data from the original investigation, the first review, and the current review are presented in table I-1. For consistency purposes, the data presented include the operations of all reporting U.S. producers based on their production of ICI forklift trucks from U.S.-manufactured frames.<sup>5 6</sup>

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<sup>3</sup> Vice Chairman Marcia E. Miller and Commissioners Jennifer A. Hillman and Stephen Koplan made affirmative determinations, while Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun made negative determinations. *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Publication 3287, April 2000, pp. 3-20 (views of the Commission) and 21-34 (dissenting views).

<sup>4</sup> 65 FR 35325, June 2, 2000.

<sup>5</sup> In the first review of this order, the Commission was divided as to the appropriate domestic industry. Vice Chairman Miller and Commissioners Hillman and Koplan found that appropriate circumstances existed to exclude related U.S. subsidiaries of Japanese manufacturers and exporters - Mitsubishi, Toyota, Nissan, Komatsu, and TCM - from the domestic industry “because they would be largely shielded from import competition and the impact of revocation of the order.” *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Publication 3287, April 2000, p. 9. Chairman Bragg and Commissioners Askey and Okun excluded Komatsu from the domestic industry because it produced forklift trucks \*\*\*, but noted that evaluation of Komatsu’s status was complicated by its failure to provide detailed information regarding its operations. They did not find that appropriate circumstances existed to exclude any of the related party producers from the domestic industry, concluding instead that their “primary interests lie in domestic production” and that “the record does not indicate that the related U.S. producers have been, or are likely to be, insulated from the impact of the subject imports.” *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Publication 3287, April 2000, pp. 23-24. Accordingly, appendix C provides summary data for eight different scenarios, including summary data that (1) excludes the related U.S. subsidiaries of Japanese manufacturers and exporters and, separately, (2) excludes Komatsu from the domestic industry.

<sup>6</sup> In its comments on draft questionnaires, prehearing brief, and in the hearing testimony in the second review, NACCO urged the Commission to revisit the issue of whether U.S. forklift truck production should be defined in relation to U.S. production of frames. See *NACCO Comments* dated July 22, 2005; NACCO USA’s prehearing brief, pp. 3-8. In hearing testimony, an explanation was offered that conditions have changed with respect to the technology such that the epicenter of production has shifted away from the frame to other parts of the forklift truck. As such, the Commission was urged to eliminate the phrase in the like product definition that refers to frame production in the United States. Hearing transcript, p. 51 (Rosenthal). The Commission did collect data for U.S. operations on ICI forklift trucks, regardless of the country of origin of the frames used in the manufacture of such trucks. These data are presented throughout the report in conjunction with data based on ICI forklift trucks produced from U.S. frames, and are summarized in appendix C.

**Table I-1**  
**ICI forklift trucks: Summary data from the original investigation, the first review, and the current review,**  
**1985-87 and 1997-2004<sup>1</sup>**

(Quantity in *number of trucks*; value in *1,000 dollars*; unit values, unit labor costs,  
and unit financial data are *per truck*)

Item	1985	1986	1987	1997	1998	1999	2000	2001	2002	2003	2004
U.S. consumption quantity: Amount	43,293	44,376	46,152	69,590	85,747	62,739	66,210	48,763	40,600	46,484	56,837
Producers' share <sup>2</sup>	***	***	***	76.2	78.1	80.8	78.9	78.7	78.1	74.6	74.1
Importer's share:											
Japan <sup>2</sup>	51.3	49.6	51.4	0.1	( <sup>3</sup> )	***	***	0.0	0.0	0.0	0.0
All other countries <sup>2</sup>	***	***	***	23.7	21.9	***	***	21.3	21.9	25.4	25.9
Total imports <sup>2</sup>	***	***	***	23.8	21.9	19.2	21.1	21.3	21.9	25.4	25.9
U.S. consumption value: Amount	587,624	607,285	629,340	1,174,709	1,476,009	1,213,424	1,246,257	955,332	783,390	903,459	1,156,961
Producers' share <sup>2</sup>	***	***	***	82.7	81.3	80.9	78.5	78.2	76.6	73.3	73.3
Importer's share:											
Japan <sup>2</sup>	42.3	42.1	46.3	0.1	( <sup>3</sup> )	***	***	0.0	0.0	0.0	0.0
All other countries <sup>2</sup>	***	***	***	17.2	18.7	***	***	21.8	23.4	26.7	26.7
Total imports <sup>2</sup>	***	***	***	17.3	18.7	19.1	21.5	21.8	23.4	26.7	26.7
U.S. imports from-- Japan:											
Quantity	22,191	21,999	23,730	84	18	***	***	0	0	0	0
Value	248,465	255,938	291,442	979	243	***	***	0	0	0	0
Unit value	\$11,197	\$11,634	\$12,282	\$11,653	\$13,693	\$***	\$***	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
All other countries:											
Quantity	***	***	***	16,500	18,766	***	***	10,388	8,899	11,818	14,699
Value	***	***	***	202,255	275,514	***	***	208,453	183,674	241,199	308,419
Unit value	***	***	***	\$12,258	\$14,682	\$***	\$***	\$20,067	\$20,640	\$20,409	\$20,982
All countries:											
Quantity	***	***	***	16,584	18,784	12,027	13,969	10,388	8,899	11,818	14,699
Value	***	***	***	203,234	275,757	231,829	267,608	208,453	183,674	241,199	308,419
Unit value	***	***	***	\$12,255	\$14,681	\$19,276	\$19,157	\$20,067	\$20,640	\$20,409	\$20,982

Table continued on next page.

**Table I-1--Continued**

**ICI forklift trucks: Summary data from the original investigation, the first review, and the current review (1985-87 and 1997-2004)<sup>1</sup>**

(Quantity in *number of trucks*; value in *1,000 dollars*; unit values, unit labor costs, and unit financial data are *per truck*)

Item	1985	1986	1987	1997	1998	1999	2000	2001	2002	2003	2004
U.S. producers'-- Capacity quantity	***	***	***	83,670	95,330	81,241	78,582	75,190	74,057	70,681	71,257
Production quantity	***	***	***	59,497	74,611	57,219	57,470	43,697	35,786	42,242	49,714
Capacity utilization <sup>2</sup>	47.9	55.6	47.3	71.1	78.3	70.4	73.1	58.1	48.3	59.8	69.8
U.S. shipments: Quantity	***	***	***	53,006	66,963	50,712	52,241	38,375	31,701	34,666	42,138
Value	***	***	***	971,475	1,200,252	981,595	978,649	746,879	599,716	662,260	848,542
Unit value	***	***	***	\$18,328	\$17,924	\$19,356	\$18,733	\$19,463	\$18,918	\$19,104	\$20,137
Export shipments: Quantity	***	***	***	6,692	6,841	6,493	6,149	5,462	4,596	6,374	7,152
Value	***	***	***	129,224	131,275	119,340	111,616	104,465	83,551	112,062	140,743
Unit value	***	***	***	\$19,310	\$19,189	\$18,380	\$18,152	\$19,126	\$18,179	\$17,581	\$19,679
Ending inventory quantity	***	***	***	1,074	1,882	***	***	***	***	***	***
Inventories/total shipments <sup>2</sup>	***	***	***	1.8	2.5	***	***	***	***	***	***
Production workers	***	***	***	2,228	2,559	1,563	1,559	1,283	1,129	1,135	1,436
Hours worked ( <i>1,000 hours</i> )	***	***	***	4,988	6,171	3,152	3,017	2,766	2,267	2,315	2,868
Wages paid ( <i>1,000 dollars</i> )	***	***	***	72,824	90,804	64,353	59,911	46,456	40,587	45,408	58,878
Hourly wages	***	***	***	\$14.60	\$14.71	\$20.42	\$19.86	\$16.80	\$17.90	\$19.61	\$20.53
Productivity ( <i>units per hour</i> )	***	***	***	11.9	12.1	18.2	19.0	15.8	15.8	18.2	17.3
Unit labor costs	***	***	***	\$1,224	\$1,217	\$1,125	\$1,042	\$1,063	\$1,134	\$1,075	\$1,184
Net sales value	268,670	***	181,374	1,096,047	1,328,425	1,071,790	1,063,027	833,832	657,480	741,565	944,603
Operating income or (loss)	(38,940)	***	***	30,177	62,082	27,073	21,461	13,712	4,573	30,480	28,488
Operating income or (loss)/sales <sup>2</sup>	(14.5)	***	***	2.8	4.7	2.5	2.0	1.6	0.7	4.1	3.0

<sup>1</sup> For purposes of comparability with 1985-87 and 1997-98 data, volumes of U.S.-produced ICI forklift trucks are based on units assembled from U.S.-produced frames.

<sup>2</sup> In *percent*.

<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> Not applicable.

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

Note.--Data presented for U.S. imports of ICI forklift trucks for 1999-2004 are based on exports of ICI forklift trucks to the United States reported by three manufacturers and exporters of ICI forklift trucks in Japan. As such, these data may be understated; indeed, they are substantially lower than either official import statistics or CDSOA disbursements covering the relevant periods. However, as discussed in greater detail below, official import statistics cover a "basket" of subject and nonsubject merchandise and CDSOA disbursements cover entries during periods of time prior to 1999. Accordingly, Staff views the presented data - which are consistent with the lack of imports of the subject merchandise reported by U.S. importers - as the most reliable.

Source: Information for 1985-87 is from the original investigation's staff report dated May 1988. Information for 1997-98 is from the first review staff report, USITC Publication No. 3287, dated April 2000. Information for 1999-2004 is compiled from data submitted in response to Commission questionnaires.

## STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

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

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

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

*(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information obtained during the course of this second review that relates to the above factors is presented throughout this report. U.S. industry data are based on questionnaire responses of six producers that accounted for virtually all of U.S. production of ICI forklift trucks during 2004. U.S. import data are based on questionnaire data provided by U.S. importers (for imports from nonsubject countries) and from data provided by three of the Japanese manufacturers and exporters (for subject imports from Japan).<sup>7</sup> Responses by U.S. producers, importers, and purchasers of ICI forklift trucks and producers of the product in Japan to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of its revocation are presented in appendix D.

## **ADMINISTRATIVE REVIEWS**

Pursuant to section 751(a) of the Tariff Act of 1930, at least once during each 12-month period beginning on the anniversary date of an antidumping order, Commerce is to conduct an administrative review of the order upon request. Since the imposition of this order, there have been four administrative

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<sup>7</sup> No U.S. importer reported importing the subject merchandise from Japan during the period for which data were collected in this second review, nor did \*\*\*. Only \*\*\*.

reviews,<sup>8</sup> in which all the respondents subject to those reviews were found to have continued dumping. Table I-2 presents a summary of specific margins as adjusted by administrative reviews.

**Table I-2**  
**ICI forklift trucks: LTFV margins as determined by the U.S. Department of Commerce**  
**administrative reviews (percent)**

Item	Toyota Motor	Nissan Motor	Komatsu Forklift	Sumitomo-Yale	TCM <sup>1</sup>	Sanki Industrial	Kasagi Forklift	Mitsubishi	All others
First administrative review November 24, 1987, to May 31, 1989 <sup>2</sup>	13.75	7.39	( <sup>3</sup> )	( <sup>3</sup> )	6.74	( <sup>3</sup> )	( <sup>3</sup> )	39.45	( <sup>3</sup> )
Second administrative review June 1, 1989, to May 31, 1990 <sup>4</sup>	6.87	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	4.48	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Third administrative review June 1, 1993, to May 31, 1994 <sup>5</sup>	31.58	7.36	( <sup>3</sup> )	( <sup>3</sup> )	4.48	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Fourth administrative review June 1, 1994, to May 31, 1995 <sup>6</sup>	47.79	7.36	( <sup>3</sup> )	( <sup>3</sup> )	4.48	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> TCM was formerly named Toyo Umpanki Co., Ltd.  
<sup>2</sup> 57 FR 3167, January 28, 1992, as amended by 60 FR 21499, May 2, 1995 (rectifying typographical error and correcting Mitsubishi's margin to read 39.45 percent from its original 39.15 percent) and 60 FR 30518, June 9, 1995 (adjustment of Nissan Motor, TCM, and Toyota Motor margins after remands from the Court of International Trade in *Toyota Motor Sales, U.S.A., Inc. v. United States; Toyo Umpanki Co., Ltd. v. United States; and Hyster Co. v. United States*).  
<sup>3</sup> Not applicable.  
<sup>4</sup> 59 FR 1374, January 10, 1994.  
<sup>5</sup> 62 FR 34216, June 25, 1997.  
<sup>6</sup> 62 FR 5592, February 6, 1997 as amended by 62 FR 12598, March 17, 1997 (correction of clerical error altering Toyota Motor's margin from 50.34 percent to 47.79 percent).

Source: *Federal Register* notices of the U.S. Department of Commerce.

## COMMERCE'S RESULTS OF EXPEDITED REVIEW

On September 27, 2005, Commerce found that revocation of the antidumping duty order on ICI forklift trucks from Japan would likely lead to continuation or recurrence of dumping as follows:<sup>9</sup>

<sup>8</sup> See *Internal Combustion Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 57 FR 3167, January 28, 1992, as amended by 60 FR 21499, May 2, 1995 (rectifying typographical error and correcting Mitsubishi's margin to read 39.45 percent from its original 39.15 percent), and 60 FR 30518, June 9, 1995 (adjustment of Nissan Motor, TCM, and Toyota Motor margins after remands from the Court of International Trade in *Toyota Motor Sales, U.S.A., Inc. v. United States; Toyo Umpanki Co., Ltd. v. United States; and Hyster Co. v. United States*); *Internal Combustion Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 59 FR 1374, January 10, 1994; *Internal Combustion Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 62 FR 34216, June 25, 1997; and *Internal Combustion Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 62 FR 5592, February 6, 1997.

<sup>9</sup> Commerce's notice is presented in app. A.

<b>Manufacturer/producer/exporter</b>	<b>Weighted-average margin (percent)</b>
Toyota Motor Corp.	47.79
Nissan Motor Co., Ltd.	51.33
Komatsu Forklift Co., Ltd.	47.50
Sumitomo-Yale Co., Ltd.	51.33
TCM <sup>1</sup>	51.33
Sanki Industrial Co., Ltd	13.65
Kasagi Forklift, Inc.	56.81
Mitsubishi	( <sup>2</sup> )
All others	39.45
<sup>1</sup> TCM was formerly named Toyo Umpanki Co., Ltd. <sup>2</sup> Mitsubishi did not receive a separate margin; therefore, the "all others" margin of 39.45 percent applies. Source: 70 FR 58373, October 6, 2005.	

Commerce has not issued a duty absorption finding with respect to this order.

#### **CONTINUED DUMPING AND SUBSIDY OFFSET ACT**

Table I-3 presents available data from Customs concerning the actual duties disbursed pursuant to the antidumping duty order on ICI forklift trucks from Japan since fiscal year 2001.

**Table I-3****ICI forklift trucks: CDSOA disbursements, federal fiscal years 2001-04**

Year	Country	Claimant	Amount disbursed ( <i>dollars</i> )
<b>Antidumping duty orders</b>			
2001	Japan	NACCO USA	27,552
2002	Japan	NACCO USA	1,970,106
2003	Japan	NACCO USA	6,735,439 <sup>1</sup>
2004	Japan	NACCO USA	121,071

<sup>1</sup> Actual release of these funds did not occur until 2004.

Note.—Antidumping duties distributed in accordance with the Continued Dumping and Subsidy Offset Act (“CDSOA” or “Byrd Amendment” ) may not coincide with the period in which the subject imports entered the United States for consumption. According to Customs specialist Patrick Wholey, Customs releases the duties it collects only after it receives a liquidation order from Commerce. This liquidation order, however, may cover entries from a previous period. Indeed, according to Customs’ internet site, message number 2255206, a liquidation order issued in 2002 for all ICI forklift trucks, covered the period 06/01/91 - 05/31/92. In addition, message number 3064202, a liquidation order issued in 2003 for ICI forklift trucks exported by Nissan, covered the period 11/24/87 - 05/31/89. These liquidation orders, issued in 2002 and 2003 but covering periods outside the period for which data were collected for this second review, coincide with the increase in CDSOA disbursements. NACCO does not expect to receive additional material awards related to this order.

Source: Staff telephone interview with Patrick Wholey, National Import Specialist, U.S. Customs and Border Protection, Office of Regulations and Rulings; Customs’ *CDSOA Annual Reports* at [http://www.customs.gov/xp/cgov/import/add\\_cvd/cont\\_dump](http://www.customs.gov/xp/cgov/import/add_cvd/cont_dump), retrieved October 4, 2005; NACCO Industries, Inc. Form 10-K found at <http://ir.nacco.com/phoenix.zhtml?c=107545&p=irol-reportsAnnual>, retrieved August 11, 2005.

## THE SUBJECT MERCHANDISE

### Commerce’s Scope

According to Commerce’s scope, the imported product subject to the antidumping order under review is defined as follows:

“The products covered by this order are certain internal-combustion, industrial forklift trucks, with lifting capacity of 2,000 to 15,000 lbs. Imports of these products were classified under item numbers 692.4025, 692.4030, and 692.4070 of the Tariff Schedules of the United States Annotated (TSUSA) and are currently classifiable under Harmonized System (HTSUS) item numbers 8427.20.00, 8427.90.00, and 8431.20.00.

Although the HTSUS item numbers are provided for convenience and customs purposes, the written description remains dispositive.

The products covered by this order are further described as follows: Assembled, not assembled, and less than complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane, or diesel fuel internal-combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles. Less than complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by this order.

Products not covered by this order are genuinely used forklifts. For the purposes of this antidumping duty order, we consider any forklift to be used if, at the time of entry into the United States, the importer can demonstrate to the satisfaction of the U.S. Customs and Border Protection (CBP) that the forklift was manufactured in a calendar year at least three years prior to the year of entry into the United States. The importer must show documentation from industrial publications that reconcile the serial number and year of manufacture of the forklift. If the calendar year of manufacture is at least three years prior to its year of entry into the United States, it will not be subject to the suspension of liquidation or any assessment of antidumping duties. For example, if a forklift is entered or withdrawn from warehouse, for consumption in June 1988 and if the importer demonstrates through industrial publications that the forklift was manufactured in or before calendar year 1985, that forklift will not be covered by this order.”<sup>10</sup>

### U.S. Tariff Treatment

Imports of these products are classifiable under Harmonized Tariff Schedule of the United States (HTS) subheadings 8427.20, 8427.90, and 8431.20 as set forth in the following tabulation:

HTS provision	Article description	General <sup>1</sup>	Special <sup>2</sup>	Column 2 <sup>3</sup>
		Rates ( <i>percent ad valorem</i> )		
8427	Forklift trucks; other works trucks fitted with lifting or handling equipment:			
8427.20	Other self-propelled trucks:			
8427.20.40	Rider-type, counterbalanced forklift trucks	Free	(2)	35.0
8427.20.80	Other	Free		35.0
8427.90.00	Other trucks	Free		35.0
8431	Parts suitable for use solely or principally with the machinery of headings 8425 to 8430:	Free		35.0
8431.20.00	Of machinery heading 8427	Free		35.0
<sup>1</sup> Normal trade relations, formerly known as the most-favored-nation duty rate. <sup>2</sup> No special rates apply to imports of ICI forklift trucks from certain trading partners to the United States. <sup>3</sup> Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.				
Source: Harmonized Tariff Schedule of the United States (2005).				

<sup>10</sup> 70 FR 58373, October 6, 2005.

These tariff classifications contain subject and nonsubject products.<sup>11</sup> Imports under these subheadings from Japan and other nations with normal trade relations status are free of duty, while imports from nations without normal trade relations (column 2) are charged a 35-percent *ad valorem* tariff.

Country of origin of a product is conferred when a substantial transformation of one article into a new and different article of commerce occurs. With reference to ICI forklift trucks assembled from both domestic and imported parts, origin is conferred when a partially finished truck has the essential character of a finished truck by a subjective quantitative analysis on a case-by-case basis.<sup>12</sup> The treatment of unfinished goods is controlled by HTS general interpretive rule 2(a), which includes as “finished” an unfinished or incomplete good having the essential character of the finished good.

### **Definition of Production in the Original Investigation**

In the original investigation, Commerce and the Commission determined that the frame of the truck was the identifying feature and its principal component part. Commerce defined “less-than-complete” forklift trucks by the country of origin of the frame to identify the product from Japan under investigation. Similarly, the Commission, in the original investigation, used the country of origin of the frame to determine U.S. production. The Commission determined that the frame approach to defining domestic production would be superior to a value-added approach because an examination of frame production was a practical indicator of U.S. production activity due to the amount of research and development costs, capital investment in plant and equipment, and labor activity related to forklift frame production. The Commission found that during the original period of investigation, forklift frame production accounted for a significant share of both total research and development and labor costs, and that frame fabrication accounted for as much as 80 to 90 percent of the investment in plant and equipment. Moreover, the Commission used the frame approach rather than the value-added approach because it appeared to be the more practical indicator of domestic production<sup>13</sup> and noted that it found no subject product with a U.S.-produced frame that contained less than 35 percent value added in the United

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<sup>11</sup> Nonsubject products covered by these tariff classifications include, *e.g.*, pallet jacks, telehandlers, construction and mining equipment, cranes and crane parts, horse trailers, manure spreaders, electric forklift trucks, rough terrain forklift trucks, and ICI forklift trucks with over 15,000 pound lift capacity. A range of individual parts or accessories for ICI forklift trucks entering under additional tariff classifications of HTS Chapters 4, 6, 7, 8, and 9, with duty ranges from zero to 9 percent *ad valorem*, have been identified by NACCO. These articles or accessories include, *e.g.*, spark-ignition reciprocating or rotary internal combustion piston engines, liquid pumps or elevators, air or vacuum pumps, air or other gas compressors and fans, and transmission shafts (including camshafts, crankshafts, and cranks; bearing housings, gears and gearing, gear boxes and other speed changers, flywheels and pulleys, clutches and shaft couplings). NACCO USA’s prehearing brief, app. D, pp. 66-73.

<sup>12</sup> Essentially, once a good presented to Customs as a “truck” has over 50 percent by value of production of the character of the finished product and such content is attributable to the country claiming origin, origin is conferred. Staff telephone interview with Patrick Wholey, National Import Specialist, U.S. Customs and Border Protection, Office of Regulations and Rulings, November 15, 2005. According to the *Code of Federal Regulations: Customs Duties*, origin is conferred by “a change to subheading 8425.11 through 8430.69 from any other subheading, including another subheading within that group.” *Code of Federal Regulations: Customs Duties*, 19 USC § 102.20, as revised April 1, 2004.

<sup>13</sup> The Commission reasoned that “value added calculations necessarily involve the allocation of both U.S. and foreign costs. As the Commission has noted, performing such calculations is a difficult process in any context and one that can result in the derivation of less reliable data. . . . Due to the globalized nature of production in the standard-lift IC (internal combustion) forklift industry, neither the frame approach nor the value added approach is likely to provide a perfect description of U.S. production. However, in light of the factors discussed above, the frame approach in this investigation provides the *better* picture.” *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Final), USITC Publication 2082, May 1988, pp. 15 and 17.

States, the minimum threshold proposed by the proponents of the value-added approach in the original investigation. Further, the Commission noted that the “the share of U.S. value added for standard lift ICs with a U.S.-produced frame was significantly greater than 50 percent” for “several of the largest U.S. producers.”<sup>14</sup>

### **Definition of Production in the Initial and Second Reviews**

Absent argument to the contrary, the Commission concluded in the initial review that there were no facts that contradicted the original definition of production.<sup>15</sup> In this second review, however, beginning with its comments on draft questionnaires, NACCO has urged the Commission to revisit the issue of whether U.S. forklift truck production should be defined in relation to U.S. production of frames.<sup>16</sup> In determining whether a company qualifies as a domestic producer, the Commission may employ a six-factor test to determine whether the company engages in “sufficient-production related activities” in the United States. Under that approach, the Commission looks at the following factors: (1) source and extent of capital investment, (2) technical expertise involved in U.S. production activities, (3) value added to the product in the United States, (4) employment levels, (5) quantity and type of parts sourced in the United States, and (6) any other costs and activities in the United States directly leading to production of the like product. Information on these six factors may be found as follows:

Source and extent of capital investment	Part III, tables III-16 and III-17
Technical expertise involved in U.S. production activities	Part I, pages 14-15; Part III, table III-17
Value added to the product in the United States	Part I, table I-5; appendix E
Employment levels	Part I, table I-4; Part III, table III-8
Quantity and type of parts sourced in the United States	Part III, table III-13
Any other costs and activities in the United States directly leading to production of the like product	Part III, tables III-12a, 12b, III-16, and appendix E

Data submitted by U.S. producers in this second review show that a wide range exists in the amount of labor and resources allocated to frame production as some producers (\*\*\*) have \*\*\*. Moreover, technological advances in recent years have attempted to render frame production less labor intensive. For example, \*\*\*.<sup>17</sup>

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<sup>14</sup> Ibid., p. 6.

<sup>15</sup> The Commission found that evidence on the record of the initial five-year review did not suggest a reason for revisiting the Commission’s original determination of the domestic like product and defined the domestic industry as the domestic producers of the domestic like product (internal combustion industrial forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds and with a U.S.-produced frame), such as NACCO, Clark, and Drexel. *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Publication 3287, April 2000, pp. 4-9 and 22-23.

<sup>16</sup> See *NACCO Comments* dated July 22, 2005. See also NACCO USA’s prehearing brief, pp. 3-8; hearing transcript (Mr. Dawe), pp. 22-24. The Commission did collect data for U.S. operations on ICI forklift trucks, regardless of the country of origin of the frames used in the manufacture of such trucks. These data are presented throughout the report in conjunction with data based on ICI forklift trucks produced from U.S. frames, and are summarized in appendix C.

<sup>17</sup> \*\*\*.

Table I-4 shows the share of production and related worker (“PRW”)<sup>18</sup> labor hours U.S. producers allocated to frame construction relative to complete ICI forklift truck production in 2004.

**Table I-4**  
**ICI forklift trucks: Total hours worked by PRWs and labor hours allocated to frame production in 2004, by firms**

U.S. producer	Total PRW hours to produce complete ICI forklift trucks (1,000 hours)	Frame production	
		Allocated PRW hours (1,000 hours)	Share of total (percent)
Komatsu USA	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Mitsubishi USA	***	***	***
NACCO USA	***	***	***
Nissan USA	***	***	***
TCM USA	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Toyota USA	***	***	***
Total	***	***	***

<sup>1</sup> Not available. In the case of Komatsu, the company \*\*\*. In the case of TCM USA, the company \*\*\*.

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

In comparison to the first review, total PRW hours to produce complete ICI forklift trucks fell from \*\*\* hours in 1998 to \*\*\* hours in 2004. This decrease may be attributed to decreases by \*\*\*. Total PRW hours allocated to frame production rose from \*\*\* hours in 1998 to \*\*\* hours in 2004, however; \*\*\*’s PRW hours allocated to frame production fell from \*\*\* in 1998 to \*\*\* in 2004 (\*\*\* percent decrease) and from \*\*\* hours in 1998 to \*\*\* hours in 2004 (\*\*\* percent decrease), respectively. The overall rise in PRW hours allocated to frame production may primarily be attributed to \*\*\* allocation of PRW hours to frame production for 2004 in the second review vis-a-vis \*\*\*.<sup>19</sup>

The Commission asked U.S. producers to describe the level of expertise required by, and the degree of value added, in their U.S. assembly operations.<sup>20</sup> NACCO USA reported \*\*\*. NACCO USA further reported that the company employs kanban techniques to manage the delivery of material to each work station.<sup>21</sup> \*\*\*.

<sup>18</sup> “PRWs” are production and related workers, including supervisors and all nonsupervisory workers (including group leaders and trainees) engaged in fabricating, processing, assembling, inspecting, receiving, storage, handling, packing, warehousing, shipping, trucking, hauling, maintenance, repair, janitorial and guard services, product development, auxiliary production for plant’s own use (e.g., power plant), recordkeeping, and other services closely associated with the above production operations.

<sup>19</sup> See *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Staff Report, March 2, 2000, p. I-12.

<sup>20</sup> This information is compiled from responses to the producers’ questionnaire, question II-17.

<sup>21</sup> Kanban (a Japanese term for “signal”) is one of the primary tools of just in time (“JIT”) systems. It signals a cycle of replenishment for production and materials and maintains an orderly and efficient flow of materials

(continued...)

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Table I-5 shows the percentage of the value of domestic and foreign components, as well as the domestic value added for U.S. producers' highest volume model in 2004.

**Table I-5**  
**ICI forklift trucks: Ratio of the value of foreign components, domestic components, and domestic value added for U.S. producers' highest volume model in 2004, by firms**

\* \* \* \* \*

U.S. producers were additionally requested to estimate the contribution of customization to ICI forklift truck value and value added. Their responses indicated that customization accounts for between \*\*\* percent and \*\*\* percent of a forklift truck's value, with the majority responding in the \*\*\* percent range.<sup>22</sup>

### Manufacturing Processes

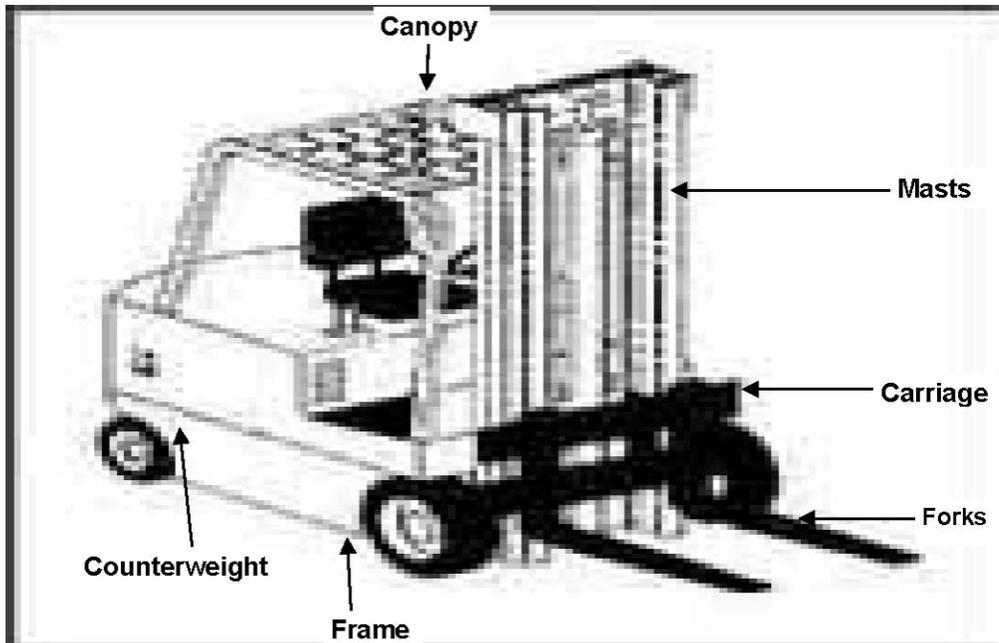
The components of an ICI forklift truck (Class 5) are identified in the following schematic:

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<sup>21</sup> (...continued)

throughout an entire manufacturing process. The signal is usually a printed card that contains specific information such as a part name, description, quantity, etc. \*\*\*, NACCO USA, e-mail November 21, 2005. Kanban is essentially a pull manufacturing system used by NACCO USA to indicate an impending shortage of a component at a station by signaling back to either a central store area that draws automatically material to keep the line replenished. Kanban is also applied to NACCO's supplier base such that they are sent signals when components are required. Deliveries of components could be daily or weekly in response to a kanban signal. Hearing transcript (Mr. Dawe), pp. 102-104.

<sup>22</sup> U.S. producers' responses were as follows: Komatsu USA responded that customization accounts for \*\*\* percent of truck value; Mitsubishi USA responded that customization accounts for \*\*\* percent of net sales; NACCO USA responded that customization accounts for approximately \*\*\* percent of the value added and truck value for product produced in the Berea, KY plant; Nissan USA responded that customization (including available options and special engineered modifications) accounted for approximately \*\*\* percent of the net revenues of Nissan USA each year for the past couple of years; TCM USA \*\*\*; Toyota USA responded that customization represents, on average, approximately \*\*\* percent of ICI forklift truck value. E-mails from: \*\*\*, Komatsu USA, November 17, 2005; \*\*\*, Mitsubishi USA, November 22, 2005; \*\*\*, NACCO USA, November 15, 2005; \*\*\*, Nissan USA, November 21, 2005; and \*\*\*, Toyota USA, November 17, 2005.



The production of the frame and the mast, with their related components, are the two most important fabrication processes involved in the production of ICI forklift trucks before assembly. The frame is the base upon which the truck sits. The frame provides the structure for the truck; it is over-engineered to tolerate heavy use and to be long-lasting.<sup>23</sup> The frame also includes the overhead guard or canopy that protects the driver from falling objects. The frame and the canopy are produced from steel plate that is cut to the desired shape and washed, dried, cleaned, rustproofed and then formed to shape by bending. These pieces are then welded to each other to form the completed frame. Finished frames are cleaned and sprayed with a primer coat of paint.

Since 1999, U.S. producer NACCO has been transferring the production of most of its subject product frames to its plant in Saltillo, Mexico. \*\*\*<sup>24</sup> \*\*\*<sup>25</sup>

The production process for the mast of a forklift truck is similar to that of the frame. Channel steel is cut to length, washed, dried and cleaned. Pieces cut from steel plate are welded to this length, two channels are welded with cross-pieces and the whole assembly is washed, dried, cleaned, rustproofed and sprayed with a primer coat of paint. The inner and outer rails are then mated, with the number of inner rails determined by the desired extension range, up to four stages, of the mast. Hydraulics, sprockets, chains or cylinders are added to provide lifting capacity. The carriage, the metal piece that is attached to the mast to hold the forks, may have different shapes depending on the application. The size of the load backrest and the forks, as well as the number of forks, also may be selected by the customer based on the nature of the application.

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<sup>23</sup> Staff telephone interview with \*\*\*, September 28, 2005.

<sup>24</sup> \*\*\* producers' questionnaire response, section III-7b.

<sup>25</sup> \*\*\* producers' questionnaire response, section III-13; \*\*\* producers' questionnaire response, section II-17.

In 2004, \*\*\* percent of the value of NACCO's ICI truck masts resulted from domestic production.<sup>26</sup> NACCO asserts that mast production \*\*\*.<sup>27</sup> In 2004, \*\*\*.<sup>28</sup> Mitsubishi reported that \*\*\*.<sup>29</sup>

When the frame and related weldments are completed, the frame is taken to a separate production line where the truck's engine/transmission combination is mated to the frame. The cowl or dash and the drive and steering axles are then sub-assembled and fitted. The hydraulic system is added as are the engine and steering controls. When all of the truck's motive and control systems have been sub-assembled and installed, the mast and counterweight are added. The truck's engine, steering, transmission, hydraulics and brake systems are then tested for proper operation and leaks. The truck also is tested for lift capacity, for the range of the upright tilt, and for drift and brakes. When the testing is completed, and no fault is detected, the truck is taken to an area for any additional customer-specified options. When all options have been installed and tested, the truck is sprayed with its final coat of paint.

According to NACCO, \*\*\* percent of the ICI forklift trucks it produces at its Berea, KY, facility contain special products engineering design – that is, engineering and design services necessary to meet the customer's particular needs.<sup>30</sup> \*\*\*. Truck production at NACCO requires an average of \*\*\* throughput time, which does not include lead time; the current backlog for new orders is approximately \*\*\*.<sup>31</sup>

The subject product is produced primarily on assembly lines. Production processes for the subject product have become more technologically advanced since the original investigation and even since the first review. \*\*\*.<sup>32</sup>

## DOMESTIC LIKE PRODUCT ISSUES

The Commission's determination regarding the appropriate domestic products that are "like" the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. In the original investigation, the Commission considered two domestic like product issues: (1) whether internal combustion forklift trucks with a weight lift capacity of greater than 15,000 pounds should be included within the definition of the domestic like product, and (2) whether trucks powered by other than an internal combustion engine – in particular, electric motor rider and electric motor narrow-aisle trucks – should be considered within the definition of the domestic like product.<sup>33</sup> The Commission did not expand the domestic like product in either the original investigation or in the first review of this order. NACCO, the only party that responded to the Commission's notice of institution in this second review, did not ask the Commission to revisit the domestic like product issue with respect to electric forklift trucks nor with respect to ICI forklift trucks with a lift capacity of greater than 15,000 pounds. However, as noted above, beginning with its comments on draft questionnaires in the second review, NACCO has

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<sup>26</sup> NACCO USA's producers' questionnaire response, section III-13.

<sup>27</sup> Staff plant trip notes, NACCO, Berea, KY, August 23, 2005, p. 10; NACCO USA's producers' questionnaire response, att. 3, "NMHG Berea, Kentucky".

<sup>28</sup> Toyota USA's and Nissan USA's producers' questionnaire responses, section III-13; TCM USA's producers' questionnaire response, section III-7b (value added for largest model produced).

<sup>29</sup> Mitsubishi USA's producers' questionnaire response, section III-13.

<sup>30</sup> NACCO USA's producers' questioner response, att. 3.

<sup>31</sup> \*\*\*.

<sup>32</sup> \*\*\*.

<sup>33</sup> The Commission also considered whether domestically produced forklift trucks should be defined as those that contain a U.S.-produced frame or a certain minimum level of U.S. value added, and opted for the former approach.

urged the Commission to revisit the issue of whether U.S. forklift truck production should be defined in relation to U.S. production of frames.<sup>34</sup>

### **ICI Forklift Trucks With Lifting Capacities Over 15,000 Pounds**

With regard to trucks with lifting capacity of greater than 15,000 pounds, the Commission determined in the original investigation not to include these trucks within the definition of the domestic like product.<sup>35</sup> The Commission reasoned that the end uses and the manufacturing process of these trucks differed from those of standard lift internal combustion forklift trucks with a lifting capacity of 2,000 to 15,000 pounds. The Commission cited differing assembly lines and component parts used in the production of the two classes of trucks as well as the fact that trucks with capacities greater than 15,000 pounds tend to be used by heavy industries with specialized industrial machinery needs such as steel and timber.

By contrast with the automated production of the subject product, trucks with a lifting capacity of more than 15,000 pounds are more likely to be produced one truck at a time in a separate area or “bay” and to use less automated production processes. \*\*\*.<sup>36</sup> Heavy-lift internal combustion forklifts use componentry designed for heavy-duty over-the-road trucks, whereas the standard ICI forklifts use many automotive components. There is no indication that these distinctions between the uses and manufacturing processes for standard and heavy capacity lift trucks have changed since the original investigation.<sup>37</sup>

### **Electric Powered Industrial Forklift Trucks**

With regard to the second like product issue, in the original investigation the Commission determined that electric powered forklift trucks should not be included in the definition of the domestic like product because of distinct physical characteristics between electric and internal combustion engine powered forklift trucks.<sup>38</sup> The Commission cited the different component parts and frame design of the two types of trucks, which are necessary to accommodate the distinctive power trains.<sup>39</sup> These distinctions, the Commission noted, also necessitated a separate assembly line and workers trained in distinctive skilled areas.

Finally, the Commission stated that the two types of trucks had distinct end-user applications. The Commission found that electric powered trucks were used primarily in warehouses and in other enclosed areas such as refrigerated areas in food processing, meat packaging operations, and public showrooms, where it would be impractical, due to exhaust emissions, to use internal combustion engine powered forklift trucks. In contrast, the Commission found that internal combustion engine powered forklift trucks are primarily used in outdoor operations where exhaust and air quality concerns are less than in indoor operations. Also, it found that because internal combustion engine powered trucks do not

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<sup>34</sup> See, e.g., *NACCO Comments* dated July 22, 2005. This issue was discussed previously in the section entitled “Definition of Production.”

<sup>35</sup> *Internal Combustion Industrial Forklift Trucks from Japan*, Investigation No. 731-TA-377 (Final), USITC Publication 2082, May 1988, p. 6.

<sup>36</sup> \*\*\*.

<sup>37</sup> \*\*\*.

<sup>38</sup> *Internal Combustion Industrial Forklift Trucks from Japan*, Investigation No. 731-TA-377 (Final), USITC Publication 2082, May 1988, pp. 7-9.

<sup>39</sup> Electric forklift trucks are powered by batteries, which serve as a significant part of the counterweight necessary to offset the payload. ICI forklift trucks use a counterweight situated near the rear of the truck’s frame to prevent tipping.

require their batteries to be charged, they are better suited for continuous use or uses involving steep grades or long distances.

In the first review, the Commission found that the evidence on the record did not suggest a reason for revisiting the Commission's original determination of the domestic like product. Accordingly, the Commission defined the domestic like product to be industrial, operator-riding internal combustion engine forklift trucks with a weight-lift-capacity of between 2,000 and 15,000 pounds (inclusive) with a U.S.-produced frame.<sup>40</sup>

The Commission has collected additional information on this issue in this second review. A discussion of physical characteristics and uses and manufacturing processes appears below. Information received concerning interchangeability, customer and producer perceptions, channels of distribution, and prices are presented in Part II and Part V.

### Physical Characteristics and Uses<sup>41</sup>

Forklift trucks are self-propelled work trucks with platforms that can be raised and lowered for insertion under loads to be lifted or transported. The platform is elevated with a hydraulic system. These trucks are used for general materials handling, stacking, and retrieving. Forklift trucks typically are powered by internal combustion engines using gasoline, diesel, or liquefied petroleum gas (LPG), or by an electric motor. ICI forklift trucks normally are used in outdoor and/or well-ventilated indoor environments when continuous operation is important or when ramps or other heavy-duty applications are involved.

Operator-riding (rider) forklift trucks are used to reduce operator fatigue. The counterbalanced rider truck is the most widely used for general industrial duty. The Industrial Truck Association ("ITA"), the U.S. industry's primary trade association, separates forklift trucks and related vehicles into seven classes, based primarily on their configuration, motive power, and the type of tires used.<sup>42</sup> Classes 4 and 5 consist of internal combustion engine counterbalanced forklift trucks with solid rubber "cushion" (Class 4) or pneumatic (Class 5) tires.<sup>43</sup> Lift capacities for ICI forklift trucks in Classes 4 and 5 range from 2,000 to 120,000 pounds. The most popular classes of ICI forklift trucks are those with a lifting capacity of 2,000 to 15,000 pounds, the subject product.

U.S. producers were asked to describe the ICI forklift truck product mix at each company. Their responses indicated that although, in general, ICI forklift trucks with lift capacities ranging from 3,000 pounds to 15,000 pounds were offered, the largest market is in the 5,000 pound to 6,000 pound ICI forklift trucks which are known throughout the industry as the "heart of the line."<sup>44</sup>

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<sup>40</sup> *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Publication 3287, April 2000, p. 6.

<sup>41</sup> Unless otherwise indicated, this discussion of physical characteristics and uses and manufacturing processes relies on that information contained in the Commission's first review of the subject order. *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Review), USITC Publication 3287, April 2000, pp. I-10-12.

<sup>42</sup> The ITA's seven classes of trucks are: Class 1: electric motor rider trucks; Class 2: electric motor narrow aisle trucks; Class 3: electric motorized hand trucks; Class 4: internal combustion engine cushion tire trucks; Class 5: internal combustion engine pneumatic tire trucks; Class 6: electric and internal combustion engine tractors; and Class 7: rough terrain lift trucks. *Forklift Trucks and Related Vehicles*, USITC Publication 2954, April 1996, p. 1.

<sup>43</sup> Pneumatic tires are more suited to varied terrain, as they offer better traction and resiliency in dirt or on asphalt. Cushion tires are rubber tires with a cushioning material woven into the center. Cushion tires are more desirable on trucks that are primarily used indoors. *Ibid.*, p. 2.

<sup>44</sup> U.S. producers' responses were as follows: Komatsu USA responded that it sold ICI forklift trucks with lifting capacities ranging from \*\*\* pounds to \*\*\* pounds; Mitsubishi USA responded that it sold ICI forklift trucks with lifting capacities ranging from \*\*\* pounds to \*\*\* pounds, \*\*\*; NACCO USA responded that it sold ICI forklift

(continued...)

The end use for which a forklift truck is intended is a major consideration in whether an internal combustion or electric-powered forklift truck is selected. When heavy-duty usage is required, customers more often select ICI forklift trucks because electric trucks with batteries must be recharged periodically, thus taking the unit temporarily out of service during the charging or changing of batteries. Also, ICI forklift trucks are the likely choice when long traveling distances, varied terrain, or the need to climb and descend ramps are considerations. Although some industry sources have anticipated a shift in demand towards electric-powered and away from internal combustion engine trucks, the U.S. market shares of the two have remained virtually unchanged since the original investigation in 1988.<sup>45</sup>

Improvements have been made to the motive power of electric and ICI forklift trucks sold in the United States since the original investigation and first review. With respect to ICI forklift trucks, in 2002, the U.S. Environmental Protection Agency (“EPA”) adopted two tiers of new emissions standards for non-road engines including engines over 25 horsepower, those that are contained in the subject product. The first tier of the emissions standards went into effect in 2004 and apply to all new engines sold in the United States and any imported engines manufactured after 2004. The 2004 EPA standards are the same as those adopted earlier by the California Air Resources Board for engines used in California. A second tier of more stringent standards will go into effect in 2007. Both tiers limit nitrogen, hydrocarbon, and carbon monoxide emissions and are expected to reduce air pollution and improve the work environment for operators of ICI forklift trucks and other workers.<sup>46</sup> Improvements to electric forklift trucks include AC-powered drive and lift systems. AC power reportedly delivers more runtime per battery charge and lower maintenance costs.<sup>47</sup>

### **Common Manufacturing Facilities and Production Employees**

All of the domestic producers of ICI forklift trucks also produce electric forklift trucks in the United States. When asked whether or not each firm anticipated producing, in the future, other products on the same equipment and machinery used in the production of ICI forklift trucks and/or using the same production and related workers employed to produce ICI forklift trucks, the responses were as follows:

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<sup>44</sup> (...continued)

trucks with lifting capacities ranging from \*\*\* pounds to \*\*\* pounds; Nissan USA responded that it sold ICI forklift trucks with lifting capacities ranging from \*\*\* pounds to \*\*\* pounds, \*\*\*; TCM USA \*\*\*; Toyota USA responded that it sold ICI forklift trucks with lifting capacities ranging from \*\*\* pounds to \*\*\* pounds, with the largest percentage of ICI forklift trucks \*\*\* in the \*\*\* pound lift capacity range. E-mails from: \*\*\*, Komatsu USA, November 17, 2005; \*\*\*, Mitsubishi USA, November 22, 2005; \*\*\*, NACCO USA, November 15, 2005; \*\*\*, Nissan USA, November 21, 2005; and \*\*\*, Toyota USA, November 17, 2005.

<sup>45</sup> According to the ITA, in 1988, 27 percent of U.S. factory shipments of forklift trucks were electric riders and 46 percent were internal combustion engines (the remainder were motorized hand trucks). In 2004, 28 percent of total shipments were electric rider and 45 percent were internal combustion engine trucks. Industrial Truck Association, *United States Factory Shipments Table*, [http://www.indtrk.org/docs/USshipments\\_table.doc](http://www.indtrk.org/docs/USshipments_table.doc), retrieved September 23, 2005.

<sup>46</sup> \*\*\* purchasers’ questionnaire response and attached *EPA Emissions Standards for New Nonroad Engines*.

<sup>47</sup> Drickhammer, David, “*New and Improved: Today’s Lift Trucks*,” *Material Handling Management* (June 2005).

Company	Product	Period	Basis for allocation of capacity and employment data
Komatsu	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Mitsubishi	***	***	( <sup>2</sup> )
NACCO	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Nissan	***	***	***
TCM	***	***	***
Toyota	***	***	***
1 *** 2 *** 3 *** Source: U.S. producers' questionnaire responses, section II-5, except as noted.			

The U.S. producers follow varying practices as to whether they produce both ICI and electric forklift trucks on the same production line or using the same equipment, machinery and/or workers.  
\*\*\*<sup>48</sup> \*\*\*<sup>49</sup> \*\*\*<sup>50</sup> \*\*\*<sup>51</sup>

## U.S. MARKET PARTICIPANTS

### U.S. Producers<sup>52</sup>

During the original investigation, there were eight companies known to produce ICI forklift trucks, with three (Hyster Co., Caterpillar Industrial Co., and Clark Equipment Co.) accounting for more than \*\*\* percent of 1987 U.S. production in the 2,000-15,000 pound lift category.<sup>53</sup> These three firms, as well as Taylor Machine Works, also produced ICI forklifts with a lifting capacity over 15,000 pounds.<sup>54</sup>

During the first review, eight companies accounted for almost all U.S. production of the domestic like product: Clark Material Handling Company (“Clark”), Drexel Industries LLC (“Drexel”), Komatsu Forklift USA, Inc. (“Komatsu USA”), Mitsubishi Caterpillar Forklift America, Inc. (“Mitsubishi USA”),

<sup>48</sup> \*\*\* producers' questionnaire responses, section II-8a.

<sup>49</sup> \*\*\* producers' questionnaire response, section II-8a.

<sup>50</sup> \*\*\* producers' questionnaire response, section II-8a.

<sup>51</sup> \*\*\*.

<sup>52</sup> U.S. producers are defined broadly here to encompass those companies that appear, from publicly available information, to have had some U.S. manufacturing or production activities related to ICI forklift trucks with a lifting capacity of 2,000 to 15,000 pounds since 1999. This list is not limited to those companies that produce the subject product with U.S.-produced frames nor those that have reached a particular quantitative or qualitative level of domestic production activities.

<sup>53</sup> The eight firms are: AC Materials Handling Corp.; Caterpillar Industrial Inc.; Clark Equipment Co.; Hyster Co.; Komatsu Forklift (U.S.A.) Inc.; Taylor Machine Works; White Lift Truck and Parts Mfg. Co.; and Yale Materials Handling Corp. Investigation No. 731-TA-377 (Final), *Internal Combustion Engine Forklift Trucks From Japan—Staff Report*, May 4, 1988, p. A-14.

<sup>54</sup> Ibid.

NACCO Materials Handling Group, Inc. (“NACCO USA”), Nissan Forklift Corp. North America (“Nissan USA”), TCM Manufacturing USA, Inc. (“TCM USA”), and Toyota Industrial Equipment Manufacturing, Inc. (“Toyota USA”). Following the cessation of U.S. production by Clark and Drexel,<sup>55</sup> the remaining six companies from the first review continue to account for virtually all U.S. production of ICI forklift trucks.

All six domestic producers reported data used in the compilation of this report. U.S. producers, their plant locations, their positions on continuation of the antidumping duty order, and their shares of 2004 U.S. production are set forth in table I-6.

**Table I-6**  
**ICI forklift trucks: U.S. producers, plant locations, positions on continuation of the antidumping duty order, and shares of U.S. production in 2004**

Firm	Plant locations	Position on continuation	Share of 2004 U.S. production <sup>1</sup> (percent)	Share of 2004 U.S. production <sup>2</sup> (percent)
Komatsu USA	Covington, GA	***	***	***
Mitsubishi USA	Houston, TX	***	***	***
NACCO USA	Berea, KY Greenville, NC Sulligent, AL	***	***	***
Nissan USA	Marengo, IL	***	***	***
TCM USA	West Columbia, SC	***	***	***
Toyota USA	Columbus, IN	***	***	***
<sup>1</sup> U.S. production includes only ICI forklift trucks made with the firms’ U.S.-produced frames or purchased U.S.-produced frames. <sup>2</sup> U.S. production includes ICI forklift trucks made with all frames, imported frames, U.S.-produced frames, and purchased U.S.-produced frames.  Source: Compiled from data submitted in response to Commission questionnaires.				

All six of the U.S. producers have foreign affiliate(s). The country of their affiliate’s production and the nature of the affiliation are set forth in table I-7.

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<sup>55</sup> \*\*\*, according to the company’s importers’ questionnaire response, section I-3; \*\*\* letter to staff, September 28, 2005.

**Table I-7**  
**ICI forklift trucks: U.S. producers and related foreign parents, subsidiaries, or joint ventures**

U.S. producer	Foreign affiliate		
	Firm name	Country of production	Affiliation
Komatsu USA	Komatsu Forklift Co., Ltd. (Tokyo)	Japan	Parent
Mitsubishi Caterpillar	Mitsubishi Heavy Industries, Ltd. (Sagamihara)	Japan	Joint venture/ Parent
NACCO Materials	Sumitomo NACCO Materials Handling Co., Ltd.	Japan	*** Joint venture
	NACCO Materials Handling Group Brasil Ltd. (Sao Paulo)	Brazil	Subsidiary
	Shanghai Hyster Forklift, Ltd. (Shanghai)	China	*** Joint venture
	NMHG Mexico S.A. de C.V. (Saltillo)	Mexico	Subsidiary
	United Kingdom/ NMH (Irvine)	Scotland	Subsidiary
Nissan Forklift	Nissan Motor Co., Ltd. (Tokyo)	Japan	Parent
	Nissan Forklift Espana, S.A. (Navarra)	Spain	Parent subsidiary
TCM USA	TCM Corp. (Osaka)	Japan	Majority shareholder
Toyota Industrial	Toyota Industries Corp. (Takahama)	Japan	Parent
	Toyota Industrial Equipment SA (Cedex)	France	Common parent
<p>Note: Several companies also produce non-subject forklift trucks. Information on these operations appears in <i>Part IV: Global Markets</i>.</p> <p>Source: Compiled from public information and data submitted in response to Commission questionnaires.</p>			

### Related Parties

All six U.S. producers also submitted importers' questionnaire responses. No U.S. producer reported importing subject product from Japan during the review period. \*\*\* imported frames for ICI forklift trucks from nonsubject countries during the review period.<sup>56</sup>

As discussed previously, in the first review, the Commission was evenly divided regarding whether appropriate circumstances existed to exclude from the domestic industry producers that were wholly or majority owned by Japanese manufacturers of the subject merchandise.<sup>57</sup> Appendix C presents summary data excluding these five companies (corresponding to the majority views); excluding Komatsu,

<sup>56</sup> \*\*\*'s importers' questionnaire responses, sections II-7a and II-7b.

<sup>57</sup> *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC publication 3287, April 2000, p. 8.

Nissan, and TCM (identified by domestic interested parties as the producers most likely to repatriate operations to Japan); and excluding Komatsu only (corresponding to the dissenting views), from the domestic industry.

## NACCO USA

NACCO USA is a wholly owned subsidiary of NACCO Industries, Inc. of Mayfield Heights, OH. NACCO USA manufactures and sells forklift trucks under the Hyster, Yale, and Sumitomo-Yale brand names. Hyster and Yale brand trucks are produced on the same assembly lines. NACCO USA has facilities in Berea, KY, Greenville, NC, Sulligent, AL, and Portland, OR. NACCO USA employs \*\*\* production related workers at its Berea, KY facility. NACCO USA estimates that approximately 2,000 employees in all of its U.S. facilities support ICI forklift truck products.<sup>58</sup>

In Japan, NACCO Materials has a 50-percent-owned joint venture with the Japanese conglomerate, Sumitomo Heavy Industries, Ltd. (Sumitomo), which is known as Sumitomo-NACCO Materials Handling Co., Ltd. (Sumitomo-NACCO).<sup>59</sup> This joint venture designs and produces forklift trucks and components in Obu, Japan, which it markets in Japan under the brand name “Sumitomo-Yale” and which are exported for sale by the joint venture to the United States, Europe, and Asia. \*\*\*  
\*\*\*.

NACCO USA has carried out various reorganizations of its production facilities since the first review. Currently, the Berea and Greenville plants assemble ICI and electric forklift trucks and manufacture component parts. The Sulligent facility manufactures component parts for forklift trucks.<sup>60</sup> In 2002, NACCO phased out lift truck assembly operations in Danville, IL, limiting that facility to parts distribution.<sup>61</sup> In 2003, NACCO USA shut down its facility in Lenoir, NC, where it manufactured lift truck masts and cylinders.<sup>62</sup> \*\*\*.<sup>63</sup> NACCO USA also reported that it has “moved much of its frame production to its plant in Saltillo, Mexico.”<sup>64</sup>

NACCO USA operates ICI forklift truck manufacturing and assembly facilities worldwide with plants in the Americas, Europe and the Asia-Pacific region, including in Mexico, Brazil, Ireland, Scotland, Japan, and China.<sup>65</sup> NACCO USA does not currently import for sale in the United States any lift trucks or component parts from Sumitomo NACCO, its joint venture operation in Japan, that are subject to the antidumping duty order.<sup>66</sup>

NACCO’s worldwide shipments of electric and ICI forklift trucks in 2004 increased by approximately 10 percent to 77,493 trucks compared with 70,406 trucks in 2003. Due to increased global demand, the company’s backlog level increased from 19,100 units in December of 2003 to 25,700 units

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<sup>58</sup> NACCO USA’s producers’ questionnaire response, section II-10a; hearing transcript, pp. 99-100 (Wilson).

<sup>59</sup> Sumitomo-NACCO was formerly called Sumitomo-Yale Co., Ltd.

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

<sup>61</sup> *Nacco Industries, Inc.’s Materials Handling Group to Phase out its Danville, Illinois, Assembly Operations*, 2001 PR Newswire (January 2, 2001).

<sup>62</sup> *Lift Truck Manufacturer to Shrink Plants*, Modern Materials Handling (Jan. 2003).

<sup>63</sup> \*\*\* producers’ questionnaire response, section II-22.

<sup>64</sup> NACCO’s Comments on Commission’s Draft Questionnaires at 2 (July 22, 2005).

<sup>65</sup> \*\*\*’s producers’ questionnaire response, section I-7; the Hyster website, found at <http://www.hyster.com>, retrieved August 2, 2005.

<sup>66</sup> NACCO Industries, Inc. Form 10-K found at <http://ir.nacco.com/phoenix.zhtml?c=107545&p=irol-reportsAnnual> retrieved August 11, 2005.

in December of 2004.<sup>67</sup> NACCO ranked fourth based on global sales in 2004 and its worldwide holdings had estimated revenues on ICI and electric global forklift sales of \$1.9 billion in 2004, compared to \$1.78 billion in 2003, \$1.6 billion in 2002, and \$1.5 billion in 2001.<sup>68</sup>

## Clark

Clark declared bankruptcy in 2000. It completed reorganization and emerged from bankruptcy in 2003, with its purchase by Young An Hat of South Korea.<sup>69</sup> In January 2005, Clark announced the re-opening of its North American headquarters in Lexington, KY. The 100,000 square foot facility houses sales & marketing, customer service engineering, service & support, finance, purchasing, research & development, ISD, as well as a \*\*\*.<sup>70</sup> Clark anticipates increasing its work force to approximately 150 in the new facility, with most of the new jobs in research, development and engineering.<sup>71</sup> Clark had estimated worldwide ICI and electric forklift sales revenues of \$237 million in 2004, compared to revenues of \$237 million in 2003, \$207 million in 2002, and \$329 million in 2001.<sup>72</sup> Clark ranked fourteenth based on global sales in 2004.<sup>73</sup>

## Komatsu USA

Komatsu USA is a wholly owned subsidiary of Komatsu Forklift Co., Ltd (“Komatsu Japan”). Komatsu USA is engaged in the manufacture, import/export and sale of ICI and electric-powered forklift trucks in the U.S. market, with approximately \*\*\* employees at its Covington, GA facility.<sup>74</sup> Komatsu established initial operations in the United States in 1987. In 1994, Komatsu USA established a new manufacturing facility located in Covington, GA, which has an annual production capacity of approximately \*\*\*.<sup>75</sup> This facility began production in 1996 using purchased frames from third parties in the United States and Indonesia.<sup>76</sup> In 1999, Komatsu USA purchased Kalmar AC, Inc., the U.S. subsidiary of a Finnish corporation.<sup>77</sup> Komatsu USA currently manufactures and sells forklifts under the Komatsu and Kalmar AC brand names \*\*\*. In 2004, Komatsu USA accounted for \*\*\* percent of the U.S. production of ICI forklift trucks from U.S.-produced frames. Komatsu USA also manufactures

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<sup>67</sup> Ibid.

<sup>68</sup> O’Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>69</sup> *Clark plans new facility, more jobs*, found at <http://www.clarkmhc.com/HL%20Release.pdf>, retrieved July 20, 2005.

<sup>70</sup> \*\*\*’s importers’ questionnaire response, sections II-7a and II-7b.

<sup>71</sup> *Clark plans new facility, more jobs*, found at <http://www.clarkmhc.com/HL%20Release.pdf>, retrieved July 20, 2005.

<sup>72</sup> O’Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>73</sup> O’Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005).

<sup>74</sup> Komatsu’s producers’ questionnaire response, sections II-11a and III 1b; *Komatsu Factbook 2005*, found at <http://www.komatsu.com/CompanyInfo/profile/factbook/> retrieved August 1, 2005.

<sup>75</sup> Inv. No. 731-TA-377 (Review), *Internal Combustion Industrial Forklift Trucks From Japan—Staff Report*, March 2, 2000, p. I-25.

<sup>76</sup> Ibid.

<sup>77</sup> Kalmar’s operations outside the United States and those under its parent firm in Finland were unaffected by the purchase. In fact, Kalmar Industries Corp. has recently begun manufacturing heavy-capacity forklifts (with lifting capacities of more than 30,000 pounds) in the United States *Kalmar to Assemble Forklifts in the U.S.*, found at <http://www.forkliftaction.com/newsletter/archive/0218.htm>, retrieved July 22, 2005.

forklifts for the German company, Linde Lift Truck, for distribution in the United States, Canada, and Mexico.<sup>78</sup>

## **Landoll**

Landoll, located in Marysville, KS, manufactures and sells agriculture, transportation and materials handling products. In 2003, Landoll acquired the assets of Drexel of Horsham, PA. Drexel formerly produced \*\*\* of subject trucks that were specially designed and sold in small niche markets. Landoll specializes in \*\*\*.<sup>79</sup> In 2004, Landoll had estimated worldwide sales revenues of \$25 million on its forklift products and ranked nineteenth based on global sales.<sup>80</sup>

## **Mitsubishi USA**

Mitsubishi USA is a joint venture between Mitsubishi Japan and Caterpillar Industrial, Inc. (“Caterpillar”), a subsidiary of Caterpillar, Inc. of Peoria, IL. Mitsubishi Japan holds the majority stake in the venture and Caterpillar a minority stake.<sup>81</sup> Headquartered in Houston, TX, Mitsubishi USA manufactures and distributes ICI forklifts under the Mitsubishi and Caterpillar brand names. The company has grown since its inception under Mitsubishi from 15 employees in 1988, to the joint venture with Caterpillar in 1992, to approximately \*\*\* ICI forklift truck production workers at Mitsubishi USA today.<sup>82</sup> In 2004, Mitsubishi USA accounted for \*\*\* percent of U.S. production of ICI forklift trucks from U.S.-produced frames.

## **Nissan USA**

Nissan USA is a subsidiary of Nissan Motor Co., Ltd. of Tokyo (“Nissan Japan”).<sup>83</sup> In 1988, Nissan purchased Barrett Industrial Trucks, Inc. of Marengo, IL, expanded its manufacturing facilities and began producing the subject product in the United States (prior to 1988 a Nissan affiliate conducted sales, marketing and distribution for forklifts produced in Japan).<sup>84</sup> In 1993, Nissan Motor consolidated Barrett and Nissan Industrial into its present Nissan USA corporate form. In 1995, a second facility was opened in Marengo, IL, to meet increased demand for forklift trucks in the United States and Canada.

On May 17, 1999, Nissan Forklift’s parent company announced that it had signed a memorandum of understanding with NACCO regarding a possible sale of Nissan Forklift to NACCO

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<sup>78</sup> Komatsu’s producers’ questionnaire response, sections II-10a, II-10b, II-11a, and II-11b; Komatsu’s importers’ questionnaire response, sections II-7a and II-7b; *Companies Making News*, Material Handling Management, Vol. 56 (August 2001).

<sup>79</sup> \*\*\*, letter to staff, September 28, 2005.

<sup>80</sup> O’Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005).

<sup>81</sup> \*\*\*. Mitsubishi’s producers’ questionnaire response, section I-4; Roper, Akil Salim, *Mitsubishi Venture Looks for Circles*, Private Placement Letter Vol. 18 Issue 23 p. 2 (June 5, 2000).

<sup>82</sup> Business & Co. Resource Center, *Mitsubishi Caterpillar Forklift America Inc. Company Profile*, retrieved July 26, 2005; \*\*\*’s producers’ questionnaire response, section II-11b.

<sup>83</sup> \*\*\*. Nissan USA’s producers’ questionnaire response, section I-4.

<sup>84</sup> Although NACCO began proceedings to purchase Nissan Forklift in 1999, the negotiations ended without a deal in 2000. See *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Review) (April 2000), p. I-18.

Materials.<sup>85</sup> However, on January 24, 2000, NACCO announced that it was unable to reach an agreement with Nissan Motor and terminated the original memorandum of understanding. No further negotiations have been announced.<sup>86</sup>

Nissan USA had approximately \*\*\* ICI forklift truck production workers in 2004.<sup>87</sup> Nissan USA reports \*\*\*.<sup>88</sup> In 2004, Nissan USA accounted for approximately \*\*\* percent of the U.S. production of ICI forklift trucks from U.S.-produced frames.

## TCM USA

TCM USA was established as a subsidiary of TCM Corp., Tokyo, Japan (“TCM Japan”) in September 1988 with the purchase of a facility in West Columbia, SC, and began U.S. production in January 1989. Subsequent to the commencement of TCM USA operations in West Columbia, its parent, TCM Japan, \*\*\*. With approximately \*\*\* ICI forklift truck production workers, TCM USA produces IC cushion and pneumatic tire and electric forklift trucks primarily for the North American market.<sup>89</sup> The facility has the capacity to manufacture over 5,000 lift trucks annually.<sup>90</sup> In 2004, TCM USA accounted for \*\*\* percent of the U.S. production of ICI forklift trucks from U.S.-produced frames.

## Toyota USA

Toyota USA, located in Columbus, IN, is the U.S. manufacturing plant for Toyota Material Handling USA (Torrance, CA), an affiliate of Toyota Material Handling in Japan, which is in turn a division of Toyota Industries Co. of Japan (Toyota).<sup>91</sup> Subsequent to the imposition of the antidumping duty order, Toyota opened a \$60 million U.S. manufacturing facility in Columbus, IN, in 1990. As the Toyota Industrial facility began production, it supplanted Toyota Motor’s exports of the subject product from Japan. In 2004-05, the facility expanded from 750,223 to 859,023 square feet and employs approximately \*\*\* ICI forklift truck production workers.<sup>92</sup> Toyota reports that “more than 99 percent of the lift trucks sold in the United States are manufactured in North America.”<sup>93</sup> In 2004, Toyota USA accounted for \*\*\* percent of U.S. production of ICI forklift trucks from U.S.-produced frames. Toyota USA also exports ICI forklift trucks to South America, Australia, and Europe.<sup>94</sup>

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<sup>85</sup> \*\*\*.

<sup>86</sup> *NACCO Announces Termination of Discussions on Nissan’s Global Forklift Truck Business*, January 24, 2000, press release by NACCO.

<sup>87</sup> \*\*\*’s producers’ questionnaire response, section II-10a.

<sup>88</sup> \*\*\*’s producers’ questionnaire response, section I-8.

<sup>89</sup> *About Us*, TCM USA website, found at: <http://www.tcmforklifts.com/about.asp>, retrieved July 21, 2005; \*\*\*’s producers’ questionnaire response, section II-11a.

<sup>90</sup> *About Us*, TCM USA website, found at: <http://www.tcmforklifts.com/about.asp>, retrieved July 21, 2005.

<sup>91</sup> \*\*\*. Toyota USA’s producers’ questionnaire response, section I-4.

<sup>92</sup> *Toyota Industrial Equipment Manufacturing Produces Its 200,000<sup>th</sup> Lift Truck and Expands Manufacturing Facility*, found at [http://www.toyotaforklift.com/about\\_us/news/press\\_releases/0070.aspx](http://www.toyotaforklift.com/about_us/news/press_releases/0070.aspx), retrieved July 21, 2005; \*\*\*’s producers’ questionnaire response, section II-10a.

<sup>93</sup> *About Us*, Toyota Material Handling USA website, found at [http://www.toyotaforklift.com/about\\_us](http://www.toyotaforklift.com/about_us) retrieved July 21, 2005.

<sup>94</sup> *About Us, Production Plants*, Toyota Industrial Equipment Europe website, found at <http://www.toyota-tiee.com/C1256B900060FD0B/Permlink/FXME-5MABQP?OpenDocument>, retrieved August 16, 2005.

## U.S. Importers

In the original investigation, Japan was the largest foreign supplier of ICI forklift trucks to the United States, accounting for about 70 percent of total imports during 1985-87. The United Kingdom was the second largest supplier, accounting for an estimated 15 percent, followed by Korea at about 10 percent. U.S. affiliates of the principal Japanese manufacturers accounted for the major portion of subject imports from Japan. Three U.S. producers imported ICI forklift trucks from Japan during this period with \*\*\* accounting for the vast majority of such imports. Imports by the three largest U.S. producers (Hyster, Caterpillar, and Clark) came from countries other than Japan. Caterpillar and Clark \*\*\* and Hyster \*\*\*.<sup>95</sup>

There were no known importers of subject ICI forklift trucks from Japan during 2001-04 and only a limited number of importers of ICI forklift trucks from other countries.<sup>96</sup> The Commission sent questionnaires to 38 firms that included all U.S. producers plus firms identified in U.S. Customs data as importing product classified in the basket HTS subheadings that included internal combustion engine industrial forklift trucks. Of the 23 responding firms, \*\*\* reported imports of new ICI forklift trucks from Japan. Thirteen firms stated that they did not import ICI forklift trucks as defined by the Commission. Further, three firms stated that although they imported forklift trucks within the specified lift requirements from Japan since the imposition of the order, these forklifts were “genuinely used” trucks three years or older, which are explicitly excluded from the scope of the original order.<sup>97 98</sup> Seven importers provided usable questionnaire data regarding their imports of ICI forklift trucks from nonsubject countries.<sup>99</sup> These firms imported ICI forklift trucks from China, Germany, Mexico, Indonesia, South Korea, and the United Kingdom.

## U.S. Purchasers

The Commission sent questionnaires to 84 firms that were believed to be purchasers of ICI forklift trucks since 1999. Usable responses were received from 23 purchasers. The geographical distribution of the respondents was as follows: California (5), Florida, Illinois, Kentucky, Massachusetts, New Jersey, North Carolina, Ohio (3), Pennsylvania (2), Texas (5), Tennessee, and Utah.

In the original investigation, trucks were either sold directly to end users by the manufacturer, after a successful bid on delivery of a specified truck, or through a dealer network, which either ordered trucks for inventory, or to a customer’s specification. In 1987 approximately \*\*\* percent of a U.S. manufacturers’ shipments were made to dealers.<sup>100</sup> Similarly, authorized distribution of imported ICI forklift trucks was made in two ways, either with the foreign company selling directly to domestic accounts, or with sales being generated entirely independent sales agents. Importers of Japanese-

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<sup>95</sup> *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Final), USITC Staff Report, May 4, 1988, pp. A-23, A-63, and A-69.

<sup>96</sup> Nonsubject importers identified at the hearing include: Linde Group (Germany), Daewoo (now Doosan Infracore America Corp.), and Clark (Korea). Hearing transcript, pp. 163-165 (Mr. Wilson).

<sup>97</sup> These 16 firms were \*\*\*.

<sup>98</sup> ICI forklift trucks were described as having a 3-stage life cycle of about 15 years. “The first life is the first five years” when it doesn’t break down under intense usage. As the vehicle becomes less reliable at 8,000 to 10,000 hours of operation or about five years, companies look to replace trucks. These used ICI forklift trucks go to a second market, lighter duty application of approximately 500 hours per year, where a breakdown does not halt a production or warehousing operation. Then they go into a third life of very occasional use, for example, lifting about four loads a week. Hearing transcript, pp. 193-194 (Wilson).

<sup>99</sup> These firms and the source of their imports were: \*\*\*.

<sup>100</sup> Direct sales to end users usually took place when a large, national or multinational customer was involved, while dealer sales accounted for territorial sales to smaller accounts.

produced ICI forklift trucks sold primarily to dealers (over \*\*\* percent), but also supplied national accounts.<sup>101</sup> As discussed in greater detail in Part II of this report, the purchasers responsible for the largest volumes of U.S.-produced and imported ICI forklift trucks during January 1999-June 2005 continued to be U.S. dealers.

### **APPARENT U.S. CONSUMPTION AND MARKET SHARES**

Tables I-8 and I-9 present apparent U.S. consumption for the period for which data were collected (1999-2004, January-June 2004, and January-June 2005). Tables I-10 and I-11 present U.S. market shares for the same period.

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<sup>101</sup> *Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Final), USITC Staff Report, May 4, 1988, p. A-23.

**Table I-8**  
**ICI forklift trucks: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and total U.S. consumption (U.S.-produced frames), 1999-2004, January-June 2004, and January-June 2005<sup>1</sup>**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<i>Quantity (number of trucks)</i>								
U.S. producers' U.S. shipments	50,712	52,241	38,375	31,701	34,666	42,138	18,582	25,120
U.S. shipments of imports from-- Japan <sup>2</sup>	***	***	0	0	0	0	0	0
Nonsubject countries	***	***	10,388	8,899	11,818	14,699	7,010	8,042
Total import shipments	12,027	13,969	10,388	8,899	11,818	14,699	7,010	8,042
Apparent U.S. consumption	62,739	66,210	48,763	40,600	46,484	56,837	25,592	33,162
<i>Value (1,000 dollars)</i>								
U.S. producers' U.S. shipments	981,595	978,649	746,879	599,716	662,260	848,542	367,957	551,624
U.S. shipments of imports from-- Japan <sup>2</sup>	***	***	0	0	0	0	0	0
Nonsubject countries	***	***	208,453	183,674	241,199	308,419	143,592	175,251
Total import shipments	231,829	267,608	208,453	183,674	241,199	308,419	143,592	175,251
Apparent U.S. consumption	1,213,424	1,246,257	955,332	783,390	903,459	1,156,961	511,549	726,875
<p><sup>1</sup> Volumes of U.S.-produced ICI forklift trucks are based on units assembled from U.S.-produced frames.</p> <p><sup>2</sup> Data presented are based on exports of ICI forklift trucks to the United States reported by three manufacturers and exporters of ICI forklift trucks in Japan. As such, these data may be understated; indeed, they are substantially lower than either official import statistics or CDSOA disbursements covering the relevant periods. However, because official import statistics cover a "basket" of subject and nonsubject merchandise and CDSOA disbursements cover entries during periods of time prior to 1999, Staff views the presented data - which are consistent with the lack of imports of the subject merchandise reported by U.S. importers - as the most reliable.</p> <p>Note.--Because of rounding, value figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>								

**Table I-9**  
**ICI forklift trucks: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and total U.S. consumption (all frames), 1999-2004, January-June 2004, and January-June 2005<sup>1</sup>**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<i>Quantity (number of trucks)</i>								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. shipments of imports from-- Japan <sup>2</sup>	***	***	0	0	0	0	0	0
Nonsubject countries	***	***	10,388	8,899	11,818	14,699	7,010	8,042
Total import shipments	12,027	13,969	10,388	8,899	11,818	14,699	7,010	8,042
Apparent U.S. consumption	***	***	***	***	***	***	***	***
<i>Value (1,000 dollars)</i>								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. shipments of imports from-- Japan <sup>2</sup>	***	***	0	0	0	0	0	0
Nonsubject countries	***	***	208,453	183,674	241,199	308,419	143,592	175,251
Total import shipments	231,829	267,608	208,453	183,674	241,199	308,419	143,592	175,251
Apparent U.S. consumption	***	***	***	***	***	***	***	***
<sup>1</sup> Volumes of U.S.-produced ICI forklift trucks are based on units assembled from all frames. <sup>2</sup> Data presented are based on exports of ICI forklift trucks to the United States reported by three manufacturers and exporters of ICI forklift trucks in Japan. As such, these data may be understated; indeed, they are substantially lower than either official import statistics or CDSOA disbursements covering the relevant periods. However, because official import statistics cover a "basket" of subject and nonsubject merchandise and CDSOA disbursements cover entries during periods of time prior to 1999, Staff views the presented data - which are consistent with the lack of imports of the subject merchandise reported by U.S. importers - as the most reliable.								
Note.—Because of rounding, value figures may not add to the totals shown.								
Source: Compiled from data submitted in response to Commission questionnaires.								

**Table I-10**  
**ICI forklift trucks: U.S. consumption and market shares (U.S.-produced frames), 1999-2004**  
**January-June 2004, and January-June 2005<sup>1</sup>**

Item	Calendar year						January-June	
	1999	2000	1998	2002	2003	2004	2004	2005
<i>Quantity (number of trucks)</i>								
Apparent U.S. consumption	62,739	66,210	48,763	40,600	46,484	56,837	25,592	33,162
<i>Value (1,000 dollars)</i>								
Apparent U.S. consumption	1,213,424	1,246,257	955,332	783,390	903,459	1,156,961	511,549	726,875
<i>Share of quantity (percent)</i>								
U.S. producers' U.S. shipments	80.8	78.9	78.7	78.1	74.6	74.1	72.6	75.7
U.S. shipments of imports from-- Japan <sup>2</sup>	***	***	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject countries	***	***	21.3	21.9	25.4	25.9	27.4	24.3
Total import shipments	19.2	21.1	21.3	21.9	25.4	25.9	27.4	24.3
<i>Share of value (percent)</i>								
U.S. producers' U.S. shipments	80.9	78.5	78.2	76.6	73.3	73.3	71.9	75.9
U.S. shipments of imports from-- Japan <sup>2</sup>	***	***	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject countries	***	***	21.8	23.4	26.7	26.7	28.1	24.1
Total import shipments	19.1	21.5	21.8	23.4	26.7	26.7	28.1	24.1
<sup>1</sup> Volumes of U.S.-produced ICI forklift trucks are based on units assembled from U.S.-produced frames. <sup>2</sup> Data presented are based on exports of ICI forklift trucks to the United States reported by three manufacturers and exporters of ICI forklift trucks in Japan. As such, these data may be understated; indeed, they are substantially lower than either official import statistics or CDSOA disbursements covering the relevant periods. However, because official import statistics cover a "basket" of subject and nonsubject merchandise and CDSOA disbursements cover entries during periods of time prior to 1999, Staff views the presented data - which are consistent with the lack of imports of the subject merchandise reported by U.S. importers - as the most reliable. <sup>3</sup> Less than 0.05 percent								
Note.--Because of rounding, figures may not add to the totals shown.								
Source: Compiled from data submitted in response to Commission questionnaires.								

**Table I-11**  
**ICI forklift trucks: U.S. consumption and market shares (all frames), 1999-2004 January-June 2004,**  
**and January-June 2005**

\* \* \* \* \*

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

### CHANNELS OF DISTRIBUTION AND MARKET CHARACTERISTICS

Based on questionnaire responses of the six responding U.S. producers, U.S.-produced ICI forklift trucks were shipped in the U.S. market primarily to U.S. dealers, secondarily to U.S. national-account end users, and the remainder to U.S. distributors during January 1999-June 2005. U.S. producers reported shipping 81.6 percent of the total quantity of their U.S.-produced forklift trucks with domestic frames directly to U.S. dealers, 14.0 percent directly to U.S. national-account end users, and the remaining 4.4 percent to U.S. distributors during this period.<sup>1 2</sup> Based on combined shipments of U.S.-produced ICI forklift trucks with domestic and imported frames, U.S. producers reported shipping \*\*\* percent directly to U.S. dealers, \*\*\* percent directly to national-account end users, and the remaining \*\*\* percent to distributors during this period. The dealers sell or lease most of their ICI forklift trucks to end users and rent the remainder, while distributors typically sell to dealers.

Based on questionnaire responses of the six responding U.S. importers of new ICI forklift trucks, all of which involved imported forklift trucks from nonsubject countries,<sup>3</sup> 56.0 percent of the total quantity of their imported ICI forklift trucks were shipped to U.S. dealers, 13.2 percent were shipped directly to end users, and the remaining 30.8 percent to U.S. distributors during January 1999-June 2005.<sup>4</sup> Based on questionnaire responses of the two responding U.S. importers of used ICI forklift trucks from Japan (at least 3 years old), the total quantity of the imported used products were shipped directly to U.S. end users during January 1999-June 2005.<sup>5</sup>

The five major U.S. producers of ICI forklift trucks – \*\*\* (in descending order) – supply the predominant share of ICI forklift trucks to the U.S. market.<sup>6</sup> All the major U.S. producers rely heavily on extensive dealer networks to market their ICI forklift trucks nationwide to end users; each dealer is assigned a geographic region by its supplier and is required to achieve a certain market share in that region.<sup>7</sup> Most dealers are unrelated by ownership to the U.S. producers and typically carry a single

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<sup>1</sup> U.S. producer questionnaire responses of \*\*\*, section II-10. Of these six producers, only \*\*\* reported selling \*\*\*. Smaller U.S. producers of ICI forklift trucks (e.g. \*\*\*) and importers of some other brands of ICI forklift trucks reportedly sell to independent distributors, rather than use a dealer network or sell directly to end users; U.S. distributors of ICI forklift trucks unrelated to their suppliers reportedly account for less than 5 percent of U.S. market volume (staff telephone interview with \*\*\*)

<sup>2</sup> \*\*\* (staff telephone interview with \*\*\*). The staff treated \*\*\* (staff telephone interview with \*\*\*). \*\*\* (e-mail from \*\*\*).

<sup>3</sup> The countries of origin were Germany, Great Britain, and Korea. In addition, a seventh importer, \*\*\*.

<sup>4</sup> U.S. importer questionnaire responses of \*\*\*, section II-7.

<sup>5</sup> U.S. importer questionnaire responses of \*\*\*, section II-7.

<sup>6</sup> These U.S. producers also produce several other types of material handling equipment, including, but not limited to, electric forklift trucks and ICI forklift trucks with lift capacities exceeding 15,000 pounds. The producers sell this other equipment directly to their dealers that handle their ICI forklift trucks and directly to national-account end users.

<sup>7</sup> Staff telephone interview with \*\*\*.

producer's forklift truck brand,<sup>8</sup> although some dealers carry two or three brands of forklift trucks.<sup>9</sup> Seventeen of 20 responding U.S. purchasers, all dealers, reported that they have not changed suppliers of ICI forklift trucks since 1999, while two dealers reported adding the \*\*\* brand and the remaining dealer reported dropping the \*\*\* product line.<sup>10</sup> \*\*\* asserted that the major U.S. producers of ICI forklift trucks provide extensive technical, service, marketing, and financial support to their dealers,<sup>11</sup> which may at least partially explain why dealers typically do not shift among brands of ICI forklift trucks.

The end-user customers of the U.S. producers, called national-account end users, negotiate directly with the producers for the price and quantity of ICI forklift trucks that they purchase.<sup>12</sup> National-account end users typically receive lower prices than other end users that purchase from dealers and distributors,<sup>13</sup> and as a result, many end users want to become national accounts.<sup>14</sup> Five of the responding U.S. producers reported selling to national-account end users and four of these producers (\*\*\*) supplied information in their questionnaire responses regarding this type of customer.<sup>15</sup> The following discussion regarding national-account end users is based on responses of these four U.S. producers.

According to \*\*\*, most producers pursue the national account business for volume, potential aftermarket parts business,<sup>16</sup> and market share. All four of these U.S. producers reported that quantity was a necessary, but not a sufficient, condition to qualify as a national account. While the quantity required varies from producer to producer, ranging from a minimum purchase of \*\*\* trucks per year for \*\*\* to \*\*\* trucks per year for \*\*\*, each producer also requires the national account to have multiple locations, either nationally or in regions of two or more dealers, and maintain a minimum fleet size ranging from \*\*\* trucks for \*\*\* to \*\*\* trucks for \*\*\*. Prices negotiated with national-account end users depend on a number of factors, including but not necessarily limited to, quantity purchased, competitive pressures, incumbent supplier, type of product being purchased, potential size of the customer's ICI forklift truck fleet, and length of contract.<sup>17</sup>

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<sup>8</sup> Twenty of 21 responding U.S. dealers of ICI forklift trucks reported purchasing from a single U.S. producer, and the lone remaining dealer reported purchasing from two suppliers (U.S. purchaser questionnaire responses, section III-20).

<sup>9</sup> According to \*\*\*, if a dealer carries more than one brand of ICI forklift truck, it generally does not carry competing brands. For instance, if a dealer carries \*\*\* ICI forklift trucks, it would not carry \*\*\* brand, because these products are similar and compete with each other (staff telephone interview with \*\*\*).

<sup>10</sup> U.S. purchaser questionnaire responses, section III-22.

<sup>11</sup> Staff telephone interview with \*\*\*.

<sup>12</sup> U.S. producer questionnaire responses, section IV-A.

<sup>13</sup> \*\*\* asserted that competitive pressures, with Japanese-owned producers nearly always prominent, often result in continual erosion of pricing to levels leaving little margin for the manufacturers (U.S. producer questionnaire response, section IV-B-4). On the other hand, \*\*\* noted that some U.S. producers sell a higher proportion of their ICI forklift trucks to national accounts and asserted that \*\*\* sells directly its \*\*\* ICI forklift trucks only to national accounts to achieve high volume with low pricing (staff telephone interview with \*\*\*).

<sup>14</sup> U.S. producer questionnaire responses, section IV-A. \*\*\* (U.S. producer questionnaire response, section IV-A).

<sup>15</sup> U.S. producer questionnaire response, section IV-A.

<sup>16</sup> According to NACCO, the margin structure on the parts side is much greater. As a result, NACCO indicated that it is important to get as many ICI forklift trucks into the market to drive the parts business. NACCO sells all of its parts directly to its dealers, who, in turn, sell those parts directly to their customers or use them to do the service work on the lift truck. Witnesses reported that NACCO does about \$300 million worth of parts business out of its parts depot in Danville, IL. Hearing transcript, p. 59 (Eklund) and pp. 195-196 (Wilson).

<sup>17</sup> U.S. producer questionnaire response, section IV-A. According to \*\*\*, its typical contract with a national-account end user will cover \*\*\* years.

## SUPPLY AND DEMAND CONSIDERATIONS<sup>18</sup>

### U.S. Supply

#### U.S. Production

Based on available information, U.S. producers had the ability to respond to changes in demand with changes in the quantity of shipments of U.S.-produced ICI forklift trucks to the U.S. market during January 1999-June 2005. This supply responsiveness, however, was greater with ICI forklift trucks built with just domestic frames than total ICI forklift trucks built with domestic and imported frames, because those built with just domestic frames had lower levels of capacity utilization than total ICI forklift trucks.<sup>19</sup> \*\*\* were the only two U.S. producers that reported importing frames for their U.S.-produced ICI forklift trucks, although both firms also used some U.S.-produced frames. \*\*\* its share of U.S.-produced ICI forklift trucks with imported frames during January 1999-June 2005, as its U.S. production of frames decreased and its imports of frames increased.

Twenty-two U.S. purchasers (20 dealers, 1 end user, and 1 purchasing U.S. producer) commented on whether they knew where the frames were produced for the ICI forklift trucks they purchased from U.S. producers. Twelve purchasers did not know and the remaining 10 purchasers knew whether the frames were produced domestically or imported, but of these latter 10 purchasers, 5 indicated that this information was not important to them, 3 indicated that it was important, and the remaining 2 purchasers did not comment.<sup>20</sup>

\*\*\* was the only U.S. producer reporting that it also imported ICI forklift trucks, and explained that it imported \*\*\*,<sup>21</sup> which is its single source \*\*\*, allowing the firm to maximize economies of scale.<sup>22</sup> Although \*\*\* reported that it had not imported ICI forklift trucks from Japan in years and that it would be the only firm importing the \*\*\* brand,<sup>23</sup> \*\*\* reported exporting a total of \*\*\* ICI forklift trucks to the United States during 1999-2000, but none during January 2001-June 2005.

Production costs of the various U.S. ICI forklift producers may differ as they purchase varying amounts and types of components and produce other components for their U.S.-produced ICI forklift trucks. NACCO reported that it must work through third-party suppliers for some of the technology of component parts that it purchases to produce its U.S.-produced ICI forklift trucks, such as the engine, whereas Mitsubishi, Toyota, and Nissan can leverage a lot of the component parts technology, used in their U.S.-produced forklift trucks, from their automotive sectors.<sup>24</sup> NACCO reported that it purchases its

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<sup>18</sup> Supply, demand, and substitution responses in this section refer to changes that could occur within 12 months, unless otherwise indicated.

<sup>19</sup> U.S. producers' production capacity may change with different production runs, as some ICI forklift trucks require more hand welding and additional features/accessories than others, which require longer production times.

<sup>20</sup> U.S. purchaser questionnaire responses, section I-7.

<sup>21</sup> \*\*\* reported importing a total of \*\*\* ICI forklift trucks from \*\*\* during January 1999-June 2005, of which \*\*\* percent were shipped to U.S. dealers, \*\*\* percent were exported, and \*\*\* percent were held in U.S. inventory (U.S. importer questionnaire responses, section II-7).

<sup>22</sup> U.S. importer questionnaire responses, section II-6.

<sup>23</sup> Staff telephone interview with \*\*\*.

<sup>24</sup> Hearing transcript, pp. 173-174 (Dawe).

ICI forklift truck engines from Cummins, Yanmare, General Motors, and Mazda,<sup>25</sup> whereas Mitsubishi, Toyota, and Nissan make their own forklift truck engines out of their automotive sector.<sup>26</sup>

### *Industry capacity*

U.S. producers' reported capacity utilization in the production of ICI forklift trucks with just domestic frames and in the production of ICI forklift trucks with domestic and imported frames combined fluctuated but decreased from 1999 to period lows by 2002, and then increased through 2004 and during the interim periods of January-June 2004-05. Capacity utilization in the production of ICI forklift trucks with just domestic frames decreased irregularly from 70.4 percent during 1999 to a period low of 48.3 percent in 2002, then increased to 69.8 percent by 2004, and reached 82.3 percent during January-June 2005. Capacity utilization in the production of ICI forklift trucks with both domestic and imported frames decreased irregularly from \*\*\* percent during 1999 to a period low of \*\*\* percent during 2002, then increased to \*\*\* percent by 2004, and reached \*\*\* percent during January-June 2005. NACCO indicated that covering fixed costs was "incredibly" important in the U.S. industry producing ICI forklift trucks.<sup>27</sup> The substantial fixed costs suggest that low output levels could lead to increased unit costs, such that U.S. producers may lower prices to maintain production during a downturn in demand for their product.

Four U.S. producers reported the cost and time required to construct a new ICI forklift truck plant in the United States and two U.S. producers reported the cost and time required to add extra production capacity to their existing plants. The estimated costs for a new plant ranged from \$21 million to \$80 million and would require from 18 months to more than three years to build, depending on the annual capacity,<sup>28</sup> while adding capacity was estimated to cost from almost \$7 million to \$17 million and require from 12 to 18 months to complete, depending on the additional annual capacity.<sup>29</sup> \*\*\* both reported that they would also be able to expand production from their current capacity with their current facilities by adding employees and, for \*\*\*.<sup>30</sup> As a result, it appears U.S. producers could increase production in the short run in response to an increase in demand by increasing capacity utilization and by increasing capacity through more intensive use of their current facilities.

### *Inventory levels*

U.S. producers' total quantity of reported U.S. end-of-period inventories of ICI forklift trucks built with domestic frames, as a share of total shipments of such products, fluctuated during January 1999-June 2005 between a low of \*\*\* percent during 2000 to a high of \*\*\* percent during 2004. U.S. producers' total reported U.S. end-of-period inventories of ICI forklift trucks built with domestic and imported frames, as a share of total shipments of such products, fluctuated during January 1999-June 2005 between a low of \*\*\* percent during 2000 to a high of \*\*\* percent during 2003. U.S. producers

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<sup>25</sup> NACCO reported that some of its engines are imported and some are produced in the United States. Hearing transcript, pp. 157-158 (Dawe).

<sup>26</sup> Hearing transcript, p. 134 (Dawe).

<sup>27</sup> Hearing transcript, pp. 115-116 (Eklund).

<sup>28</sup> U.S. producer questionnaire responses of \*\*\*, section IV-C-8.

<sup>29</sup> U.S. producer questionnaire responses of \*\*\*, section IV-C-9.

<sup>30</sup> U.S. producer questionnaire responses of \*\*\*, section II-6.

reported that the majority of their production is produced to order,<sup>31</sup> such that at least some portion of these inventories may already be committed. These data indicate that U.S. producers had a limited ability to use inventories to increase shipments of their ICI forklift trucks to the U.S. market during this period.

### *Export markets*

U.S. producers' total quantity of reported exports of their U.S.-produced ICI forklift trucks built with domestic frames and those built with domestic and imported frames both decreased during 1999-2002, then increased through 2004, and continued to increase during the interim periods of January-June 2004-05. The total quantity of exports of U.S. producers' ICI forklift trucks built with domestic frames averaged 12.9 percent of their total shipments of such products during January 1999-June 2005, while the total quantity of exports of U.S. producers' ICI forklift trucks built with domestic and imported frames averaged \*\*\* percent of their total shipments of such products during this period. These data indicate that U.S. producers may have had an ability to increase shipments of their ICI forklift trucks to the U.S. market during this period by diverting their exports to the U.S. market.<sup>32</sup>

All six responding U.S. producers reported exporting some of their U.S.-produced ICI forklift trucks during January 1999-June 2005, with Canada and Mexico cited most frequently as export markets.<sup>33</sup> \*\*\* reported the most diverse export market shipments. \*\*\* reported shipping its U.S.-produced ICI forklift trucks to Africa, Europe, Latin America and the Middle East, while \*\*\* reported shipping its U.S.-produced ICI forklift trucks to Australia, Canada, Mexico, New Zealand, and Great Britain.<sup>34</sup> Both producers find it advantageous to ship to the more distant markets from their U.S. production, even though they each have offshore production of ICI forklift trucks that is closer to some of these markets, such as \*\*\* production facilities in \*\*\* and \*\*\* production facilities in \*\*\*. \*\*\* reported that global manufacturing utilization, economics, currency, and product demand, by geographic market, were major factors it considered in choosing where to produce certain series of ICI forklift trucks.<sup>35</sup> \*\*\*

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<sup>31</sup> Based on the four responding U.S. producers, \*\*\* percent of their total U.S. shipments of ICI forklift trucks during 2004 was shipped from U.S. production and the remaining \*\*\* percent was shipped from inventory (U.S. producer questionnaire responses of \*\*\*, section IV-B-7).

<sup>32</sup> If export supply agreements are one year or greater in duration or the export products were unacceptable in the U.S. market, the ability to shift would be reduced. Only one of the responding five U.S. producers which answered a question about shifting sales between the U.S. and alternative country markets directly addressed the issue of supply agreements (U.S. producers' questionnaire responses, section IV-C-1). This firm, \*\*\*, commented that its dealer agreements commit the firm to provide trucks to dealers and, combined with capacity limitations, would make it difficult to shift sales. Another of the responding U.S. producers, \*\*\*, reported that it would be difficult to shift sales due to differences in standards, regulations, applications, and customer preferences in different parts of the world. \*\*\*, another responding U.S. producer, reported that it had no plans to shift sales outside of its current sales areas of North America, Central and South America, and Caribbean regions. \*\*\*, another responding U.S. producer, reported that it did not know how difficult it would be to shift sales; whereas \*\*\*, the fifth responding U.S. producer, did not specifically address how easily it could shift sales, although it indicated that it distributes its products on a global basis. In addition, all four of the U.S. producers responding to the question regarding long-term (more than one year) and short-term (typically one year) contracts, reported that \*\*\* percent of their domestic sales of U.S.-produced ICI forklift trucks (with domestic and imported frames) during 2004 involved these types of contracts (U.S. producer questionnaire responses, section IV-B-1).

<sup>33</sup> U.S. producer questionnaire responses, section II-11.

<sup>34</sup> Ibid.

<sup>35</sup> U.S. importer questionnaire responses, section II-6.

reported that \*\*\* have a need for ICI forklift specifications that it produces in the United States but not in \*\*\*.<sup>36</sup>

Two U.S. producers provided useable information about prices of ICI forklift trucks in the United States and other countries.<sup>37</sup> \*\*\* asserted that prices in Asia Pacific and Latin America tend to be significantly below those offered in the United States.<sup>38</sup> According to \*\*\*, many Japanese producers tend to use these markets to “absorb” excess production, and seem to be willing to take prices which are well below those in their “protected” home market. \*\*\* asserted that, while not precise indicators, customs data for select countries and \*\*\* internal sales comparisons indicate that Japanese competitors are generally pricing lower than \*\*\* in Latin American countries. \*\*\* also asserted that recent Argentine pricing data reveal that \*\*\*, while in Thailand \*\*\*, delivered, including freight and duty, compared to current Japanese street pricing of almost \*\*\*.<sup>39</sup> These price comparisons were for selected ICI forklift truck models based on list prices, without specifying any volumes, options and features of the Japanese produced products, contract terms, or specified time periods.<sup>40</sup> \*\*\* asserted that its prices are slightly lower in Canada and Latin America compared with the United States due to competitive pricing in those foreign markets.

### ***Production alternatives***

\*\*\* reported that they could shift production between electric and ICI forklift trucks as demand changes; whereas \*\*\* indicated it was not practical for the firm to do so; \*\*\* reported that it could not shift production; and \*\*\* indicated that it does not produce electric and ICI forklift trucks in the same facilities, such that it would have to retool and train the labor force in any such switch.<sup>41</sup> Based on these responses, it is likely that at least two U.S. producers would be able to shift their U.S. production of ICI forklift trucks to or from any other products; any ability to switch production among alternative products would enhance the domestic producers’ supply response to a change in price.

### **Japan**

Based on available information, the three responding producers of ICI forklift trucks in Japan, \*\*\*,<sup>42</sup> have the ability to respond to changes in the price of ICI forklift trucks with changes in the quantity of shipments of the Japanese ICI forklift trucks to the U.S. market due to the existence of alternate markets; this degree of responsiveness may be somewhat constrained by the reported high capacity utilization rates and reported inability to shift production of ICI forklift trucks to or from other products.

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<sup>36</sup> E-mail from \*\*\*.

<sup>37</sup> U.S. producer questionnaire responses, section IV-C-6.

<sup>38</sup> \*\*\* indicated that many used forklift trucks (5 to 10 years old) are exported from the United States to Latin American markets. Hearing transcript, p. 162 (Wilson).

<sup>39</sup> \*\*\*’s posthearing brief, p. 14 and exhibit 10.

<sup>40</sup> In addition the Argentine prices were f.o.b. the United States and Japan.

<sup>41</sup> U.S. producer questionnaire responses, section II-8.

<sup>42</sup> According to \*\*\*, \*\*\* is the market leader in Japan for ICI forklift trucks with about \*\*\* percent of the domestic market, followed by \*\*\* with about \*\*\* percent, whereas each of the other Japanese producers accounts for less than \*\*\* percent of the Japanese market (foreign producer questionnaire response, section III-21).

### ***Industry capacity***

Available data for the three responding Japanese producers indicated that total capacity utilization rates to produce ICI forklift trucks fluctuated but increased from a period low of \*\*\* percent during 1999 to \*\*\* percent during 2004,<sup>43</sup> and then reached a period high of \*\*\* percent during January-June 2005. During this period, annual capacity of the three responding Japanese ICI forklift producers fluctuated from a low of \*\*\* trucks in 2002 to a high of \*\*\* trucks in 2004. The reported data indicate that there was capacity for the Japanese producers to expand production of ICI forklift trucks for sale in the U.S. market during 1999-2004, but \*\*\* unused capacity during January-June 2005.

NACCO asserted that it would be very costly and difficult for Toyota Japan to downsize or shut down a factory in Japan due to social and cultural constraints, such that the firm could more easily downsize its U.S. production and increase production in Japan to reduce alleged excess capacity in Japan.<sup>44</sup> Toyota asserted that it has consistently fully utilized its U.S. facilities in Columbus, IN, producing ICI forklift trucks since it opened in 1988 and expanded the facility on numerous occasions; the firm reported that it has no plans to decrease Toyota production or employment in its U.S. facilities regardless of the outcome of the current review.<sup>45</sup> Toyota also asserted that the alleged Japanese social and cultural constraints were misconceptions based on decades-old stereotypes.<sup>46</sup>

### ***Inventory levels***

Available data indicated that the quantity of end-of-period inventories of ICI forklift trucks in Japan for the three responding Japanese producers, as a share of their total shipments of these products, averaged less than \*\*\* percent during 1999-2002, was \*\*\* percent during 2003, increased to \*\*\* percent during 2004, and was \*\*\* during January-June 2005.<sup>47</sup> These data indicate that the three responding Japanese producers had a limited ability to use their Japanese inventory of ICI forklift trucks to increase shipments of ICI forklift trucks to the U.S. market during 1999-2004, and \*\*\* ability during January-June 2005.

### ***Alternate markets***

The three responding Japanese producers sold their ICI forklift trucks principally to their home market, secondarily to third-country export markets, thirdly through internal consumption/transfers, and the remaining few trucks (\*\*\*) to the U.S. market during January 1999-June 2005. During the period of review, the three responding Japanese producers' total quantity of their home market shipments averaged \*\*\* percent of their total shipments; exports to third-country markets averaged \*\*\* percent of the total; internal consumption/transfers exports averaged \*\*\* percent of the total; and the few ICI forklift trucks shipped to the U.S. market averaged less than \*\*\* percent of the total. Total exports of ICI forklift trucks of the responding Japanese producers as a share of their total shipments of such products remained

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<sup>43</sup> NACCO estimated that total Japanese capacity utilization for ICI forklift trucks was about 74 percent during 2004, based on 1991 capacity figures and production of ICI forklift trucks that included subject and nonsubject products (NACCO's prehearing brief, pp. 19 and 21 and exhibit 3; and posthearing brief p. 6 and exhibit 5).

<sup>44</sup> Hearing transcript, pp. 170-172 (Dawe).

<sup>45</sup> E-mail from \*\*\*, November 4, 2005.

<sup>46</sup> Ibid.

<sup>47</sup> The three responding Japanese producers reported that they have not maintained U.S. inventories of their Japanese-produced ICI forklift trucks since 1999 (foreign producer questionnaire responses, section II-12), and there were no reported U.S. inventories of the Japanese products held by U.S. importers.

relatively stable during 1999-2002, between \*\*\* percent and \*\*\* percent, but then increased to \*\*\* percent in 2003, to \*\*\* percent in 2004, and to \*\*\* percent in January-June 2005.

The three responding Japanese producers commented on differences in ICI forklift trucks sold in the Japanese market and those sold in the U.S. market.<sup>48</sup> \*\*\* reported that ICI forklift trucks in the United States are mainly sold with cushion tires, while those in Japan are sold mainly with pneumatic tires. In addition, \*\*\* indicated that the specifications of ICI forklift trucks sold in the United States are UL certified, while those sold in Japan are not. \*\*\* reported that there were no significant differences in the ICI forklift trucks sold in the United States and in Japan.<sup>49</sup> All three responding Japanese producers did not expect any changes in the product mix of ICI forklift trucks in Japan, the United States, or third-country markets.

The data indicate that the responding Japanese producers may have had the flexibility to shift shipments of ICI forklift trucks among alternate markets to increase or decrease shipments to the U.S. market in response to price changes in the United States during January 1999-June 2005.<sup>50</sup>

### ***Production alternatives***

All three responding Japanese producers of ICI forklift trucks reported that, since 1999, they have not produced other products on the equipment used to produce ICI forklift trucks; they do not anticipate producing other products on this equipment in the future; and they are not able to switch production between ICI forklift trucks and other products.<sup>51</sup> Based on these responses, Japanese producers are constrained in their ability to shift their domestic production of ICI forklift trucks to or from any other products; any ability to switch production among alternative products would enhance the Japanese producers' supply response to a change in price.

### **Nonsubject Imports**

Based on available information from importer questionnaire responses, U.S. imports of ICI forklift trucks from nonsubject countries averaged 99 percent of the quantity of total U.S. imports of ICI forklift trucks during January 1999-June 2005. Based on information from the 23 U.S. purchasers (all but two were dealers) responding to a question about new suppliers of ICI forklift trucks in the United States since 1999,<sup>52</sup> 11 reported that there were no new suppliers, while the remaining 12 firms reported

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<sup>48</sup> Foreign producer questionnaire responses, sections III-9, III-10, and III-14.

<sup>49</sup> NACCO indicated that the primary difference would be engine emissions in Japan versus the United States, which it asserted could be solved within 6 to 12 months (hearing transcript, p. 133 (Taylor)).

<sup>50</sup> This flexibility may be restrained to the extent that the responding Japanese producers have sales agreements longer than 12 months with customers in their home market and third-country markets. Only two Japanese producers responded to a question about shifting sales between the U.S. and alternative country markets (Foreign producers' questionnaire responses, section III-8). \*\*\* reported that it had no plans to shift sales, and \*\*\* reported that this question was not applicable to them, because the firm does not sell the subject products to the United States.

<sup>51</sup> Foreign producer questionnaire responses, sections II-8 and II-11.

<sup>52</sup> Of the total 23 responding purchasers, 21 were dealers, 1 was an end user, and the remaining firm, \*\*\*, was a \*\*\*.

new firms supplying ICI forklift trucks from China, Germany, Great Britain, and Korea.<sup>53</sup> In addition, 11 of 23 responding purchasers reported that they did not expect any new suppliers, while the remaining 12 expected new suppliers. Ten of these latter 12 mentioned China as the expected new source, 1 mentioned Germany, and the remaining purchaser did not comment on the country of origin.<sup>54</sup>

## U.S. Demand

U.S. demand for ICI forklift trucks reportedly is highly cyclical, consistent with the cycle of the overall economy in general and with manufacturing in particular.<sup>55</sup> According to \*\*\*, U.S. demand for ICI forklift trucks grew during 1999, then declined during January-March 2000 through January-March 2002, then remained relatively flat through July-September 2003, before increasing during October-December 2003 through the present period.<sup>56</sup> \*\*\* expects continued growth in U.S. demand for ICI forklift trucks through 2007, with a cyclical correction in 2008-09, while the three other U.S. producers responding to this question expect continued growth in U.S. demand for ICI forklift trucks through 2010, with two of these latter producers expecting growth at about 2.0 percent annually during this period.<sup>57</sup>

U.S. demand for ICI forklift trucks (produced with both domestic and imported frames), as measured by annual apparent U.S. consumption quantity, increased from \*\*\* trucks in 1999 to \*\*\* trucks in 2000, or by \*\*\* percent; then decreased to a period low of \*\*\* trucks in 2002, or by \*\*\* percent; and then increased to \*\*\* trucks in 2004, or by \*\*\* percent. Apparent U.S. consumption continued to increase during the interim periods, from \*\*\* trucks in January-June 2004 to \*\*\* trucks in January-June 2005, or by \*\*\* percent.

U.S. real gross domestic product (GDP) increased (at varying rates) annually throughout 1999-2004 and is expected to increase during 2005 and 2006, while total annual U.S. industrial production increased and decreased during the historical period, but is expected to increase during 2005 and 2006 (table II-1). During 1999-2004, U.S. real GDP increased annually, by a high of 4.5 percent during 1999 and a low of 0.8 percent during 2001, while total annual U.S. industrial production increased during 1999-2000 and 2004, but decreased during 2001-03. U.S. real GDP is forecast to increase by 3.5 percent in 2005 and 3.3 percent in 2006, while industrial production is forecast to increase by 3.0 percent in 2005 and 3.1 percent in 2006. \*\*\* asserted that when GDP growth is around 3 percent or higher, the firm typically sees growth in demand for ICI forklift trucks.<sup>58</sup> \*\*\* asserted that downturns in demand for ICI forklift trucks typically occur six months following the initial drop in the economy, while upturns in demand for ICI forklift trucks follow the economic recovery by six months.<sup>59</sup>

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<sup>53</sup> U.S. purchaser questionnaire responses, section III-23.

<sup>54</sup> Ibid.

<sup>55</sup> U.S. producer questionnaire responses, sections II-8 and IV-C-4.

<sup>56</sup> U.S. producer questionnaire responses, section IV-C-4. NACCO also indicated that during the 1990s the business cycle for ICI forklift trucks showed an upturn for a period approaching nine years. Hearing transcript, pp. 191-192 (Taylor).

<sup>57</sup> U.S. producer questionnaire responses, section IV-C-5.

<sup>58</sup> U.S. producer questionnaire response, section IV-C-4.

<sup>59</sup> U.S. producer questionnaire response, section II-8.

**Table II-1**

**U.S. economic trends: Changes in U.S. real gross domestic product and total industrial production, by years, 1999-2004 and forecasts for 2005-06**

Period	U.S. real gross domestic product <sup>1</sup> (percentage)	U.S. total industrial production <sup>2</sup> (percentage)
1999	4.5	4.5
2000	3.7	4.4
2001	0.8	-1.0
2002	1.9	-0.3
2003	3.0	-0.1
2004	4.4	4.1
Forecasts:		
2005	3.5	3.0
2006	3.3	3.1
<sup>1</sup> Based on gross domestic product in 2000 dollars. <sup>2</sup> Based on an index of total industrial production, 1997=100.		
Note: Percentage changes are from the previous period.		
Sources: Historical period-- <i>Economic Report of the President</i> , U.S. Government Printing Office, Transmitted to the Congress, February 2005, pp. 213 and 271; Forecast period-- <i>Blue Chip Economic Indicators</i> , Aspen Publishers, Inc., Vol. 30, No. 11, November 10, 2005, pp. 2-3.		

**Substitute Products**

ICI forklift trucks are used for a variety of material handling applications and, therefore, are used by a number of different industries. The wide variety of material handling applications and working conditions has been accompanied by the production of a number of different types of equipment, including ICI forklift trucks, electric forklift trucks, narrow-aisle forklift trucks, as well as other equipment. While many responding U.S. producers, importers, and purchasers reported no substitutes existed, electric forklift trucks were cited most frequently by some U.S. producers, importers of nonsubject forklift trucks, and U.S. purchasers as substitutable for ICI forklift trucks. Conveyors and construction equipment were each cited by single firms as other possible substitutes. Used ICI forklift trucks may also substitute for new ICI forklift trucks. Dealers typically display new ICI and electric forklift trucks together on their showroom floors,<sup>60</sup> but keep their used ICI forklift trucks in a separate building.<sup>61</sup>

<sup>60</sup> Staff telephone interview with \*\*\*.

<sup>61</sup> Staff telephone interview with \*\*\*.

Two of five responding U.S. producers,<sup>62</sup> 16 of 21 responding purchasers (all dealers),<sup>63</sup> and five of six responding importers of nonsubject products (comprising used ICI forklift trucks from Japan greater than three years old,<sup>64</sup> and new ICI forklift trucks and forklift truck frames from nonsubject countries) asserted that no substitutes exist for ICI forklift trucks.<sup>65</sup> On the other hand, the remaining three responding U.S. producers,<sup>66</sup> four of the remaining five purchasers,<sup>67</sup> and the one remaining importer asserted that electric-powered forklift trucks may substitute for ICI forklift trucks;<sup>68</sup> one of the three producers, \*\*\*, also asserted that construction equipment may substitute for ICI forklift trucks,<sup>69</sup> and the lone remaining purchaser, \*\*\*, an ICI forklift dealer, asserted that conveyors may substitute for ICI forklift trucks.<sup>70</sup>

## Electric Forklift Trucks

In addition to identifying substitutes, the responding U.S. producers detailed the applications and end uses where electric forklift trucks may substitute for ICI forklift trucks. \*\*\* reported that in light-duty use, with limited-use cycles, electric counter-balanced forklift trucks may be substituted, although

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<sup>62</sup> In addition, the two responding U.S. producers asserted that prices of any substitute products have not affected the price of ICI forklift trucks since 1999 (U.S. producer questionnaire responses, section IV-B-12). The three responding U.S. producers asserted that there have been no changes in the types of products that can be substituted for ICI forklift trucks since 1999 (U.S. producer questionnaire responses, section IV-B-13). All five responding U.S. producers did not anticipate any change in substitutability of other products for ICI forklift trucks in the future (U.S. producer questionnaire responses, section IV-B-14).

<sup>63</sup> In addition, the seven responding purchasers providing useable responses indicated that prices of any substitute products have not affected the price of ICI forklift trucks since 1999 (U.S. purchaser questionnaire responses, section III-7). Twenty of 21 responding purchasers asserted that there have been no changes in the types of products that can be substituted for ICI forklift trucks since 1999 (U.S. purchaser questionnaire responses, section III-8). Twenty-one of 22 responding purchasers did not anticipate any change in substitutability of other products for ICI forklift trucks in the future, whereas the remaining firm, \*\*\*, asserted that electric forklift trucks would become more substitutable for ICI forklift trucks in the future (U.S. purchaser questionnaire responses, section III-9).

<sup>64</sup> These five importers did not anticipate any change in substitutability of other products for ICI forklift trucks in the future (U.S. importer questionnaire responses, section III-B-14).

<sup>65</sup> U.S. producer questionnaire responses, section IV-B-12; U.S. purchaser questionnaire responses, section III-7; and U.S. importer questionnaire responses, section III-B-12.

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

<sup>67</sup> \*\*\*. In addition, three of these purchasers noted that the electric forklift trucks were used primarily indoors, such as in warehouses (U.S. purchaser questionnaire responses, section III-7).

<sup>68</sup> \*\*\*. This importer indicated that such substitution would occur in distribution and warehousing, where ICI forklift trucks are used. In addition, \*\*\* asserted that, although changes in prices of electric forklift trucks have not affected the prices of ICI forklift trucks in the U.S. market since 1999, technology advancement, particularly in the development of electric motors, now enable electric forklift trucks to compete at or near the same performance as ICI forklift trucks. \*\*\* also asserted that as technology improves and component prices decrease, electric forklift trucks should become more commonplace alternatives (U.S. importer questionnaire responses, sections III-B-12 through III-B-14).

<sup>69</sup> \*\*\* indicated that in limited applications construction equipment and farm tractors with special attachments can be used, primarily in outdoor, rough-terrain, applications (U.S. producer questionnaire response, section IV-B-12).

<sup>70</sup> \*\*\* indicated that conveyors are being used to transport and stage product that lift trucks have done in the past (U.S. purchaser questionnaire response, section III-7). In addition, \*\*\* asserted that computer-operated conveyors have decreased in price since 1999 and have become more efficient and reliable (U.S. purchaser questionnaire response, section III-8).

both acquisition cost and cost of operation remain significant barriers. \*\*\* asserted that the 2004 share of ICI forklift trucks of the total U.S. lift industry, at 47 percent, is unchanged from that in 1999. \*\*\* also asserts that sales of electric forklift trucks tend to be less cyclical (typically used in warehouses, distribution facilities, and food processing, where fumes are a problem) than ICI forklift trucks (typically used in manufacturing, foundries, and outside such as in docks and lumber yards).<sup>71</sup> \*\*\*, as both a responding U.S. producer and purchaser, reported that electric cushion-tired forklift trucks of similar capacity as ICI forklift trucks would perform well in all applications except for pushing, excessive ramp level, and around-the-clock use. According to \*\*\*, electric forklift trucks could be used for trailer loading/unloading, load movement and positioning, and general duty. \*\*\* reported that electric forklift trucks may be substituted in environmentally sensitive applications such as food preparation and distribution. According to \*\*\*, however, even in these applications the additional infrastructure cost (e.g., charging stations) to switch to electric must be overcome.<sup>72</sup> \*\*\* provided a comparison of costs (at the dealer level) between the same lift capacity and comparably equipped electric and ICI forklift trucks, both with cushion tires (table II-2).<sup>73</sup> The comparison ICI forklift truck is powered by liquid petroleum gas. According to \*\*\*, this comparison is difficult to make because including the costs of additional batteries and a crane (for battery change-outs) depends on whether the end user is running multiple shifts or not.<sup>74</sup> For a single shift, the end user just needs a single battery and a charger, otherwise additional batteries and battery removal equipment should be added. \*\*\* explained that end users can buy their batteries, chargers, and LPG fuel from suppliers other than the forklift dealer, and end users generally contract locally for the LPG fuel and may rent tanks.<sup>75</sup>

Based on \*\*\* cost comparisons, the initial cost of an electric forklift truck can cost an additional \$\*\*\* (for single-shift use) to \$\*\*\* (for multiple-shift use) over that of a comparable ICI forklift truck (table II-2). Although \*\*\* asserts that operating costs of the electric forklift truck are lower than those of the ICI forklift truck,<sup>76</sup> it is not clear whether these reported lower operating costs are sufficient to overcome the higher initial cost of the electric forklift truck over the economic life of 7-8 years<sup>77</sup> for a forklift truck, especially for a multiple-shift end user.<sup>78</sup>

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<sup>71</sup> Staff telephone interview with \*\*\*.

<sup>72</sup> According to \*\*\*, another difficulty in switching from ICI to electric forklift trucks is that end users are more familiar with the ICI forklift trucks, which have mechanical and hydraulic systems, and have the staff to service them, whereas the electric forklift trucks have, in addition, several electric motors, and mechanics able to service such motors are not as plentiful as those able to service internal combustion engines (staff telephone interview with \*\*\*).

<sup>73</sup> E-mail from \*\*\*. In addition, \*\*\* asserts that electric forklift trucks generally are equipped with cushion tires and have lift capacities ranging from 3,000-12,000 pounds. Electric forklift trucks use different steel frames than ICI forklift trucks, but both types of forklift trucks can use the same mast, fork, and tires (staff telephone interview with \*\*\*).

<sup>74</sup> E-mail from \*\*\*.

<sup>75</sup> Ibid.

<sup>76</sup> Staff telephone interview with \*\*\*.

<sup>77</sup> \*\*\* asserts that the economic life of an ICI forklift truck is 10,000-12,000 operating hours (Staff telephone interview with \*\*\*). \*\*\* asserts that the product life of an ICI forklift truck is 3-5 years by heavy end users and this is typical of national-account end users, but can last more than 20 years for light users. \*\*\* commented that the economic life of an ICI forklift truck ends when maintenance costs exceed the cost of a new ICI forklift truck (staff telephone interview with \*\*\*).

<sup>78</sup> Moreover, based on costs of fuel and service, \*\*\* asserts that even the operating costs of electric forklift trucks are greater than such costs for ICI forklift trucks (staff telephone interview with \*\*\*).

**Table II-2**  
**Cost comparison of electric forklift truck to ICI forklift truck, cushion-tired vehicles**

\* \* \* \* \*

**Used ICI Forklift Trucks**

Four U.S. producers of new ICI forklift trucks,<sup>79</sup> two U.S. importers of used ICI forklift trucks from Japan,<sup>80</sup> and two U.S. importers of new ICI forklift trucks from nonsubject countries<sup>81</sup> provided comments in their questionnaires regarding the impact of used ICI forklift trucks on new products in the U.S. market. The following discussion is based on these questionnaire responses.

\*\*\* indicated that U.S. shipments of new ICI forklift trucks dropped significantly in 2001, largely due to the recession. A secondary, although reportedly minor, cause was customers who chose to keep their leased units and rent them after the initial lease contract expired, rather than purchase new ICI forklift trucks. According to \*\*\*, this secondary reason accounted for less than \*\*\* percent of the volume drop in 2001. \*\*\* asserted that there were no other major effects from the prices and volume of used units on new units, and the firm did not expect this to change in the future. \*\*\* reported it believes that an increase in quantities of used equipment has more downward pressure on the used ICI forklift truck market than the new truck market. \*\*\* asserted that the majority of customers prefer either new or used ICI forklift trucks and do not frequently mix the two, and the firm did not expect this to change in the future. \*\*\* asserted that the quality and durability of ICI forklift trucks have improved, leading to longer life and greater value of used equipment, but this increase has not been significant. \*\*\* also asserted that the requirements of CARB (California Air Resource Board) in California and the Federal EPA will lessen the demand for used, “non-compliant” ICI forklift trucks in the future.<sup>82</sup>

Three of the four responding importers asserted that the price of used ICI forklift trucks does not affect the price or quantity of new ICI forklift trucks. The remaining importer, \*\*\*,<sup>83</sup> asserted that a large used ICI forklift truck market has created an alternative for new truck buyers, thereby, lowering the price margin and production of new ICI forklift trucks sold to dealers.

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<sup>79</sup> U.S. producer questionnaire responses of \*\*\*, section IV-B-21. \*\*\* reported that it did not know the effect of used ICI forklift trucks on the new truck market.

<sup>80</sup> U.S. importer questionnaire responses of \*\*\*, section III-B-20.

<sup>81</sup> U.S. importer questionnaire responses of \*\*\*, section III-B-20.

<sup>82</sup> These agencies regulate standards for emissions of internal combustion engines, including ICI forklift trucks. The emission standards reportedly have become increasingly more strict since 1999; CARB will require its next level of improved emissions for ICI forklift trucks in 2007 (staff telephone interview with \*\*\*, and e-mail from \*\*\*).

<sup>83</sup> \*\*\* imports new ICI forklift trucks from Germany and Great Britain.

## Cost Share

NACCO asserted that the initial cost of a ICI forklift truck is less than 10 percent of the combined purchase price and operating costs of the forklift truck over a five-year period; operating costs include costs such as those for an operator, repair parts, and service.<sup>84</sup>

## Foreign Demand

Two U.S. producers, primarily \*\*\* and to a lesser extent \*\*\*, provided useable information in their questionnaire responses regarding demand for ICI forklift trucks outside of the United States;<sup>85</sup> the following discussion is based on these questionnaire comments. According to \*\*\*, the United States is the largest market for ICI forklift trucks followed in descending order by China, Japan, Europe, and Latin America and Canada combined.<sup>86</sup> \*\*\* indicated that demand for ICI forklift trucks in these foreign countries is largely a function of GDP growth and industrial production,<sup>87</sup> while \*\*\* indicated that ICI forklift truck demand is cyclical and has fluctuated with the general strength of the countries' economies.

According to \*\*\*, Chinese ICI forklift truck demand has increased by a total of 320 percent during 1999-2004, while its economy has experienced dramatic growth and modernization.<sup>88</sup> \*\*\* indicated that Chinese production of ICI forklift trucks has also increased substantially during this period, or by a total of 220 percent, and reportedly accounts for 85-95 percent of Chinese demand. \*\*\* asserts that no foreign producer of ICI forklift trucks has been able to gain significant market share in China; NACCO and European producers reportedly have a small presence in China. \*\*\* expects that future increases in Chinese demand for ICI forklift trucks will largely be satisfied by very low-cost Chinese producers. According to \*\*\*, several Asian countries impose duties on ICI forklift trucks including 10.8-30.0 percent for China,<sup>89</sup> 1 percent for the Philippines, and 10 percent for Taiwan.<sup>90</sup>

\*\*\* indicated that Japan has experienced stagnant demand for ICI forklift trucks during 1999-2003, with some small growth in demand during 2004-05, while its economy has experienced negative or very low GDP growth.<sup>91</sup> According to \*\*\*, Japanese ICI forklift truck demand during 1999-2004 ranged

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<sup>84</sup> Hearing transcript, p. 194 (Wilson).

<sup>85</sup> U.S. producer questionnaire responses, sections IV-C-1, IV-C-4, IV-C-5, and IV-C-10.

<sup>86</sup> On the supply side, \*\*\* estimates that Chinese production of ICI forklift trucks equals about 79 percent of U.S. production, Japanese production is about 68 percent, European production is about 70 percent, and Latin American and Canadian production combined is about 20-25 percent of U.S. production.

<sup>87</sup> \*\*\* also indicated that when GDP growth is around 3 percent or higher, it sees a growing demand for ICI forklift trucks.

<sup>88</sup> During 1999-2004, annual growth in Chinese real GDP is estimated to have ranged from a low of 7.1 percent in 1999 to a high of 9.5 percent in 2003 and 2004; Chinese real GDP is expected to grow by 9.4 percent in 2005 and 8.3 percent in 2006 (*Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 26/No. 11 (November 10, 2001), Vol. 28/No. 9 (September 10, 2003), Vol. 29/No. 11 (November 10, 2004), and Vol. 30/No. 11 (November 10, 2005), p. 7 all issues).

<sup>89</sup> \*\*\*.

<sup>90</sup> \*\*\* also reported that Australia recently eliminated all duties on imported forklift trucks, allowing the producer to more cost effectively compete with its U.S.-produced product in the Australian market.

<sup>91</sup> During 1999-2004, annual growth in Japanese real GDP is estimated to have ranged from a low of -0.3 percent in 2002 to a high of 2.6 percent in 2004; Japanese real GDP is expected to grow by 2.0 percent in 2005 and 1.9 percent in 2006 (*Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 26/No. 11 (November 10, 2001), Vol. 28/No. 9 (September 10, 2003), Vol. 29/No. 11 (November 10, 2004), and Vol. 30/No. 11 (November 10, 2005), p. 6

(continued...)

from a low of 36,640 trucks in 2002 to a high of 41,303 trucks in 2004. The reportedly stagnant Japanese demand for ICI forklift trucks occurred as, according to \*\*\*, heavy manufacturing and other industrial production moved offshore and has not been replaced by other Japanese economic activity that would require the use of ICI forklift trucks. \*\*\* asserts that no foreign producer of ICI forklift trucks has been able to gain significant market share in Japan, where five Japanese producers reportedly hold more than 96 percent of the Japanese market and Sumitomo-NACCO has the remaining 4-percent market share. \*\*\* expects slow future growth in Japanese demand for ICI forklift trucks. \*\*\* reported that, beginning September 1, 2005, Japan imposed a 15-percent import duty on U.S.-produced forklift trucks, resulting from the U.S.-WTO dispute involving the Continued Dumping and Subsidy Offset Act.

\*\*\* reported that European demand for ICI forklift trucks has been relatively stable with some slow growth during 1999-2004, while European GDP has been stable or has grown slowly.<sup>92</sup> According to \*\*\*, most of the growth in European demand for ICI forklift trucks has been from Eastern Europe, where industrial production has expanded, whereas Western Europe has moved to a more service and distribution-based economy, increasing demand for electric forklift trucks and decreasing demand for ICI forklift trucks. According to \*\*\*, the European ICI forklift truck industry is dominated by German producers, which have close to a 50-percent market share, while \*\*\* has around a 15-percent market share. Although in total the European market for ICI forklift trucks is significant and \*\*\* expects slow but steady growth in European demand for ICI forklift trucks, it asserts that cultural, distribution, tariff, and non-tariff barriers make any additional sales growth for \*\*\* a challenge.<sup>93</sup> \*\*\* indicated that the European Union (EU) imposes a 4.5-percent tariff on imported ICI forklift trucks, while Eastern European countries impose tariffs as high as 15 percent (Romania). During 2004, \*\*\* reported that the EU imposed retaliatory duties (in addition to the regular 4.5-percent duty) on imports of U.S.-produced ICI forklift trucks starting at 12 percent and increasing by 2 percentage points per month through December 2004. Although these retaliatory duties were recently suspended, they may be reinstated subject to a resolution of the U.S.-WTO dispute involving the Continued Dumping and Subsidy Offset Act.

\*\*\* reported that the Latin America and Canadian markets are relatively open to U.S. distribution of ICI forklift trucks due to geographic proximity and/or cultural similarities. Although \*\*\* indicated that it has a significant presence in these markets, the relatively small size of these markets for ICI forklift trucks reportedly limits the amount of additional business that the firm can gain.<sup>94</sup> For Mexico and

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<sup>91</sup> (...continued)  
all issues).

<sup>92</sup> During 1999-2004, annual growth in real GDP in the Euro zone (countries that use the euro as their currency) is estimated to have ranged from a low of 0.5 percent in 2003 to a high of 3.4 percent in 2000; Euro zone real GDP is expected to grow by 1.3 percent in 2005 and 1.7 percent in 2006 (*Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 26/No. 11 (November 10, 2001), Vol 28/No. 9 (September 10, 2003), Vol. 29/No. 11 (November 10, 2004), and Vol. 30/No. 11 (November 10, 2005), p. 7 all issues).

<sup>93</sup> \*\*\* indicated that the European industry is comprised of more than 20 countries, each with its own language, culture, and distribution system.

<sup>94</sup> During 1999-2004, annual growth in real GDP in Mexico is estimated to have ranged from a low of -0.3 percent in 2001 to a high of 6.9 percent in 1999; Mexican real GDP is expected to grow by 3.3 percent in 2005 and 3.4 percent in 2006. During 1999-2004, annual growth in real GDP in Brazil is estimated to have ranged from a low of 0.5 percent in 2003 to a high of 5.2 percent in 2004; Brazilian real GDP is expected to grow by 3.3 percent in 2005 and 3.7 percent in 2006. During 1999-2004, annual growth in real GDP in Canada is estimated to have ranged from a low of 1.5 percent in 2001 to a high of 5.1 percent in 1999; Canadian real GDP is expected to grow by 2.9 percent in 2005 and 3.0 percent in 2006. (*Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 26/No. 11 (November 10, 2001), Vol 28/No. 9 (September 10, 2003), Vol. 29/No. 11 (November 10, 2004), and Vol. 30/No. 11

(continued...)

Canada the import duty rate was zero for imports of U.S.-produced ICI forklift trucks, under the NAFTA Canada/Mexico Preference. \*\*\* indicated that import duties on U.S.-produced ICI forklift trucks were 14 percent in Brazil, 5 percent in Colombia, and 6 percent in Venezuela. \*\*\* indicated that Brazil and Colombia prohibit the importation of used machinery, including used ICI forklift trucks, to protect local production and because of concerns with quality and safety. On the other hand, NACCO indicated that used ICI forklift trucks were frequently exported from the United States to Latin America.<sup>95</sup>

## **SUBSTITUTABILITY ISSUES**

The degree of substitution in demand between ICI forklift trucks produced in the United States and those imported from Japan depends upon such factors as relative prices, types of customers, conditions of sales, technical support/service, and product differentiation. Product differentiation depends on factors such as the range of products, quality, availability, reliability of supply, and the market perception of these latter three factors. Performance characteristics of ICI forklift trucks reportedly can play a significant role in demand and are related to one or more of the aforementioned factors. Based on the reported information in this review, which included only a relatively few imports of ICI forklift trucks from Japan, there appears to be substitutability in demand between the ICI forklift trucks produced domestically and those imported from Japan.

The questionnaire responses suggested strong producer-dealer relationships and a high degree of competition among the various U.S. producers.<sup>96</sup> In addition, the dealers reported that they and their customers were more frequently aware of the supplying producer than the country of origin of the ICI forklift trucks that they purchased, which suggests a high degree of brand recognition by these firms.<sup>97</sup>

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<sup>94</sup> (...continued)  
(November 10, 2005), pp. 6-7 all issues).

<sup>95</sup> Hearing transcript, p. 162 (Wilson).

<sup>96</sup> Based on responses of 22 purchasers for new ICI forklift trucks, 20 dealers reported purchasing from only a single producer, another dealer, \*\*\*, reported purchasing from its two producer suppliers, and an end user, \*\*\*, reported that, when it is negotiating for a multi-year contract it considers 10 suppliers, but after the agreement is in place, it purchases from only the two or three contracted suppliers (purchaser questionnaire responses, section III-20). \*\*\* reported that the participation of multiple competitors is often the largest influence on price and that on many occasions the firm must agree to pricing limitations and concessions to meet a competitor's offering (U.S. producer questionnaire response, sections IV-B-3 and IV-B-4).

<sup>97</sup> Based on responses of 23 purchasers (21 dealers, 1 U.S. producer, and 1 end user), 17 purchasers reported that they always make purchase decisions based on the producer of the ICI forklift trucks, 3 purchasers usually purchased the product based on the producer identity, and 3 purchasers sometimes purchased the product based on producer identity, but only 3 purchasers made the purchase decisions based on the country of origin of the products they purchased, 2 purchasers usually made their purchases based on the country identity, and 18 purchasers sometimes or never made purchases based on the country identity. The same 21 dealers and 1 purchasing U.S. producer reported the same information for their end-user customers. Two of these purchasers reported that their customers always made purchase decisions based on the producer of the ICI forklift trucks that they purchased, 6 purchasers reported that their customers usually made purchases based on the producer identity, and 14 purchasers reported that their customers sometimes or never made purchases based on the producer identity. One of the 21 dealers reported that its customers usually made purchase decisions based on the country origin of the ICI forklift trucks they purchased, while the other 20 dealers and the 1 purchasing U.S. producer reported that their customers sometimes or never made purchases based on the country identity.

NACCO indicated that it has a very strong relationship with its dealers and that its end-user customers are loyal to the manufacturer, but the latter reportedly exhibit less loyalty than 10 years ago.<sup>98</sup> NACCO asserted that the strong dealer loyalty could be more tenuous if the firm could not offer competitive prices and a level of dealer support that is currently offered by NACCO.<sup>99</sup>

### **Factors Affecting Purchases**

U.S. purchasers of ICI forklift trucks were requested in their questionnaires to rank 15 specified purchase factors as very important, somewhat important, or not important. Twenty purchasers responded and their responses are summarized in table II-3 for each purchase factor. Product consistency was listed as very important most frequently (19 firms), followed by both product quality equals standard and reliable supply (each 18 firms), and then by technical support (15 firms).

U.S. purchasers were also requested in their questionnaires to list the top three purchase factors that they consider when deciding from whom to purchase ICI forklift trucks. Eighteen purchasers responded, but nine of these firms explicitly reported that their purchases were based on their current dealership arrangements.<sup>100</sup> Sixteen of the 18 purchasers were dealers,<sup>101</sup> all of whom have long-time relationships with their suppliers and generally have not changed suppliers since 1999.<sup>102</sup> As a result, these dealers' purchase decisions were made several years ago. The lone responding end user, \*\*\*, also cited pre-arranged contracts and reported that its purchase contracts for ICI forklift trucks extend \*\*\* years. In addition to firms citing current contracts, other firms identified a variety of descriptions of purchase factors, which made it difficult to group the responses by factors. Taking into consideration the range of responses, quality was ranked most frequently as the first and as the second most important purchase factor, and price was reported most frequently as the third most important purchase factor.<sup>103</sup>

Purchasers also were asked to identify characteristics that they consider when determining the quality of ICI forklift trucks. Seventeen purchasers provided useable responses. Quality characteristics cited included the following: service, downtime for customers, reliability, availability of replacement parts, durability, warranty, maintenance costs, product consistency, dependability, product quality and reliability, repair history, overall construction, weld quality, quality components, fit and finish, and performance.<sup>104</sup>

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<sup>98</sup> Hearing transcript, pp. 85 and 184 (Wilson).

<sup>99</sup> Hearing transcript, pp. 86 and 183-184 (Wilson).

<sup>100</sup> U.S. purchaser questionnaire responses, section III-27.

<sup>101</sup> Of the two remaining purchasers, one was an end user and one was a purchasing U.S. producer.

<sup>102</sup> Eighteen of 19 responding U.S. purchasers (18 dealers and 1 purchasing U.S. producer) reported that since 1999 their U.S. and foreign producer suppliers have not lost their approved status with the firms. The single remaining firm, \*\*\* (a dealer), reported that \*\*\* had lost supplier status with the firm due to lack of market acceptance (U.S. purchaser questionnaire responses, section III-26).

<sup>103</sup> Ibid.

<sup>104</sup> U.S. purchaser questionnaire responses, section III-28.

**Table II-3**  
**ICI forklift trucks: Importance of purchase factors<sup>1</sup>**

Purchase factors	Number of purchasers reporting--		
	Very important	Somewhat important	Not important
Availability	14	6	-
Delivery terms	8	9	3
Delivery time	9	11	-
Discounts offered	9	11	-
Extension of credit	5	8	7
Price	11	8	1
Minimum quantity requirements	3	7	10
Packaging	3	3	13
Product consistency	19	-	-
Product quality equals standard	18	1	-
Product quality exceeds standard	14	4	1
Product range	14	4	1
Reliable supply	18	1	-
Technical support	15	4	-
U.S. transportation costs	8	11	-

<sup>1</sup> Based on responses of 20 purchasers.

Note: One responding purchaser did not report for the last seven purchase factors.

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

### **Comparisons of the U.S.-Produced and Imported ICI Forklift Trucks**

The U.S. producers, importers, and purchasers of ICI forklift trucks were requested in their questionnaires to report on the extent of interchangeability (products from different countries physically capable of being used in the same applications) of ICI forklift trucks produced domestically, imported from Japan, and imported from third-countries. U.S. producers and importers were also asked to report the extent of any differences other than price that would affect sales in the U.S. market among the various country sources of ICI forklift trucks.<sup>105</sup> Responses of the U.S. producers, importers, and purchasers regarding the degree of interchangeability between domestic and imported ICI forklift trucks are

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<sup>105</sup> Nonprice factors referred to in the questionnaire request included quality, availability, transportation network, product range, and technical support, but were not necessarily restricted to only these factors.

summarized in table II-4 for comparisons involving the U.S.-produced and imported ICI forklift trucks. The U.S. producer and importer responses regarding differences other than price affecting competition are summarized in table II-5 for comparisons involving the U.S.-produced and imported ICI forklift trucks. All of the responding importers reported imports of only nonsubject products (new ICI forklift trucks from nonsubject countries, used forklift trucks (three years or older) from Japan, and ICI forklift truck frames from nonsubject countries). As a result, responses involving imported ICI forklift trucks from Japan were not necessarily based on the subject products actually imported from Japan during January 1999-June 2005.

**Table II-4**

**ICI forklift trucks: Perceived degree of interchangeability of product produced in the United States and imported from Japan, China, Germany, and Korea and sold in the U.S. market**

Country pair	Number of U.S. producers' responses <sup>1</sup>				Number of U.S. importers' responses <sup>2</sup>				Number of U.S. purchasers' responses <sup>3</sup>			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs.--												
Japan	2	-	2	-	2	2	1	-	9	3	-	-
China	2	-	1	-	-	1	1	-	3	-	-	-
Germany	2	-	-	-	-	1	1	-	4	-	1	-
Korea	2	-	1	-	1	1	1	-	4	-	-	-
Japan vs.--												
China	2	-	-	-	-	1	1	-	3	-	-	-
Germany	2	-	-	-	-	1	1	-	3	-	-	-
Korea	2	-	-	-	1	1	1	-	4	-	-	-
China vs.--												
Germany	2	-	-	-	-	1	1	-	2	-	-	-
Korea	2	-	-	-	-	1	1	-	3	-	-	-
Germany vs.--												
Korea	2	-	-	-	-	1	1	-	3	-	-	-
<sup>1</sup> Based on responses of 4 U.S. producers. <sup>2</sup> Based on responses of 5 U.S. importers. <sup>3</sup> Based on responses of 13 U.S. purchasers.												
Note: A = Always, F = Frequently, S = Sometimes, N = Never.												
Note: Responding firms did not necessarily report for every country pair.												
Source: Compiled from data submitted in response to Commission questionnaires.												

**Table II-5**

**ICI forklift trucks: Perceived importance of differences in factors other than price between product produced in the United States and that imported from Japan, China, Germany, and Korea and sold in the U.S. market**

Country pair	Number of U.S. producers' responses <sup>1</sup>				Number of U.S. importers' responses <sup>2</sup>			
	A	F	S	N	A	F	S	N
United States vs.--								
Japan	-	-	2	2	-	2	2	-
China	-	-	3	-	-	-	1	-
Germany	-	-	1	1	-	1	1	-
Korea	-	-	3	-	-	-	2	-
Japan vs.--								
China	-	-	2	-	-	-	1	-
Germany	-	-	1	1	-	1	1	-
Korea	-	-	2	-	-	-	1	-
China vs.--								
Germany	-	-	2	-	-	-	1	-
Korea	-	-	2	-	-	-	1	-
Germany vs.--								
Korea	-	-	2	-	-	-	1	-
<sup>1</sup> Based on responses of 4 U.S. producers. <sup>2</sup> Based on responses of 4 U.S. importers.  Note: A = Always, F = Frequently, S = Sometimes, N = Never.  Note: Responding firms did not necessarily report for every country pair.  Source: Compiled from data submitted in response to Commission questionnaires.								

For responses regarding the degree of interchangeability among U.S.-produced and imported ICI forklift trucks, 4 U.S. producers,<sup>106</sup> 5 U.S. importers,<sup>107</sup> and 13 U.S. purchasers of ICI forklift trucks

<sup>106</sup> U.S. producer questionnaire responses, section IV-B-19.

<sup>107</sup> U.S. importer questionnaire responses, section III-B-18. These U.S. importers did not report any imports of new ICI forklift trucks from Japan; two importers reported importing used (three years or older) ICI forklift trucks from Japan, two reported importing new ICI forklift trucks from Korea, and one importer reported importing new ICI forklift trucks from Germany and Great Britain.

replied,<sup>108</sup> but not necessarily for every country comparison (table II-4). Responses of U.S. producers and purchasers generally indicated that the U.S.-produced ICI forklift trucks and those imported from Japan, China, Germany, and Korea were always or frequently interchangeable with each other. On the other hand, responses of U.S. importers indicated more instances where the U.S.-produced and imported products were sometimes interchangeable with each other.<sup>109</sup>

For responses regarding differences in factors other than price affecting competition among U.S.-produced and imported ICI forklift trucks, four U.S. producers<sup>110</sup> and four U.S. importers<sup>111</sup> replied,<sup>112</sup> but not necessarily for every country comparison (table II-5). Responses of U.S. producers and importers generally indicated that differences in nonprice factors among the U.S.-produced and imported ICI forklift trucks from Japan, China, Germany and Korea were sometimes or never significant among sales of the domestic and imported products (table II-5).<sup>113</sup>

U.S. purchasers were also requested in their questionnaire to make country-of-origin comparisons among the U.S.-produced and imported ICI forklift trucks in terms of the 15 specified purchase factors discussed earlier and indicate for each factor whether product from one country was superior, comparable, or inferior to product from another country. The purchaser responses are shown in table II-6 for comparisons between the U.S.-produced and imported ICI forklift trucks.

For purchaser responses regarding comparisons of countries-of-origin for the U.S.-produced and imported ICI forklift trucks, a total of nine U.S. purchasers replied, but not for every country comparison (table II-6).<sup>114</sup> The responding purchasers asserted that U.S.-produced ICI forklift trucks were generally comparable with those imported from Japan, China, and Germany, but the responses comparing the U.S.-produced and imported Korean products were mixed, with a generally similar number of responses showing that the U.S.-produced products were superior or comparable to the imported Korean products. A notable exception involved the purchase factor, price, where the purchasers generally ranked the U.S.-produced ICI forklift trucks inferior (i.e., higher priced) to those imported from Japan and China, but superior (i.e., lower priced) to those imported from Germany.

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<sup>108</sup> U.S. purchaser questionnaire responses, section IV-2. All the responding purchasers were dealers of ICI forklift trucks.

<sup>109</sup> \*\*\*, two U.S. producers, and \*\*\*, an importer, asserted that the domestic and imported Japanese ICI forklift trucks were sometimes interchangeable; these firms provided additional comments as requested. \*\*\* indicated that the following standards can potentially affect the interchangeability of products from these countries: (1) EPA and CARB (California Air Resource Board) compliance, (2) UL requirements, and (3) OSHA requirements (both local and state). \*\*\* asserted that ICI forklift trucks from Japan are mostly pneumatic-tired, whereas the U.S. market is mostly cushion-tired. \*\*\* identified fuel type, lift capacity, and design as features that differentiated the domestic and imported Japanese products.

<sup>110</sup> U.S. producer questionnaire responses, section IV-B-19.

<sup>111</sup> U.S. importer questionnaire responses, section III-B-18. These U.S. importers did not report any imports of new ICI forklift trucks from Japan; two importers reported importing used (three years or older) ICI forklift trucks from Japan, two reported importing new ICI forklift trucks from Korea, and one importer reported importing new ICI forklift trucks from Germany and Great Britain.

<sup>112</sup> U.S. purchaser questionnaire responses, section IV-2. All the responding purchasers were dealers of ICI forklift trucks.

<sup>113</sup> \*\*\*, the two U.S. importers of used ICI forklift trucks from Japan, asserted that nonprice factors are frequently significant for sales of the U.S.-produced and imported Japanese ICI forklift trucks; \*\*\* provided additional comments as requested. \*\*\* reported importing used pneumatic-tire forklift trucks from Japan to supplement the high U.S. demand for used pneumatic-tire models in the U.S. secondary wholesale market.

<sup>114</sup> U.S. purchaser questionnaire responses, section IV-6; all nine responding purchasers were dealers of ICI forklift trucks.

**Table II-6**  
**ICI forklift trucks: Comparisons of U.S.-produced ICI forklift trucks with those imported from Japan, China, Germany, and Korea<sup>1</sup>**

Purchase factors	Number of purchasers' responses comparing the United States with--											
	Japan			China			Germany			Korea		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	2	4	-	-	1	-	1	3	-	1	1	-
Delivery terms	1	5	-	-	1	-	1	3	-	1	1	-
Delivery time	2	4	-	-	1	-	2	2	-	1	1	-
Discounts offered	-	3	3	-	-	1	1	3	-	-	-	2
Extension of credit	1	4	1	-	1	-	-	4	-	1	1	-
Price	-	1	5	-	-	1	3	1	-	-	1	1
Minimum quantity requirements	-	6	-	-	1	-	-	4	-	-	2	-
Packaging	-	6	-	-	1	-	-	4	-	-	2	-
Product consistency	1	3	2	-	1	-	1	2	1	1	1	-
Product quality equals standard	1	3	2	-	1	-	-	3	1	1	1	-
Product quality exceeds standard	2	2	2	-	1	-	1	2	1	1	1	-
Product range	3	3	-	1	-	-	1	3	-	2	-	-
Reliable supply	1	4	1	-	1	-	1	3	-	1	1	-
Technical support	2	3	1	1	-	-	2	2	-	2	-	-
U.S. transportation costs	1	5	-	-	1	-	2	2	-	1	1	-

<sup>1</sup> Based on responses of nine purchasers.

Note: S=superior, C=comparable, and I=inferior.

Note: Responding purchasers did not necessarily report for every country pair.

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

## **ELASTICITY ESTIMATES<sup>115</sup>**

### **U.S. Supply Elasticity**

The domestic supply elasticity for ICI forklift trucks measures the sensitivity of the quantity supplied by the U.S. producer to a change in the U.S. market price of ICI forklift trucks. The elasticity of domestic supply depends on several factors including the U.S. producer's level of excess capacity, the ease with which the U.S. producer can alter its productive capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced ICI forklift trucks.<sup>116</sup> Analysis of these factors indicates that, overall, the U.S. producers had flexibility in the short run to alter their supply of ICI forklift trucks to the U.S. market in response to relative changes in the demand for its products; thus, the domestic elasticity of supply is estimated to be in the range of 3-5 for ICI forklift trucks built with domestic frames and 1-3 for total ICI forklift trucks built with both domestic and imported frames.

### **U.S. Demand Elasticity**

The U.S. price elasticity of demand for ICI forklift trucks measures the sensitivity of the overall quantity demanded for this product to changes in the U.S. market price of ICI forklift trucks. The price elasticity of demand depends on the substitutability of other equipment or used forklift trucks for new ICI forklift trucks and, because it is a durable good, its replacement can be postponed by repairing/refurbishing the current ICI forklift trucks. Based on available information, the demand elasticity for ICI forklift trucks is estimated to be in the range of -.5 to -1.5.

### **Substitution Elasticity<sup>117</sup>**

The elasticity of substitution largely depends upon the degree to which there is an overlap of competition between U.S.-produced and imported ICI forklift trucks, and the extent of product differentiation. Product differentiation, in turn, depends on such factors as physical characteristics (e.g., grades and quality) and conditions of sale (e.g., delivery lead times, reliability of supply, technical support/service, etc.). Based on available information discussed earlier, the elasticity of substitution between domestic ICI forklift trucks and the ICI forklift trucks that might be imported from Japan is estimated to be in the range of 3-5.

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<sup>115</sup> The suggested ranges for the various elasticities were presented below in the prehearing report for purposes of discussion in the prehearing briefs, hearing testimony, and/or posthearing briefs; no parties provided a discussion of the elasticities. The elasticity responses in this section refer to changes that could occur within 12 months, unless otherwise indicated.

<sup>116</sup> Domestic supply response is generally assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Exceptions to this assumption occur when the supply response is restricted when demand increases (e.g., the domestic firm(s) operate near or at full capacity and any likely expansion in capacity would take more than 12 months to complete), or, more rarely, when demand decreases (e.g., the domestic firm(s) must operate at or near full capacity due to very high fixed costs).

<sup>117</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the U.S. domestic like product to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject imported product (or vice versa) when prices change.



## PART III: CONDITION OF THE U.S. INDUSTRY

Information in this section is based on the questionnaire responses of six firms that are believed to account for virtually all of the U.S. production of ICI forklift trucks in 2004. Separate information with regard to the one responding domestic producer without a parent company in Japan, i.e., NACCO USA, is presented in appendix C, tables C-3 and C-4.

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

NACCO USA, Toyota USA, and Mitsubishi USA together accounted for \*\*\* percent of total ICI forklift truck capacity and \*\*\* percent of total ICI forklift truck production in 2004. Table III-1 presents U.S. capacity, production, and capacity utilization for ICI forklift truck frames, trucks (U.S.-produced frames), and trucks (all frames).

**Table III-1**  
**ICI forklift truck frames, trucks from U.S.-produced frames, and trucks from all frames: U.S. capacity, production, and capacity utilization, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Frames:</b>								
Capacity ( <i>number of frames</i> )	72,241	69,582	66,190	62,332	61,681	62,257	31,012	31,535
Production ( <i>number of frames</i> )	56,664	56,902	43,155	35,164	41,688	48,972	21,962	29,262
Capacity utilization ( <i>percent</i> )	78.4	81.8	65.2	56.4	67.6	78.7	70.8	92.8
<b>Trucks (U.S.-produced frames)</b>								
Capacity ( <i>number of trucks</i> )	81,241	78,582	75,190	74,057	70,681	71,257	35,512	36,035
Production ( <i>number of trucks</i> )	57,219	57,470	43,697	35,786	42,242	49,714	22,333	29,650
Capacity utilization ( <i>percent</i> )	70.4	73.1	58.1	48.3	59.8	69.8	62.9	82.3
<b>Trucks (all frames)</b>								
Capacity ( <i>number of trucks</i> )	***	***	***	***	***	***	***	***
Production ( <i>number of trucks</i> )	***	***	***	***	***	***	***	***
Capacity utilization ( <i>percent</i> )	***	***	***	***	***	***	***	***
Note: ***'s annual capacity reflects its highest level of production during the period for which data were collected (**).								
Source: Compiled from data submitted in response to Commission questionnaires.								

Two of the U.S. producers reported an increase in overall capacity since January 1, 1999.<sup>1</sup> In 1999, NACCO Materials began sourcing Mexican-produced forklift frames from its Saltillo, Mexico manufacturing facility.

increased its U.S. capacity in 2000 by trucks, an increase of percent over its 1999 level.

The ICI forklift truck industry exhibited an overall irregular increase in capacity of trucks (all frames) or (percent) for the calendar years of the period for which data were collected.

There is no known U.S. production of ICI forklift trucks under tolling arrangements. Similarly, there is no reported in-bond production nor production in foreign trade zones, although Nissan USA's production facilities are the subject of a request for special-purpose subzone status.<sup>2</sup>

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<sup>1</sup> The other four U.S. producers did not report capacity increases during the period for which data were collected. capacity remained constant at trucks, respectively; while capacity decreased irregularly, by trucks or percent, from trucks in 1999 to trucks in 2004. capacity decreased by trucks or percent, from trucks for interim 2004 to trucks for interim 2005. did not report capacity data. capacity reflects its highest level of production during the period for which data were collected. U.S. producers' questionnaire responses, sections II-11a and II-11b, except as noted.

<sup>2</sup> On June 8, 2005, the Greater Rockford Airport Authority requested special-purpose subzone status for the three Illinois manufacturing facilities of Nissan USA that produce rider type, forklift trucks (Class I through Class V) powered by gasoline, propane, or electric motors (up to 15,000 units annually) primarily destined for the North American market. The three proposed special purpose subzone sites would accommodate Nissan USA's manufacturing facilities as well as its distribution and warehousing operations.

Nissan USA stated that its manufacturing facility has seen a 25 percent decrease in its workforce since 1995, and that subzone status will not only allow Nissan USA to retain existing employees, but will also allow the possibility of increasing employment as well as capital investment. Nissan USA further stated that subzone status will help Nissan USA's facilities lower operating costs and thereby assist in maintaining its ability to contribute significantly to the region's economy. Nissan USA will finance any costs associated with Zone operations.

Nissan USA stated that its profit margins have been severely squeezed by low-cost overseas forklift manufacturers that not only enjoy lower production and net material costs, but can import the finished manufactured forklifts into the United States at a duty rate of "Free," while Nissan USA must pay duty on much of its imported raw material and components. The forklift manufacturing industry is also seeing increases in the price of steel, logistics, fuel, and labor and benefits for employees. Nissan USA stated that it seeks relief from the "inverted tariff" relationships that currently exist with its imported components and raw materials versus the finished products in order to compete effectively and maintain its production at current and planned levels. FTZ procedures would exempt Nissan USA from duty payments on the foreign components used in export production. On its domestic sales and exports to NAFTA markets, the company would be able to choose the duty rate that applies to finished forklift trucks (duty free) for the foreign-sourced inputs. Duties would be deferred or reduced on foreign production equipment admitted to the proposed subzone until which time it becomes operational.

Nissan USA stated that it was forced to move the manufacturing of one pneumatic forklift truck model outside the United States to one of its underutilized facilities in 2004 due to price pressures and higher costs associated with production in the United States, e.g. design, material costs and duty expenses, while imported forklift trucks enter the United States with a duty rate of Free. Nissan USA further stated that if it can not become more competitive, it will be forced to consider relocating the manufacturing of another model in 2006 and may have to consider moving the entire plant to underutilized facilities in Spain and other locations.

Nissan USA stated that manufacturing companies in China pose a threat to the company due to the availability of inexpensive labor and material. With the growth of China's forklift production capabilities, lower-priced Chinese forklift truck imports into the United States are expected to grow significantly once China's domestic demand is met. Nissan USA also noted the price advantage of manufacturers in Korea and Taiwan. Nissan USA stated that foreign-trade subzone status is necessary to reduce the cost of production at the Nissan USA facilities, allowing the facilities to be more competitive in both domestic and overseas markets. Nissan USA stated that if subzone status is granted, its product manufacturing costs will drop, the possibility of moving the pneumatic line back to the United States will increase, and Nissan USA will reconsider moving additional manufacturing overseas.

(continued...)

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

Producers were asked to provide separate trade data with regard to their activities concerning “frames only.” In light of the Commission’s original definition of the domestic like product as consisting of a forklift truck with a U.S.-produced frame, these data were collected to determine where forklift frames were being manufactured and whether an import or third party merchant market for frames existed. Of the six responding U.S. producers, most-\*\*\*-stated that they produced frames in the United States and internally consumed their entire production. \*\*\* reported purchasing forklift frames from third-party sources in the United States and \*\*\*. In 1999, \*\*\* began to \*\*\*. Under the Commission’s definition of the domestic like product in the original investigation, forklift trucks built upon \*\*\* frames would not be considered U.S.-produced trucks, regardless of the value added in the United States.

Tables III-2, III-3, and III-4 present U.S. producers’ domestic shipments, company transfers, and export shipments for ICI forklift truck frames, ICI forklift trucks assembled with U.S.-produced frames, and ICI forklift trucks assembled with all frames, regardless of origin, respectively.

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<sup>2</sup> (...continued)

The application is currently under review at the FFTZ Board and guidelines state that Nissan must have a response by 8 months from the date of publication of the announcement in the Federal register, which would be mid-February 2006. *See* 70 FR 34742; NACCO USA’s prehearing brief, exh. 1; staff telephone interview with \*\*\*, Nissan USA, November 14, 2005.

**Table III-2**  
**ICI forklift truck frames: U.S. producers' shipments, by types, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<i>Quantity (number of frames)</i>								
Commercial U.S. shipments	0	0	0	0	0	0	0	0
Internal U.S. shipments	56,636	57,833	43,383	35,615	40,654	45,401	20,134	26,785
Transfers to related firms	0	0	0	0	0	0	0	0
Subtotal	56,636	57,833	43,383	35,615	40,654	45,401	20,134	26,785
Export shipments	0	0	0	0	0	0	0	0
Total	56,636	57,833	43,383	35,615	40,654	45,401	20,134	26,785
<i>Value (1,000 dollars)</i>								
Commercial U.S. shipments	0	0	0	0	0	0	0	0
Internal U.S. shipments	100,018	114,702	75,036	66,521	87,777	137,875	38,681	59,733
Transfers to related firms	0	0	0	0	0	0	0	0
Subtotal	100,018	114,702	75,036	66,521	87,777	137,875	38,681	59,733
Export shipments	0	0	0	0	0	0	0	0
Total	100,018	114,702	75,036	66,521	87,777	137,875	38,681	59,733
<i>Unit value (dollars per frame)</i>								
Commercial U.S. shipments	( <sup>1</sup> )							
Internal U.S. shipments	1,766	1,983	1,730	1,868	2,159	3,037	1,921	2,230
Transfers to related firms	( <sup>1</sup> )							
Average	1,766	1,983	1,730	1,868	2,159	3,037	1,921	2,230
Export shipments	( <sup>1</sup> )							
Average	1,766	1,983	1,730	1,868	2,159	3,037	1,921	2,230
<sup>1</sup> Not applicable. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires.								

**Table III-3**  
**ICI forklift trucks: U.S. producers' shipments (U.S.-produced frames), by types, 1999-2004,**  
**January-June 2004, and January-June 2005<sup>1</sup>**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<i>Quantity (number of trucks)</i>								
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal	50,712	52,241	38,375	31,701	34,666	42,138	18,582	25,120
Export shipments	6,493	6,149	5,462	4,596	6,374	7,152	3,229	4,580
Total	57,205	58,390	43,837	36,297	41,040	49,290	21,811	29,700
<i>Value (1,000 dollars)</i>								
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal	981,595	978,649	746,879	599,716	662,260	848,542	367,957	551,624
Export shipments	119,340	111,616	104,465	83,551	112,062	140,743	60,811	99,028
Total	1,100,935	1,090,265	851,344	683,267	774,322	989,285	428,768	650,652
<i>Unit value (dollars per truck)</i>								
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Average	19,356	18,733	19,463	18,918	19,104	20,137	19,802	21,960
Export shipments	18,380	18,152	19,126	18,179	17,581	19,679	18,833	21,622
Average	19,245	18,672	19,421	18,824	18,867	20,071	19,658	21,907
<sup>1</sup> ***								
Note.—Because of rounding, figures may not add to the totals shown.								
Source: Compiled from data submitted in response to Commission questionnaires.								

All reporting U.S. forklift truck producers export finished trucks (all frames) principally to \*\*\*. \*\*\* are the largest exporters of ICI forklift trucks, and together accounted for \*\*\* percent of U.S. ICI forklift truck exports in 2004. U.S. forklift truck exports increased irregularly during 1999-2004. U.S. forklift truck exports increased by \*\*\* percent from 1999 to 2000, then dropped by \*\*\* percent in 2001, and fell by \*\*\* percent in 2002. By 2003, U.S. forklift truck exports increased by \*\*\* percent and continued to rise by \*\*\* percent in 2004. U.S. exports of forklift trucks rose during the comparative January-June interim periods by \*\*\* percent.

**Table III-4**

**ICI forklift trucks: U.S. producers' shipments (all frames), by types, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**U.S. PRODUCERS' INVENTORIES**

Table III-5 presents U.S. producers' inventories of ICI forklift truck frames, ICI forklift trucks assembled with U.S.-produced frames, and all ICI forklift trucks, regardless of frame origin.

**Table III-5**

**ICI forklift truck frames, trucks (U.S.-produced frames), and trucks (all frames): U.S. producers' end-of-period inventories, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**U.S. PRODUCERS' PURCHASES**

During the period for which data were collected, \*\*\* purchased forklift truck frames from third-party sources in the United States \*\*\*.<sup>3</sup> Other than direct imports, \*\*\* purchased complete ICI forklift trucks since January 1, 1999. From 2001 onward, \*\*\*.<sup>4</sup>

**Table III-6**

**ICI forklift trucks: U.S. producers' purchases of U.S.-produced and imported frames, complete trucks, and ratios of purchases to production of ICI forklift trucks, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**U.S. PRODUCERS' IMPORTS**

\*\*\* U.S. producers directly imported ICI forklift truck frames and \*\*\* imported complete trucks during the period for which data were collected. NACCO USA imported frames from its wholly owned Mexican subsidiary, NACCO Materials Handling Group S.A. de C.V., located in Saltillo, Mexico.<sup>5</sup> \*\*\* imported complete trucks from \*\*\*.

\*\*\* directly imported frames from \*\*\*.<sup>6</sup> The \*\*\* trucks produced by \*\*\* are built upon imported frames.

**Table III-7**

**ICI forklift trucks: U.S. producers' imports of frames, and ratios of imports to production of ICI forklift trucks, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

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<sup>3</sup> \*\*\*'s U.S. producers' questionnaire response, section II-18.

<sup>4</sup> \*\*\*'s U.S. producers' questionnaire response, section II-18.

<sup>5</sup> NACCO USA's importers' questionnaire response, sections II-7a and II-7b and hearing transcript, pp. 94-95.

<sup>6</sup> \*\*\*'s importers' questionnaire response, sections II-7a and II-7b.

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

The number of production and related workers (PRWs) dedicated to both the production of frames and to the production of trucks assembled with U.S.-produced frames decreased irregularly from 1999 to 2004, largely due to \*\*\*. However, the total number of PRWs increased irregularly during the period for which data were gathered largely due to the irregular increase in \*\*\*.<sup>7</sup>

**Table III-8**  
**ICI forklift truck frames, trucks (U.S.-produced frames), and trucks (all frames): Average number of production and related workers, hours worked, wages paid, hourly wages, productivity, and unit labor costs, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Frames:</b>								
PRWs ( <i>number</i> )	379	377	278	247	255	329	256	266
Hours worked by PRWs ( <i>1,000 hours</i> )	730	701	539	444	467	607	224	257
Wages paid to PRWs ( <i>1,000 dollars</i> )	14,562	13,901	9,974	8,380	9,499	12,649	4,854	6,096
Hourly wages	\$19.95	\$19.83	\$18.50	\$18.87	\$20.34	\$20.84	\$21.67	\$23.72
Productivity ( <i>frames per 1,000 hours</i> )	77.6	81.2	80.1	79.2	89.3	80.7	98.0	113.9
Unit labor costs ( <i>per frame</i> )	\$257	\$244	\$231	\$238	\$228	\$258	\$221	\$208
<b>Trucks (U.S.-produced frames):</b>								
PRWs ( <i>number</i> )	1,563	1,559	1,283	1,129	1,135	1,436	1,374	1,407
Hours worked by PRWs ( <i>1,000 hours</i> )	3,152	3,017	2,766	2,267	2,315	2,868	1,349	1,522
Wages paid to PRWs ( <i>1,000 dollars</i> )	64,353	59,911	46,456	40,587	45,408	58,878	27,173	33,400
Hourly wages	\$20.42	\$19.86	\$16.80	\$17.90	\$19.61	\$20.53	\$20.14	\$21.94
Productivity ( <i>trucks per 1,000 hours</i> )	18.2	19.0	15.8	15.8	18.2	17.3	16.6	19.5
Unit labor costs ( <i>per truck</i> )	\$1,125	\$1,042	\$1,063	\$1,134	\$1,075	\$1,184	\$1,217	\$1,126
<b>Trucks (all frames):</b>								
PRWs ( <i>number</i> )	***	***	***	***	***	***	***	***
Hours worked by PRWs ( <i>1,000 hours</i> )	***	***	***	***	***	***	***	***
Wages paid to PRWs ( <i>1,000 dollars</i> )	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***
Productivity ( <i>trucks per 1,000 hours</i> )	***	***	***	***	***	***	***	***
Unit labor costs ( <i>per truck</i> )	***	***	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.								

<sup>7</sup> NACCO USA plant trip notes, Berea, KY (August 23, 2005), pp. 2-3.

## FINANCIAL CONDITION OF THE U.S. INDUSTRY

### Background

Six producers<sup>8</sup> of ICI forklift trucks, accounting for an estimated 90 percent or more of sales of U.S.-produced ICI forklift trucks in 2004, supplied financial data. Tables for value added data for the largest volume sales model of ICI forklift trucks produced by each firm during their 2004 fiscal year are presented in appendix E. These large-volume models accounted for between 9 and 66 percent of producers' net sales value in 2004.

NACCO completed the phase-out of its Danville, IL, manufacturing operation and transferred specific models of ICI forklift trucks in the \*\*\* from Danville to its Berea, KY, operation during the first quarter of 2002. This project required nearly \$\*\*\* of capital investment, and more than \$\*\*\* in one-time operational expenses to improve its competitiveness, and required nearly two years to complete. NACCO closed its Lenoir, NC, plant to further adjust its manufacturing structural costs to address the competitive ICI forklift truck business during the second quarter of 2004. It moved \*\*\* from the Lenoir operation to its Berea, KY, Greenville, NC, and Sulligent, AL, operations. This project took 18 months to complete and required more than \$\*\*\* in new equipment and tooling as well as more than \$\*\*\* in one-time operational expenses.<sup>9</sup>

### Operations on ICI Forklift Trucks

Income-and-loss data for U.S. producers on their ICI forklift truck (U.S.-produced frames only) operations are presented in table III-9a, average unit values per truck are shown in table III-10a, and selected financial data, by firms, are presented in table III-11a. Income-and-loss data for U.S. producers on their ICI forklift truck (all frames) operations are presented in table III-9b, average unit values per truck are shown in table III-10b, and selected financial data, by firms, are presented in table III-11b.

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<sup>8</sup> U.S. producers of ICI forklift trucks and their fiscal year ends are Komatsu (March 31), Mitsubishi (December 31), NACCO (December 31), Nissan (December 31), TCM (March 31), and Toyota (March 31).

<sup>9</sup> Response of NACCO to question II-2 of the producers' questionnaire.

Table III-9a

## ICI forklift trucks: Results of operations of U.S. producers in the production of ICI forklift trucks (U.S.-produced frames only), fiscal years 1999-2004, January-June 2004, and January-June 2005

Item	Fiscal years						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
	<b>Quantity (number of trucks)</b>							
Commercial sales	***	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Total net sales	57,063	58,122	43,515	36,037	40,900	49,019	21,651	29,568
	<b>Value (\$1,000)</b>							
Commercial sales	***	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Total net sales	1,071,79	1,063,02	833,832	657,480	741,565	944,603	408,131	620,726
Cost of goods sold <sup>1</sup>	970,874	972,937	763,336	605,280	656,361	855,218	373,418	550,505
Gross profit	100,916	90,090	70,496	52,200	85,204	89,385	34,713	70,221
SG&A expenses <sup>1</sup>	73,843	68,629	56,784	47,627	54,724	60,897	27,057	34,154
Operating income	27,073	21,461	13,712	4,573	30,480	28,488	7,656	36,067
Interest expense	11,032	8,036	6,600	5,774	5,697	6,493	2,901	4,366
Other expense	5,149	6,289	6,594	4,121	4,247	6,699	2,256	1,361
Other income items	3,851	4,747	6,249	4,677	5,617	6,936	2,078	3,281
Dumping and subsidy funds received	0	0	9	327	0	1,008	0	0
Net income or (loss)	14,743	11,883	6,776	(318)	26,153	23,240	4,577	33,621
Depreciation/amortization	30,349	26,045	26,960	20,306	20,479	20,324	10,846	9,421
Cash flow	45,092	37,928	33,736	19,988	46,632	43,564	15,423	43,042
	<b>Ratio to net sales (percent)</b>							
Cost of goods sold <sup>1</sup>	90.6	91.5	91.5	92.1	88.5	90.5	91.5	88.7
Gross profit	9.4	8.5	8.5	7.9	11.5	9.5	8.5	11.3
SG&A expenses <sup>1</sup>	6.9	6.5	6.8	7.2	7.4	6.4	6.6	5.5
Operating income	2.5	2.0	1.6	0.7	4.1	3.0	1.9	5.8
Net income or (loss)	1.4	1.1	0.8	0.0	3.5	2.5	1.1	5.4
	<b>Number of firms reporting</b>							
Operating losses	1	2	3	2	2	4	3	1
Data	6	6	6	6	6	6	6	6

<sup>1</sup> See following tabulation of NACCO's plant rationalization costs and restructuring charges included in these lines. Note.--Komatsu changed its fiscal year from December 31 to March 31 in 2002. It reported data for a short year from January to March in 2002, which Commission staff annualized for comparative purposes. It did not report data for 1999 because they are not available in the form requested. Toyota also changed its fiscal year from December 31 to March 31 in 2003, but reported data for 1999; hence, data for the short year from January-March 2003 were not used.

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

**Table III-9b**

**ICI forklift trucks: Results of operations of U.S. producers in the production of ICI forklift trucks (all frames), fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

NACCO's plant rationalization costs and restructuring charges included in the data reported in table III-9a and table III-9b are shown in the following tabulation (\$1,000):

\* \* \* \* \*

**Table III-10a**

**ICI forklift trucks: Per-unit results of operations of U.S. producers in the production of ICI forklift trucks (U.S.-produced frames only), fiscal years 1999-2004, January-June 2004, and January-June 2005**

Item	Fiscal years						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
	<i>Value (dollars per truck)</i>							
Net sales	18,783	18,290	19,162	18,245	18,131	19,270	18,850	20,993
Cost of goods sold	17,014	16,740	17,542	16,796	16,048	17,447	17,247	18,618
Gross profit	1,769	1,550	1,620	1,449	2,083	1,823	1,603	2,375
SG&A expenses	1,294	1,181	1,305	1,322	1,338	1,242	1,250	1,155
Operating income	474	369	315	127	745	581	354	1,220
Net income or (loss)	258	204	156	(9)	639	474	211	1,137

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

**Table III-10b**

**ICI forklift trucks: Per-unit results of operations of U.S. producers in the production of ICI forklift trucks (all frames), fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table III-11a**

**ICI forklift trucks: Selected results of operations of U.S. producers in the production of ICI forklift trucks (U.S.-produced frames only), by firms, fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table III-11b**

**ICI forklift trucks: Selected results of operations of U.S. producers in the production of ICI forklift trucks (all frames), by firms, fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

## U.S.-Produced Frames

Based on operations on ICI forklift trucks with U.S.-produced frames only, U.S. producers' average operating income margin of 2.5 percent of total net sales in 1999 decreased steadily to 0.7 percent by 2002, and then increased to 4.1 percent in 2003 and 3.0 percent in 2004. The operating income margin rose to its highest level of 5.8 percent in January-June 2005 compared to 1.9 percent in January-June 2004. Out of six firms, only one firm reported operating losses in 1999 and January-June 2005, two firms during 2000 and 2002-03, three firms during 2001 and January-June 2004, and four firms in 2004.

The quantity of total net sales decreased irregularly by about 14 percent from 1999 to 2004. The quantity of total net sales increased by about 2 percent from 1999 to 2000, decreased by about 25 percent in 2001, declined by about 17 percent in 2002, increased by about 13 percent in 2003, and then rose by about 20 percent in 2004. The quantity of total net sales increased by about 37 percent in January-June 2005 compared with January-June 2004.

Operating income steadily declined by all measures from 1999 to 2002 as unit revenues declined faster than unit operating costs (in 2000 and 2002) or unit operating costs increased more than unit revenues (2001). The steady decline in operating results ended in 2003, as net sales values and all measures of operating income increased. Despite a large increase in net sales values in 2004 (fueled principally by a large increase in net sales quantities), operating income declined marginally. Every measure of the producers' results was higher in January-June 2005 compared to January-June 2004 data, as very large increases in sales quantities and values more than offset increases in cost, and operating income rose much higher.

Komatsu reported \*\*\*. The quantity sold by Komatsu was \*\*\*, accounting for \*\*\* during the period examined.

Mitsubishi, currently the \*\*\* producer, accounting for \*\*\* percent of net sales volume in 2004, was the \*\*\*, accounting for \*\*\* percent of net sales volume in 1999. With respect to \*\*\*, Mitsubishi stated that:

\*\*\*.<sup>10</sup>

NACCO is the \*\*\* producer, accounting for \*\*\* percent of net sales volume in 2004, \*\*\*. NACCO reported the \*\*\*. With respect to \*\*\*, NACCO identified two causes:

\*\*\*.<sup>11</sup>

With respect to \*\*\*, NACCO indicated that:

\*\*\*.<sup>12</sup>

Nissan reported \*\*\*. Nissan is the \*\*\*, accounting for \*\*\* percent of net sales volume in 2004, as opposed to \*\*\* percent in 1999. With respect to \*\*\*, Nissan indicated that:

\*\*\*.<sup>13</sup>

TCM reported \*\*\*.

Toyota reported the \*\*\*.<sup>14</sup> Toyota was \*\*\*, accounting for \*\*\* percent of net sales volume, after being the \*\*\*, accounting for \*\*\* percent in 1999.

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<sup>10</sup> E-mail from \*\*\*.

<sup>11</sup> E-mail from \*\*\*.

<sup>12</sup> Ibid.

<sup>13</sup> E-mail from \*\*\*.

<sup>14</sup> E-mail from \*\*\*.

## All Frames

Based on operations on ICI forklift trucks with both U.S.-produced and imported frames, U.S. producers' average operating income margin of \*\*\* percent of total net sales in 1999 decreased to a negative \*\*\* percent in 2001 and a negative \*\*\* percent in 2002, and then increased to \*\*\* percent in 2003 and only \*\*\* percent in 2004. The operating income margin rose to its highest level of \*\*\* percent in January-June 2005 compared to a negative \*\*\* percent in January-June 2004. Out of six firms, only one firm reported operating losses in 1999 and 2000, two firms in January-June 2005, three firms during 2001-03 and January-June 2004, and four firms in 2004.

The operating income margins for ICI forklift truck (all frames) operations are lower than those for ICI forklift truck (U.S.-produced frames only) operations.

\*\*\* was the \*\*\*, accounting for \*\*\* percent of net sales volume in 1999 for all frames operations. \*\*\* was the \*\*\*, accounting for \*\*\* percent and \*\*\* was the \*\*\*, accounting for \*\*\* percent in 1999.

\*\*\* was the \*\*\*, accounting for \*\*\* percent of net sales volume in 2004 for all frames operations. \*\*\* was the \*\*\*, accounting for \*\*\* percent and \*\*\* was the \*\*\*, accounting for \*\*\* percent in 2004.

NACCO reported the \*\*\*.

## Cost of Goods Sold

The distribution of cost of goods sold (U.S.-produced frames only) into the major components of cost is presented in the following tabulation (in percent):

Item	Fiscal years						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
Raw materials:								
Imported	27.1	28.9	31.1	30.3	29.3	31.5	33.0	29.5
Domestic	51.5	51.9	49.4	49.4	51.7	48.6	47.4	50.3
Total	78.5	80.8	80.4	79.8	80.9	80.1	80.4	79.8
Direct labor	6.0	6.3	6.0	7.7	7.4	7.4	7.7	6.8
Other factory costs	15.5	12.9	13.6	12.5	11.7	12.5	11.9	13.5
Total cost of goods	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.								

The distribution of cost of goods sold (all frames) into the major components of cost is presented in the following tabulation (in percent):

\* \* \* \* \*

The distribution of total raw material costs into imported and domestic components, by firms, is shown in table III-12a for U.S.-produced frames only and in table III-12b for all frames. \*\*\*.

**Table III-12a**

**ICI forklift trucks: Distribution of raw material costs of U.S. producers of ICI forklift trucks (U.S.-produced frames only), by firms, fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table III-12b**

**ICI forklift trucks: Distribution of raw material costs of U.S. producers of ICI forklift trucks (all frames), by firms, fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

Table III-13 shows major domestically produced and foreign-sourced components used in the production of ICI forklift trucks (all frames) during fiscal year 2004 for each firm. \*\*\* acquired more components from Japan compared to other producers. \*\*\*.<sup>15</sup> \*\*\*.<sup>16</sup>

**Table III-13**

**ICI forklift trucks: Major domestically produced and foreign-sourced components used in the production of ICI forklift trucks (all frames) during fiscal year 2004, by firms**

\* \* \* \* \*

**Variance Analysis**

The variance analysis for the six U.S. producers of ICI forklift trucks (U.S.-produced frames only) is presented in table III-14a and (for all frames) in table III-14b. The information for this variance analysis is derived from table III-9a and table III-9b, respectively. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is more effective when the product involved is a homogeneous product with no variation in product mix within a firm and between firms. The analysis, for U.S.-produced frames only, shows that the increase in operating income from 1999 to 2004 was attributable to the higher favorable price variance which was mostly offset by unfavorable net cost/expense variance and the smaller unfavorable net volume variance. From January-June 2004 to January-June 2005, the increase in operating income was attributable mainly to the favorable price variance and smaller favorable net volume variances, which were partly offset by the unfavorable net cost/expense variance.

The analysis for all frames shows that the decrease in operating income from 1999 to 2004 was attributable to the higher unfavorable net cost/expense variance which was mostly offset by favorable price variance and the smaller favorable net volume variance. From January-June 2004 to January-June 2005, the increase in operating income was attributable mainly to the favorable price variance which was partly offset by the unfavorable net cost/expense variance and smaller unfavorable net volume variances.

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<sup>15</sup> Voice mail from \*\*\*.

<sup>16</sup> E-mail from \*\*\*.

Table III-14a

ICI forklift trucks: U.S. producers' variance analysis on their operations producing ICI forklift trucks (U.S.-produced frames only), fiscal years 1999-2004, January-June 2004, and January-June 2005

Item	Fiscal years						Jan.-June
	1999-04	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
	Value (\$1,000)						
Commercial sales:							
Price variance	***	***	***	***	***	***	***
Volume variance	***	***	***	***	***	***	***
Commercial sales	***	***	***	***	***	***	***
Internal consumption:							
Price variance	***	***	***	***	***	***	***
Volume variance	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Transfers to related firms:							
Price variance	***	***	***	***	***	***	***
Volume variance	***	***	***	***	***	***	***
Transfer variance	***	***	***	***	***	***	***
Total net sales:							
Price variance	23,900	(28,654)	37,961	(33,059)	(4,638)	55,831	63,356
Volume variance	(151,087)	19,891	(267,156)	(143,293)	88,723	147,207	149,239
Total net sales variance	(127,187)	(8,763)	(229,195)	(176,352)	84,085	203,038	212,595
Cost of sales:							
Cost variance	(21,205)	15,955	(34,914)	26,878	30,598	(68,564)	(40,541)
Volume variance	136,861	(18,018)	244,515	131,178	(81,679)	(130,293)	(136,546)
Total cost variance	115,656	(2,063)	209,601	158,056	(51,081)	(198,857)	(177,087)
Gross profit variance	(11,531)	(10,826)	(19,594)	(18,296)	33,004	4,181	35,508
SG&A expenses:							
Expense variance	2,537	6,584	(5,403)	(601)	(670)	4,690	2,797
Volume variance	10,409	(1,370)	17,248	9,758	(6,427)	(10,863)	(9,894)
Total SG&A variance	12,946	5,214	11,845	9,157	(7,097)	(6,173)	(7,097)
Operating income variance	1,415	(5,612)	(7,749)	(9,139)	25,907	(1,992)	28,411
Summarized as:							
Price variance	23,900	(28,654)	37,961	(33,059)	(4,638)	55,831	63,356
Net cost/expense variance	(18,669)	22,539	(40,316)	26,276	29,928	(63,874)	(37,745)
Net volume variance	(3,816)	502	(5,393)	(2,356)	617	6,051	2,800
Note.--Unfavorable variances are shown in parentheses; all others are favorable.							
Source: Compiled from data submitted in response to Commission questionnaires.							

**Table III-14b**

**ICI forklift trucks: U.S. producers' variance analysis on their operations producing ICI forklift trucks (all frames), fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Investment in Capital Expenditures and Research and Development Expenses**

The responding firms' aggregate data on capital expenditures, and research and development (R&D) expenses,<sup>17</sup> on their ICI forklift truck operations are shown in table III-15. Capital expenditures declined from 1999 to 2000, then rose in 2001, fell in 2002, and increased generally in 2003 and 2004. Such expenditures declined in January-June 2005 compared with January-June 2004. Each firm's major capital investments and sources of funds during the period examined are shown in table III-16. R&D expenses increased from 1999 to 2003, and slightly declined in 2004. Such expenses increased in January-June 2005 compared with January-June 2004. \*\*\*. Capital expenditures, R&D expenses, and total assets, by firm, are presented in table III-17.

**Table III-15**

**ICI forklift trucks: Capital expenditures and research and development (R&D) expenses of U.S. producers in the production of ICI forklift trucks, fiscal years 1999-2004, January-June 2004, and January-June 2005**

Item	Fiscal years						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
	Value (\$1,000)							
Capital expenditures	22,935	12,830	34,290	12,034	19,287	18,768	18,284	11,121
R&D expenses	***	***	***	***	***	***	***	***

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

**Table III-16**

**ICI forklift trucks: Major capital investments and sources of funds during the period examined, by firms**

\* \* \* \* \*

**Table III-17**

**ICI forklift trucks: Capital expenditures, R&D expenses, and total assets of U.S. producers in the production of ICI forklift trucks, by firms, fiscal years 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

<sup>17</sup> The Commission did not ask for capital expenditures and R&D expenses separately for U.S.-produced frames and all frames.

### **Assets and Return on Investment**

The Commission's questionnaire requested data on total assets<sup>18</sup> used in the production, warehousing, and sale of ICI forklift trucks to compute return on investment (ROI). Although ROI can be computed in many different ways, a commonly used method is income divided by total assets. Therefore, ROI is calculated as operating income divided by total assets used in the production, warehousing, and sale of ICI forklift trucks.

Data on the U.S. ICI forklift trucks producers' total assets and their ROI are presented in table III-18. The total assets utilized in the production, warehousing, and sales of ICI forklift trucks decreased from 1999 to 2001, and then increased thereafter.

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<sup>18</sup> The Commission did not ask for total assets separately for U.S.-produced frames and all frames.

Table III-18

ICI forklift trucks: Value of assets and return on investment of U.S. producers in the production of ICI forklift trucks, fiscal years 1999-2004, January-June 2004, and January-June 2005

Item	Fiscal years					
	1999	2000	2001	2002	2003	2004
	Value (\$1,000)					
<b>Value of assets:</b>						
Current assets:						
Cash and equivalents	21,974	30,320	16,027	4,208	6,474	8,295
Accounts receivable, net	118,844	112,727	81,173	110,823	102,449	127,994
Inventories	165,458	160,873	149,082	163,193	208,721	273,358
Other current assets	19,978	19,262	29,756	67,767	83,224	82,448
Total current assets	326,254	323,182	276,038	345,991	400,868	492,095
Property, plant and equipment:						
Original cost	251,494	254,029	278,467	290,092	305,909	321,334
Less: Accumulated Depreciation	109,123	114,970	132,432	152,173	165,681	175,393
Book value	142,371	139,059	146,035	137,919	140,228	145,941
Other non-current assets	151,496	148,018	148,038	183,837	180,392	185,554
Total assets	620,121	610,259	570,111	667,747	721,488	823,590
Operating income or (loss) for U.S.-produced frames only	27,073	21,461	13,712	4,573	30,480	28,488
Operating income or (loss) for all frames	***	***	***	***	***	***
	<b>Ratio of operating income to total assets (percent)</b>					
Return on investment for U.S.-produced frames only	4.4	3.5	2.4	0.7	4.2	3.5
Return on investment for all frames	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

The domestic industry's ROI for U.S.-produced frames declined from 4.4 percent in 1999 to 0.7 percent in 2002, and then increased to 4.2 percent in 2003 and fell to 3.5 percent in 2004. The domestic industry's ROI for all frames declined from \*\*\* percent in 1999 to a negative \*\*\* percent in 2001 and a negative \*\*\* percent in 2002, and then increased to \*\*\* percent in 2003 and then declined to \*\*\* percent in 2004.



## PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

### U.S. IMPORTS

Data contained in this section are derived from seven importer questionnaire responses that contained usable data. Because the HTS subheadings that provide for ICI forklift trucks and parts contain both subject and nonsubject<sup>1</sup> product, official statistics are not believed to reflect accurately imports of ICI forklift trucks as defined by the scope of the subject order.<sup>2</sup> Accordingly, the Commission staff relied on questionnaire responses for imports from countries other than Japan<sup>3</sup> and estimated imports from Japan using data obtained from the three responding manufacturers and exporters of ICI forklift trucks from Japan. These data are presented in table IV-1.

During the period examined for the original investigation (1985-87), the major portion of imports of the subject ICI forklift trucks from Japan were accounted for by the U.S. affiliates of the major Japanese producers,<sup>4</sup> with Yale (now NACCO USA),<sup>5</sup> accounting for \*\*\* of such imports.<sup>6</sup> During the period examined for the initial review (January 1997-September 1999) \*\*\* reported imports of the subject ICI forklift trucks from Japan.<sup>7</sup> \*\*\* firms reported imports of the subject ICI forklift trucks from Japan during the period for which data were gathered for this second review (January 1999-June 2005), although modest volumes reportedly were exported from Japan to the United States in 1999 and 2000.

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<sup>1</sup> For example, internal combustion forklift trucks with lifting capacities of more than 15,000 pounds are included, as are forklift truck component parts.

<sup>2</sup> Official import statistics for the three HTS subheadings identified in Commerce's scope contain entries from Japan of \$26 million - \$46 million per year (including both components and finished vehicles). CDSOA receipts, however, are substantially lower even though, as noted in Part I of this report, such data are believed to reflect entries prior to 1999. In contrast, no U.S. importer reported any imports of subject merchandise from Japan during the period for which data were collected, nor did any U.S. producer affiliated with a Japanese manufacturer or exporter.

<sup>3</sup> The importing firms included: \*\*\*.

<sup>4</sup> *Investigation No. 731-TA-377: Internal Combustion Industrial Forklift Trucks from Japan – Staff Report*, p. A-22.

<sup>5</sup> The stock of Yale Materials was acquired at various times and by 1985, 97 percent of Yale was owned by NACCO. The remaining 3 percent was acquired thereafter. On January 1, 1994, Yale Materials Handling Corp. was merged into Hyster Co., a Delaware Corp. and the corporation's name was changed to NACCO Materials Handling Group, Inc. (referred to in this report as NACCO USA). Hyster Co. was acquired by NACCO Industries, Inc., the parent company of NACCO USA through a single transaction, in May 1989. \*\*\*. NACCO USA's 1989 10K, p. 2; \*\*\*, e-mail November 18, 2004; NACCO USA's U.S. producers' questionnaire response, section I-7; \*\*\*, e-mail November 21, 2005.

<sup>6</sup> *Investigation No. 731-TA-377: Internal Combustion Industrial Forklift Trucks from Japan – Staff Report*, p. A-63.

<sup>7</sup> \*\*\* reported that it imported \*\*\* from Japan. *Investigation No. 731-TA-377 (Review): Internal Combustion Industrial Forklift Trucks from Japan – Staff Report*, p. I-28.

**Table IV-1**  
**ICI forklift trucks: U.S. imports, 1999-2004, January-June 2004, and January-June 2005**

Source	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<i>Quantity (number of trucks)</i>								
Japan <sup>1</sup>	***	***	0	0	0	0	0	0
Other sources	***	***	12,128	9,198	13,222	17,222	8,231	9,371
Total	12,610	14,230	12,128	9,198	13,222	17,222	8,231	9,371
<i>Value (1,000 dollars)</i>								
Japan <sup>1</sup>	***	***	0	0	0	0	0	0
Other sources	***	***	221,107	173,957	245,135	328,646	153,069	191,106
Total	221,341	257,365	221,107	173,957	245,135	328,646	153,069	191,106
<i>Unit value (dollars per truck)</i>								
Japan <sup>1</sup>	***	***	( <sup>2</sup> )					
Other sources	***	***	18,231	18,912	18,540	19,083	18,597	20,393
Average	17,553	18,086	18,231	18,912	18,540	19,083	18,597	20,393
<i>Share of quantity (percent)</i>								
Japan <sup>1</sup>	***	***	0.0	0.0	0.0	0.0	0.0	0.0
Other sources	***	***	100.0	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Share of value (percent)</i>								
Japan <sup>1</sup>	***	***	0.0	0.0	0.0	0.0	0.0	0.0
Other sources	***	***	100.0	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<p><sup>1</sup> Data presented are based on exports of ICI forklift trucks to the United States reported by three manufacturers and exporters of ICI forklift trucks in Japan. As such, these data may be understated; indeed, they are substantially lower than either official import statistics or CDSOA disbursements covering the relevant periods. However, because official import statistics cover a "basket" of subject and nonsubject merchandise and CDSOA disbursements cover entries during periods of time prior to 1999, staff views the presented data - which are consistent with the lack of imports of the subject merchandise reported by U.S. importers - as the most reliable.</p> <p><sup>2</sup> Not applicable.</p>								
Source: Compiled from data submitted in response to Commission questionnaires.								

During the original investigation, imports by \*\*\*<sup>8</sup> \*\*\* came from countries other than Japan. \*\*\* imported primarily from Korea and \*\*\* imported from \*\*\* in the United Kingdom.<sup>9</sup> During the initial review, \*\*\*.<sup>10</sup> Also, in 1999, \*\*\*.<sup>11</sup>

Of the importers' responses received by the Commission in this second review, \*\*\*. As previously stated, \*\*\*.

### U.S. IMPORTERS' INVENTORIES

No importers reported imports of the subject merchandise from Japan. Accordingly, there are no reported U.S. inventories of subject product from Japan. In light of the estimated number of subject trucks being imported into the United States from Japan, inventories, if any, are believed to be minimal (table IV-2).

**Table IV-2**  
**ICI forklift trucks: U.S. importers' end-of-period inventories from Japan and other countries, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
<b>Imports from Japan</b>								
Inventories ( <i>number of trucks</i> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Ratio to imports ( <i>percent</i> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Ratio to U.S. shipments of imports ( <i>percent</i> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
<b>Imports from other countries</b>								
Inventories ( <i>number of trucks</i> )	2,524	2,083	2,811	1,901	1,890	2,287	2,206	2,266
Ratio to imports ( <i>percent</i> )	***	***	23.2	20.7	14.3	13.3	13.4	12.1
Ratio to U.S. shipments of imports ( <i>percent</i> )	***	***	27.1	21.4	16.0	15.6	15.7	14.1
<sup>1</sup> No U.S. importer reported either imports or inventories of the subject merchandise during the period for which data were collected. Source: Compiled from data submitted in response to Commission questionnaires.								

### SUBJECT COUNTRY PRODUCERS

The Commission sent questionnaires to the six primary internal combustion industrial forklift truck manufacturers in Japan. These six firms, Komatsu Forklift Co., Ltd. ("Komatsu Japan"), Mitsubishi Heavy Industries, Ltd. ("Mitsubishi Japan"), Nissan Motor Co., Ltd. ("Nissan Japan"), Sumitomo NACCO Materials Handling Co., Ltd. ("Sumitomo NACCO"), TCM Corp. ("TCM Japan"), and Toyota

<sup>8</sup> In 1993, NACCO, already the parent corporation of Yale, acquired Hyster Co., the petitioner in the original investigation. *Investigation No. 731-TA-377 (Review): Internal Combustion Industrial Forklift Trucks from Japan – Staff Report*, p. I-23.

<sup>9</sup> *Investigation No. 731-TA-377: Internal Combustion Industrial Forklift Trucks from Japan – Staff Report*, p. A-69.

<sup>10</sup> *Investigation No. 731-TA-377 (Review): Internal Combustion Industrial Forklift Trucks from Japan – Staff Report*, pp. IV-1 and IV-2.

<sup>11</sup> *Ibid.*, p. IV-2.

Industries Corp. (“Toyota Japan”), account for virtually all of the production of ICI forklift trucks in Japan. Of these six primary foreign producers, only three, Sumitomo NACCO, Komatsu Japan, and Toyota Japan, submitted data to the Commission. The three responding producers, however, are estimated to account for \*\*\* percent of Japanese production in 2004.<sup>12</sup>

### **Sumitomo NACCO**

Sumitomo NACCO is a 50/50 joint venture between Sumitomo of Japan and NACCO USA of Portland, OR, formed in 1970 to manufacture and distribute forklifts in Japan. Sumitomo NACCO’s operations are supported by five facilities: headquarters in Obu, Japan where there are also assembly and distribution capabilities; a facility in the Philippines for the manufacture of frames; and three dealerships in Japan.<sup>13</sup> The joint venture manufactures forklifts and components that it markets under the name “Sumitomo-Yale” and under the Hyster and Yale brand names, for sale inside and outside of Japan.<sup>14</sup> In 2004, Sumitomo NACCO accounted for \*\*\* percent of Japanese production of the subject product and held 5.3 percent of the market for ICI forklift trucks in Japan.<sup>15</sup>

### **Komatsu Japan**

Komatsu Japan is a wholly owned subsidiary of Komatsu, Ltd. of Japan. Komatsu Japan has forklift manufacturing plants in Japan, the United States, and China. In May 2000, Komatsu Japan signed an agreement for cooperative relations with Linde AG of Germany. The two companies entered into a joint venture agreement in 2002, under which Linde would acquire 35 percent of the shares of Komatsu Japan (the lift truck unit of Komatsu, Ltd.) by 2003, with plans to increase its ratio up to 48 percent in 2005. Pursuant to this alliance, Komatsu Japan and Linde jointly produce and market forklift trucks in China, the United States, Europe, and Japan.<sup>16</sup> Komatsu had estimated global ICI and electric forklift sales of \$1.03 billion in 2004, compared to \$938 million in 2003, \$769 million in 2002, and \$676 million in 2001. Komatsu ranked seventh based on global sales in 2004.<sup>17</sup> Komatsu Japan reportedly had a \*\*\*-percent share of Japanese production of subject ICI forklift trucks in 2004.<sup>18</sup>

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<sup>12</sup> Foreign producers’ questionnaire responses, section II-17a.

<sup>13</sup> NACCO Industries, Inc. Form 10-K found at <http://ir.nacco.com/phoenix.zhtml?c=107545&p=irol-reportsAnnual>, retrieved August 11, 2005.

<sup>14</sup> Gottlieb, Mark. *Going it Together* (November 5, 2003) found at <http://www.industryweek.com/CurrentArticles/Asp/articles.asp?ArticleId=1519>, retrieved August 2, 2005.

<sup>15</sup> Sumitomo NACCO’s foreign producers’ questionnaire response, sections II-17a and II-17b; NACCO USA’s posthearing brief, p. 30.

<sup>16</sup> Komatsu, *Komatsu and Linde Agree to Transform Komatsu Forklift into Joint-Venture Company* (July 11, 2005) found at <http://www.komatsu.com/CompanyInfo/ir/>, retrieved August 1, 2005.

<sup>17</sup> O’Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>18</sup> Komatsu Japan’s foreign producers’ questionnaire response, sections II-17a and II-17b. NACCO USA estimates Komatsu Japan’s percentage of Japanese production of subject ICI forklift trucks at 20.3 percent. NACCO USA’s posthearing brief, p. 30.

## Toyota Japan

Toyota Japan has three forklift production plants in Japan, the United States, and Europe. The Japanese plant, built in 1970, produces forklifts for the Asian market and for export to Europe (\*\*\*), Asia (\*\*\*), and other markets (\*\*\*).<sup>19</sup> The plant in France produces solely for the European market.<sup>20</sup> In 2000, Toyota acquired BT Industries, the Swedish manufacturer of Raymond and BT Prime Mover forklift brands, and it is now a subsidiary.<sup>21</sup> In 2005, Toyota Japan reported that materials handling equipment industry sales increased substantially over fiscal 2004, with strong sales in the Japanese market and brisk sales in overseas markets. Toyota Japan sold 103,000 Toyota-brand ICI and electric forklift trucks globally in 2004, an increase of 23 percent over 2003. Toyota Japan reportedly held a 42.6-percent share of the overall Japanese forklift market in 2004, the same percentage as in 2003.<sup>22</sup> Toyota had estimated revenues on global ICI and electric forklift sales of \$4.89 billion in 2004, compared to \$4.23 billion in 2003, \$3.1 billion in 2002, and \$2.7 billion in 2001. The worldwide Toyota operations ranked first based on global sales in 2004.<sup>23</sup> In 2004, Toyota Japan accounted for an estimated \*\*\* percent of Japanese production of subject ICI forklift trucks in Japan.<sup>24</sup>

## Mitsubishi Japan

Mitsubishi Japan produces the subject product in its industrial machinery division in Japan. Subsequent to the imposition of the order, Mitsubishi USA, a joint venture operation between Mitsubishi Japan and Caterpillar Industrial, Inc., was established to produce the subject product in Houston, TX. Mitsubishi Japan and Nissan have also cooperated to develop and market forklift trucks and products for the Japanese market.<sup>25</sup> Overseas, Mitsubishi Japan and Caterpillar have joint venture operations for the manufacture and sale of forklifts in the Netherlands (Mitsubishi Caterpillar Forklift Europe) and Singapore (Mitsubishi Caterpillar Forklift Asia). Mitsubishi Japan is the dominant stakeholder in these ventures and also provides research and design coordination services for the joint venture operations. Mitsubishi/Caterpillar had estimated global electric and ICI forklift truck sales of \$1.30 billion in 2004, compared to \$1.04 billion in 2003, \$704 million in 2002, and \$1.0 billion in 2001. Mitsubishi/Caterpillar

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<sup>19</sup> Toyota Japan's foreign producers' questionnaire response, sections II-17a and II-17b.

<sup>20</sup> *About Us, Production Plants*, Toyota Industrial Equipment Europe website, found at <http://www.toyota-tee.com/C1256B900060FD0B/Permlink/FXME-5MABQP?OpenDocument>, retrieved August 16, 2005.

<sup>21</sup> *Toyota Industrial Equipment to Form Independent U.S. Corporation.*, PR Newswire (March 1, 2001), retrieved July 21, 2005.

<sup>22</sup> Toyota Industries Corporation, *Financial Summary FY 2005, Business Results and Financial Position*, found at <http://www.toyota-industries.com/ir/library/briefnote2005/termend.html>, retrieved August 3, 2005.

<sup>23</sup> O'Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>24</sup> Toyota Japan's foreign producers' questionnaire response, sections II-17a and II-17b; NACCO USA estimates Toyota's percentage of Japanese production of subject ICI forklift trucks in Japan at 41.2 percent. NACCO USA's posthearing brief, p. 30.

<sup>25</sup> Mitsubishi Monitor, *Cleaner Lifting* found at <http://www.mitsubishi.or.jp/e/monitor/0310/NP.html>, retrieved August 15, 2005.

ranked fifth based on global sales in 2004.<sup>26</sup> In Japan, Mitsubishi reportedly has a 10.5-percent share of the market for subject ICI forklift trucks.<sup>27</sup>

### **Nissan Japan**

Worldwide, Nissan has dedicated forklift manufacturing plants in Japan, Spain, and the United States. In 2003, these facilities together produced 27,500 electric and ICI forklift trucks: 9,500 in Japan and 18,000 in Spain and the United States. Of the 9,500 units produced in Japan, 5,500 were for the domestic market and 4,000 were exported.<sup>28</sup> Nissan had estimated revenues on global forklift sales of \$828 million in 2004, compared to \$650 million in 2003, \$700 million in 2002, and \$705 million in 2001. Nissan ranked eighth based on global sales in 2004.<sup>29</sup> In 2004, Nissan Japan accounted for an estimated 9.6-percent share of Japanese production of ICI forklift trucks.<sup>30</sup>

### **TCM Japan**

Headquartered in Japan with a forklift manufacturing plant in the Shiga Prefecture, TCM Japan has overseas operations in the United States, Belgium, and two manufacturing plants in China. The Chinese forklift and parts manufacturing plants are joint ventures between TCM Japan and a Chinese national forklift company.<sup>31</sup> In 2005, TCM Japan became a consolidated subsidiary of Hitachi Construction Machinery Co., Ltd., its largest single shareholder.<sup>32</sup> TCM had estimated revenues on global ICI and electric forklift sales of \$759 million in 2004, compared to \$672 million in 2003, \$600 million in 2002, and \$600 million in 2001. TCM ranked ninth based on global forklift truck sales in 2004.<sup>33</sup> In 2004, TCM Japan accounted for an estimated 13 percent of Japanese production of ICI forklift trucks.<sup>34</sup>

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<sup>26</sup> O'Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>27</sup> NACCO USA's posthearing brief, p. 30.

<sup>28</sup> *Nissan 2003-2004 Fact File Forklift Business* (July 2004) found at <http://www.nissan-global.com/EN/IR/LIBRARY/FF/index.html>, retrieved August 15, 2005.

<sup>29</sup> O'Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>30</sup> NACCO USA's posthearing brief, p. 30.

<sup>31</sup> *TCM Overseas Operations*, found at <http://www.tcmglobal.net/company/main03.html>, retrieved July 21, 2005.

<sup>32</sup> *Hitachi Turns TCM into a Consolidated Subsidiary*, Forklift Action Newsletter #209, found at <http://www.forkliftaction.com/news/newsdisplay.asp?nwid=2330>, retrieved July 22, 2005.

<sup>33</sup> O'Neill, Jeff. *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2005); Forger, Gary. *Lift Truck Giants*, Modern Materials Handling (August 1, 2004); *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2003); and *Top 20 Lift Truck Suppliers*, Modern Materials Handling (August 1, 2002).

<sup>34</sup> NACCO USA's posthearing brief, p. 30.

## **SUBJECT COUNTRY CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES**

As shown in table IV-3, reported Japanese capacity for ICI forklift trucks increased, largely due to \*\*\* in 2004. In 1999 and 2000, \*\*\* continued minimal exports of ICI forklift trucks to the United States, before complete cessation of such exports in 2001.

**Table IV-3**  
**ICI forklift trucks: Japanese producers' capacity, production, inventories, and shipments, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

In addition to the complete ICI forklift truck Japanese industry data presented in table IV-3, \*\*\* incomplete ICI forklift trucks to the United States in 1999. Prior to the imposition of the antidumping order, \*\*\* was engaged in supplying less than complete forklifts to \*\*\* in the United States. This was changed to the supply of part kits for forklifts to be assembled in the United States by \*\*\*. Over time, the volume of part kits exports was reduced as \*\*\* forklifts from the \*\*\*. \*\*\* phased out the supply of part kits for forklifts to the United States in 2005.<sup>35</sup>

\*\*\* reported being able to switch production between ICI forklift trucks and other products in response to a relative price change in the price of ICI forklift trucks vis-a-vis the price of other products, using the same equipment and labor.<sup>36</sup>

\*\*\* reported that its exports of ICI forklift trucks were subject to unspecified tariff or non-tariff barriers in China and a 4.5-percent tariff, imposed in 1987, in the EU.<sup>37</sup> In addition, voluntary export restraints (“VERs”) on forklift trucks from Japan to the European Community (“EC”) were imposed on Japanese forklift manufacturers by Japan’s Ministry of International Trade and Industry (“MITI”) on December 17, 1986. These VERs were later “strengthened” on December 9, 1989 to restrict exports by those outside the forklift export cartel, whose members had already curbed exports under the law. Monthly export quotas, based upon previous shipment records of individual companies, were established for each manufacturer. These VERs were eliminated at the end of 1994.<sup>38</sup>

### **THE GLOBAL MARKET**

#### **The Japanese Market**

Because the Commission received less than complete information regarding production, shipments, and the potential for product shifting, this section of the report presents data regarding total forklift truck production as well as production and shipment data for ICI forklift trucks, broadly defined. The Japanese forklift industry peaked in 1990, with the production of a record 160,162 units (domestic shipments plus exports).<sup>39</sup> The most recent production figures are lower, with total production in 2004 of

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<sup>35</sup> \*\*\*’s foreign producers’ questionnaire response, section II-15.

<sup>36</sup> Foreign producers’ questionnaire responses, section II-11.

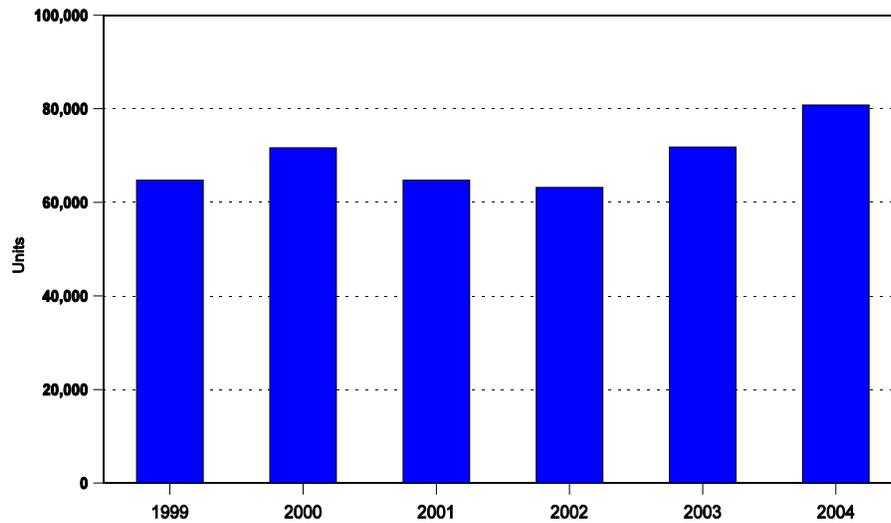
<sup>37</sup> Ibid., section II-13.

<sup>38</sup> NACCO USA’s posthearing brief, exh. 2.

<sup>39</sup> U.S. Embassy, Tokyo, *Japan: Forklift Truck Industry Overview*, International Market Insight Reports (May 29, 1997).

123,453 units, of which 80,795 units (or 65 percent) were powered by internal combustion engines.<sup>40</sup> Japanese production data for ICI forklifts for 1999-2004 are set forth below (figure IV-1).

**Figure IV-1**  
**Japanese production of ICI forklift trucks, 1999-2004**



Note: Production data are overstated because they include nonsubject internal combustion forklift trucks, such as those with a lift capacity exceeding 15,000 pounds

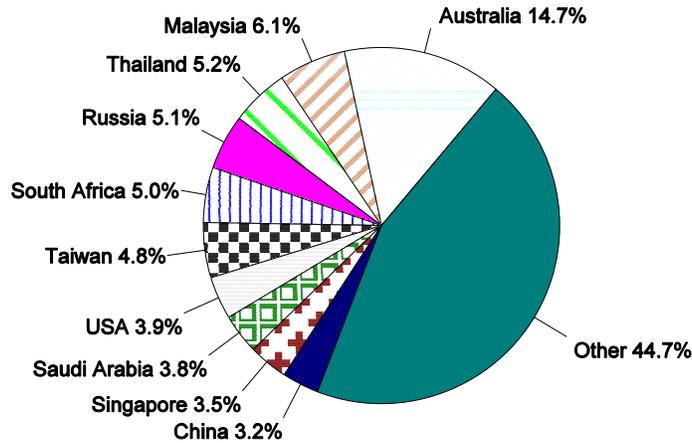
Source: Statistics compiled by the Japan Industrial Vehicle Association and provided by the Commercial Specialist, U.S. Foreign Commercial Service, American Embassy, Tokyo (August 2005)

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<sup>40</sup> Statistics compiled by the Japan Industrial Vehicle Association (JIVA), [www.jiva.or.jp](http://www.jiva.or.jp), and provided by the Commercial Specialist, U.S. Foreign Commercial Service, American Embassy, Tokyo (August 2005).

Approximately 43 percent of Japanese production of ICI forklifts was dedicated to exports in 2004.<sup>41</sup> In 2004, Japan's top export markets for ICI forklifts were Australia, followed by Malaysia, Thailand, Russia, and South Africa. The United States received 3.9 percent (by value) of Japanese ICI forklift exports in 2004. Japanese export markets in 2004 are set forth below (figure IV-2).

**Figure IV-2  
Japan's ICI Forklift Truck Export Partners, 2004**



Note: Export data are overstated because they include nonsubject internal combustion forklift trucks, such as those with a lift capacity exceeding 15,000 pounds.

Source: Statistics compiled by the Japanese Ministry of Finance and provided by the Commercial Specialist, U.S. Foreign Commercial Service, American Embassy, Tokyo (August 2005).

Japan's production, domestic sales, exports to the United States, and exports to all other countries in 1999-2004, January-June 2004, and January-June 2005 are presented in table IV-4. Japan's production increased 14 percent in 2004 and was 18 percent higher in the first half of 2005 compared to the same period in 2004. Total exports increased by 23 percent and domestic sales by 8 percent in 2004.

Japan announced on August 1, 2005, that it would begin imposing retaliatory levies of up to \$50 million on imports of 15 U.S. products, including certain steel products and forklifts, until the Continued Dumping and Subsidy Offset Act of 2000 is repealed.<sup>42</sup> As discussed in Part I of this report, NACCO collected CDSOA disbursements for ICI forklift trucks as recently as 2004; the company, however, does not expect to receive additional material awards.<sup>43</sup>

<sup>41</sup> Statistics compiled by the Japan Industrial Vehicle Association (JIVA), [www.jiva.or.jp](http://www.jiva.or.jp), and provided by the Commercial Specialist, U.S. Foreign Commercial Service, American Embassy, Tokyo (August 2005).

<sup>42</sup> Kadoya, Tamawa. *Japan to slap levies on U.S. goods from September*, MSNBC Wire Services (August 1, 2005), found at <http://www.msnbc.msn.com/id/8780483>, retrieved August 5, 2005.

<sup>43</sup> NACCO Industries, Inc. Form 10-K found at <http://ir.nacco.com/phoenix.zhtml?c=107545&p=irol-reportsAnnual>, retrieved August 11, 2005.

**Table IV-4****ICI forklift trucks: Japan's production, domestic sales, exports to the United States, and exports to all other countries, 1999-2004, January-June 2004, and January-June 2005**

Item	Calendar year						January-June	
	1999	2000	2001	2002	2003	2004	2004	2005
	<i>Quantity (number of trucks)</i>							
Production	64,777	71,644	64,776	63,190	66,778	76,397	37,883	44,618
Domestic sales	38,265	39,694	39,302	36,640	38,252	41,303	20,211	21,124
Exports to: United States	324	293	232	206	178	187	69	134
All other countries	22,078	24,066	21,010	22,361	28,348	34,907	15,893	19,351
Total exports	22,402	24,359	21,242	22,567	28,526	35,094	15,962	19,485
Note.—Data are overstated because they include nonsubject ICI forklift trucks, such as those with a lift capacity exceeding 15,000 pounds.								
Source: Japanese Industrial Vehicle Association.								

### Global Demand

Global demand for ICI forklift trucks exceeded expectations in 2004 and strong growth is expected in 2005.<sup>44</sup> According to World Industrial Truck Statistics, worldwide shipments of ICI forklift trucks (Classes 4 and 5) increased by \*\*\* percent from 2003 to 2004. The Americas and Asia were the growth drivers in 2004, with increased demand of \*\*\* percent and \*\*\* percent, respectively. Global demand in the first six months of 2005 was \*\*\* percent higher than in the comparable period in 2004 (table IV-5).

**Table IV-5****ICI forklift trucks: Worldwide shipments, 1999-2004, January-June 2004, and January-June 2005**

\*       \*       \*       \*       \*       \*       \*

With regard to future demand for ICI forklift trucks, NACCO USA predicts continued growth in demand in the United States through 2007, followed by a cyclical correction in 2008 and 2009. In Asia, NACCO USA projects slow growth in Japan through 2006 and continued strong growth in China through 2009. European growth is expected to be slow but steady, driven by demand from Eastern Europe.<sup>45</sup>

\*\*\*.

<sup>44</sup> World Industrial Truck Statistics Shipment Reports.

<sup>45</sup> NACCO USA's posthearing brief, p. 29. Additional details on foreign demand are provided in Part II of this report.

## **PART V: PRICING AND RELATED INFORMATION<sup>1</sup>**

### **FACTORS AFFECTING PRICING**

Prices of ICI forklift trucks can fluctuate based on demand factors such as the general business cycle and replacement cycles of end users. On the supply side, prices of ICI forklift trucks can also differ by the size of an order and a number of product features, including, but not restricted to, the types/sizes of frames and masts, tires, engines,<sup>2</sup> and lift capacity.

#### **Raw Material Costs**

Although U.S. producers of ICI forklift trucks produce some parts of their ICI forklift trucks, they purchase many components and subassemblies. As a result, a significant share of the raw material inputs used in forklift trucks may be purchased and fabricated upstream from the actual production of the completed forklift trucks. The following discussion of raw material costs is based on U.S. producer questionnaire responses of the four responding U.S. producers.<sup>3</sup>

According to \*\*\*, raw material prices were generally flat during 1999-2003, but beginning in early 2004, the world economy experienced significant increases in demand for commodities and other raw materials, driven by the recovery in global demand and the emergence of China as a significant consumer. Of particular importance to the manufacture of ICI forklift trucks, according to \*\*\*, has been the increase in prices of key raw materials, particularly steel and rubber, as well as fuel used in the conversion of these materials to finished goods. \*\*\* asserts that the increases in prices of some types of steel were unprecedented, more than doubling over a 9-month period.

During 1999-2003, price increases for ICI forklift trucks achieved by \*\*\* reportedly averaged less than \*\*\* percent. During the second half of 2004 and into 2005, \*\*\* reported that it has been forced to try and recover the increases in material costs with increased prices for its finished goods. \*\*\* asserts that competitive pressure has kept the price increases achieved well below the costs it has absorbed, as price increases by most manufacturers, particularly the Japanese, have lagged behind \*\*\*. According to \*\*\*, its gross margins deteriorated significantly between 2004 and 2005, and only recently have shown a small recovery.

As suppliers of raw materials react to increased pricing, \*\*\* expects additional supply to come on line, and some reduction in material prices from the peaks experienced in late 2004 and early 2005. \*\*\*, however, does not expect to see returns to the levels experienced in the early 2000's, and, according to the firm, will be forced to continue to "claw back" the shortfalls it has experienced to bring its gross margins back in line with those achieved in 2001-02, to achieve an acceptable return on the company's investment.

\*\*\* reported that \*\*\*, primarily due to the increase in the cost of steel and to a lesser extent due to the increase in cost of rubber.

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<sup>1</sup> Most of the discussion in Part V is based on U.S. producer and purchaser questionnaire responses, and supplemental information based on telephone interviews with U.S. producers; responding importers reported imports of only nonsubject ICI forklift trucks. Unless otherwise indicated, the discussion of "Factors Affecting Prices" and "Pricing Practices" is based on U.S.-produced forklift trucks built with U.S.-produced frames and with imported frames. Only \*\*\* reported producing ICI forklift trucks in the United States with imported frames.

<sup>2</sup> Different fueling systems, such as gasoline, diesel, and LPG (propane, butane, methane, etc.), also may lead to different selling prices.

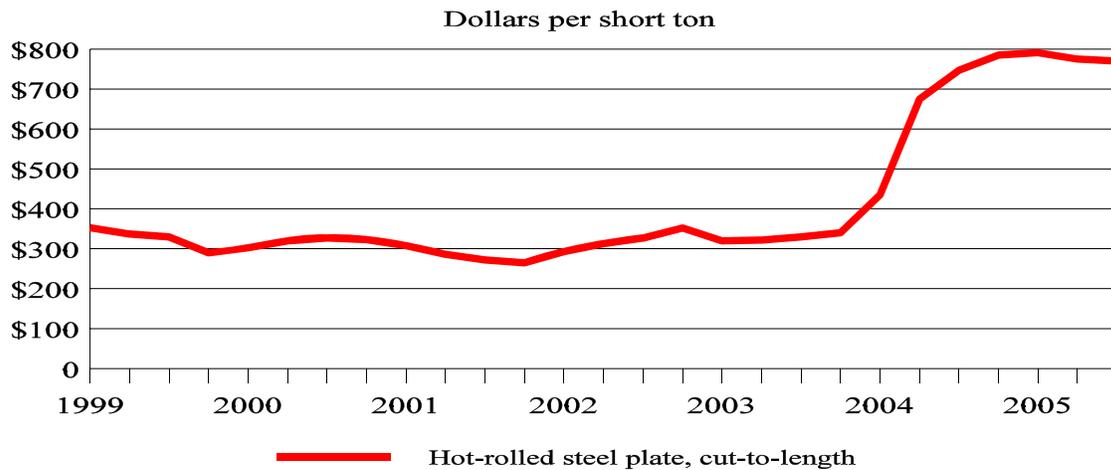
<sup>3</sup> U.S. producer questionnaire responses of \*\*\*, section IV-B-15.

\*\*\* reported that the prices for steel (and steel surcharges) and the impact of increases in fuel costs are major changes. Both have impacted selling prices of ICI forklift trucks.

\*\*\* reported that pricing of ICI forklift trucks is determined by competitive pressures in the market place rather than by raw material costs.

Quarterly U.S. prices of hot-rolled steel plate, cut-to-length, were relatively stable during January-March 1999-October-December 2003, but increased substantially during January-March 2004-January-Mach 2005, and then held at the higher levels during April-June 2005-July-September 2005 (figure V-1). Steel plate prices decreased irregularly from \$353 per short ton during January-March 1999 to a period low of \$265 per short ton by October-December 2001, then generally increased to \$340 per short ton by October-December 2003, before increasing substantially, reaching a period high of \$791 per short ton by January-March 2005, and then moderated somewhat to \$770 per short ton by July-September 2005.

**Figure V-1**  
**Hot-rolled steel plate: Average U.S. prices of hot-rolled steel plate, cut-to-length, by quarters, January 1999-September 2005**



Note: The quarterly prices are based on simple averages of monthly data.

Source: *Purchasing Magazine Steel Transaction Price Report*, September 2005.

### **Tariff Rates and Transportation Costs to the U.S. Market**

As noted in Part I of this report, the U.S. normal trade relations *ad valorem* import duty rate was zero for imports of ICI forklift trucks under HTS subheadings 8427.20, 8427.90, and 8431.20 during January 1999-June 2005. During January 1999-June 2005, transportation charges for imports of ICI forklift trucks from Japan to the U.S. ports of entry, as a share of U.S. official customs values, averaged 5.6 percent.

## U.S. Inland Transportation Costs

The four responding U.S. producers reported in their questionnaire responses that U.S.-inland freight costs averaged 3.0 percent or less of delivered selling prices to their U.S. customers,<sup>4</sup> and that they shipped their ICI forklift trucks nationally.<sup>5</sup> The responding U.S. producers reported shipping an average of 3.7 percent of their domestic sales of their U.S.-produced ICI forklift trucks to U.S. customers located within 100 miles of their U.S. plants, 66.4 percent between 101 and 1,000 miles, and 29.9 percent over 1,000 miles.<sup>6</sup> Although NACCO indicated that there were no U.S.-inland freight advantages between the U.S.-produced and imported Japanese ICI forklift trucks,<sup>7</sup> the firm indicated that ocean freight per forklift truck from Japan to the U.S. west coast was at least \$2,000 less than U.S.-inland freight costs from NACCO's Berea, KY, facilities to the west coast.<sup>8</sup>

## Internet Reverse Auctions (IRAs)

Some large end users reportedly have been increasingly using internet reverse auctions to purchase their ICI forklift trucks.<sup>9</sup> According to \*\*\*, the participation of multiple competitors is often the largest influence on pricing, with IRAs becoming an increasingly prevalent method for buyers to secure reduced pricing. These IRAs result in minute-by-minute competitive price pressures. Multiple rounds of bidding continue to force prices lower.<sup>10</sup> Nineteen of 20 responding purchasers reported that they did not purchase ICI forklift trucks on the internet, while the remaining firm, \*\*\*, reported purchasing used forklift trucks on the internet.<sup>11</sup> In addition, U.S. producers reported that they did not sell their ICI forklift trucks on the internet and did not expect this to change in the future.<sup>12</sup>

\*\*\* provided the following discussion of IRAs.<sup>13</sup> Prior to 1999, IRAs were non-existent. \*\*\* reported that it now participates in about \*\*\* per year, covering about \*\*\* units of all classes of forklift trucks, of which the subject merchandise represents about \*\*\* units. This medium for bidding started around 2001, and has been increasing since that period. The typical internet reverse auction is conducted by large national-account end users, and the participating suppliers are generally the major producers (including NACCO, Toyota, Nissan, Mitsubishi, and Komatsu). The buyer generally issues invitations to suppliers to participate and these invitations tend to be sent to major producers. While this size of auction is typical, IRAs are also conducted for smaller quantity purchases. Purchasers typically do not specify where the product supplied must be produced and, therefore, both U.S.-produced and imported products are offered. While the lowest-priced supplier varies from auction to auction, \*\*\* reported that Japanese-owned producers are often among the lowest-priced bidders. Bidders are not identified through the

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<sup>4</sup> Producer questionnaire responses, section IV-B-8.

<sup>5</sup> Producer questionnaire responses, section IV-B-9.

<sup>6</sup> Producer questionnaire responses, section IV-B-8.

<sup>7</sup> Hearing transcript, pp. 111-112 (Eklund).

<sup>8</sup> Hearing transcript, pp. 112-113 (Wilson), and NACCO's posthearing brief, exhibit 1, pp. 20-21.

<sup>9</sup> \*\*\* U.S. producer questionnaire response, section IV-B-4, and staff telephone interview with \*\*\*.

<sup>10</sup> \*\*\* U.S. producer questionnaire response, section IV-B-4.

<sup>11</sup> Purchaser questionnaire responses, section III-33. Nineteen of the 20 responding purchasers were dealers and one, \*\*\*, was an end user.

<sup>12</sup> U.S. producer questionnaire responses, section IV-B-4 and 5.

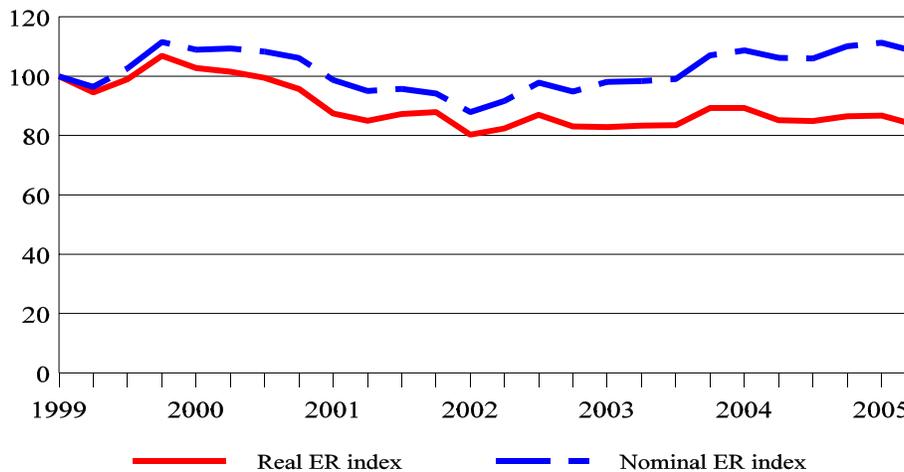
<sup>13</sup> U.S. producer questionnaire responses, section IV-B-4.

process or at the end of the auction. Some of the larger companies requesting internet reverse auctions have been \*\*\*.

### Exchange Rates

Figure V-2 shows quarterly nominal and real exchange rate indices (the latter are nominal exchange rates adjusted for relative rates of inflation)<sup>14</sup> of the Japanese yen relative to the U.S. dollar during January 1999-June 2005. The quarterly nominal and real exchange rates for the Japanese yen vis-a-vis the U.S. dollar fluctuated but tended to diverge as relatively lower inflation in Japan than in the United States generally led to real depreciation of the Japanese yen vis-a-vis the U.S. dollar compared to the nominal exchange rate that fluctuated but appreciated over the period.

**Figure V-2**  
**Real and nominal exchange rate indices of the Japanese yen relative to the U.S. dollar, by quarters, January 1999-June 2005**



Note: Index (Jan.-Mar. 1999=100). Exchange rates are in U.S. dollars per Japanese yen.

Source: International Monetary Fund, *International Financial Statistics*, August 2005, April-May 2004, and January 2001.

<sup>14</sup> The quarterly nominal and real exchange rate indices were calculated from quarterly-average nominal exchange rates and producer price indices reported by the IMF for each country. The exchange rate indices were based on exchange rates expressed in U.S. dollars per unit of the foreign currency, such that index numbers below 100 represent depreciation and numbers above 100 represent appreciation of the foreign currency vis-a-vis the U.S. dollar. The quarterly real exchange rate indices were calculated from nominal exchange rates, producer/wholesale price indices in the subject countries, and the producer price index in the United States.

The quarterly nominal value of the Japanese yen initially appreciated against the U.S. dollar by 11.5 percent during January 1999-December 1999, then generally depreciated against the U.S. dollar through January-March 2002 by 21.2 percent, and thereafter generally appreciated against the U.S. dollar through April-June 2005 by 23.2 percent (figure V-2). The quarterly real value of the yen also initially appreciated against the U.S. dollar, by 6.9 percent during January 1999-December 1999, then generally depreciated against the U.S. dollar through January-March 2002 by 24.9 percent, and thereafter fluctuated but appreciated somewhat against the U.S. dollar through April-June 2005 by 4.1 percent.

## PRICING PRACTICES

In the U.S. market, U.S. producers reported selling 81.6 percent of the quantity of their U.S.-produced forklift trucks with domestic frames to U.S. dealers, 14.0 percent to U.S. national-account end users, and 4.4 percent to U.S. distributors during January 1999-June 2005.<sup>15</sup> Based on combined shipments of U.S.-produced ICI forklift trucks with domestic and imported frames, U.S. producers reported selling \*\*\* percent to U.S. dealers, \*\*\* percent to U.S. national-account end users, and \*\*\* percent to distributors during this period. U.S. dealers, national account end users, and distributors generally purchase and own the ICI forklift trucks that they purchase, but some national account end users lease the products.<sup>16</sup> The only three U.S. producers – \*\*\* – responding to a request for shipments that were sold or leased reported that, in 2004, 80.0 percent of the total quantity of their U.S. shipments of U.S.-produced ICI forklift trucks to national-account end users were outright sales and 20.0 percent were leased.<sup>17</sup>

## Financial Support Programs

U.S. ICI forklift producers provide a number of financial support programs primarily to their dealers and secondarily to their dealers' end-user customers; the latter support is usually in the form of below-market interest rates on end users' financing of their purchased or leased forklift trucks. The U.S. producers' financial support programs do not reduce the invoice prices of their forklift trucks, but lower the producers' net sales values and, hence, their sales profit. Three U.S. producers provided the requested total expenditure figures for their financial support programs on their ICI forklift trucks during the most recent two years, which showed such expenditures increasing from \$10.8 million in 2003 to \$12.1 million in 2004, or by 12.0 percent.<sup>18</sup> Such expenditures during 2004 represented 1.7 percent of these three U.S. producers' total value of U.S. commercial shipments of their ICI forklift trucks during this period.

Four U.S. producers – \*\*\* – identified and described their financial support programs offered to dealers of their ICI forklift trucks in their questionnaire responses.<sup>19</sup> The following five types of financial support programs were identified—floorplans, co-op advertising, rental program, subsidized financing, and salesperson incentives. All four reporting firms offered floorplans, whereby the producer pays interest

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<sup>15</sup> U.S. producer responses of \*\*\*, section II-10.

<sup>16</sup> In addition, end users purchase or lease the ICI forklift trucks from U.S. dealers, which are typically financed through U.S. producer-related finance companies or third-party finance companies. Various leasing arrangements are offered by U.S. producers, their related financing companies, and third-party financing companies. Some leases result in the purchaser taking ownership at the end of the lease, while other leases result in the financing company taking ownership at the end of the lease.

<sup>17</sup> U.S. producer questionnaire responses, section IV-B-23.

<sup>18</sup> U.S. producer questionnaire response, section IV-B-22, of \*\*\*.

<sup>19</sup> U.S. producer questionnaire response, section IV-B-22.

carrying costs of its dealers for their purchased ICI forklift trucks for up to 90 days.<sup>20</sup> Co-op advertising, wherein the U.S. producers pay a portion of approved advertising marketing efforts of their dealers, was offered by \*\*\*. Such marketing can include Yellow Page ads, mailers, trade shows, and promotional brochures.<sup>21</sup> Rental programs, wherein the U.S. producers offered additional discounts and/or subsidized financing to dealers for new ICI forklift trucks to be used by the dealers as rental equipment to their customers, were offered by \*\*\*. This program is designed to assist dealers to offer an adequate number of new ICI forklift trucks to their rental customers and helps promote new products to prospective customers. Subsidized financing was offered by \*\*\*. U.S. producers use this program to offer customers of their dealers a below market interest rate, primarily to leasing customers, which, according to \*\*\* is used to match low rates offered by other producers. Salesperson incentives were offered by \*\*\*. This program is offered to dealer salespeople or dealer sales managers and provides free travel trips or cash incentives to increase sales in particular dealer regions.

### Other Pricing Practices

U.S. producers reported that 54.3 percent of their total U.S. sales quantity of U.S.-produced ICI forklift trucks with domestic frames during 2004 was on a spot basis, 9.0 percent was on a short-term basis, and 36.6 percent was on a long-term basis.<sup>22 23</sup> The U.S. producers reported that short-term sales are typically for 12 months, while long-term agreements generally range from 2-3 years, but can extend for longer periods.<sup>24</sup> Both types of latter sales agreements generally fix price, but this can vary by contract,<sup>25</sup> whereas quantity is generally not fixed,<sup>26</sup> although this also can vary by contract. Three of the four responding U.S. producers reported that short-term and long-term contracts can include a meet-or-release provision,<sup>27</sup> whereas \*\*\* reported that its sales contracts do not contain this provision.<sup>28</sup>

For spot, short-term, and long-term sales, the U.S. producers reported that prices are typically negotiated when the transaction involves large quantities and intense competition; this is typically the situation with national-account end users and with some sales to dealers. When transactions with dealers

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<sup>20</sup> \*\*\* (\*\*\* U.S. producer questionnaire response, section IV-B-22).

<sup>21</sup> \*\*\* (\*\*\* U.S. producer questionnaire response, section IV-B-22).

<sup>22</sup> Producer questionnaire responses, section IV-B-1. Spot sales are usually one-time delivery, within 30 days of the purchase agreement; short-term sales are for multiple deliveries for up to 12 months after the purchase agreement; and long-term sales are for multiple deliveries for more than 12 months after the purchase agreement.

<sup>23</sup> U.S. producers also reported that \*\*\* percent of their total U.S. sales quantity of U.S.-produced ICI forklift trucks with domestic and imported frames combined during 2004 was on a spot basis, \*\*\* percent was on a short-term basis, and \*\*\* percent was on a long-term basis (U.S. producer questionnaire responses, section IV-B-1).

<sup>24</sup> Producer questionnaire responses, section IV-B-2 and 3.

<sup>25</sup> \*\*\* (staff telephone interview with \*\*\*).

<sup>26</sup> According to \*\*\*, indicative quantities are generally provided by the customer when negotiating the contract, but are not typically part of the contract. If a customer buys significantly fewer than they had indicated or \*\*\* had communicated, the contract would be reviewed upon renewal, with reductions in discounts likely. (Producer questionnaire response, section IV-B-2.)

<sup>27</sup> The three producers are \*\*\*, \*\*\*, \*\*\*. (Producer questionnaire response, sections IV-B-2 and 3.)

<sup>28</sup> Producer questionnaire responses, sections IV-B-2 and 3.

involve smaller quantities or less competition, dealers are quoted standard discounts from list prices.<sup>29</sup> Additional discounts may be offered to dealers based on competitive situations. \*\*\* indicated that the total discount for any given sale may be different depending upon the specific transaction including quantity, type of customer and application, competitive environment, etc.<sup>30</sup>

Eleven of 22 responding U.S. purchasers reported that their purchase prices of ICI forklift trucks were established through negotiations with their suppliers, while 11 firms indicated that suppliers set the price.<sup>31</sup> Eleven of 21 responding purchasers reported that they did mention competing prices to their suppliers when obtaining a price for ICI forklift trucks, while the remaining 10 firms indicated that they did not mention competing prices.<sup>32</sup>

U.S. producers reported selling their U.S.-produced ICI forklift trucks on an f.o.b. plant or warehouse basis, except for \*\*\*, who sold their ICI forklift trucks to their national-account end users on a delivered basis during January 1999-June 2005.<sup>33</sup> Regardless of how prices are quoted, f.o.b. or delivered, the U.S. producers reported arranging transportation of the ICI forklift trucks to their U.S. customers.<sup>34</sup> Payment terms of net 30 days were offered by \*\*\*, while \*\*\* offered 1 percent net 30 and \*\*\* offered 2 percent net 30.<sup>35</sup>

U.S. producers reported that 94.6 percent of the quantity of their domestic sales of the U.S.-produced ICI forklift trucks are produced to order and typically require an average of 108 days from the time the order is placed to when the product is delivered.<sup>36</sup> U.S. producers reported that the remaining 5.4 percent of their U.S. sales of ICI forklift trucks are shipped from inventory and require an average of 10 days from the time the order is placed to when the product is delivered.<sup>37</sup>

Fifteen of 19 responding U.S. purchasers identified price leaders of ICI forklift trucks in the U.S. market during January 1999-June 2005, while the remaining four firms indicated that there were no price leaders.<sup>38</sup> Toyota was cited by 14 purchasers as a price leader, NACCO was cited by 10 firms as a price leader, Mitsubishi was cited by seven firms, Daewoo was cited by two firms, and Hyundai, Nissan, and Taylor were each cited by a single firm as price leaders.<sup>39</sup> Toyota was cited by seven purchasers as leading prices up and by two purchasers as leading prices down; NACCO was cited by two purchasers as leading prices up and by three others as leading prices down; Mitsubishi was cited by two firms as

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<sup>29</sup> These standard discounts, which typically differ by product, are considered confidential and not shown on price sheets but are communicated to the customer when a contract has been agreed to (U.S. producer questionnaire response, section IV-B-4 and 5). These standard discounts may be applied differently by the U.S. producers. \*\*\* (U.S. producer questionnaire response, section IV-B-5).

<sup>30</sup> U.S. producer questionnaire response, section IV-B-4.

<sup>31</sup> Purchaser questionnaire responses, section III-21.

<sup>32</sup> Ibid.

<sup>33</sup> U.S. producer questionnaire responses, section IV-B-6.

<sup>34</sup> U.S. producer questionnaire responses, section IV-B-8.

<sup>35</sup> U.S. producer questionnaire responses, section IV-B-6.

<sup>36</sup> U.S. producer questionnaire responses, section IV-B-7.

<sup>37</sup> Ibid.

<sup>38</sup> Purchaser questionnaire responses, section III-30.

<sup>39</sup> The responding purchasers frequently cited more than one firm as a price leader.

leading prices up and by two others as leading prices down; Daewoo was cited by two firms as leading prices down; and Hyundai was cited by one firm as leading prices down.<sup>40</sup>

Fourteen of 19 responding U.S. purchasers, all dealers, reported that they never purchased ICI forklift trucks at the lowest price, while four firms reported that they sometimes purchased ICI forklift trucks at the lowest price, and the remaining firm reported that it always purchased ICI forklift trucks at the lowest price.<sup>41</sup> Factors cited by the 18 firms that never or sometimes purchased ICI forklift trucks at the lowest price included exclusive dealer, quality, availability, reliability, technical support, and parts availability.

## PRICE DATA

### Questionnaire Price Data

U.S. selling value and quantity data were requested for sales to U.S. customers for the following six products for ICI forklift trucks produced in the United States and imported from Japan.<sup>42</sup>

*Product 1.*—New internal combustion engine forklift truck, cushion tires, 3,000 pound basic lift capacity, liquid petroleum gas (propane, butane, methane, etc.) system, power shift (automatic) transmission, and a three-stage mast with a maximum lift height of 165-200 inches.

*Product 2.*—New internal combustion engine forklift truck, pneumatic tires, 3,000 pound basic lift capacity, liquid petroleum gas (propane, butane, methane, etc.) system, power shift (automatic) transmission, and a three-stage mast with a maximum lift height of 165-200 inches.

*Product 3.*—New internal combustion engine forklift truck, cushion tires, 5,000 pound basic lift capacity, liquid petroleum gas (propane, butane, methane, etc.) system, power shift (automatic) transmission, and a three-stage mast with a maximum lift height of 165-200 inches.

*Product 4.*—New internal combustion engine forklift truck, pneumatic tires, 5,000 pound basic lift capacity, gasoline engine, power shift (automatic) transmission, and a three-stage mast with a maximum lift height of 165-200 inches.

*Product 5.*—New internal combustion engine forklift truck, pneumatic tires, 8,000 pound basic lift capacity, gasoline engine, power shift (automatic) transmission, and a three-stage mast with a maximum lift height of 165-200 inches.

*Product 6.*—New internal combustion engine forklift truck, pneumatic tires, 8,000 pound basic lift capacity, liquid petroleum gas (propane, butane, methane, etc.) system, power shift (automatic) transmission, and a three-stage mast with a maximum lift height of 165-200 inches.

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<sup>40</sup> Purchaser questionnaire responses, section III-30 and 31.

<sup>41</sup> Purchaser questionnaire responses, section III-29.

<sup>42</sup> The product descriptions were based on comments regarding the draft questionnaires submitted by \*\*\* as well as \*\*\*, which had not previously indicated a willingness to participate in this review.

The price data were requested from the U.S. producers and importers for their quarterly shipments of the specified ICI forklift truck products during January 1999-June 2005 that were produced in the United States and imported from Japan. The requested price data were based on net U.S. f.o.b. selling price data for shipments to U.S. customers unrelated to the suppliers. The responding firms were requested to report the price data separately for sales to U.S. dealers and to national-account end users. In addition, the price data for national-account end users were requested separately for sales and for leases.

Five U.S. producers of the ICI forklift trucks provided selling price data,<sup>43</sup> but not necessarily for all products, types of customers, or periods requested.<sup>44</sup> The U.S. producers reported total U.S. sales quantities of the U.S.-produced ICI forklift trucks with domestic frames for pricing purposes during January 1999-June 2005 that amounted to 73,549 ICI forklift trucks, or 26.7 percent of their total reported U.S. shipments of the U.S.-produced ICI forklift trucks with domestic frames during this period. The responding U.S. producers also reported total U.S. sales quantities of the U.S.-produced ICI forklift trucks with imported frames for pricing purposes during January 1999-June 2005 that amounted to \*\*\* ICI forklift trucks.<sup>45</sup> The combined reported total U.S. sales quantities for pricing purposes of the U.S.-produced ICI forklift trucks with domestic and imported frames amounted to \*\*\* ICI forklift trucks, or \*\*\* percent of the U.S. producers' total reported U.S. shipments of U.S.-produced ICI forklift trucks with domestic and imported frames during January 1999-June 2005. Reported price data for U.S.-produced ICI forklift trucks with domestic frames involved 67,974 trucks shipped to U.S. dealers, or 24.7 percent of their total reported U.S. shipments of the U.S.-produced ICI forklift trucks with domestic frames during this period, and 5,575 trucks shipped to national-account end users, or 2.0 percent of the total. Reported price data for U.S.-produced ICI forklift trucks with domestic and imported frames involved \*\*\* trucks shipped to U.S. dealers, or \*\*\* percent of the total reported U.S. shipments of the U.S.-produced ICI forklift trucks with domestic and imported frames during this period, and \*\*\* trucks shipped to national-account end users, or \*\*\* percent of the total.

Quarterly weighted-average prices and quarterly shipments of the domestic ICI forklift truck products are based on the reported U.S. net f.o.b. selling price data reported by the U.S. producers and are shown by products for sales to U.S. dealers in table V-1a for the U.S.-produced products with domestic frames and in table V-1b for the U.S.-produced products with domestic and with imported frames combined. These price data for sales to dealers are also shown by products in figures V-3 through V-8. In addition, quarterly price data are shown by products for sales to U.S. national-account end users in table V-2a for the U.S.-produced products with domestic frames and in table V-2b for the U.S.-produced products with domestic and imported frames combined.<sup>46</sup> These price data for sales to national-account end users are also shown by products in figures V-9 through V-14. In addition, reported prices of U.S.-produced forklift trucks are shown by responding U.S. producers in appendix F.

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<sup>43</sup> The five U.S. producers reporting price data were \*\*\*. Responding importers reported imports of ICI forklift trucks only from nonsubject countries.

<sup>44</sup> \*\*\* (E-mail from \*\*\*). On the other hand, \*\*\* (\*\*\* U.S. producer questionnaire response, section IV-B-22 and staff telephone interview with \*\*\*).

<sup>45</sup> This quantity represented \*\*\* percent of their total reported U.S. shipments of the U.S.-produced ICI forklift trucks with imported frames during this period.

<sup>46</sup> The price data for national-account end users based on sales and leases were combined because all four responding U.S. producers reported that their selling prices of the U.S.-produced ICI forklift trucks did not differ between sales and lease transactions (U.S. producer questionnaire responses, section IV-B-23).

**Table V-1a**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with U.S.-produced frames sold to U.S. dealers, by products and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table V-1b**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with U.S.-produced and imported frames sold to U.S. dealers, by products and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table V-2a**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with U.S.-produced frames sold to U.S. national account end users, by products and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table V-2b**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with U.S.-produced and imported frames sold to U.S. national account end users, by products and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-3**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift truck product 1 sold to U.S. dealers, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-4**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift truck product 2 sold to U.S. dealers, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-5**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift truck product 3 sold to U.S. dealers, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-6**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 4 sold to U.S. dealers, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-7**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 5 sold to U.S. dealers, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-8**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 6 sold to U.S. dealers, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-9**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 1 sold to U.S. national account end users, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-10**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 2 sold to U.S. national account end users, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-11**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 3 sold to U.S. national account end users, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-12**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 4 sold to U.S. national account end users, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-13**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 5 sold to U.S. national account end users, by quarters, January 1999-June 2005**

\* \* \* \* \*

**Figure V-14**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks product 6 sold to U.S. national account end users, by quarters, January 1999-June 2005**

\* \* \* \* \*

Three U.S. producers also provided requested price lists for their ICI forklift trucks,<sup>47</sup> which showed that a number of environmental and hydraulic options and a number of accessories can be included with a forklift truck that would increase the price of the forklift truck by hundreds to thousands of dollars.<sup>48</sup> Each specified pricing product was defined based on lift capacity, engine system, fuel type, mast construction, lift height, and tire types, after consulting with \*\*\*. The specified pricing products do not, however, limit the number of options or accessories that can be added. Because price can also be affected by the quantity sold, changes in the composition of customers from quarter-to-quarter could result from varying mixes of contracts involving different quantities and, accordingly, different price levels. As a result, price trends involving the reported U.S. net f.o.b. selling prices should be viewed with some caution, because, within the product categories, product mix and the mix of contracts may shift from quarter to quarter and vary among firms, especially for sales to national-account end users.

### **Price Trends**

The weighted-average quarterly selling prices of the specified ICI forklift truck products produced domestically with U.S.-produced frames and the U.S.-produced products with domestic and imported frames combined fluctuated during January 1999-June 2005, generally without clear trends. Quarterly selling prices for sales to U.S. national-account end users tended to fluctuate more than prices to U.S. dealers. Price trends and price levels of the two categories of U.S.-produced ICI forklift trucks—those produced with domestic frames and those with domestic and imported frames combined, whether sold to dealers or to national-account end users, tended to be similar to each other. Prices of U.S.-produced ICI forklift truck products 1-6 (with just domestic frames or combined with imported frames) sold to U.S. dealers typically remained relatively stable during January 1999-December 2003 and then generally increased during January 2004-June 2005. Prices of U.S.-produced ICI forklift truck products 1, 2, and 4 (with just domestic frames or with domestic and imported frames combined) sold to U.S. national-account end users fluctuated, but generally trended up during January 2004-June 2005, while selling prices of products 3, 5, and 6 sold to national-account end users showed no clear trends. Selling prices of U.S.-produced products 1, 2, 5, and 6 (with just domestic frames and with domestic and imported frames) sold to national-account end users decreased somewhat during April-June 2005 from the previous quarter's price levels. \*\*\* asserted that although there has been an increase in demand over the past 6 quarters, prices have not risen commensurate with raw material costs and, therefore, the firm is still experiencing a cost-price squeeze.<sup>49</sup> NACCO contends that U.S. prices for ICI forklift trucks have been in essentially rough equilibrium at relatively competitive and low levels for a long time, but, according to NACCO, pricing could get worse if the antidumping order is revoked, because the order reportedly has been a tremendous restraint on the Japanese pricing behavior.<sup>50</sup>

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<sup>47</sup> \*\*\* provided the requested price lists in their U.S. producer questionnaire responses, section IV-B-4.

<sup>48</sup> NACCO reported that the firm measures differences in prices in tenths of a percent (hearing transcript, p. 89 (Wilson)). On a \$20,000 ICI forklift truck, such price differences would translate to less than \$200 per truck, such that differences in options and accessories could affect price comparisons among otherwise similar ICI forklift trucks.

<sup>49</sup> U.S. producer questionnaire response, section IV-C-4.

<sup>50</sup> Hearing transcript, pp. 116-117 (Rosenthal).

**APPENDIX A**

***FEDERAL REGISTER* NOTICES AND THE  
COMMISSION'S STATEMENT ON ADEQUACY**



**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-377 (Second  
Review)]

**Internal Combustion Industrial Forklift  
Trucks From Japan**

**AGENCY:** International Trade  
Commission.

**ACTION:** Institution of a five-year review  
concerning the antidumping duty order  
on internal combustion industrial  
forklift trucks from Japan.

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**SUMMARY:** The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; <sup>1</sup> to be assured of consideration, the deadline for responses is April 20, 2005. Comments on the adequacy of responses may be filed with the Commission by May 16, 2005. For further information concerning the conduct of this review and rules of general application, consult

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<sup>1</sup> No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 05-5-114, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** March 1, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Mary Messer (202) 205-3193, 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 review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.*—On June 7, 1988, the Department of Commerce issued an antidumping duty order on imports of internal combustion industrial forklift trucks from Japan (53 FR 20882). Following five-year reviews by Commerce and the Commission, effective April 17, 2000, Commerce issued a continuation of the antidumping duty order on imports of internal combustion industrial forklift trucks from Japan (65 FR 35323, June 2, 2000). The Commission is now conducting a second review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

*Definitions.*—The following definitions apply to this review:

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

(2) The *Subject Country* in this review is Japan.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the

Subject Merchandise. In its original determination and its full five-year review determination, the Commission found a single Domestic Like Product: industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame.

(4) The *Domestic Industry* is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination and its full five-year review determination, the Commission defined the Domestic Industry as U.S. producers of industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame. However, in its full five-year review determination, the Commission excluded from the Domestic Industry Mitsubishi Caterpillar, Toyota Industrial, Nissan Forklift, Komatsu USA, and TCM USA under the related parties provision. Certain Commissioners defined the Domestic Industry differently in the full five-year review determination.

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

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

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying

original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at (202) 205-3088.

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

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

*Written submissions.*—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is April 20, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is May 16,

2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

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

*Information to be Provided in Response to this Notice of Institution:* As used below, the term "firm" includes any related firms.

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

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

(3) A statement indicating whether your firm/entity is willing to participate

in this review by providing information requested by the Commission.

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

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

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries after 1998.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in number of trucks and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

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

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

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

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in number of trucks and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports

and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s') imports;

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

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

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in number of trucks and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country after 1998, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product

produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

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

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: February 23, 2005.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-3949 Filed 2-28-05; 8:45 am.]

**BILLING CODE 7020-02-P**

**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-377 (Second Review)]

**Internal Combustion Industrial Forklift Trucks From Japan**

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

**ACTION:** Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan.

**SUMMARY:** The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**DATES:** *Effective date:* June 6, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Mary Messer (202-205-3193), 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 review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On June 6, 2005, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (70 FR 9971, March 1, 2005) was adequate<sup>1</sup> and that the

respondent interested party group response was inadequate. The Commission also found that other circumstances warranted conducting a full review.<sup>2</sup> A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: June 17, 2005.

By order of the Commission

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-12480 Filed 6-23-05; 8:45 am]

**BILLING CODE 7020-02-M**

<sup>1</sup> Vice Chairman Deanna Tanner Okun dissenting.

<sup>2</sup> Chairman Stephen Koplán dissenting.

**FOR FURTHER INFORMATION CONTACT:** Cynthia Trainor (202-205-3354), 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 review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.* On June 6, 2005, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed (70 F.R. 36657, June 24, 2005). A record of the Commissioner's votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's web site.

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

*Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.* Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to

**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-377 (Second Review)]

**Internal Combustion Industrial Forklift Trucks From Japan**

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

**ACTION:** Scheduling of a full five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan.

**SUMMARY:** The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** June 29, 2005.

BPI following publication of the Commission's notice of institution of the review 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 review will be placed in the nonpublic record on October 12, 2005, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

*Hearing.* The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on November 1, 2005, 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 October 25, 2005. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on October 27, 2005, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

*Written submissions.* Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is October 21, 2005. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is November 10, 2005; 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 review may submit a written statement of information pertinent to the subject of the review on or before November 10, 2005. On December 7, 2005, 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 December 9, 2005, but such final comments must not contain new factual

information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

By order of the Commission.

Issued: July 1, 2005.

**Marilyn R. Abbot,**

*Secretary to the Commission.*

[FR Doc. 05-13397 Filed 7-6-05; 8:45 am]

**BILLING CODE 7020-02-M**

**DEPARTMENT OF COMMERCE****International Trade Administration**  
(A-588-703)**Internal-Combustion Forklift Trucks from Japan; Final Results of the Expedited Sunset Review of the Antidumping Duty Order****AGENCY:** Import Administration, International Trade Administration, Department of Commerce.**SUMMARY:** On March 1, 2005, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty order on internal-combustion forklift trucks from

Japan pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). The Department conducted an expedited (120-day) sunset review of this order. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

**EFFECTIVE DATE:** October 6, 2005.**FOR FURTHER INFORMATION CONTACT:** David Layton or David Goldberger, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230;

telephone: (202) 482-0371 and (202) 482-0182, respectively.

**SUPPLEMENTARY INFORMATION:****Background:**

On March 1, 2005, the Department published the notice of initiation of the second sunset review of the antidumping duty order covering internal-combustion forklift trucks from Japan pursuant to section 751(c) of the Act. *See Initiation of Five-year (Sunset) Reviews*, 70 FR 9919 (March 1, 2005). On May 16, 2005, the Department extended the period of time for making its determination by 90 days pursuant to section 751(c)(5)(B) of the Act. *See Extension of Time Limits for the Final Results of Sunset Reviews of Antidumping and Countervailing Duty Orders*, 70 FR 25808 (May 16, 2005).

The Department received the Notice of Intent to Participate from NACCO Materials Handling Group, Inc. (NMHG), a domestic interested party, within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations (Sunset Regulations). NMHG claimed interested party status under section 771(9)(C) of the Act, as a manufacturer of the domestic like product in the United States.

We received complete substantive responses from NMHG within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from the respondent interested parties. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of this order.

**Scope of the Order**

The products covered by this order are certain internal-combustion, industrial forklift trucks, with lifting capacity of 2,000 to 15,000 lbs. Imports of these products were classified under item numbers 692.4025, 692.4030, and 692.4070 of the Tariff Schedules of the United States Annotated (TSUSA) and are currently classifiable under Harmonized System (HTSUS) item numbers 8427.20.00, 8427.90.00, and 8431.20.00. Although the HTSUS item numbers are provided for convenience and customs purposes, the written description remains dispositive.

The products covered by this order are further described as follows: Assembled, not assembled, and less than complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane, or diesel fuel internal-combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles. Less than complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by this order.

Products not covered by this order are genuinely used forklifts. For the purposes of this antidumping duty order, we consider any forklift to be used if, at the time of entry into the United States, the importer can demonstrate to the satisfaction of the U.S. Customs and Border Protection (CBP) that the forklift was manufactured in a calendar year at least three years prior to the year of entry into the United States. The importer must show documentation from industrial

publications that reconcile the serial number and year of manufacture of the forklift. If the calendar year of manufacture is at least three years prior to its year of entry into the United States, it will not be subject to the suspension of liquidation or any assessment of antidumping duties. For example, if a forklift is entered or withdrawn from warehouse, for consumption in June 1988 and if the importer demonstrates through industrial publications that the forklift was manufactured in or before calendar year 1985, that forklift will not be covered by this order.

**Analysis of Comments Received**

All issues raised in this review are addressed in the Issues and Decision Memorandum for the Expedited Sunset Review of the Antidumping Duty Order on Internal-Combustion Forklift Trucks from Japan Final Results (Decision Memo) from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Holly A. Kuga, Acting Assistant Secretary for Import Administration, dated September 27, 2005, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were to be revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B-099 of the main Commerce building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memo are identical in content.

**Final Results of Review**

We determine that revocation of the antidumping duty order on internal-combustion forklift trucks from Japan would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
Toyota Motor Corp .....	47.79
Nissan Motor Co., Ltd .....	51.33
Komatsu Forklift Co., Ltd .....	47.50
Sumitomo-Yale Co., Ltd .....	51.33
Toyo Umpanki Co., Ltd .....	51.33
Sanki Industrial Co., Ltd .....	13.65
Kasagi Forklift, Inc .....	56.81
All Others .....	39.45

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

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: September 27, 2005.

**Holly A. Kuga,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. E5-5517 Filed 10-5-05; 8:45 am]

**BILLING CODE 3510-DS-S**

## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Internal Combustion Industrial Forklift Trucks From Japan,*  
Inv. No. 731-TA-377 (Second Review)

On June 6, 2005, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).<sup>1</sup>

After issuing the notice of institution, the Commission received a single response filed by domestic producer, NAACO Materials Handling Group, Inc. (“NAACO”). The Commission determined that NAACO’s response was individually adequate. Based upon NAACO’s representation that it accounted for a substantial percentage of U.S. production of the domestic like product, the Commission determined that NAACO’s response constituted an adequate domestic interested party group response.<sup>2</sup>

The Commission did not receive a response from any respondent interested party. Consequently, the Commission determined that the respondent interested party group response was inadequate.

The Commission further determined that circumstances warranted conducting a full review, including possible changes in the domestic industry’s production levels since the first review and the involvement of U.S. subsidiaries or joint ventures of Japanese producers in the production of the domestic like product.

Therefore, the Commission did not exercise its discretion to conduct an expedited review, but instead determined to conduct a full review. A record of the Commission’s votes is available from the Office of the Secretary and the Commission’s web site (<http://www.usitc.gov>).

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<sup>1</sup> Chairman Koplán voted to conduct an expedited review, based on the inadequate respondent interested party group responses. Chairman Koplán joins only the second and third paragraphs of this statement.

<sup>2</sup> Vice Chairman Okun determined that the domestic interested party group response was inadequate. In the first five-year review, Vice Chairman Okun defined the domestic industry to include more firms than the Commission majority because she determined that appropriate circumstances did not exist to exclude any firm producing the domestic like product from the domestic industry as a related party. See USITC Pub. 3287 at 23-24. Based on NAACO’s share of U.S. production of the domestic like product during the first review, Vice Chairman Okun determined that NAACO’s response in this second review did not constitute an adequate domestic industry party group response. Vice Chairman Okun joins this statement in its entirety except for the last sentence in the second paragraph.

**APPENDIX B**  
**CALENDAR OF THE PUBLIC HEARING**



## CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

**Subject:** Internal Combustion Industrial Forklift Trucks from Japan

**Inv. No.:** 731-TA-377 (Second Review)

**Date and Time:** November 1, 2005 - 9:30 a.m.

Sessions were held in connection with this review in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

### **OPENING REMARKS:**

In Support of Continuation of Orders (**Paul C. Rosenthal**,  
Collier Shannon Scott, PLLC)

### **In Support of the Continuation of the Antidumping Duty Order:**

Collier Shannon Scott, PLLC  
Washington, D.C.  
on behalf of

NACCO Materials Handling Group, Inc.

**Reginald R. Eklund**, President and Chief Executive  
Officer, NACCO Materials Handling Group, Inc.

**Colin Wilson**, Chief Operating Officer, NACCO  
Materials Handling Group, Inc.

**Gregory J. Dawe**, Vice President, Manufacturing,  
NACCO Materials Handling Group, Inc.

**In Support of the Continuation of  
the Antidumping Duty Order (continued):**

**Jon C. Taylor**, Director, Corporate Strategy and  
Planning, NACCO Materials Handling Group, Inc.

**Brad Hudgens**, Economist, Georgetown Economic  
Services, LLC

**Paul C. Rosenthal** )  
**Mary T. Staley** ) – OF COUNSEL  
**Grace W. Kim** )

**CLOSING REMARKS:**

In Support of Continuation of Orders (**Paul C. Rosenthal**,  
Collier Shannon Scott, PLLC)

**APPENDIX C**  
**SUMMARY DATA**



<b>ICI Forklift Trucks: Summary tables</b>	
<b>Table No.</b>	<b>Types of frames and U.S. producers</b>
C-1	All frames: Summary data concerning the U.S. market.
C-2	U.S.-produced frames: Summary data concerning the U.S. market.
C-3	All frames: Summary data concerning the U.S. market for <b>NACCO</b> and all other producers.
C-4	U.S.-produced frames: Summary data concerning the U.S. market for <b>NACCO</b> and all other producers.
C-5	All frames: Summary data concerning the U.S. market <b>excluding Komatsu, Nissan, and TCM.</b>
C-6	U.S.-produced frames: Summary data concerning the U.S. market <b>excluding Komatsu, Nissan, and TCM.</b>
C-7	All frames: Summary data concerning the U.S. market <b>excluding Komatsu.</b>
C-8	U.S.-produced frames: Summary data concerning the U.S. market <b>excluding Komatsu.</b>



Table C-1

ICI forklift trucks (all frames): Summary data concerning the U.S. market, 1999-2004, January-June 2004, and January-June 2005

(Quantity=number of trucks, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per truck; period changes=percent, except where noted)

Item	Reported data						Period changes								
	1999	2000	2001	2002	2003	2004	January-June		1999-04	1999-00	2000-01	2001-02	2002-03	2003-04	Jan.-June
							2004	2005							2004-05
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:															
Japan:															
Quantity	***	***	0	0	0	0	0	0	***	***	***	(3)	(3)	(3)	(3)
Value	***	***	0	0	0	0	0	0	***	***	***	(3)	(3)	(3)	(3)
Unit value	***	***	(3)	(3)	(3)	(3)	(3)	(3)	***	***	***	(3)	(3)	(3)	(3)
Ending inventory quantity	0	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)	(3)
All other sources:															
Quantity	***	***	10,388	8,899	11,818	14,699	7,010	8,042	***	***	***	-14.3	32.8	24.4	14.7
Value	***	***	208,453	183,674	241,199	308,419	143,592	175,251	***	***	***	-11.9	31.3	27.9	22.0
Unit value	***	***	\$20,067	\$20,640	\$20,409	\$20,982	\$20,484	\$21,792	***	***	***	2.9	-1.1	2.8	6.4
Ending inventory quantity	2,524	2,083	2,811	1,901	1,890	2,287	2,206	2,266	-9.4	-17.5	34.9	-32.4	-0.6	21.0	2.7
All sources:															
Quantity	12,027	13,969	10,388	8,899	11,818	14,699	7,010	8,042	22.2	16.1	-25.6	-14.3	32.8	24.4	14.7
Value	231,829	267,608	208,453	183,674	241,199	308,419	143,592	175,251	33.0	15.4	-22.1	-11.9	31.3	27.9	22.0
Unit value	\$19,276	\$19,157	\$20,067	\$20,640	\$20,409	\$20,982	\$20,484	\$21,792	8.9	-0.6	4.7	2.9	-1.1	2.8	6.4
Ending inventory quantity	2,524	2,083	2,811	1,901	1,890	2,287	2,206	2,266	-9.4	-17.5	34.9	-32.4	-0.6	21.0	2.7
U.S. producers:															
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (units/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales (4):															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Less than 0.05 percent.

(3) Not applicable.

(4) Non-lease operations.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-2

ICI forklift trucks (from U.S.-produced frames): Summary data concerning the U.S. market, 1999-2004, January-June 2004, and January-June 2005

Item	(Quantity=number of trucks, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per truck; period changes=percent, except where noted)														
	Reported data							Period changes							
	1999	2000	2001	2002	2003	2004	January-June		1999-04	1999-00	2000-01	2001-02	2002-03	2003-04	Jan.-June 2004-05
<b>U.S. consumption quantity:</b>															
Amount	62,739	66,210	48,763	40,600	46,484	56,837	25,592	33,162	-9.4	5.5	-26.4	-16.7	14.5	22.3	29.6
Producers' share (1)	80.8	78.9	78.7	78.1	74.6	74.1	72.6	75.7	-6.7	-1.9	-0.2	-0.6	-3.5	-0.4	3.1
<b>Importers' share (1):</b>															
Japan	***	***	0.0	0.0	0.0	0.0	0.0	0.0	***	***	***	0.0	0.0	0.0	0.0
All other sources	***	***	21.3	21.9	25.4	25.9	27.4	24.3	***	***	***	0.6	3.5	0.4	-3.1
Total imports	19.2	21.1	21.3	21.9	25.4	25.9	27.4	24.3	6.7	1.9	0.2	0.6	3.5	0.4	-3.1
<b>U.S. consumption value:</b>															
Amount	1,213,424	1,246,257	955,332	783,390	903,459	1,156,961	511,549	726,875	-4.7	2.7	-23.3	-18.0	15.3	28.1	42.1
Producers' share (1)	80.9	78.5	78.2	76.6	73.3	73.3	71.9	75.9	-7.6	-2.4	-0.3	-1.6	-3.3	0.0	4.0
<b>Importers' share (1):</b>															
Japan	***	***	0.0	0.0	0.0	0.0	0.0	0.0	***	***	***	0.0	0.0	0.0	0.0
All other sources	***	***	21.8	23.4	26.7	26.7	28.1	24.1	***	***	***	1.6	3.3	-0.0	-4.0
Total imports	19.1	21.5	21.8	23.4	26.7	26.7	28.1	24.1	7.6	2.4	0.3	1.6	3.3	-0.0	-4.0
<b>U.S. shipments of imports from:</b>															
<b>Japan:</b>															
Quantity	***	***	0	0	0	0	0	0	***	***	***	(3)	(3)	(3)	(3)
Value	***	***	0	0	0	0	0	0	***	***	***	(3)	(3)	(3)	(3)
Unit value	***	***	(3)	(3)	(3)	(3)	(3)	(3)	***	***	***	(3)	(3)	(3)	(3)
Ending inventory quantity	0	0	0	0	0	0	0	0	(3)	(3)	(3)	(3)	(3)	(3)	(3)
<b>All other sources:</b>															
Quantity	***	***	10,388	8,899	11,818	14,699	7,010	8,042	***	***	***	-14.3	32.8	24.4	14.7
Value	***	***	208,453	183,674	241,199	308,419	143,592	175,251	***	***	***	-11.9	31.3	27.9	22.0
Unit value	***	***	\$20,067	\$20,640	\$20,409	\$20,982	\$20,484	\$21,792	***	***	***	2.9	-1.1	2.8	6.4
Ending inventory quantity	2,524	2,083	2,811	1,901	1,890	2,287	2,206	2,266	-9.4	-17.5	34.9	-32.4	-0.6	21.0	2.7
<b>All sources:</b>															
Quantity	12,027	13,969	10,388	8,899	11,818	14,699	7,010	8,042	22.2	16.1	-25.6	-14.3	32.8	24.4	14.7
Value	231,829	267,608	208,453	183,674	241,199	308,419	143,592	175,251	33.0	15.4	-22.1	-11.9	31.3	27.9	22.0
Unit value	\$19,276	\$19,157	\$20,067	\$20,640	\$20,409	\$20,982	\$20,484	\$21,792	8.9	-0.6	4.7	2.9	-1.1	2.8	6.4
Ending inventory quantity	2,524	2,083	2,811	1,901	1,890	2,287	2,206	2,266	-9.4	-17.5	34.9	-32.4	-0.6	21.0	2.7
<b>U.S. producers:</b>															
Average capacity quantity	81,241	78,582	75,190	74,057	70,681	71,257	35,512	36,035	-12.3	-3.3	-4.3	-1.5	-4.6	0.8	1.5
Production quantity	57,219	57,470	43,697	35,786	42,242	49,714	22,333	29,650	-13.1	0.4	-24.0	-18.1	18.0	17.7	32.8
Capacity utilization (1)	70.4	73.1	58.1	48.3	59.8	69.8	62.9	82.3	-0.7	2.7	-15.0	-9.8	11.4	10.0	19.4
<b>U.S. shipments:</b>															
Quantity	50,712	52,241	38,375	31,701	34,666	42,138	18,582	25,120	-16.9	3.0	-26.5	-17.4	9.4	21.6	35.2
Value	981,595	978,649	746,879	599,716	662,260	848,542	367,957	551,624	-13.6	-0.3	-3.2	-19.7	10.4	28.1	49.9
Unit value	\$19,356	\$18,733	\$19,463	\$18,918	\$19,104	\$20,137	\$19,802	\$21,960	4.0	-3.2	3.9	-2.8	1.0	5.4	10.9
<b>Export shipments:</b>															
Quantity	6,493	6,149	5,462	4,596	6,374	7,152	3,229	4,580	10.1	-5.3	-11.2	-15.9	38.7	12.2	41.8
Value	119,340	111,616	104,465	83,551	112,062	140,743	60,811	99,028	17.9	-6.5	-6.4	-20.0	34.1	25.6	62.8
Unit value	\$18,380	\$18,152	\$19,126	\$18,179	\$17,581	\$19,679	\$18,833	\$21,622	7.1	-1.2	5.4	-4.9	-3.3	11.9	14.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
<b>Inventories/total shipments (1)</b>															
Production workers	1,563	1,559	1,283	1,129	1,135	1,436	1,374	1,407	-8.1	-0.3	-17.7	-12.0	0.5	26.5	2.4
Hours worked (1,000s)	3,152	3,017	2,766	2,267	2,315	2,868	1,349	1,522	-9.0	-4.3	-8.3	-18.0	2.1	23.9	12.8
Wages paid (\$1,000s)	64,353	59,911	46,456	40,587	45,408	58,878	27,173	33,400	-8.5	-6.9	-22.5	-12.6	11.9	29.7	22.9
Hourly wages	\$20.42	\$19.86	\$16.80	\$17.90	\$19.61	\$20.53	\$20.14	\$21.94	0.6	-2.7	-15.4	6.6	9.6	4.7	8.9
Productivity (units/1,000 hours)	18.2	19.0	15.8	15.8	18.2	17.3	16.6	19.5	-4.5	4.9	-17.1	-0.1	15.6	-5.0	17.7
Unit labor costs	\$1,125	\$1,042	\$1,063	\$1,134	\$1,075	\$1,184	\$1,217	\$1,126	5.3	-7.3	2.0	6.7	-5.2	10.2	-7.4
<b>Net sales (4):</b>															
Quantity	57,063	58,122	43,515	36,037	40,900	49,019	21,651	29,568	-14.1	1.9	-25.1	-17.2	13.5	19.9	36.6
Value	1,071,790	1,063,027	833,832	657,480	741,565	944,603	408,131	620,726	-11.9	-0.8	-21.6	-21.1	12.8	27.4	52.1
Unit value	\$18,783	\$18,290	\$19,162	\$18,245	\$18,131	\$19,270	\$18,850	\$20,993	2.6	-2.6	4.8	-4.8	-0.6	6.3	11.4
Cost of goods sold (COGS)	970,874	972,937	763,336	605,280	656,361	855,218	373,418	550,505	-11.9	0.2	-21.5	-20.7	8.4	30.3	47.4
Gross profit or (loss)	100,916	90,090	70,496	52,200	85,204	89,385	34,713	70,221	-11.4	-10.7	-21.7	-26.0	63.2	4.9	102.3
SG&A expenses	73,843	68,629	56,784	47,627	54,724	60,897	27,057	34,154	-17.5	-7.1	-17.3	-16.1	14.9	11.3	26.2
Operating income or (loss)	27,073	21,461	13,712	4,573	30,480	28,488	7,656	36,067	5.2	-20.7	-36.1	-66.6	566.5	-6.5	371.1
Capital expenditures	22,935	12,830	34,290	12,034	19,287	18,768	18,284	11,121	-18.2	-44.1	167.3	-64.9	60.3	-2.7	-39.2
Unit COGS	\$17,014	\$16,740	\$17,542	\$16,796	\$16,048	\$17,447	\$17,247	\$18,618	2.5	-1.6	4.8	-4.3	-4.5	8.7	7.9
Unit SG&A expenses	\$1,294	\$1,181	\$1,305	\$1,322	\$1,338	\$1,242	\$1,250	\$1,155	-4.0	-8.8	10.5	1.3	1.2	-7.2	-7.6
Unit operating income or (loss)	\$474	\$369	\$315	\$127	\$745	\$581	\$354	\$1,220	22.5	-22.2	-14.7	-59.7	487.3	-22.0	245.0
COGS/sales (1)	90.6	91.5	91.5	92.1	88.5	90.5	91.5	88.7	-0.0	0.9	0.0	0.5	-3.6	2.0	-2.8
Operating income or (loss)/ sales (1)	2.5	2.0	1.6	0.7	4.1	3.0	1.9	5.8	0.5	-0.5	-0.4	-0.9	3.4	-1.1	3.9

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Less than 0.05 percent.

(3) Not applicable.

(4) Non-lease operations.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

**Table C-3**

**ICI forklift trucks (all frames): Summary data concerning the U.S. market for NACCO, all other producers, and U.S. importers, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table C-4**

**ICI forklift trucks (from U.S.-produced frames): Summary data concerning the U.S. market for NACCO, all other producers, and U.S. importers, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table C-5**

**ICI forklift trucks (all frames): Summary data concerning the U.S. market excluding Komatsu, Nissan, and TCM, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table C-6**

**ICI forklift trucks (from U.S.-produced frames): Summary data concerning the U.S. market excluding Komatsu, Nissan, and TCM, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table C-7**

**ICI forklift trucks (all frames): Summary data concerning the U.S. market excluding Komatsu, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*

**Table C-8**

**ICI forklift trucks (U.S.-produced frames): Summary data concerning the U.S. market excluding Komatsu, 1999-2004, January-June 2004, and January-June 2005**

\* \* \* \* \*



**APPENDIX D**

**U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN  
PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER  
AND THE LIKELY EFFECTS OF REVOCATION**



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

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of ICI forklift trucks in the future if the antidumping duty order on ICI forklift trucks from Japan were to be revoked. Their responses were as follows:

**NACCO Material Handling Group, Inc.**

\*\*\*

**TCM Manufacturing U.S.A., Inc.**

\*\*\*

**Nissan Forklift Corp. North America**

\*\*\*

**Komatsu Forklift USA, Inc.**

\*\*\*

**Mitsubishi Caterpillar Forklift America, Inc.**

\*\*\*

**Toyota Industrial Equipment Manufacturing, Inc.**

\*\*\*

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of ICI forklift trucks in the future if the antidumping duty order were to be revoked. Their responses were as follows:

**NACCO Material Handling Group, Inc.**

\*\*\*

\*\*\*

**TCM Manufacturing U.S.A., Inc.**

\*\*\*

**Nissan Forklift Corp. North America**

\*\*\*

**Komatsu Forklift USA, Inc.**

\*\*\*

**Mitsubishi Caterpillar Forklift America, Inc.**

\*\*\*

**Toyota Industrial Equipment Manufacturing, Inc.**

\*\*\*

U.S. producers were asked to describe the significance of the existing antidumping duty order covering ICI forklift trucks from Japan in terms of its effects on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Their responses were as follows:

**NACCO Material Handling Group, Inc.**

\*\*\*

**TCM Manufacturing U.S.A., Inc.**

\*\*\*

**Nissan Forklift Corp. North America**

\*\*\*

**Komatsu Forklift USA, Inc.**

\*\*\*

**Mitsubishi Caterpillar Forklift America, Inc.**

\*\*\*

**Toyota Industrial Equipment Manufacturing, Inc.**

\*\*\*

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

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of ICI forklift trucks in the future if the antidumping duty order were to be revoked. Their responses were as follows:

\*\*\*

“See our producers questionnaire at Question II-23”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“Yes. Would allow us to import used equipment less than 3 years old.”

\*\*\*

\*\*\*

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of ICI forklift trucks in the future if the antidumping duty order were to be revoked. Their responses were as follows:

\*\*\*

“See our producers questionnaire at Question II-22.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No. + Yes. Really Yes and No: It would only allow us to add units less than 3 years old to our importing activity of used forklifts from Japan.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

\*\*\*

“No.”

U.S. importers were asked to describe the significance of the existing antidumping duty order covering ICI forklift trucks from Japan in terms of its effects on their imports, U.S. shipments of imports, and inventories. Their responses were as follows:

\*\*\*

“See our producers questionnaire at Question II-22.”

\*\*\*

“None. The Japanese firms have established assembly operations in the United States.”

\*\*\*

No answer.

\*\*\*

“We only purchase used forklifts from Japan. Once the order was imposed, it restricted us to importing units that are 3 years old or older.”

\*\*\*

“We did not import prior to anti-dumping suit, therefore cannot compare.”

\*\*\*

“\*\*\* is not a significant competitor in the ICI market in the US. However, the importation of less expensive ICI trucks from Japan would create further competition for our electric forklift products.”

\*\*\*

“No significance at all.”

\*\*\*

“No significance.”

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

Purchasers were asked what the likely effects of revocation of the antidumping duty order for imports of ICI forklift trucks from Japan would be and to discuss any potential effects of revocation of the antidumping duty order on (1) the future activities of the firm and (2) the U.S. markets as a whole, noting the future time period to which the firm is referring. Their responses were as follows:

\*\*\*

Activities of your firm:

“No effect - forklift produced in U.S.”

Entire U.S. market:

“Very little effect. Most major forklift manufacturers - manufacture in the US today.”

\*\*\*

Activities of your firm:

“As a distributor we will continue to purchase from our primary vendor.”

Entire U.S. market:

“Unless there is some substantial cost savings not presently apparent, the manufacturing rationalization that has gone on since 1999, with worldwide component sourcing by all manufacturers, revocation should not have a significant pricing impact.”

\*\*\*

Activities of your firm:

“Our sales will decrease, potentially to a level that will alter our dealer relationship.”

Entire U.S. market:

“US OEM market share will decline to the point of potentially reducing US based manufactures.”

\*\*\*

Activities of your firm:

No answer.

Entire U.S. market:

No answer.

\*\*\*

Activities of your firm:

“None, we always buy from U.S. manufacturer.”

Entire U.S. market:

“May have an effect on our competitors.”

\*\*\*

Activities of your firm:

“No change.”

Entire U.S. market:

“No change due to very competitive markets.”

\*\*\*

Activities of your firm:

“None.”

Entire U.S. market:

“None.”

\*\*\*

Activities of your firm:

No answer.

Entire U.S. market:

No answer.

\*\*\*

Activities of your firm:

“None-The \*\*\* unit is always sold on features and benefits not price.”

Entire U.S. market:

“As in 2005-other companies are trying to become a “me too” as to the offerings of \*\*\* - in 2005 we have seen several forklift mfg drop pricing to gain market share and copy features.

\*\*\*

Activities of your firm:

Illegible

Entire U.S. market:

Illegible

\*\*\*

Activities of your firm:

“Unknown”

Entire U.S. market:

“Unknown”

\*\*\*

Activities of your firm:

“None”

Entire U.S. market:

“None”

\*\*\*

Activities of your firm:

Illegible

Entire U.S. market:

Illegible

\*\*\*

Activities of your firm:

“All we ask is a level playing field.”

Entire U.S. market:

“All we ask is a level playing field.”

\*\*\*

Activities of your firm:

“No effect - all production is in USA.”

Entire U.S. market:

“No effect - all production is in USA.”

\*\*\*

Activities of your firm:

“Revocation of the antidumping duty order would have little effect on our company. We believe in being a global business with production operations close to our major markets. The U.S. is the largest market. Our customers want us here.”

Entire U.S. market:

“Revocation of the antidumping duty order would have little effect on our company. We believe in being a global business with production operations close to our major markets. The U.S. is the largest market. Our customers want us here.”

\*\*\*

Activities of your firm:

“None”

Entire U.S. market:

“None”

\*\*\*

Activities of your firm:

“None”

Entire U.S. market:

“Unknown”

\*\*\*

Activities of your firm:

\*\*\* expects to remain a dealer for \*\*\* for many years and will continue to represent the \*\*\* ICI forklift product through sales and service. Should revocation of the antidumping duty order lead to the reduction in gross profits from the sale of \*\*\* ICI forklift, service parts, and service labor; \*\*\* would have to evaluate whether the reduced level of gross profits would be sufficient to remain a dealer for \*\*\* ICI forklifts or not.”

Entire U.S. market:

“We believe that the revocation of the antidumping duty order will lead to the deterioration of gross profits from ICI forklift unit sales, parts sales and service sale. Such deterioration of gross profits will cause material injury to the U.S. manufacturers and U.S. dealers.”

\*\*\*

Activities of your firm:

“If revocation resulted in Japanese manufacturers drastically lowering their prices, \*\*\* could be adversely affected.”

Entire U.S. market:

“If revocation resulted in Japanese manufacturers drastically lowering their prices, non-Japanese equipment dealers could be adversely affected.”

\*\*\*

Activities of your firm:

“None”

Entire U.S. market:

“None”

\*\*\*

Activities of your firm:

No answer.

Entire U.S. market:

“Improvements in fuel economy, safety related items.”

\*\*\*

Activities of your firm:

“Not known to us.”

Entire U.S. market:

“Not known to us.”

**FOREIGN PRODUCERS’ COMMENTS REGARDING THE EFFECTS OF THE ORDER AND  
THE LIKELY EFFECTS OF REVOCATION**

Foreign producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of ICI forklift trucks in the future if the antidumping duty order were to be revoked. Their responses were as follows:

**Sumitomo NACCO Materials Handling Co., Ltd.**

\*\*\*

**Toyota Industrials Corp.**

\*\*\*

**Komatsu Forklift Co., Ltd.**

\*\*\*

Foreign producers were asked whether they anticipated any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-16) Their responses were as follows:

**Sumitomo NACCO Materials Handling Co., Ltd.**

\*\*\*

**Toyota Industrials Corp.**

\*\*\*

**Komatsu Forklift Co., Ltd.**

\*\*\*

Foreign producers were asked to describe the significance of the existing antidumping duty order covering ICI forklift trucks from Japan in terms of its effects on their production capacity, production, home market shipments, exports to the United States and other markets, or inventories. Their responses were as follows:

**Sumitomo NACCO Materials Handling Co., Ltd.**

\*\*\*

**Toyota Industrials Corp.**

\*\*\*

**Komatsu Forklift Co., Ltd.**

\*\*\*



**APPENDIX E**

**DOMESTIC VALUE ADDED FOR PRODUCERS' LARGEST  
VOLUME SALES MODEL OF ICI FORKLIFT TRUCKS**



**Table E-1**

**Domestic value added for the largest volume sales model of ICI forklift trucks (U.S.-produced frames only) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-2**

**Domestic value added for the largest volume sales model of ICI forklift trucks (all frames) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-3**

**Domestic value added for the largest volume sales model of ICI forklift trucks (U.S.-produced frames only or all frames) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-4**

**Domestic value added for the largest volume sales model of ICI forklift trucks (U.S.-produced frames only) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-5**

**Domestic value added for the largest volume sales model of ICI trucks (all frames) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-6**

**Domestic value added for the largest volume sales model of ICI forklift trucks (U.S.-produced frames only or all frames) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-7**

**Domestic value added for the largest volume sales model of ICI forklift trucks (U.S.-produced frames only or all frames) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*

**Table E-8**

**Domestic value added for the largest volume sales model of ICI forklift trucks (U.S.-produced frames only or all frames) produced by \*\*\* during its fiscal year ended \*\*\***

\* \* \* \* \*



**APPENDIX F**

**NET U.S. F.O.B SELLING PRICES REPORTED BY INDIVIDUAL U.S.  
PRODUCERS OF ICI FORKLIFT TRUCKS**



**Table F-1a**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic frames sold to U.S. dealers, products 1 and 2, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-1b**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic frames sold to U.S. dealers, products 3 and 4, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-1c**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic frames sold to U.S. dealers, products 5 and 6, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-2a**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic and imported frames sold to U.S. dealers, products 1 and 2, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-2b**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic and imported frames sold to U.S. dealers, products 3 and 4, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-2c**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic and imported frames sold to U.S. dealers, products 5 and 6, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-3a**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic frames sold to U.S. national-account end users, products 1 and 2, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-3b**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic frames sold to U.S. national-account end users, products 3 and 4, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-3c**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic frames sold to U.S. national-account end users, products 5 and 6, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-4a**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic and imported frames sold to U.S. national-account end users, products 1 and 2, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-4b**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic and imported frames sold to U.S. national-account end users, products 3 and 4, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*

**Table F-4c**

**ICI forklift trucks: U.S. weighted-average net f.o.b. selling prices and quantities of U.S.-produced ICI forklift trucks with domestic and imported frames sold to U.S. national-account end users, products 5 and 6, by responding U.S. producers, and by quarters, January 1999-June 2005**

\* \* \* \* \*