PORTABLE ELECTRIC TYPEWRITERS FROM JAPAN

Determination of Material Injury in Investigation No. 731-TA-12 (Final) Under Section 735(b) of the Tariff Act of 1930

USITC PUBLICATION 1062

MAY 1980

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.
(731-TA-12 (Final))

Determination

On the basis of the record 1/ developed in the investigation, the Commission unanimously determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is materially injured by reason of imports of portable electric typewriters provided for in item 676.05 of the Tariff Schedules of the United States (TSUS) from Japan, which the Department of Commerce has determined are being, or are likely to be, sold in the United States at less than fair value.

Background

Section 102(b)(2) of the Trade Agreements Act of 1979 requires the United States International Trade Commission to conduct final antidumping investigtions in instances in which, as of the effective date of title VII of the Tariff Act of 1930, as added by the Trade Agreements Act of 1979 (January 1, 1980), the Secretary of the Treasury had made a tentative affirmative determination, but not a final determination, under the Antidumping Act, 1921, as amended, with regard to the question of less-than-fair-value (LTFV) sales.

On January 7, 1980, the Commission received notification that, as of January 1, 1980, the Treasury Department had made a tentative affirmative less-than-fair-value determination, but no final determination, with regard to portable electric typewriters imported from Japan. 2/ Consequently, the

1/ The record is defined in sec. 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

2/ Treasury's notice of withholding of appraisement and tentative determination of LTFV sales of portable electric typewriters from Japan was published in the Federal Register of January 4, 1980 (45 F.R. 1220).

Commission on January 8, 1980, but effective January 1, 1980, instituted antidumping investigation No. 731-TA-12 (Final) pursuant to section 735 of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979, to determine whether, an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of portable electric typewriters from Japan which are sold or are likely to be sold at less than fair value. As of January 1, 1980, the administering authority became the Department of Commerce. The Department of Commerce issued on March 18, 1980, an affirmative final determination with regard to the question of less-than-fair-value sales.

Copies of the notice of institution of the investigation No. 731-TA-12 (Final) and of the hearing to be held in connection therewith was posted at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and published in the Federal Register of January 17, 1980 (45 F.R. 3401). The public hearing was held in Washington D.C., on April 10, 1980, and all persons who requested the opportunity were permitted to appear in person or by counsel.

STATEMENT OF REASONS FOR CHAIRMAN CATHERINE BEDELL,
COMMISSIONERS GEORGE MOORE, PAULA STERN, AND MICHAEL CALHOUN

On the basis of the record developed in this investigation, we determine, pursuant to section 735 of the Tariff Act of 1930, that an industry in the United States is materially injured by reason of imports of portable electric typewriters from Japan sold at less than fair value (LTFV).

The domestic industry

In this investigation, we consider the relevant domestic industry to consist of the facilities in the United States used in the production of portable electric typewriters. Under section 771(4) of the act the term "industry" is defined as meaning

> the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.

In assessing the effect of the dumped imports on this industry, section 771(4)(D) directs that "(t)he effect of . . . dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producer's profits." Section 771(10) defines the term "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 . . . ." Since there is a domestic producer of portable electric typewriters and there is a product "like" the imported product, 1/ we have considered the relevant domestic industry to consist of

1/ The Royal "Administrator" typewriter for customs purposes is classified as a portable electric typewriter under item 676.05 of the Tariff Schedules of the United States. The "Administrator" is priced competitively with portable electric typewriters and is marketed in much the same way. Thus, for the purposes of this investigation, the Commission has included the Administrator in the category of imports which are subject to this investigation.

the facilities in the United States used in the production of portable electric typewriters. Inasmuch as the Commission has been able to obtain information which permits the separate identification of production of portable electric typewriters in terms of the criteria in section 771(4)(D), we have assessed the impact of the subject imports on the domestic production of portable electric typewriters. Currently there is one domestic producer-- the Smith Corona Group, Consumer Products Division of SCM Corporation, New Canaan, Connecticut-- which accounts for all portable electric typewriters produced in the United States. 2/

LTFV Sales

The administering authority's investigation covered imports of portable electric typewriters from Japan made during the 6-month period extending from November 1, 1978, through April 30, 1979. Three producers in Japan, Brother Industries, Ltd. (Brother); Silver-Seiko Co., Ltd. (Silver-Seiko); and Nakajima All Co., Ltd. (Nakajima All) accounted for all imports from Japan during the period covered by the investigation. The Department of Commerce examined transactions accounting for virtually all of the portable electric typewriters which were shipped to the United States from Japan during the period of investigation and and found LTFV margins on 93 percent of the sales compared. The weighted average margins found by Commerce were 4.36 percent

2/ Where a single firm composes the domestic industry, Commission rules prevent the disclosure of any commercial and/or financial data which would reveal the industry's operations; for this reason, specific data regarding SCM's operations that are not part of the public record will not be discussed in this opinion.

for Nakajima All, 36.53 percent for Silver-Seiko, and 48.70 percent for Brother.

Material Injury by Reason of LTFV Imports 3/

The Trade Agreements Act of 1979 provides guidance for determining whether or not LTFV imports have caused material injury to the domestic industry:

> the Commission shall consider, among other factors--
>
> (1) the volume of imports,
> (2) the effect of imports on prices in the United States, and
> (3) the impact of imports on domestic producers. 4/

The Act goes on to provide that in considering the impact on the affected industry:

> the Commission shall evaluate all relevant economic factors which have a bearing on the state of the industry, including but not limited to--
>
> (1) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
> (2) factors affecting domestic prices, and
> (3) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment. 5/

If material injury exists or appears imminent, there is reason for making an affirmative decision. In our judgement the record developed in this investigation establishes a clear indication of material injury.

3/ Commissioners Stern and Calhoun concur in the Findings of Fact included in Vice-Chairman Alberger's Statement of Reasons.
4/ Tariff Act of 1930, as amended by Trade Agreements Act of 1979, Section 771 (19 U.S.C. 1677(7)).
5/ Id.

Since 1976, the U.S. industry has lost market share while imports from Japan have increased rapidly and substantially. These imports increased from 259,000 units in 1976 to 534,000 units in 1978. Imports from Japan in 1979, the period of Commerce's withholding of appraisement, were lower than in 1978, but were still 71 percent higher in quantity than in 1976. The absolute decline in imports during 1979 was offset by sales from importers' inventories, which, after tripling in 1978, dropped by 18 percent in 1979 on a quantity basis. Thus, while actual imports as a share of consumption declined in 1979, importers maintained their effective strength in the market by selling stocks on hand. 6/

Pricing comparisons made by the Commission indicated that during the period of January 1977 to December 1979 prices for imports from all three Japanese firms undersold domestically produced portable electric typewriters in almost 100 percent of the cases examined and that in most cases the margins of underselling were more than accounted for by the LTFV margins found by Commerce. 7/

This rapid, overall increase in imports sold at less than fair value had several negative consequences for the U.S. industry. The U.S. industry was unable to increase domestic shipments by more than four percent during 1976-1978, despite the 33 percent growth in consumption which occurred. 8/ Imports from Japan captured 87 percent of the growth in the market in this period, at a time when the domestic industry had substantial unused capacity.

6/ Confidential Report, at A-14, A-16.
7/ Id., at A-29, A-31.
8/ Id., Table 7, at A-20.

Production and capacity utilization, although fluctuating on an annual basis, trended downward from 1976-1979. 9/ In addition, total hours worked by the domestic industry's employees declined, wherein the average hours worked annually by each production worker declined with a corresponding decline in their annual wage. 10/

The Commission's investigation, moreover, showed that imports of portable electric typewriters from Japan resulted in a substantial loss of sales to the domestic industry. 11/ Although in some cases, SCM's allegations could not be confirmed by the Commission, it was established that purchases of imported products were made in lieu of available domestic products and that the primary reason for choosing the imported product was price. Of particular importance was the controversial loss of the Sears account. Testimony given under oath by SCM that these sales were lost due to price undercutting seems to outweigh the contradictory claims made by Sears, which were not made under oath.

The combination of underselling and loss of sales by imports from Japan contributed to the decrease in profits in the domestic industry from 1976 to 1979. The data indicate that notwithstanding increases in prices during this period, prices were not able to keep pace with cost increases, and the increase in sales slowed significantly. Consequently, the healthy profits experienced in 1976 began to decline. In 1979, this inability of the industry

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9/ Id., at A-19.
10/ Id., at A-22.
11/ Id., at A-32.

to raise prices or increase sales sufficiently prompted a sharp drop in profits. 12/

The record also shows that the industry experienced reduced cash flow and a steep decline in return on investment in 1979. Declining profitability has caused difficulties in raising investment funds for capital expenditures and research and development outlays necessary to compete with foreign entrants in the U.S. marketplace. 13/

The investigation established that the injury to the domestic industry is likely to continue if imports from Japan continue to enter the U.S. market at less than fair value. Although, imports of portable electric typewriters from Japan declined after the latest withholding of appraisement of Commerce, there is no reason to believe that a negative determination would not prompt LTFV imports to return to 1978 levels. Japan exported electric typewriters to 86 countries in 1979 and to 84 countries in 1978, the United States being the most important market by a wide margin. It is clear that the Japanese manufacturers have the ability to divert exports to this market if the threat of dumping duties is removed by the Commission.

On the basis of the record established in this investigation, we therefore conclude that an industry in the United States is materially injured by reason of imports of portable electric typewriters from Japan which the Department of Commerce has determined are being or are likely to be sold at less than fair value.

12/ Id., at A-25.
13/ Id., at A-25, A-27.

Additional Views of Chairman Catherine Bedell

As a participant in the earlier investigation on portable electric typewriters, (Investigation No. AA1921-145, USITC Publication 732, June 1975), I wish to point out that the economic conditions affecting the domestic industry under the previous investigation were quite different from those considered in the instant case.

In the previous investigation, data obtained by the Commission, which covered 1972-74, showed that U.S. production, shipments, and exports increased annually as did employment and man-hours worked in the production of portable electric typewriters. Furthermore, in 1974, imports from Japan of portable electric typewriters, as a share of the U.S. market, declined significantly, as did the margins by which those imports undersold the domestically produced product.

In the instant case, the data show that the trends have reversed. United States production of portable electric typewriters trended downward, net operating profits declined, domestic shipments increased minimally, and man-hours worked in the production of portable electric typewriters declined as did annual wages. Furthermore, the margins by which imports from Japan undersold U.S. production increased substantially. Finally, imports from Japan increased significantly, as an additional manufacturer in Japan joined in the underselling of portable electric typewriters.

For the reasons stated above, I have, therefore, determined that data obtained under the current investigation, pursuant to section 735 of the Tariff Act of 1930, indicate that an industry in the United States is now materially injured by reason of imports of portable electric typewriters from Japan sold at less than fair value.

Statement of Reasons of Vice Chairman Alberger

On the basis of the record developed in investigation No. 731-TA-12 (Final), I determine, pursuant to section 735 of the Tariff Act of 1930 (19 U.S.C. 1673d.), that an industry in the United States is materially injured by reason of imports of portable electric typewriters from Japan which are sold at less than fair value (LTFV) as determined by the Department of Commerce (Commerce).

In this investigation, the relevant domestic industry is the facilities in the United States used in the production of portable electric typewriters. Such domestic industry is currently comprised of one producer, the Smith Corona Group (SCM), Consumer Products Division of SCM Corporation, New Canaan, Conn. 1/

Imports of portable electric typewriters from Japan increased rapidly and substantially through 1978, then decreased somewhat in 1979, immediately after the filing of the antidumping petition. Sales of the imported articles actually increased from 1978 to 1979, due to substantial selling of accumulated inventories from 1978. Thus, while imports peaked in 1978, imports had a greater market impact in 1979. Profits declined sharply in 1979, after trending slightly downward from 1976 through 1978. Domestic production also generally trended downward from 1976-79, never climbing above the 1976 level.

The pricing information obtained by the Commission indicates that nearly all of these increased imports from Japan were sold at prices below those of the domestic producer on comparable models. During the period January 1977 to December 1979, comparisons of prices for imported and U.S.-produced portable electric typewriters show that imports from Japan undersold domestic merchandise

1/ With only one firm producing portable electric typewriters in the United States, a majority of the economic data relative to the domestic industry is confidential and therefore cannot be revealed in this opinion.

in almost 100 percent of the comparisons and that in most cases the margins of underselling were more than accounted for by the LTFV margins found by Commerce. Domestic prices did increase from 1976 through 1979, but not as fast as costs.

SCM presented a considerable amount of information with respect to sales that it considered were lost to LTFV imports. Although a good portion of the number of alleged lost sales, when examined closely, do not constitute sales actually lost by SCM to imports due to price undercutting, there are substantial losses that appear to be by reason of lower prices. There was sworn testimony proffered at the hearing that the Sears account for portable electric typewriters was switched from SCM to two Japanese manufacturers. The SCM representative stated that price was the primary reason for lost sales to Sears with quality and consumer services being secondary considerations. 1/ The sales which SCM had made to Sears represented a considerable portion of the manufacturer's total sales. Submissions were made for the record (but not as sworn statements) by Sears contradicting the sworn testimony offered by SCM. The weight of the evidence thus seems to balance in favor of SCM.

The determination that the domestic industry producing portable electric typewriters is materially injured by reason of LTFV imports is based on my consideration of the economic factors required by section 771(7) of the Tariff Act of 1930. My findings are:

1/ Transcript of the hearing, April 10, 1980, p. 16.

Findings of Fact

Volume of Imports

1. Imports of portable electric typewriters from Japan amounted to 259,000 units in 1976 and increased to 534,000 units in 1978. During 1979, imports declined to 443,000 units, which, although lower than the 1978 level, was 71 percent higher than the quantity of imports in 1976. (Report at Table 3) 1/

2. The yearend inventories of portable electric typewriters from Japan held by U.S. importers responding to Commission questionnaires were 33 percent lower in 1977 than in 1976, but in 1978 were nearly triple the level reported for 1977. The increase in 1978 was largely due to a substantial increase in the inventory held by Sears in that year. Thus, even though the quantity of imports declined in 1979, net sales by importers (imports plus beginning inventory 1979 minus ending inventory 1979) show an increase in 1979 from 1978. (Report at A-16 and Tables 3 and 5)

3. Information available to the Commission sets forth pricing data to indicate that the Royal Administrator, although viewed as an office machine by Royal, is offered to mass merchandisers at prices lower than portable electric typewriters manufactured by SCM. For sales to consumers, it is priced competitively or higher than SCM typewriters. (Report at Confidential Table C-2 and Tr. p. 241)

Price

4. Various models of PET's are sold in the United States and the prices for the models vary widely. Such price variations depend on the features incorporated in the machine, for example, automatic return, correction device, and the ribbon system, among others. The Japanese prices of comparable models were, in almost all instances, lower than the prices of SCM, with margins of underselling ranging from 2 to 48 percent. (Report at A-29 to 31)

1/ All references for the findings of fact are to the confidential version of the final report to the Commission.

Impact on Affected Industry

5. Domestic production of PET's has fluctuated from year to year over the 1976-79 period. The industry experienced production highs in 1976 and 1978 followed by declines in 1977 and 1979 both below the 1976 level. (Report at Table 6)

6. Domestic capacity to produce PET's in the U.S. has remained at approximately the same level since 1977. Capacity utilization, however, has varied, as did production in 1976-79 with capacity utilization in 1979 being 14 percent below that in 1976. (Report at A-18, 19)

7. The U.S. producer's net sales increased steadily in value over the 1976-79 period; such instances, however, were not sufficient to cover increasing costs, and profits generally declined. (Report at A-24, 25 and Confidential Table 11)

8. Apparent U.S. consumption increased from 1976 to 1977 by approximately 20 percent, but since 1977 consumption has remained relatively constant. SCM's share of apparent consumption decreased from 1976 to 1979. Even if the PET's imported by SCM from its overseas operations are added in, SCM's market share decreased in 1977 and 1978 and then recovered slightly but was still 10 percentage points below the 1976 figure in 1979. (Report at Table 7)

9. The domestic industry continued to operate at healthy levels of profitability through 1978, although such levels trended downward over the period. In 1979 the profit level declined sharply due to substantial increases in, among other things, administrative and selling expenses and cost of goods sold. Profits follow a trend quite similar to sales of imports over the period 1976 through 1979. (Report at Confidential Table 11 and Tables 3 and 5 and Report at A-16)

10. The general trend regarding return on investment tracks closely that for profits with fluctuations through 1978 with a substantial decrease occurring in 1979. (Report at Confidential Table 11)

11. Productivity remained constant throughout the period. (Report at A-22)

12. The yearend inventories of SCM declined irregularly since the end of 1976 with a slight increase shown in 1978. (Report at A-22)

13. Employment levels for production and related workers have increased marginally since 1976. Although output per person remained constant, the number of hours worked annually by each production worker decreased. Wages for these workers increased on an hourly basis, but because of cutbacks in hours per employee, the annual wage totals paid by SCM to employees actually declined. (Report at A-22 to 23)

14. SCM representatives testified at the hearing that reduced profitability has made it difficult for SCM to obtain capital from its parent company for its domestic portable electric typewriter operations. This occurs at a time when cash flow is reduced and the need for more funds is reportedly more pressing. (Tr. p. 36)

15. Capital expenditures by SCM remained level through 1978 and then increased substantially in 1979 because of large investments in machinery, buildings, and equipment. (Report at A-27)

Conclusions of Law

A. In this investigation, the appropriate industry consists of the facilities in the United States devoted solely to the production of portable electric typewriters.

B. The Royal Administrator (Seiko model 9300) is appropriately considered a portable electric typewriter for purposes of this investigation.

C. The domestic industry producing portable electric typewriters in the United States is materially injured by reason of imports of such items from Japan which Commerce has determined are being or are likely to be sold at less than fair value.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Section 102(b)(2) of the Trade Agreements Act of 1979 requires the United States International Trade Commission to conduct final antidumping investigations in instances in which, as of the effective date of title VII of the Tariff Act of 1930, as added by the Trade Agreements Act of 1979 (January 1, 1980), the Secretary of the Treasury had made a tentative affirmative determination, but not a final determination, under the Antidumping Act, 1921, as amended, with regard to the question of less-than-fair-value (LTFV) sales.

On January 7, 1980, the Commission received notification that, as of January 1, 1980, the Treasury Department had made a tentative affirmative less-than-fair value determination, but no final determination, with regard to portable electric typewriters imported from Japan. Consequently, the Commission on January 8, 1980, but effective January 1, 1980, instituted antidumping investigation No. 731-TA-12 (Final) pursuant to section 735 of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979, to determine whether, with respect to portable electric typewriters, provided for in item 676.05 of the Tariff Schedules of the United States (TSUS), from Japan, an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports sold or likely to be sold at less than fair value.

The antidumping statutes, as amended by the Trade Agreements Act of 1979, require that this investigation be completed before the later of (a) the 120th day after January 1, 1980 or (b) the 45th day after the day on which the administering authority makes its final affirmative determination. The administering authority made its final determination in this investigation on March 18, 1980. 1/ The statutory deadline in this investigation, therefore, is May 1, 1980 (based on the date of the final determination by the Department of Commerce, which is now the administering authority).

In connection with the investigation, a prehearing report containing preliminary findings of fact was distributed to the parties on March 24, 1980, and a public hearing was held in Washington, D.C., on Thursday, April 10, 1980. Notice of the institution of the investigation and public hearing was given by posting copies of the notice at the Office of the Secretary to the Commission, in Washington, D.C., and the Commission's Office in New York City, and by publishing the original notice in the Federal Register of January 17, 1980 (45 F.R. 3401). 2/

1/ A copy of Commerce's letter to the Commission concerning LTFV sales of portable electric typewriters from Japan is presented in app. A.

2/ A copy of the Commission's notice of investigation and hearing is presented in app. B.

The Treasury Department instituted its investigation into the fact or likelihood of less-than-fair-value sales of portable electric typewriters from Japan after receiving a properly filed complaint on April 9, 1979, from counsel acting on behalf of the Smith-Corona Group, Consumer Products Division of SCM Corp. (SCM) New Canaan, Conn., the sole producer of portable electric typewriters in the United States. Treasury's notice of withholding of appraisement and tentative determination of LTFV sales of portable electric typewriters from Japan was published in the Federal Register of January 4, 1980 (45 F.R. 1220).

Background information

SCM previously filed for relief under the Antidumping Act, 1921, as amended, and the Secretary of the Treasury determined on March 19, 1975, that portable electric typewriters from Japan were being, or were likely to be, sold in the United States at LTFV. In that investigation, Treasury found that the weighted average dumping margins applicable to sales by Brother Industries, Ltd., and Silver Seiko Co., Ltd. were 24.3 percent and 10.8 percent, respectively. As a result of Treasury's determination, the Commission instituted an investigation with respect to injury to the domestic industry and determined, by a vote of 3 to 2, "that an industry in the United States is not being injured, or is not likely to be injured, or is prevented from being established, by reason of the importation of portable electric typewriters from Japan that are being, or are likely to be sold in the United States at LTFV within the meaning of the Antidumping Act, 1921, as amended," (Investigation AA1921-145, USITC Publication 732, June 1975). 1/

The Product

Description and uses

A typewriter is a machine with a manually operated keyboard which produces characters like those of a letterpress as a substitute for handwriting. Typewriters may be portable or standard (office type) units as well as manually or electrically operated. The typewriters which have been sold in

1/ In April 1977, SCM Corp., sought judicial review of the Commission's determination in investigation AA1921-145. On March 7, 1980, the Customs Court ordered that the SCM appeal be stayed for such necessary time, not to exceed 90 days, as the Commission may require to supply the court with a more specific and explicit statement of reasons for two conclusions which the Commission reached in investigation No. AA1921-145; i.e. (1) the affected "industry" was limited to, alternatively, the facilities devoted to the production of all portable typewriters, or, the production of portable electric typewriters; and, (2) significant market penetration by less-than-fair-value imports alone is not an adequate basis for determining injury.

the United States at less than fair value and which are the subject of this investigation are electrically operated portable units (customarily sold at retail with a carrying case).

Portable electric typewriters (PET's) incorporate two distinct type-printer systems: the type-bar, and single element or ball systems. In the type-bar system the characters of type are attached to rods which in turn are assembled into a semicircular segment. A system of levers and linkages connect the individual type-bars to corresponding keys on the keyboard. In the single-element typewriter, introduced by IBM in the early 1960's, the letters and symbols are arranged on a sphere which by means of electronic or mechanical connections to the keyboard is swivelled and tilted into the proper striking position. Most typewriters incorporating this system are full-sized office machines; those that are portable have not had a significant impact on the U.S. market for PET's. In both systems the typing stroke and the function of certain controls, as well as the forward motion of the carriage and, in many cases, the carriage return are powered by an electric motor drive.

PET's with type-bar printing systems are separated by manufacturers into two categories: segment-shift units and carriage-shift units. The keyboards of typical typewriters have from 42 to 46 typing keys, with two characters arranged vertically per key. Selection of either upper-or lower-case characters is controlled by a mechanism that shifts either the basket or segment which holds the individual type-bars (segment shift), or the carriage assembly which transports the paper being typed (carriage shift). Carriage shift machines are less costly to produce, are usually lower in price, and are generally recognized by the industry as having a less professional "feel" and as being less durable. According to both SCM Corp. and Brother International, sales of carriage-shift models in the United States have increased in recent years relative to sales of the segment-shift models. Whether a typewriter incorporates a carriage shift or a segment shift, however, does not appear to be a critical criterion in the consumer's purchasing decision. Other important features of portable electric typewriters aside from those mentioned above include length of carriage, correction devices, cartridge or "snap out" ribbon systems, automatic return, repeat keys, and adjustable tabulator systems.

PET's generally contain between 2,200 and 2,500 parts and usually weigh between 18 and 26 pounds each. The efficient production of typewriter parts and their assembly into finished typewriters requires a skilled labor force and a substantial investment in specially designed automated machinery which is capable of operating within very strict tolerances. While the manufacture of typewriter parts is highly capital intensive, the intermediate and final assembly operations for portable electric typewriters remain largely labor intensive. The state of manufacturing technology for PET's in Japan and in the United States is generally recognized as being equivalent.

PET's are generally not employed in office or business environments where heavy use is required. These units are used primarily where it is desirable to have a unit that can be readily moved from one point to another. The principal users are students and housewives.

U.S. tariff treatment

Portable electric typewriters are provided for in item 676.05 of the Tariff Schedules of the United States (TSUS) and are free of duty. Typewriters in general were placed on the free list in the Tariff Act of 1913 and were bound free in the trade agreement negotiated under the General Agreement on Tariffs and Trade in 1951. All typewriters other than automatic types (i.e., those with duplicating features like teletypes or word processors) have remained free of duty thereafter.

Nature and Extent of Sales at LTFV

The Department of Commerce's LTFV determination was based on an examination of PET's from three producers in Japan--Brother Industries, Ltd., (Brother); Silver-Seiko Co., Ltd. (Silver-Seiko); and Nakajima All Co., Ltd., (Nakajima)--for the period November 1, 1978-April 30, 1979. These firms accounted for virtually all PET's manufactured in Japan and exported to the United States.

For the purpose of determining whether PET's manufactured by Nakajima were being, or were likely to be, sold at less than fair value, Commerce used as a basis of its comparison the purchase price to unrelated U.S. customers and the adjusted home-market price of such or similar merchandise. The purchase price was used since three unrelated U.S. customers--* * * accounted for all of Nakajima's sales to the United States, and the home-market price was used since such merchandise was sold in the home market in sufficient quantities to provide a basis for comparison. Using the above criteria, Commerce made comparisons on approximately 100 percent of Nakajima's sales of PET's to the United States * * * during the representative period and found LTFV margins on * * * percent of the sales examined. As calculated by Commerce, margins ranged from * * * to * * * percent of the purchase price; however, the weighted average margin on all sales, including those at fair value, amounted to 4.36 percent.

For Brother and Silver-Seiko, Commerce considered export sales price in addition to purchase price because large quantities of these firms' sales to the United States are made to related purchasers--Brother International Corp. and Silver-Reed America, Inc. (Silver-Reed), respectively. The unrelated purchasers which accounted for most of Brother's sales were * * * while those which accounted for most of Silver-Seiko's sales were * * *. Accordingly, Commerce made comparisons on approximately 100 percent of Brother's sales of PET's to the United States * * * during the representative period and found LTFV margins on 100 percent of the sales examined. LTFV margins as calculated by Commerce ranged from * * * percent to * * * percent of the selling price * * * with a weighted average margin of 48.7 percent. Commerce made comparisons on approximately 100 percent of Silver-Seiko's sales to the United States * * * during the representative period. Margins ranged from * * * percent to * * * percent of the selling price * * *, with a weighted average margin of 36.5 percent. A summary of LTFV sales and margins is shown in table 1.

Table 1.--Portable electric typewriters: Summary of LTFV sales during Nov. 1, 1978-Apr. 30, 1979

Exporter, model/importer	Exports to United States examined by Treasury	Units exported to United States found to be sold at LTFV	Share of exports examined found to be sold at LTFV	Estimated selling price to U.S. market (purchase price or exporters' sales price) of export examined		Estimated fair market value of exports		Estimated LTFV margin		Ratio of LTFV margin to estimated selling price	Ratio of LTFV margin to fair market value
				Total	Unit value	Total	Unit value	Total	Unit value		
			Percent							Percent	Percent
Brother:											
***	***	***	***	***	***	***	***	***	***	***	***
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***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	48.7	32.3
Silver Seiko:											
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	36.5	26.6
Nakajima:											
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***	4.4	3.8

1/ * * *.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.

Source: Compiled from material in the Commerce file.

The Industry

U.S. producers

The Smith-Corona Group of the Consumer Products Division of SCM Corp. (SCM) is the sole domestic producer of PET's. Royal, the only other significant producer of PET's in the United States in recent years, discontinued production in May 1972. SCM produces PET's and parts of typewriters domestically at five plants, all of which are located in New York State: one at Groton, one at Geneva, and three at Cortland (a fourth plant at Cortland was closed in 1979). * * *. All of the PET's manufactured by SCM in the United States are segment-shift machines. In addition to PET's, SCM manufactures standard-size office typewriters and manual portable typewriters in its New York plants. PET's account for approximately * * * percent of total sales of these plants, excluding replacement parts. * * *. In 1974, SCM began constructing a plant at Williamsport, Pa., reportedly for the purpose of manufacturing PET's for export. This plant, which was completed and available for production in 1977, has remained idle.

SCM also operates plants which produce PET's in Canada, Scotland, and Singapore. * * *. * * *. Table 2 shows SCM's production of PET's in foreign plants and its U.S. imports of such typewriters for 1976-79. Imports of PET's by SCM from its overseas operations increased from * * * in 1977 to * * * in 1979, or from * * * percent of total PET imports to * * * percent.

* * * * * * *

Table 2.--Portable electric typewriters: SCM Corp.'s production in foreign plants, and SCM's U.S. imports, by countries, 1976-79

(In thousands)

Country	1976	1977	1978	1979
	Foreign production by SCM Corp.			
Canada	***	***	***	***
Scotland	***	***	***	***
Singapore	***	***	***	***
Total	***	***	***	***
	U.S. imports by SCM Corp.			
Canada	***	***	***	***
Scotland	***	***	***	***
Singapore	***	***	***	***
Total	***	***	***	***

1/ * * *.
2/ * * *.
3/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Foreign producers

All three producers in Japan manufacture products other than typewriters, and Brother and Nakajima each produce PET's in at least two plants at different locations. Brother reported that during the past three years, * * *. Brother submitted data to the Commission relating to its portable electric typewriters production for both the segment-shift and the carriage-shift machine and the quantities of its production destined for shipment to the United States for the fiscal years ending November 21 of 1977-79 (Table pg. A-8).

Silver-Seiko also supplied data to the Commission on its production of segment-shift and carriage-shift PET's for 1977-79. Silver reports that it is currently operating at * * * percent of capacity and * * *. The table on page A-8 shows production of segment-shift and carriage-shift machines, by Silver, 1977-79.

The Commission requested information from Nakajima relating to that firm's production, capacity utilization, and plans concerning expansion of capacity, but did not receive such information.

U.S. importers of PET's and channels of distribution

Eight importers account for nearly all imports of PET's from Japan: * * *. With the exception of warehousing, the importers added no value to the imported product.

* * * * * * *

* * *. Most of the PET's imported by these firms are distributed to either office equipment dealerships or to mass merchandisers (* * *), which then sell to the consumer.

Brother International, which imported PET's from Brother * * *, primarily supplied mass merchandisers, while Silver-Reed, which imported from * * * Silver-Seiko * * *, primarily supplied office equipment dealers. Those models of PET's which Commerce examined and found to have been sold at LTFV and the importers and manufacturers of those models are shown in table 1.

Portable electric typewriters: Production of segment-shift and carriage-shift machines by Brother, and units destined for shipment to the United States, fiscal years ending Nov. 21 of 1977-79

(In thousands)

Type of machine and fiscal year	Total production	Units destined for the U.S.
Segment shift:		
1977	***	***
1978	***	***
1979	***	***
Carriage shift:		
1977	***	***
1978	***	***
1979	***	***
Total:		
1977	***	***
1978	***	***
1979	***	***

Source: Compiled from data submitted to the U.S. International Trade Commission by Brother.

Portable electric typewriters: Production of segment-shift and carriage-shift machines by Silver-Seiko, 1977-79

(In thousands)

Year	Segment shift	Carriage shift	Total
1977	***	***	***
1978	***	***	***
1979	***	***	***

Source: Compiled from data submitted to the U.S. International Trade Commission by Silver.

U.S. imports

Total imports of PET's, as reported by the U.S. Department of Commerce, trended upward without interruption between 1976 and 1979, increasing 65 percent by quantity and 134 percent by value (table 3). Imports from Japan, the principal supplier, increased annually from 259,000 units, valued at $21.0 million, in 1976 to 534,000 units, valued at $55.8 million, in 1978, representing an increase of 106 percent by quantity and 165 percent by value. The average unit value of those imports increased from $81.22 each in 1976 to $104.55 each in 1978, or by 29 percent. Imports from Japan in 1979 declined to 443,00 units, valued at $52.3 million or 17 percent by quantity and 6

Table 3.--Portable electric typewriters: U.S. imports for consumption, by principal sources, 1976-79

Source	1976	1977	1978	1979
	Quantity (1,000 units)			
Japan	259	446	534	443
Singapore	141	133	137	194
United Kingdom	36	45	52	75
West Germany	34	55	46	34
Italy	2	2	4	20
All other	32	57	39	67
Total	504	738	812	833
	Value (1,000 dollars)			
Japan	21,036	39,694	55,830	52,294
Singapore	12,190	12,587	12,963	21,507
United Kingdom	3,869	5,278	9,202	15,954
West Germany	5,506	12,390	9,802	6,764
Italy	157	395	645	4,962
All other	3,626	5,779	5,160	7,232
Total	46,384	76,123	93,602	108,713
	Unit value			
Japan	$81.22	$89.00	$104.55	$118.05
Singapore	86.45	94.64	94.62	110.86
United Kingdom	107.47	117.29	176.96	212.72
West Germany	161.94	225.27	213.09	198.94
Italy	78.50	197.50	161.25	248.10
All other	113.31	101.39	132.31	107.94
Average	92.03	103.15	115.27	130.51

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

percent by value from the 1978 level of imports. The unit value of imports from Japan, however, increased by 13 percent in 1979. Imports from Japan in 1979, although lower than in 1978, were 71 percent higher in quantity and 149 percent higher in value than in 1976.

Imports of PET's from Japan also declined after Treasury's previous withholding of appraisement issued on December 20, 1974, as shown in appendix table C-1. The period examined by Treasury during that investigation was from October 1, 1973, to March 31, 1974

U.S. imports from Singapore, the other major foreign source of PET's, declined irregularly from 141,000 units, valued at $12.2 million, in 1976 to 137,000 units, valued at $13.0 million, in 1978, but increased in 1979 to 194,000 units valued at $21.5 million. Imports from Singapore in 1979 were up 38 percent by quantity and 76 percent by value from the level of imports from that source in 1976. The average unit value of the imports from Singapore increased from $86.45 each in 1976 to $110.86 each in 1979, or by 28 percent.

Data obtained by questionnaire

U.S. imports.--The U.S. importers of PET's that responded to the Commission's questionnaire accounted for 90 percent of the units imported from Japan in 1976, 89 percent in 1977, 88 percent in 1978, and 84 percent in 1979. U.S. imports by these firms increased from 234,000 units, with a landed value of $21.2 million, in 1976 to 469,000 units, with a landed value of $53.6 million, in 1978, but declined by about 20 percent, to 370,000 units valued at $47.1 million, in 1979 (table 4). The average unit value of imports increased annually from $90.54 each in 1976 to $127.40 each in 1979.

U.S. importers' inventories.--Yearend inventories of PET's from Japan held by U.S. importers that responded to the Commission's questionnaire followed a trend similar to the trend of inventories reported by SCM. Importers' yearend inventories of PET's in 1977 were 33 percent lower than in 1976, but in 1978 were nearly triple the level reported for 1977. The increase in inventories in 1978 was largely due to a substantial increase in the inventory held by * * * up from * * * in 1977 to * * * in 1978, although four of the other five firms also reported increased inventories for that year. * * *. As a share of their sales, importers' inventories declined from * * * percent in 1976, to * * * percent in 1977, increased to * * * percent in 1978, and then declined in 1979 to * * * percent. Table 5 shows U.S. importers' year end inventories, by firms, 1976-79.

The Question of Material Injury or Likelihood Thereof

U.S. production, capacity, and capacity utilization

Production, capacity, and capacity utilization for SCM's PET operations for 1976-79 are shown in table 6. Production fluctuated from year to year, falling from * * * in 1976 to * * * in 1977, recovering to * * * in 1978, and

Table 4.--U.S. imports of portable electric typewriters from Japan by producers and by importers, 1976-79

Producer/importer	1976	1977	1978	1979
	Quantity (units)			
Brother Industries, Ltd:				
***	***	***	***	***
***	***	***	***	***
***	1/ ***	1/ ***	1/ ***	1/ ***
***	***	***	***	***
Silver Seiko Co. Ltd:				
***	***	***	***	***
***	1/ ***	1/ ***	1/ ***	1/ ***
***	***	***	***	***
Nakajima All:				
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Grand total	233,925	397,961	469,316	369,994
	Landed value (1,000 dollars)			
Brother Industries, Ltd:				
***	***	***	***	***
***	***	***	***	***
***	1/ ***	1/ ***	1/ ***	1/ ***
***	***	***	***	***
Silver Seiko Co. Ltd:				
***	***	***	***	***
***	1/ ***	1/ ***	1/ ***	1/ ***
***	***	***	***	***
Nakajima All:				
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Grand total	21,180	39,406	53,554	47,139
	Unit value (each)			
Brother Industries, Ltd:				
***	***	***	***	***
***	***	***	***	***
***	1/ ***	1/ ***	***	1/ ***
***	***	***	***	***
Silver Seiko Co. Ltd:				
***	***	***	***	***
***	1/ ***	1/ ***	1/ ***	1/ ***
***	***	***	***	***
Nakajima All:				
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Grand average	90.54	99.02	114.11	127.40

1/ Imported from a related party.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 5.--U.S. importers' yearend inventories of portable electric typewriters from Japan, by firms, 1976-79

(In units)

Importer	1976	1977	1978	1979
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 6.--Portable electric typewriters: SCM Corp.'s production, capacity, and capacity utilization, 1976-79

Year	Production	Capacity 1/	Capacity utilization
	1,000 units	1,000 units	Percent
1976	***	***	***
1977	***	***	***
1978	***	***	***
1979	***	***	***

1/ Based on actual product mix during 1976-79, with allowances for maintenance downtime.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

then falling again in 1979 to * * *. The fluctuation in production does not reflect reallocations of resources. The types of PET's produced by SCM in the United States are not produced by that firm abroad, and no other types of typewriters are produced on the machinery used by SCM for its U.S. production. SCM's capacity for producing PET's increased from * * * in 1976 to * * * in 1977, and remained virtually at this level through 1979. Capacity utilization declined from * * * percent in 1976 to * * * percent in 1977, then recovered somewhat to * * * percent in 1978, before falling again in 1979 to * * * percent.

U.S. producers' shipments and exports

The quantity of domestically produced PET's shipped by SCM (including export shipments) increased from * * * in 1976 to * * * in 1977, but declined slightly to * * * in 1979 (table 7). On the other hand, the value of shipments increased each year during the period, from * * * in 1976 to * * * in 1979, or by * * * percent. The average unit value of SCM's shipments increased from * * * in 1976 to * * * in 1979.

Data were requested by the Commission relating to shipments of SCM's PET's by types of markets during 1976 and 1979. The data show that private brand sales declined by * * * percentage points between 1976 and 1979, while sales to mass merchandisers declined by * * * percentage points. For the purposes of this investigation, mass merchandisers consisted of department stores, discount stores, and other retail chains which operate multiple sales outlets. Sales of PET's to office equipment dealers by SCM increased by * * * percentage points, while sales to Federal, State, and local governments increased * * *. Table 8 shows the percentage of total shipments by SCM, by types of sales outlets, 1976 and 1979.

SCM's export shipments of PET's increased in terms of both quantity and value during 1976-79. Export shipments increased from * * * in 1976 to * * * in 1979, or by * * * percent. The value of SCM's export shipments increased from * * * in 1976 to * * * in 1979, or by * * * percent. The average unit value for SCM's exports, however, decreased from * * * in 1976 to * * * in 1979, or by * * * percent. As a share of total shipments, export shipments by SCM increased from * * * percent in 1976 to * * * percent in 1978 and to * * * percent in 1979.

U.S. producers' inventories

The yearend inventory of PET's, as reported by SCM, declined irregularly from * * * in 1976 to * * * in 1979. The inventory-to-shipment ratio for SCM fell from * * * percent in 1976 to * * * percent in 1977, rose to * * * percent in 1978, and fell to * * * percent in 1979 (table 9).

Table 7.--Portable electric typewriters: SCM Corp.'s shipments, imports for comsumption, exports of domestic merchandise, and apparent consumption, 1976-79

(Quantity in thousands of units; value in thousands of dollars)

Year	SCM's Corp's shipments	Imports				SCM's Corp's exports	Apparent consumption	Ratio (percent) of imports to consumption			
		From Japan	By SCM	All other	Total			From Japan	By SCM	All other	Total
	Quantity										
1976	***	259.3	***	***	504.2	***	***	***	***	***	***
1977	***	446.4	***	***	738.0	***	***	***	***	***	***
1978	***	533.6	***	***	812.5	***	***	***	***	***	***
1979	***	442.5	***	***	833.2	***	***	***	***	***	***
	Value										
1976	***	21,036	***	***	46,384	***	***	***	***	***	***
1977	***	39,694	***	***	76,123	***	***	***	***	***	***
1978	***	55,830	***	***	93,602	***	***	***	***	***	***
1979	***	52,209	***	***	108,713	***	***	***	***	***	***

1/ * * *.
2/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

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Table 8.--Portable electric typewriters: Percentage distribution of shipments by SCM Corp., by types of markets, 1976 and 1979

Type of market	1976	1979
Private brands	***	***
Federal, State, local government	***	***
Mass merchandisers	***	***
Office equipment dealers	***	***
Total	100	100

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 9.--SCM Corp.s' yearend inventories of portable electric typewriters, 1976-79

Data	Inventory	Ratio, of inventory to shipments
	1,000 units	Percent
Dec. 31--		
1976	***	***
1977	***	***
1978	***	***
1979	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. employment

Employment data for SCM are shown in table 10. The average number of all employees in SCM's U.S. establishments producing PET's increased moderately from * * * in 1976 to * * * in 1979, or by * * * percent. Similarly, the number of production and related workers engaged in the production of PET's increased from * * * to * * *, or by * * * percent. The total hours worked by these employees declined by * * * percent during the period under investigation, and the average hours worked annually by each production worker on PET's declined from * * * hours to * * * hours, or by * * * percent, in the same period. Total wages paid to these workers trended steadily upward from 1976 to 1979, increasing by * * * percent. On an hourly basis, average wages paid to workers engaged in the production of PET's increased from * * * per hour in 1976 to * * * per hour in 1979, or by * * * percent. Output per man-hour remained constant throughout the period at * * * units per man-hour.

Table 10.--Average number of employees in SCM's U.S. establishments producing PET's man-hours worked and wages paid to production and related workers producing PET's and output per man-hour, 1976-79

* * * * * * *

Financial performance of SCM

Selected financial data for SCM on its domestic PET operations are presented in table 11. Despite a steady increase in SCM's net sales of PET's from * * * in 1976 to * * * in 1979, net operating income declined from * * * to * * * in the same period. Similarly, the ratio of net operating income to net sales fell from * * * percent in 1976 to * * * percent in 1979. The decline in net operating income is at least in part due to increases in * * * expenses. Expenditures for * * * by SCM on PET's increased annually from * * * in 1976 to * * * in 1979. As a share of the value of U.S. shipments, * * * increased from * * * percent in 1976 and 1977 to * * * percent in 1978 and to * * * percent in 1979. The slight increase in the ratio of the cost of goods sold to the value of sales during 1976-79, from * * * percent to * * * percent, is primarily due to increases in * * *.

Selected financial data for SCM on all operations of its U.S. establishments in which PET's are produced are presented in table 12. * * *.

Investment and capital expenditures

The production of PET's, as stated earlier in this report, requires substantial amounts of capital investment for tooling, machinery, and equipment. The funds necessary to provide this capital investment, if not generated internally, must be obtained from the investment community. The ability to obtain funds from the investment community relies heavily on the investor's perception of a firm's future profitability. * * *.

Capital expenditures by the Smith-Corona group of SCM Corp. for the production of PET's increased irregularly from * * * in 1976 to * * * in 1979. * * * accounted for the largest share of expenditures during the 1976-79 period; expenditures for buildings reflect the construction in 1976 of the plant in Williamsport, Pa., and also the consolidation of certain assembly and other operations in 1979, which left Smith-Corona's Huntington Street plant (in Cortland, N.Y.) vacant. Table 13 shows SCM's capital expenditures for PET's for 1976-79.

Table 11.--Selected financial data for SCM Corp. on its domestic portable electric typewriter operations, 1976-79

Item	1976	1977	1978	1979
Net sales----------1,000 dollars--	***	***	***	***
Cost of goods sold:				
Raw materials----------do----	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Direct labor----------1,000 dollars--	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Other factory costs 1/ 1,000 dollars--	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Total----------1,000 dollars--	***	***	***	***
As a share of sales-----percent--	***	***	***	***
Gross margin----------1,000 dollars--	***	***	***	***
General, administrative, and selling expenses----------do----	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Net operating income----1,000 dollars--	***	***	***	***
Ratio of net operating income to net sales----------percent--	***	***	***	***
Ratio of net operating income to fixed assets (cost less depreciation)----------percent--	***	***	***	***
Ratio of net operating income to fixed assets (at cost)------percent--	***	***	***	***
Ratio of net operating income to fixed assets (replacement cost) percent--	***	***	***	***

1/ Including depreciation and amortization.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 12.--Selected financial data for SCM Corp. on all operations of its U.S. establishments in which portable electric typewriters are produced, 1976-79

Item	1976	1977	1978	1979
Net sales----------1,000 dollars--	***	***	***	***
Cost of goods sold:				
Raw materials----------do----	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Direct labor----------1,000 dollars--	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Other factory costs 1/ 1,000 dollars--	***	***	***	***
As a share of sales-------percent--	***	***	***	***
Total----------1,000 dollars--	***	***	***	***
As a share of sales-----percent--	***	***	***	***
Gross margin----------1,000 dollars--	***	***	***	***
General, administrative, and selling expenses----------do----	***	***	***	***
As a share of sales-----percent--	***	***	***	***
Net operating income----1,000 dollars--	***	***	***	***
Ratio of net operating income to net sales----------percent--	***	***	***	***
Ratio of net operating income to fixed assets (cost less depreciation)----------percent--	***	***	***	***
Ratio of net operating income to fixed assets (at cost)------percent--	***	***	***	***
Ratio of net operating income to fixed assets (replacement cost) percent--	***	***	***	***

1/ Including depreciation and amortization.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 13.-- Portable electric typewriters: Capital expenditures by SCM Corp., 1976-79

(In thousands of dollars)

Item	1976	1977	1978	1979
Land	***	***	***	***
Buildings	***	***	***	***
Machinery and equipment	***	***	***	***
Total	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The Question of the Causal Relationship Between LTFV Imports and the Alleged Material Injury

U.S. consumption and market penetration of imports

From 1976 to 1979, apparent U S. consumption of PET's in the United States increased from * * *, to * * *, or from * * * to * * * (table 7). Although consumption of PET's increased in every year under investigation, it is evident that the rate of increase declined in recent periods. From 1978 to 1979, apparent consumption in terms of quantity rose by less than * * * percent, whereas from 1977 to 1978, it rose by more than * * * percent, and from 1976 to 1977, it rose by more than * * * percent.

As a share of apparent consumption, the number of imported PET's from Japan increased from * * * percent in 1976 to * * * percent in 1978, and then declined to * * * percent in 1979. Although the trend in terms of value is similar, the actual yearly ratios of imports to consumption on this basis are lower, reflecting the lower average unit value of imports from Japan.

While the ratio of imports from Japan to consumption declined from 1978 to 1979, the ratio of imported PET's from other countries to consumption increased. As a share of apparent consumption, imports by SCM from Singapore and Great Britain increased from * * * percent to * * * percent in this period, while all other imports increased from * * * percent to * * * percent.

Prices

SCM and importers of Japanese PET's were asked to report, on a quarterly and monthly basis, prices for the largest quantities of specific models of PET's either shipped by them (if they are related to one of the Japanese manufacturers) or shipped to them (if they are unrelated to any of the

1/ * * *.

Japanese manufacturers) between January 1977 and December 1979. The prices reported by SCM are * * *; the prices reported by related and unrelated importers are * * *, respectively. All prices are net of discounts, allowances, and rebates. From these data appendix tables C-2 through C-4 were prepared, showing prices for comparable models of imported and U.S.-produced PET's.

Many different models of PET's are sold in the United States, and prices for the models vary widely. For the most part, prices depend upon the features, such as automatic return, correction device, cartridge or cassette ribbon system, and segment shift, incorporated into the machine. The imported PET's found to be sold at LTFV and those produced or imported by SCM and their respective features are shown in table 14.

Despite the variability of features, several models of imported and U.S.-produced PET's are similar. * * *. All interested parties agree that the foregoing comparisons are appropriate, although Royal maintains that, because of its additional weight, its model 9300 is not strictly comparable to any other PET. The data show that in nearly all instances, prices for PET's manufactured by Brother, Silver-Seiko, and Nakajima were lower than prices for comparable PET's manufactured by SCM. The margins of underselling ranged from * * * percent to * * * percent for Brother, * * * percent to * * * percent for Silver-Seiko, and * * * percent to * * * percent for Nakajima. With the exception of prices for two imported models, the margins of underselling were more than accounted for by the LTFV margins found by Commerce. * * *.

* * * * * * *

Table 14.--Portable electric typewriters: Summary of features of U.S.-produced models and imported models found at LTFV

* * * * * * *

Both the average selling price and average production cost per typewriter shipped by SCM increased after 1976. While the average unit selling price increased from * * * to * * * or by * * * percent, between 1976 and 1979, the average unit production cost increased from * * * to * * *, or by * * * percent, in the same period. SCM's average unit selling prices and average unit production costs for its sales of PET's for 1976-79 are shown in table 15.

Table 15.--Portable electric typewriters: SCM's Corp.'s average unit production costs and average unit selling prices, 1976-79

Year	Average unit production cost	Average unit selling price
1976	***	***
1977	***	***
1978	***	***
1979	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Lost sales

SCM supplied a list of past and present customers that allegedly had reduced their purchases of domestically produced portable electric typewriters and increased purchases of LTFV imports from Japan, or had ceased purchasing SCM's domestic products and begun purchasing LTFV imports exclusively. Lost sales, as alleged by SCM, for 1977-79 were estimated at * * *, valued at * * *. The imported models involved were manufactured by all three of the firms that the Department of Commerce found were selling portable electric typewriters at LTFV. The Commission's staff contacted by telephone 15 of the firms which accounted for 81 percent (based on quantity) of the sales allegedly lost by SCM. Six of those firms-- * * * reported that price was either the most important or one of the most important factors considered in their decision to purchase PET's from Brother, Silver-Seiko, or Nakajima, in lieu of the PET's manufactured by SCM. One firm reportedly purchased the imported machines in lieu of those manufactured by SCM in order to make a wider selection of models available to its customers. One firm switched to the imported models reportedly because of delivery problems with SCM, and another cited, in order of importance, the features, service, and price as the reasons for the change to the LTFV imports. One firm reported that purchases from SCM had not been reduced, and one reported that it had never purchased from SCM. A summary of the information as reported by the individual purchasers follows:

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APPENDIX A

COMMERCE DEPARTMENT'S LETTER OF NOTIFICATION TO THE U.S. INTERNATIONAL TRADE COMMISSION

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

18 MAR 1980

The Honorable
Catherine Bedell
Chairman, International
Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

In accordance with section 735(c)(1)(A) of the Tariff Act of 1930, as amended (93 Stat. 171) (the Act), the Department of Commerce has determined that portable electric typewriters from Japan are being sold at less than fair value within the meaning of section 735 of the Tariff Act of 1930. Pursuant to sections 735(c)(1)(A) of the Act, you are hereby formally advised of this determination and the bases for the determination which are specified in the attached copy of the Federal Register notice.

Pursuant to section 777(c)(1) of the Tariff Act of 1930, as amended (93 Stat. 187), you will be accorded full access to all nonprivileged and non-confidential information in our files. All privileged and confidential information in the files will be made available upon confirmation that the confidentiality of such information will be maintained and that it will not be disclosed, either publicly or under administrative protective order, without the express written consent of the Assistant Secretary for Trade Administration.

Sincerely,

Stanley J. Marcuss
Acting Assistant Secretary for
Trade Administration

APPENDIX B

NOTICE OF COMMISSION'S INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

731-TA-12 (Final) thru 731-TA-14 (Final)

Notice of Institution of Antidumping Investigations
and Scheduling of Hearings

AGENCY: United States International Trade Commission

ACTION: Institution of three antidumping investigations to determine whether with respect to the articles involved an industry in the United States is materially injured, or is threated with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports sold or likely to be sold at less than fair value.

EFFECTIVE DATE: January 1, 1980.

FOR FURTHER INFORMATION CONTACT: The supervisory investigator assigned by the Commission to the particular investigation for which the information is sought. The assignments of supervisory investigators and their telephone numbers at the Commission are designated below.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979, section 102(b)(2), requires the Commission to conduct antidumping investigations in cases where on January 1, 1980, the Secretary of the Treasury has made a tentative determination, but not a final determination, under the Antidumping Act, 1921, as to the question of less-than-fair-value sales. Accordingly, the Commission hereby gives notice that, effective as of January 1, 1980, it is instituting the following investigations pursuant to section 735 of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979. These

investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457) and, particularly, Subpart C thereof, effective January 1, 1980.

Written submissions. Any person may submit to the Commission on or before the prehearing statement due date specified below for the relevant investigation a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Hearings. The Commission has scheduled a hearing in each investigation on the date specified below. A report containing preliminary findings of fact prepared by the Commission's professional staff will be made available to all interested persons prior to the hearing. Any person's prehearing statement must be filed on or before the indicated date. All parties that desire to appear at the hearing and make oral presentations must file prehearing statements. For further information consult the Commission's Rules of Practice and Procedure, Part 207, Subpart C (44 FR 76457), effective January 1, 1980.

ANTIDUMPING INVESTIGATIONS

Inv. No.	Product/Country	Tentative hearing date	Hearing location	Contact person
31-TA-12 (Final)	Portable electric typewriters, provided for in TSUS item 676.05/Japan	Apr. 10, 1980	ITC Building Washington, D.C.	Bruce Cates 523-0368
31-TA-13 (Final)	Melamine in crystal form, provided for in TSUS item 425.10/Austria	Apr. 11, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
31-TA-14 (Final)	Melamine in crystal form, provided for in TSUS item 425.10/Italy	Apr. 11, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439

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By order of the Commission.

Kenneth R. Mason
Secretary

Issued: January 10, 1980

APPENDIX C

SUPPLEMENTARY TABLES

Table C-1.--Portable electric typewriters: U.S. imports for consumption, total and from Japan, 1971-79

Year	Quantity (1,000 units)		Value (1,000 dollars)	
	Japan	Total	Japan	Total
1971	144.2	311.1	6,728	15,325
1972	198.1	242.2	8,881	12,412
1973	317.2	388.0	18,538	25,778
1974	195.3	261.7	15,719	23,731
1975	152.9	273.2	13,400	27,149
1976	259.3	504.2	21,036	46,384
1977	446.4	738.2	39,694	76,123
1978	533.6	812.5	55,830	93,602
1979	443.3	833.2	52,294	108,713

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

Table C-2.--Portable electric typewriters: Prices to mass merchandisers of comparable typewriters produced by Brother International, Nakajima, SCM Corp., and Silver-Seiko, by quarters, January 1977-September 1978, and by months, October 1978-December 1979.

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Table C-3.--Portable electric typewriters: Price of comparable typewriters produced by Silver-Reed and SCM Corp., paid by mass marchandisers by quarters, January 1977-September 1978, and by months, October 1978-December 1979.

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Table C-4.--Portable electric typewriters: Prices of comparable typewriters produced by Brother International and SCM Corp., paid by Sears, by quarters, January 1977-September 1978 and by months, October 1978-December 1979

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