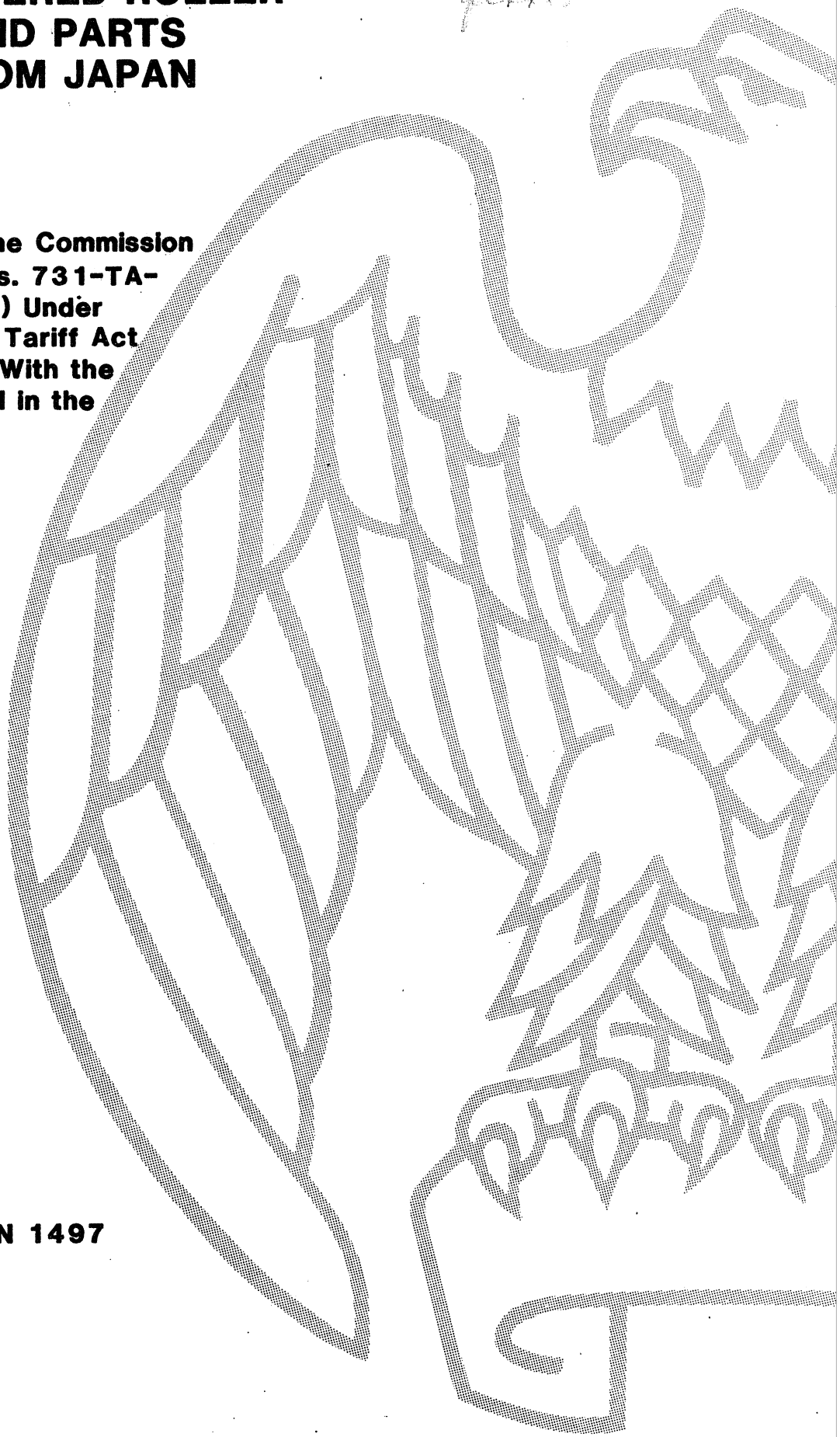
CERTAIN TAPERED ROLLER BEARINGS AND PARTS THEREOF FROM JAPAN AND ITALY

Determinations of the Commission in Investigations Nos. 731-TA-120 and 122 (Final) Under Section 735 of the Tariff Act of 1930, Together With the Information Obtained in the Investigations



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-120 and 122 (Final)

CERTAIN TAPERED ROLLER BEARINGS AND PARTS THEREOF FROM JAPAN AND ITALY

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ 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 not being materially injured or threatened with material injury, nor is the establishment of an industry in the United States being materially retarded, by reason of imports from Japan (investigation No. 731-TA-120 (Final)) or by reason of imports from Italy (investigation No. 731-TA-122 (Final)) of certain tapered roller bearings and parts thereof, provided for in item 680.39 of the Tariff Schedules of the United States (TSUS), which are being, or are likely to be, sold in the United States at less than fair value (LTFV).

Background

The Commission instituted these investigations effective August 30, 1983, following preliminary determinations by the Department of Commerce that imports of certain tapered journal roller bearings and parts thereof from Japan and Italy were being, or were likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. § 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies

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

2/ Commissioner Haggart not participating.

of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of September 28, 1983 (48 F.R. 44280).

Commerce was scheduled to make its final determinations in these cases by November 7, 1983. However, Commerce extended its investigations and published its final affirmative determinations in the Federal Register of January 19, 1984 (49 F.R. 2278). The Commission's hearing was held in Washington, D.C. on January 25, 1984. All persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that an industry in the United States is not materially injured and is not threatened with material injury by reason of imports of certain tapered roller bearings from Japan and Italy, respectively, which are being sold at less than fair value (LTFV). 1/ 2/ 3/

We have concluded that the domestic industry is in very poor health, but we have not been able to establish any casual link between the deterioration in its condition and the imports from Japan or the imports from Italy. Rather, the steep and rapid decline of the market for railway freight car tapered roller bearings after the boom period of 1979-1980 has had a devastating impact on shipments from all participants in this market, including the distributors for Japan and Italy. Total tapered roller bearing shipments in all of 1983 were about the average for one month of 1980. 4/ We did not find that the imports from Japan or Italy caused significant price suppression or price depression. Confirmed allegations of lost sales to Japan and to Italian tapered roller bearings were generally not attributable to

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1/ For purposes of these investigations, the term "certain tapered roller bearings and parts thereof" covers 2-row tapered roller bearings having outside diameters of between 6.5 and approximately 11 inches and parts thereof, including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized, all of the foregoing meeting the specifications established by the Association of American Railroads (AAR) in Specification M-934-81.

2/ Since there is a domestic industry, material retardation of the establishment of an industry is not an issue and will not be discussed further.

3/ These determinations are made on a case-by-case basis. While petitioner suggested a cumulation of imports from Japan and Italy, cumulation in this investigation would lead to the same negative determinations.

4/ Staff Report ("Report") at A-11.

lower prices but to sourcing or preference reasons. Therefore, the requisite casual link between the subject imports and the deteriorated condition of the domestic industry is not present in these investigations.

Definition of the domestic industry

The domestic industry against which the impact of the LTFV imports is to be assessed is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product". 5/ "Like product" is defined in section 771(10) 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 . . .." 6/

In the preliminary investigations, we determined that the like product is tapered roller bearings in sizes 5 1/2" x 10" (for use on 50-ton capacity freight cars), 6" x 11" (for use on 75-ton freight cars), and 6-1/2" x 12" (for use on 100-ton freight cars) and the domestic industry is that portion of Brenco, Inc. and the Timken Company which are dedicated to the production of these tapered roller bearings. 7/ No additional information has been developed which would warrant a revision in the definition of either the like product or the domestic industry. Therefore, we adopt those definitions as fully discussed in the prior determinations. 8/

5/ 19 U.S.C. § 1677(4)(A).
6/ 19 U.S.C. § 1677(10).
7/ See Report at A-2-6 for a fuller description of the product.
8/ Certain Tapered Roller Bearings and Parts Thereof from Japan, the Federal Republic of Germany, and Italy, Inv. Nos. 731-TA-120-122 (Preliminary), USITC Pub. 1359 (1983). Views of Chairman Eckes at 4-5 and Views of Commissioner Stern at 11. Although it has been suggested that used bearings might be considered a like product, we have not included them in the definition of the like product. However, we are aware that used and remanufactured bearings are a factor in the aftermarket, but imported bearings are not a significant factor in this aftermarket.

Condition of the domestic industry 9/

In the preliminary investigations, we did not have information on one of the two domestic producers. Including information on that domestic producer in these final investigations has confirmed our initial view of the condition of the domestic industry. 10/ A review of the key indicators of the condition of the domestic industry shows that it continues to experience severe difficulty.

Production plummeted from 1980 to 1982 and continued to decline in January-September 1983 compared to that in the January-September period of 1982. 11/ During this period, capacity increased moderately. Consequently, the decrease in capacity utilization was compounded. 12/ Shipments have paralleled this declining trend. Domestic shipments dropped by over three-fourths from 1980 through 1982 and decreased again, by more than one-half, in the January-September 1983 period from the January-September 1982 level. 13/ Export shipments decreased by about one-half from 1980 through 1982 and fell by more than one-half in January-September 1983 from export shipments in January-September 1982. 14/ The ratio of end-of-period inventories to total shipments more than doubled from 1980 through January-September 1983. 15/

This deteriorated position is reflected in the financial performance and

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9/ Because there are only two domestic producers, industry data have been designated confidential and the discussion necessarily focuses on generalized trends.

10/ Commissioner Stern notes that in the preliminary investigations, she reached negative determinations because she could find no reasonable indication that the subject imports were connected with any material injury to the domestic industry. All facts in the present final investigations confirm those preliminary determinations. See her views in Invs. Nos. 731-TA-120-122 (Preliminary).

11/ Report at A-13.

12/ Id.

13/ Id. at A-14.

14/ Id.

15/ Id.

the employment statistics of the domestic companies. Net sales, gross profit, net profit, and the ratio of profits to net sales decreased substantially. 16/ The number of workers and hours worked declined from 1980 through 1982 and decreased again, by approximately one-half, in January-September 1983 from the comparable January-September 1982 levels. 17/

During this same period, capital expenditures and research and development expenses have continued. Brenco committed in 1976 to a 50 percent increase in capacity, which took place over the next four years. Some equipment ordered in the 1978-1979 period did not arrive until 1981-1982 due to long lead times. 18/ Total research and development expenses significantly increased from 1980 through 1982. 19/

We, therefore, find that the domestic industry is in a poor state of health.

No material injury by reason of the subject imports 20/

Section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, (1) the volume of imports of merchandise under investigation, (2) the effect of such imports on domestic prices, and (3) the impact of such imports on the domestic industry. 21/ 22/

16/ Id. at A-19-21.
17/ Id. at A-17.
18/ Tr. at 39 and 41.
19/ Report at A-21.
20/ Because there is only one foreign producer in each country that exports these bearings to the United States, data have been designated confidential and the discussion necessarily focuses on generalized trends.
21/ 19 U.S.C. § 1677(7)(B).
22/ Commissioner Stern has made her determination on a case-by-case basis. She notes that even if she had cumulated, her determination would have been the same. The domestic industry has an overwhelming share of the market and the imports have had only a marginal effect. They have not caused, whether taken separately or together, material injury. In determining whether or not cumulation is appropriate, an important consideration is whether there has been a "hammering," or collective effect on the domestic industry. In this case, I do not find that the products have had a collective effect. The fact that the Italian tapered roller bearings only had conditional approval until May 1983 has meant that the products have competed on different levels.

In determining whether injury to the domestic industry is by reason of the LTFV imports, the legislative history states that "the Commission must satisfy itself that in light of all the information presented, there is a sufficient causal link between the less-than-fair value imports and the requisite injury." 23/ The Commission is not to weigh causes. 24/

Japan--Shipments of Japanese tapered roller bearings increased slightly from 1980 to 1981 before declining steeply in 1982 and January-September 1983. Because U.S. producers were unable to supply the market in the peak period of 1979-1980, 25/ the Japanese were able to improve their market penetration from 1980 to 1982 before the collapse of the market in 1982. However, these market share gains were from a very small base and occurred despite an overall decrease in shipments of Japanese tapered roller bearings of almost one-half from 1980 to 1982.

Prices were compared on the basis of the largest sales of each of the size bearings in each calendar quarter of 1980-1982 and January-September 1983. 26/ A comparison of the prices of the domestic product and the product from Japan shows that there is no pattern of underselling of the imported product from Japan. Although the prices were not always identical, the prices of the Japanese product followed a pattern similar to the U.S. prices. 27/ There is no indication of price suppression or price depression caused by these prices. The prices set by the U.S. producers appear to have been dictated by the market conditions rather than by the prices of Japanese bearings.

23/ S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979).
24/ H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).
25/ Petitioner's Prehearing Brief at 20.
26/ Report at A-33.
27/ Id. at A-34-36.

Domestic producers made several allegations of lost sales to imports from Japan. The Commission was only able to confirm one lost sale. In this instance the purchaser stated that it had purchased tapered roller bearings from Japan because its customer had specified the source of the bearings. 28/

The above information is not sufficient to establish the requisite causal link with the imports from Japan and the injury suffered by the domestic industry.

Italy--Imports from Italy also decreased in 1982 from their high point in 1981. As with Japanese tapered roller bearings, Italy's increase in market share from 1980 to 1981 can be attributed to the market need for alternative suppliers in light of the tight supply situation of 1979-1980. Shipments of bearings from Italy in January-September 1983 fell by more than 75 percent from those in the comparable 1982 period. 29/ The ratio of such shipments to apparent U.S. consumption also decreased from 1981 to 1982 and then fell to an insignificant level in January-September 1983. 30/

Prices of these imports were generally below the U.S. producers' prices. 31/ This difference in price is attributable to the fact that the Italian tapered roller bearings which were only "conditionally approved" by the Association of American Railroads (AAR) until 1983 were competing with tapered roller bearings which were fully approved. 32/

The Commission again investigated allegations of lost sales and in this case was able to confirm several lost sales to tapered roller bearings from

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28/ Id. at A-38-39.
29/ Report at A-29-33.
30/ Id.
31/ Id. at A-36.
32/ See Id. at A-8.

Italy. The reasons given by purchasers were (1) customer preference, (2) slightly longer credit terms, and (3) desire for a second source. In 1979-1980 the U.S. producers were not able to supply the market, and therefore several companies had to develop a second source. 33/

We do not believe that the above information reveals the requisite causal link and therefore have reached a negative determination.

No threat of material injury by reason of subject imports

With respect to the threat of material injury, the Commission examines, among other factors, demonstrable trends in the following areas: (1) the rate of increase in importation of the dumped merchandise on the United States market; (2) importers' inventories; (3) capacity in the exporting country to generate exports; and (4) the likelihood that such exports will be directed to the United States market, taking into account the availability of other export markets. 34/

Japan--As discussed above, there has been a sharp decline in these imports during the period of investigation. The end-of-period inventories of Japanese tapered roller bearings was also down in 1982 and dramatically decreased in January-September 1983. Data on capacity and capacity utilization are not available, but the Japanese manufacturer indicated that a reduction in capacity and shifts to other bearing sizes were steps taken in response to the declining market. 35/ The United States represented a declining percentage of the total exports during 1978-1983. 36/ The Japanese

33/ Id. at A-38-39.
34/ H.R. Rep. No. 317, 96th Cong., 1st Sess. 46 (1979).
35/ Tr. at 202.
36/ Report at A-27.

importer indicated that its market share was unlikely to increase in the foreseeable future because they cannot provide the comprehensive services of domestic firms. 37/ Therefore, we find no evidence that Japanese tapered roller bearings represent a threat of material injury to the domestic industry. There is no evidence that these imports will be directed here in the future.

Italy--Applying the above criteria, there is no indication of a threat from Italy. The rate of imports of tapered roller bearings from Italy has decreased from the high of 1981. In fact, the Italian importer stated that it had taken no deliveries of Italian tapered roller bearings since mid-1982. 38/ End-of-period inventories remain stable, but are high in relationship to the reduced sales level of 1983. 39/ Capacity utilization in Italy has generally been very high since 1980. Exports to other markets since 1981 have grown in relationship to exports to the United States. 40/

Conclusion

We therefore find that there is no indication of present injury or threat of material injury from imports of either Japan or Italy.

37/ Tr. at 207.
38/ Tr. at 167.
39/ Report at A-26.
40/ Id. at A-27-28.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On January 26, 1983, a petition was filed by counsel on behalf of Brenco, Inc. (Brenco), Petersburg, Va., with the United States International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States was materially injured, or threatened with material injury, by reason of imports from Japan, the Federal Republic of Germany (West Germany), and Italy of railway freight car journal roller bearings which were allegedly being sold in the United States at less than fair value (LTFV). Accordingly, the Commission instituted investigations Nos. 731-TA-120, 121, and 122 (Preliminary), under section 733 of the Tariff Act of 1930 (19 U.S.C. § 1673b) to determine whether there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports of such merchandise.

On March 14, 1983, the Commission notified Commerce of its determinations that there was a reasonable indication that an industry in the United States was materially injured by reason of imports from Japan, West Germany, and Italy of certain tapered roller bearings and parts thereof, provided for in item 680.39 of the Tariff Schedules of the United States (TSUS), which were allegedly being sold, or likely to be sold, in the United States at LTFV. 1/

On August 30, 1983, Commerce published its preliminary determinations in the Federal Register (48 F.R. 39269). Commerce determined that imports of certain tapered journal roller bearings and parts thereof from Japan and Italy were being, or were likely to be, sold in the United States at LTFV. However, Commerce determined that imports of such merchandise from West Germany were not being, nor were they likely to be, sold in the United States at LTFV. Accordingly, effective August 30, 1983, the Commission instituted final antidumping investigations on certain tapered roller bearings and parts thereof from Japan (investigation No. 731-TA-120 (Final)) and Italy (investigation No. 731-TA-122 (Final)). Notice of the Commission's institution of its final investigations 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, D.C., and by publishing the notice in the Federal Register of September 28, 1983 (48 F.R. 44280). 2/

Commerce was scheduled to make its final determinations in these cases by November 7, 1983. However, in response to requests from the petitioner (in the case of imports from West Germany) and from counsel for producers in Japan and Italy, Commerce extended its investigations (48 F.R. 43365). The Commission's hearing was rescheduled accordingly and held in Washington, D.C. on January 25, 1984. 3/

1/ Commissioner Stern dissenting and Commissioner Haggart not participating. Commissioner Lodwick was not a member of the Commission at that time.

2/ A copy of the Commission's notice is presented in app. A.

3/ Copies of the Commission's notice amending its schedule for the conduct of these investigations and a list of witnesses appearing at the hearing are presented in app. A.

Commerce's final determinations as to the question of LTFV sales were published in the Federal Register of January 19, 1984 (49 F.R. 2278). 1/ Similar to its preliminary determinations, Commerce found that imports of certain tapered journal roller bearings and parts thereof from Japan and Italy were being, or were likely to be, sold in the United States at LTFV, whereas imports of such merchandise from West Germany were not being, nor were they likely to be, sold in the United States at LTFV. The applicable statute directs that the Commission make its final injury determinations within 45 days after the final determinations by Commerce. The Commission voted on these cases at its meeting on February 17, 1984.

Previous Commission Investigations on Tapered Roller Bearings

In January 1975, the Commission determined, by a vote of 4 to 2, that an industry in the United States was likely to be injured by reason of the importation of tapered roller bearings, including inner races or cone assemblies and outer races or cups, exported to and sold in the United States, either as a unit or separately, from Japan, that the U.S. Department of the Treasury had determined were being sold, or were likely to be sold, at LTFV within the meaning of the Antidumping Act, 1921, as amended. 2/

The Commission's 1975 investigation involved four cups and four cone assemblies--with outside diameters of 4 inches or less--for use in tapered roller bearings, whether sold separately or as a unit. Tapered roller bearings are produced in sizes ranging from under 1 inch to several feet in outside diameter. Railway freight car journal roller bearings, the merchandise under consideration in the instant investigations, have outside diameters ranging from about 6.5 to 11 inches. The great bulk of tapered roller bearings used domestically are under 4 inches in outside diameter. At the time of the Commission's 1975 investigation, 90 percent of annual U.S. consumption (in terms of quantity) of all tapered roller bearings were 4 inches or less in outside diameter; consumption of bearings more than 6 inches in outside diameter amounted to less than 2 percent of the total.

The Products

Description and uses

The primary function of antifriction bearings is to reduce the friction between a revolving part and a fixed part in mechanical devices. Bearings are essential components in almost all moving machinery and equipment. Antifriction bearings may be classified in two broad categories: ball bearings and roller bearings. The principal differences are the rolling elements

1/ Copies of Commerce's final determinations are presented in app. B.
2/ Tapered Roller Bearings and Certain Components Thereof from Japan . . ., USITC Publication 714, Washington, D.C., January 1975.

(balls or rollers) and their respective abilities to carry loads. 1/

The tapered roller bearings subject to these investigations are designed for and used predominantly on railway freight cars. They are the only type of bearing currently used in the United States in the construction of new railroad freight cars. 2/ Other limited applications include passenger rail cars, steel mill rolling tables, pumping jacks (oilfield equipment), conveyors, and construction equipment.

Railway freight car journal roller bearings are devices which are attached to the axles (journals) of railway freight cars to reduce the friction created by the rotation of the axle when the car is in motion. In the United States, freight car roller bearings are tapered, or designed to accept both radial and thrust loads. 3/ The cone shape is a design which assures a true rolling motion and a high radial load and thrust capacity. The tapered design of a freight car journal roller bearing allows it to accept the heavy vertical load capacity of a freight car, as well as horizontal load movements. Freight car journal roller bearings have two rows of roller assemblies, thus increasing their capacity to handle heavy loads (fig. 1).

Railway freight car journal roller bearings are produced in six sizes 4/ (or classes)--4-1/4" x 8" (class B), 5" x 9" (class C), 5-1/2" x 10" (class D), 6" x 11" (class E), 6-1/2" x 12" (class F), and 7" x 12" (class G). The vast bulk of such bearings used on freight cars are the 6" x 11" bearing (which is used in 70-ton freight cars) and the 6-1/2" x 12" bearing (used in 100-ton freight cars).

Freight car journal roller bearings consist of the following principal parts: two inner races (or rings), two roller assemblies, one spacer, one end cap, one locking plate with three cap screws, two seals, two wear rings, one backing ring, and one outer race (fig. 2). The roller assembly is made up of

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1/ Tapered roller bearings are not generally interchangeable with ball or other roller bearings because each type has characteristics that make it the better choice for a given application. The original selection is made to assure maximum bearing performance; therefore, a replacement would be made with the same type of bearing. The load-carrying ability of a bearing is largely determined by the contact between the rolling element and the raceway (the surface area upon which the rolling element moves). The contact area of a roller bearing is much greater than that of a ball bearing; thus, a roller bearing is better suited to accommodate the heavy loads of freight cars.

2/ The Association of American Railroads (AAR) requires that, with one exception, no product other than tapered roller bearings be used as journal bearings on freight cars in interchange service. The exception is a cylindrical roller bearing produced by a Canadian firm. According to testimony at the conference held in connection with the Commission's preliminary investigations (transcript, p. 52), this cylindrical bearing is not used in the United States.

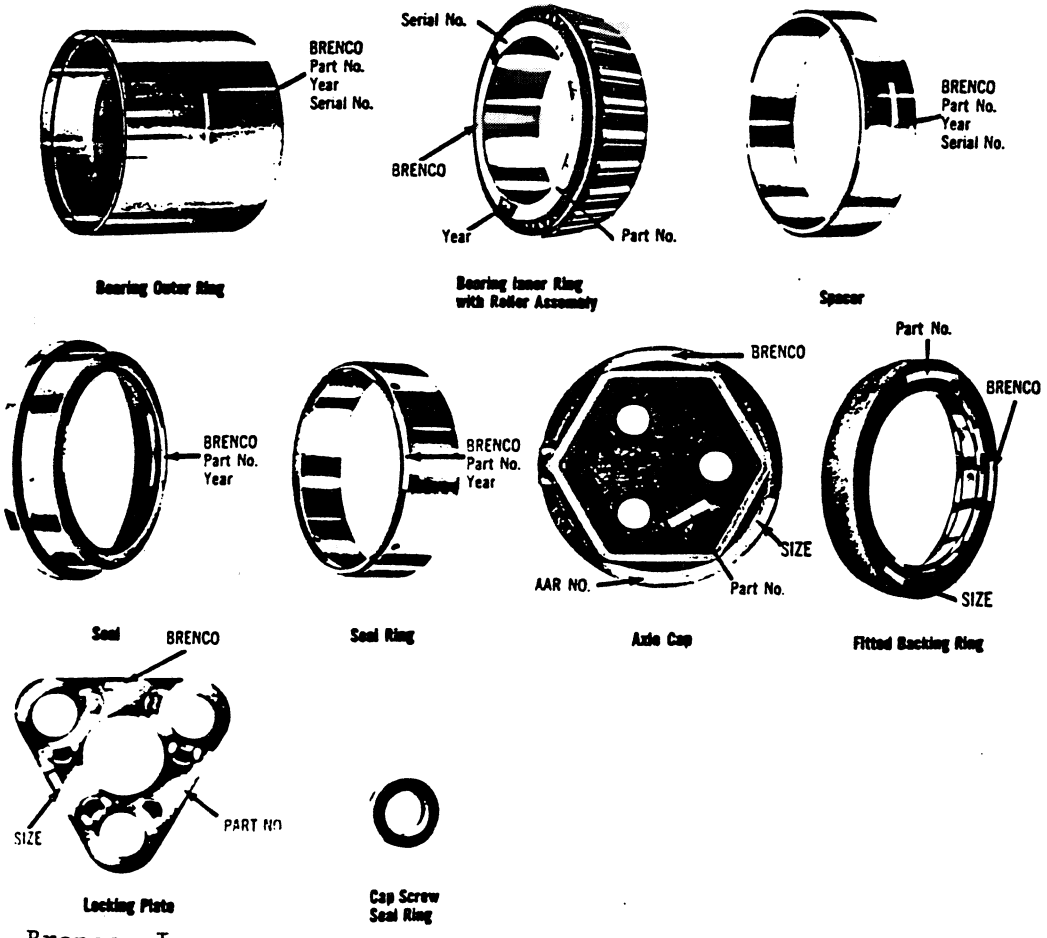
3/ Roller bearings may be designed to accept radial loads, thrust loads, or both radial and thrust loads.

4/ The measurements shown for the bearings relate to the size axle upon which they are used.

Figure 1.—Cutaway view of a railway freight car journal roller bearing

Source: Brenco, Inc.

Figure 2.-- Principal components of a railway freight car journal roller bearing



Source: Brenco, Inc.

a cage and a set of rollers. The number of rollers depends on the size of the bearings. The inner race provides the surface upon which the rollers move. The cage retains the rollers on the diameter of the inner race. The outer race is the largest component of the assembly, and its inside part is tapered to conform with the taper of the roller assembly. The outer race provides the outer surface upon which the roller assembly rotates. The spacer separates the two roller assemblies from each other, once they are assembled. The end cap and locking plate are fastening devices which connect the bearing assembly, using three screws, to the axle of the railcar. The locking plate is partially bent into the screws to prevent them from turning inadvertently. The seals are usually made of elastomeric materials and are used to protect the bearings from foreign materials and to retain the lubricants near the contact rolling elements. The wear rings are parts upon which the exposed parts of the bearings are connected with the enclosed parts housing the contact rolling elements.

Production process

The contact rolling elements (inner and outer races) are manufactured from alloy steel seamless tube or bearing quality steel bar stock. The rollers are made of alloy steel wire. The end caps are manufactured from cast iron. The backing rings, seal wear rings, and spacers are made of carbon steel tube or bar. The cages and locking plates are made of carbon steel strip. When steel tube is used as a raw material, it is first machined on a multiple spindle screw machine. The machining operation includes boring, drilling, forming, and facing. When bar stock is used as a raw material, it is usually passed through an induction heating machine and then forged and hot rolled before it undergoes machining operations.

Following all machining operations, and in accordance with rules established by the AAR, 1/ all bearing parts are stamped with the manufacturer's name or initials and part number, and the month and year of manufacture. The bearings then undergo a heat treatment process known as carburizing, during which a controlled amount of carbon is added to the parts while they are exposed to high temperatures for a specified time. Carburizing provides the bearings with hardness and durability and extends their life expectancy. The bearing components are then oil quenched, a process of dipping them in oil to relieve them of stresses built up during the heat treatment process. Virtually all bearings manufactured in the United States, as well as those imported from Italy and Japan, are case hardened, whereas most bearings produced in West Germany are through hardened. A case hardened bearing is one that has been heat treated only on the surface; a through hardened bearing has been heat treated throughout. Following the heat treatment process, the bearing components go through grinding, greasing, and inspection, and are then packed for shipment.

Universal standards covering life expectancy, material quality, dimensions, and tolerances are established by the AAR. New freight car roller

1/ These AAR rules, as set forth in specification M-934-81, cover journal roller bearings for application to freight cars in interchange service.

bearings are inspected and carefully tested before they receive AAR approval. New freight car bearings receive "conditionally approved" status when they meet the requirements of the specifications set by the AAR. Such approval limits sales to a maximum 4,000 carsets (32,000 bearings) which may be applied to interchange freight cars. After 1 year, if an inspection shows that the bearings have been operating satisfactorily, an additional 4,000 carsets may be sold. A manufacturer can receive "approved" status from the AAR if the bearings have had 50,000 miles of operation, 2 years of service, and an inspection indicating satisfactory performance. According to AAR specifications, contact rolling element parts manufactured by one firm may not be interchanged with those manufactured by another firm. All other parts may be interchanged.

U.S. tariff treatment

The imported railway freight car journal roller bearings and parts thereof which are the subject of these investigations are classified for tariff purposes under item 680.39 of the TSUS. 1/ The current column 1 most-favored-nation (MFN) rate of duty for item 680.39 is 8.9 percent ad valorem. 2/ The current rate is the fourth in a series of staged duty reductions negotiated during the Tokyo round of the Multilateral Trade Negotiations (MTN); the rate prior to January 1, 1981, was 12.2 percent ad valorem. The current rate of duty is scheduled to be further reduced, in annual stages, to 6.5 percent ad valorem on January 1, 1987.

The column 2 rate of duty for item 680.39 is 67 percent ad valorem. 3/ Imports under this item are not eligible for duty-free treatment under the Generalized System of Preferences (GSP). 4/ The rate of duty on imports from least developed developing countries (LDDC's) is 6.5 percent ad valorem. 5/

1/ For statistical reporting purposes, as relevant to these investigations, item 680.39 is divided as follows: Item 680.3932 provides for "Cup and cone assemblies imported as a set;" item 680.3934 provides for "Cups imported separately;" item 680.3938 provides for "Cone assemblies imported separately;" and item 680.3940 provides for "Other parts" (of tapered roller bearings). ("Cup" refers to the outer race; a cone assembly consists of the inner race, rollers, and cage.)

2/ The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

4/ The GSP, under title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until January 1985.

5/ LDDC rates are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) applicable to products of those LDDC's designated in general headnote 3(d) of the TSUS.

Nature and Extent of Sales at LTFV

On January 19, 1984, the Department of Commerce made final determinations that railway freight car journal roller bearings and parts thereof from Japan and Italy are being, or are likely to be, sold in the United States at LTFV. 1/ The information developed by Commerce in its investigations follows.

Japan

To arrive at a fair value comparison, Commerce compared the U.S. price of the subject merchandise with the foreign market value. Koyo Seiko Co., Ltd. (Koyo), was the only Japanese firm known to the Department of Commerce that exports railway freight car journal roller bearings to the United States. Commerce used the exporter's sales price of the subject merchandise to represent the U.S. price for sales by Koyo because the merchandise was first sold to unrelated purchasers after importation into the United States. The exporter's sales price was calculated on the basis of the c.i.f., duty-paid, delivered packed price. Commerce made deductions for Japanese inland freight; ocean freight; marine insurance; U.S. inland freight; customs duties; and brokerage expenses, commissions, discounts for prompt payment, credit expenses, and other selling costs incurred in the United States.

The foreign market value was calculated on the basis of Koyo's sales of tapered journal roller bearings to unrelated customers in Australia because such or similar merchandise was not sold in Japan. Australia was selected as the third country to be used for fair-value comparisons because the bearings exported to Australia were most similar to those exported to the United States. From the price to unrelated purchasers in Australia were deducted Japanese inland freight; insurance and brokerage expenses; ocean freight; marine insurance; and Australian brokerage, import duty, inland freight, and insurance expenses. Commerce also made a deduction for selling expenses in Australia to offset comparable U.S. selling expenses, and made deductions for differences in credit expenses and technical services.

Commerce investigated all sales of tapered journal roller bearings made by Koyo to customers in the United States from August 1, 1982, to January 31, 1983. Commerce found that the foreign market value of the subject Koyo bearings exceeded the U.S. price of such merchandise on all sales made during the period investigated. LTFV margins ranged from 11.7 to 38.2 percent. The overall weighted-average margin on all sales compared was 12.5 percent.

Italy

To arrive at a fair-value comparison, Commerce compared the U.S. price of the subject merchandise with the foreign market value. RIV-SKF Industrie S.p.A. (SKF) is the only known producer of railway freight car journal roller bearings in Italy. Commerce used the purchase price of the subject merchandise to represent the U.S. price for sales by SKF because the bearings were sold to unrelated purchasers prior to their importation into the United

1/ Commerce made a negative final determination with respect to imports of such merchandise from West Germany.

States. The purchase price was calculated on the basis of the f.o.b., Italian port, packed price. Commerce made deductions for foreign inland freight.

The foreign market value was calculated on the basis of sales of tapered journal roller bearings to customers in Canada because such or similar merchandise was not sold in Italy. Canada was selected as the third country to be used for fair-value comparisons because the bearings exported to Canada are "as similar to the tapered journal roller bearings exported to the United States as are those exported to other countries, and the volume of the tapered journal roller bearings exported to Canada was the largest sales volume to any country outside the home market or the United States containing both types of tapered journal roller bearings." Because SKF sells to SKF Canada, an organization related to SKF, Commerce based its price comparisons on the prices at which SKF Canada sold the subject bearings to unrelated customers in Canada. From the delivered, packed prices to unrelated purchasers in Canada were deducted Italian and Canadian inland freight, ocean freight, marine insurance, import duties, and Federal sales tax. Commerce also made an adjustment for packing costs incurred on sales to the United States.

Commerce found that the foreign market value of SKF's tapered journal roller bearings exceeded the U.S. price on all sales compared from August 1, 1982, to January 31, 1983. The LTFV margins ranged from 21.2 to 25.2 percent. The overall weighted-average margin on all sales compared was 24.7 percent.

U.S. Market and Channels of Distribution

In the United States, sales of railway freight car journal roller bearings are made principally to railroads, railcar builders, and wheel and axle suppliers. There are approximately 100 such purchasers of these bearings in the United States. Sales by the two domestic producers and importers of bearings from Japan and Italy are made directly to such end users. Eight manufacturers that currently produce railway freight car journal roller bearings hold "approved" status from the AAR. 1/ These firms and the country in which they produce such bearings are shown in the following tabulation:

Firm	Country
Brenco	United States
The Timken Co. (Timken)	United States
SKF	Italy
FAG Kugulfischer Georg Schaffer & Co.(FAG)	West Germany
Koyo	Japan
Nippon Seiko K.K. (NSK)	Japan
NTN Toyo Bearing Co., Ltd. (NTN)	Japan
Nachi American Co., Ltd	Japan

1/ As indicated previously, a manufacturer can receive an "approved" status from the AAR if the bearings have had 50,000 miles of operation, 2 years of service, and an inspection indicating satisfactory performance. SKF received its approved status from the AAR in 1983, subsequent to the Commission's determinations in its preliminary investigations.

Only three of the six foreign manufacturers shown above--SKF, FAG, and Koyo--were active in the U.S. market during 1980-82 and January-September 1983.

Sales of replacement bearings and parts also represent a significant part of the U.S. market for railway freight car journal roller bearings. Brenco, the petitioner, services and repairs used railroad bearings at various facilities throughout the United States. 1/ Timken, the other domestic producer, does not conduct its own reconditioning operations. At least one importer of railway freight car journal roller bearings--Roller Bearing Industries, Inc. (RBI), which imports such merchandise from West Germany--also operates a reconditioning operation in the United States. According to the petitioner, there are three major reconditioners of such bearings in the United States, including Brenco and RBI, and several smaller reconditioners.

U.S. Producers

Railway freight car journal roller bearings are produced in the United States by two firms--Brenco and Timken. 2/ Brenco's manufacturing facilities are in Petersburg, Va. As indicated previously, the firm also maintains bearing repair shops in various locations throughout the United States. In addition, Brenco operates facilities in Mexico and Canada and has a licensee in India. Although the great bulk of Brenco's business activity consists of manufacturing and reconditioning freight car bearings, it also manufactures tapered roller bearings for certain industrial applications. Brenco produces virtually all of the component parts used in its bearings, but it does not produce the steel used therein. Although the firm's aggregate production of all types of tapered roller bearings is much smaller than that of Timken, its production of the bearings herein under investigation was * * * during 1980-82 and January-September 1983.

Timken, whose sales in 1982 amounted to $1.0 billion (or 29 percent less than sales of $1.4 billion in 1981), is reportedly the world's largest producer of tapered roller bearings. It has facilities throughout the United States, as well as in several other countries. Timken produces two major types of products, tapered roller bearings and alloy and carbon steel products. The firm manufactures railway freight car journal roller bearings at its plant in Columbus, Ohio. Timken also produces such bearings in the United Kingdom and the Republic of South Africa. Timken is the only fully integrated producer of freight car bearings, with production facilities ranging from steel mills to final assembly plants.

1/ Brenco reported that its reconditioning operations accounted for *** percent of the firm's total sales of railroad bearings in 1980, *** percent in 1981, and *** percent in 1982.

2/ Timken introduced the first tapered roller bearing for use on railcar axles in 1923. Brenco began the manufacture of such bearings in 1959. According to testimony at the Commission's hearing (transcript, pp. 12 and 13), several other firms produced such bearings between 1959 and 1977.

U.S. Importers

The net import file maintained by the U.S. Customs Service identifies more than 200 concerns that import tapered roller bearings and parts thereof. The Commission's staff conducted a survey of these importers in order to identify those firms that imported railway freight car journal roller bearings or parts thereof. The results of the survey are indicated below:

Firm	Product	Country
* * *	* * *	Japan.
* * *	* * *	Japan.
* * *	* * *	Italy.
* * *	* * *	West Germany.
* * *	* * *	United Kingdom.
* * *	* * *	Republic of South Africa.

* * *. American Koyo Corp. is a subsidiary of Koyo Seiko Co., Ltd., and * * *. 1/

Unity Railway Supply Co. (Unity) is the sole importer and U.S. distributor of freight car journal roller bearings manufactured by SKF in Italy. * * *.

Since late 1980, RBI has served as the sole importer and U.S. distributor of railway freight car journal roller bearings manufactured by FAG, the only known producer of such merchandise in West Germany. 2/ In 1981, RBI imported the principal component parts for such bearings (e.g., inner races, outer races, and roller assemblies) from FAG and assembled them at a plant in Elizabethtown, Ky. Since 1981, imports by RBI from FAG have consisted predominantly of assembled bearings. As indicated earlier, RBI also operates AAR approved contract repair shops in the United States.

* * *. 3/

1/ In addition, a third firm (* * *) owned by a Japanese producer of bearings * * *.

2/ FAG commenced sales of railway freight car journal roller bearings to the United States in 1980. Sales made before RBI became FAG's exclusive U.S. distributor were made directly to end users (transcript of the conference, p. 92).

3/ * * *.

Apparent U.S. Consumption

Apparent U.S. consumption of railway freight car journal roller bearings is shown in table 1. As indicated, such consumption dropped from 861,465 bearings in 1980 to 432,258 bearings in 1981, or by 50 percent, and then fell to 170,535 bearings in 1982, or by 60 percent. Apparent consumption in January-September 1983 continued to fall, plummeting by an additional 60 percent from consumption in the corresponding period of 1982. On the basis of data for January-September, projected total consumption in 1983 (72,620 bearings) will be about the same as average monthly consumption in 1980.

The aggregate demand in the United States for the roller bearings subject to these investigations depends upon the number of freight cars produced and, to a lesser extent, the number of bearings in existing freight cars that need to be replaced or reconditioned. The following tabulation, which presents data obtained from publications of the American Railway Car Institute (ARCI), shows that deliveries of new and rebuilt freight cars rose from 69,000 in 1978 to 91,000 in 1979, but then slipped to 87,000 in 1980, and plummeted to about 19,000 in 1982 and 6,000 in 1983. Further, the order backlog as of yearend 1983 amounted to only 3,271 cars, far below the yearend order backlog in 1978-80.

Year	Deliveries	Orders placed	End-of-period order backlog
1978----------	68,774	129,341	96,342
1979----------	90,903	120,256	119,371
1980----------	87,083	46,453	53,805
1981----------	46,001	19,916	17,385
1982----------	18,736	7,671	4,295
1983----------	5,772	5,964	3,271

The ARCI has forecast that the average number of cars delivered will range from 10,000 to 12,000 (80,000-96,000 bearings) in 1984 and from 20,000 to 24,000 (160,000-192,000 bearings) in 1985. 1/ An earlier forecast by ARCI during the Commission's preliminary investigations was that "deliveries in 1983 may be as low as 15,000" cars (120,000 bearings). 2/ The previous ARCI forecast estimated average annual deliveries between 1983 and 1987 at "within 2,000 of 43,000" cars (328,000-360,000 bearings). Brenco stated at the conference that it disagreed with ARCI's forecast. 3/ The firm's own forecast of U.S. market demand called for orders by original equipment manufacturers of *** carsets (*** bearings) in 1983, and average annual orders of *** carsets (*** bearings) in 1983-87.

The principal reason cited at the Commission's hearing for the sharp drop in construction and rebuilding of railway freight cars was the sharp downturn in U.S. economic activity since 1980. Other factors cited included over-

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1/ Railway Progress News, December 1983.
2/ Ibid, January 1983.
3/ Transcript, pp. 72 and 73.

Table 1.--Railway freight car journal roller bearings: U.S. producers' domestic shipments, importers' domestic shipments, and apparent U.S. consumption, 1980-82, January-September 1982, and January-September 1983

Item	1980	1981	1982	January-September--	
				1982	1983
U.S. producers' domestic shipments:					
Brenco----------number of bearings--	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
U.S. importers' domestic shipments of imports from--					
Japan 1/--------number of bearings--	***	***	***	***	***
Italy----------do----	***	***	***	***	***
West Germany----------do----	***	***	***	***	***
All other countries 2/--------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Apparent U.S. consumption-------do----	861,465	432,258	170,535	136,268	54,465
Ratio of U.S. producers' domestic shipments to apparent U.S. consumption:					
Brenco----------percent--	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Ratio of shipments of imports to--					
Apparent U.S. consumption:					
Imports from Japan-------percent--	***	***	***	***	***
Imports from Italy----------do----	***	***	***	***	***
Imports from West Germany---do----	***	***	***	***	***
Imports from all other countries----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
U.S. producers' shipments:					
Imports from Japan----------do----	***	***	***	***	***
Imports from Italy----------do----	***	***	***	***	***
Imports from West Germany---do----	***	***	***	***	***
Imports from all other countries----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***

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

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

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

building of freight cars in 1979 and 1980, a trend toward consolidation of railroads in the United States (and a resultant surplus of equipment), and a continuation of the trend toward freight cars with larger freight-carrying capacities.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of railway freight car journal roller bearings dropped from *** units in 1980 to *** units in 1982, or by *** percent. Production continued to fall during January-September 1983, to *** units, or only *** of production during January-September 1982. The capacity of the two domestic producers to manufacture such bearings increased by about *** percent in 1980 and then * * *. 1/ Consequently, the utilization of U.S. capacity to produce these bearings plummeted from *** percent in 1980 to *** percent in 1982, and fell further to *** percent in January-September 1983 (table 2). 2/

Table 2.--Railway freight car journal roller bearings: U.S. production, capacity, and capacity utilization, 1980-82, January-September 1982, and January-September 1983

Item	1980	1981	1982	Jan.-Sept.--	
				1982	1983
Production number of bearings	***	***	***	***	***
Capacity---------do----	***	***	***	***	***
Capacity utilization percent	***	***	***	***	***

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

As indicated previously, railway freight car journal roller bearings are produced in six sizes (or classes). However, two sizes of such bearings--6" x 11" (class E) and 6-1/2" x 12" (class F)--account for nearly all U.S. production. Timken * * *, and Brenco * * *.

1/ The increase in capacity was * * *. During the conference, a Brenco official testified that the firm has doubled its railroad freight car bearing capacity since 1976. This official added that, in his opinion, the firm had the most installed capacity to serve the domestic market of all manufacturers in the world (transcript pp. 6 and 7).

2/ Data on production, capacity, and capacity utilization for each of the two domestic producers are shown in table C-1 in app. C.

U.S. producers' domestic and export shipments

Domestic shipments of railway freight car journal roller bearings by the two U.S. producers are shown in table 3. 1/ Shipments followed the trend in production, dropping from *** bearings in 1980 to *** bearings in 1982, or by *** percent. Shipments in January-September 1983 amounted to *** units, or *** percent less than shipments in the corresponding period of 1982. Similarly, the value of domestic shipments (including parts shipped separately) fell from *** in 1980 to *** in 1982, and declined from *** in January-September 1982 to about *** in January-September 1983.

U.S. producers' export shipments of railway freight car journal roller bearings fell from *** units in 1980 to *** units in 1982, equivalent to a decline of *** percent (table 4). 1/ Export shipments in January-September 1983 again fell, to *** units, or *** percent less than such shipments in January-September 1982. The value of these exports (including parts shipped separately) fell from *** in 1980 to *** in 1982 and dropped to *** in January-September 1983. The principal export markets were * * *.

U.S. producers' inventories

U.S. producers' end-of-period inventories of domestically manufactured railway freight car journal roller bearings are shown in table 5. 2/ Despite annual fluctuations, inventories of such merchandise held at yearend 1982 were almost the same as stocks held at yearend 1979. Inventories held as of September 30, 1983, were the lowest reported on any date during the entire period covered. The ratio of end-of-period inventories held by Brenco and Timken to their total shipments (domestic and export) of U.S.-made freight car journal roller bearings rose from *** percent in 1980 to *** percent in 1981 and *** percent in 1982, but then declined to *** percent (on an annual basis) in January-September 1983.

1/ Data on domestic and export shipments by each of the two domestic producers are shown in tables C-2 through C-5.

2/ Data on end-of-period inventories held by each of the two domestic producers are shown in table C-6.

Table 3.--Railway freight car journal roller bearings: U.S. producers' domestic shipments, by sizes, 1980-82, January-September 1982, and January-September 1983

Bearing size	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
	Quantity (number of bearings)				
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
	Value (1,000 dollars)				
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	***	***	***	***	1/ ***
Total	***	***	***	***	***
	Average unit value (per bearing)				
4-1/4" x 8"	$***	$***	$***	$***	$***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Average 2/	***	***	***	***	***

1/ Represents data supplied by Brenco only.

2/ Excludes the value of parts not shipped as a complete bearing.

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

Table 4.--Railway freight car journal roller bearings: U.S. producers' export shipments, by sizes, 1980-82, January-September 1982, and January-September 1983

Bearing size	1980	1981	1982	Jan.-Sept.--	
				1982	1983
	Quantity (number of bearings)				
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
	Value (1,000 dollars)				
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Parts (for the above bearings) not shipped as a complete bearing	***	***	***	***	1/ ***
Total	***	***	***	***	***
	Average unit value (per bearing)				
4-1/4" x 8"	$***	$***	$***	$***	$***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Average 2/	***	***	***	***	***

1/ Represents data supplied by Brenco only.

2/ Excludes the value of parts not shipped as a complete bearing.

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

Table 5.--Railway freight car journal roller bearings: U.S. producers' end-of-period inventories, 1/ by sizes, 1979-82, January-September 1982, and January-September 1983

(In number of bearings)

Bearing size	1979	1980	1981	1982	Jan.-Sept.--	
					1982	1983
4-1/4" x 8"--------	***	***	***	***	***	***
5" x 9"----------	***	***	***	***	***	***
5-1/2" x 10"-------	***	***	***	***	***	***
6" x 11"----------	***	***	***	***	***	***
6-1/2" x 12"-------	***	***	***	***	***	***
7" x 12"----------	***	***	***	***	***	***
Total---------	***	***	***	***	***	***

1/ Excludes inventories of imported merchandise.

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

U.S. employment, wages, and productivity

The average number of all persons employed in U.S. establishments in which railway freight car journal roller bearings are produced and the average number of production and related workers engaged in the manufacture of such bearings fell very sharply in 1980-82 and in January-September 1983. Hours worked by production and related workers and wages and total compensation paid to these employees also dropped sharply during those periods.

The average number of production and related workers engaged in manufacturing the bearings herein under investigation fell from *** in 1980 to *** in 1982, or by *** percent, and fell further to *** in January-September 1983 (table 6). 1/ Similarly, the hours worked by these employees dropped from *** in 1980 to *** in 1982, or by *** percent, and fell an additional *** percent in January-September 1983 compared with hours worked in January-September 1982. The average hours worked per year by production workers manufacturing freight car bearings decreased from *** in 1980 to *** in 1982.

Wages paid in 1982 to production workers manufacturing bearings for freight cars, ***, were *** percent less than wages paid in 1980. Similarly, total compensation paid to such employees fell by *** percent from 1980 to 1982. 2/ Wages and total compensation paid to production workers manufacturing bearings in January-September 1983 were *** percent and ***

1/ Data on employment and hours worked for each of the two domestic producers are shown in tables C-7 and C-8.

2/ Total compensation includes wages and contributions to social security and other employee benefits.

Table 6.--Average number of all employees and production and related workers employed in U.S. establishments producing railway freight car journal roller bearings, and hours worked by 1/ and wages and total compensation 2/ paid to such workers, 1980-82, January-September 1982, and January-September 1983

Item	1980	1981	1982	Jan.-Sept.--	
				1982	1983
Average number employed:					
All persons	***	***	***	***	***
Production and related workers producing--					
All products	***	***	***	***	***
Railway freight car journal roller bearings	***	***	***	***	***
Hours worked by production and related workers producing--					
All products--1,000 hours	***	***	***	***	***
Railway freight car journal roller bearings 1,000 hours	***	***	***	***	***
Wages paid to production and related workers producing--					
All products 1,000 dollars	***	***	***	***	***
Railway freight car journal roller bearings 1,000 dollars	***	***	***	***	***
Total compensation paid to production and related workers producing--					
All products 1,000 dollars	***	***	***	***	***
Railway freight car journal roller bearings 1,000 dollars	***	***	***	***	***

1/ Includes hours worked plus hours of paid leave time.

2/ Includes wages and contributions to social security and other employee benefits.

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

percent, respectively, less than wages and total compensation paid in January-September 1982. The average hourly wage paid to these production and related workers rose from *** in 1980 to *** in 1981, declined to *** in 1982, and rose again to *** in January-September 1983. 1/

The following tabulation shows that as U.S. production of railway freight car journal roller bearings fell in 1980-82 and in January-September 1983, the productivity (whether measured by output per worker or per hour worked) of production and related workers engaged in manufacturing such merchandise also declined sharply, probably because producers were reluctant to layoff skilled workers during the slump in demand:

Period	Total production (Units)	Production per worker (Units)	Production per hour worked (Units)
1980	***	***	***
1981	***	***	***
1982	***	***	***
January-September--			
1982	***	1/ ***	***
1983	***	1/ ***	***

1/ Annualized.

Financial experience of U.S. producers

Overall establishment operations.--The income-and-loss experience of Brenco and Timken on the overall operations of their establishments within which railway freight car journal roller bearings are produced is shown in table 7 for 1980-82 and the interim periods ended September 30, 1982, and September 30, 1983. 2/ Net sales of all products produced in these establishments plummeted from *** in 1980 to *** in 1982, or by *** percent, and fell an additional *** percent in January-September 1983 compared with sales in January-September 1982. The two U.S. producers realized a combined net operating income of *** in 1980. Thereafter, they incurred net operating losses--about *** in 1981, *** in 1982, and *** in January-September 1983. The ratio of operating income to net sales was *** percent in 1980; the ratio of the operating losses to net sales was *** percent in 1981, *** percent in 1982, and *** percent in January-September 1983. The trends in each firm's total establishment operations * * *.

1/ Average hourly wages reported by Timken were * * *. Brenco's employees are not unionized; Timken's production and related workers are represented by the United Steelworkers of America, AFL-CIO.

2/ The accounting years for both Brenco and Timken end on Dec. 31.

Table 7.--Income-and-loss experience of U.S. producers on the overall operations of their establishments within which railway freight car journal roller bearings are produced, 1980-82, and interim periods ended Sept. 30, 1982, and Sept. 30, 1983

Item	1980	1981	1982	Interim period ended Sept. 30--	
				1982	1983
Net sales----------1,000 dollars--	***	***	***	***	***
Cost of goods sold 1/--------do----	***	***	***	***	***
Gross income or (loss)-------do----	***	***	***	***	***
General, selling, and administrative expenses---------do----	***	***	***	***	***
Operating income or (loss)---do----	***	***	***	***	***
Other income or (expense), net----------do----	***	***	2/ ***	***	***
Net income or (loss) before taxes----------do----	***	***	***	***	***
Depreciation and amortization 3/----------do----	***	***	***	***	***
Cash flow from operations----do----	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold------percent--	***	***	***	***	***
General, selling, and administrative expenses--do----	***	***	***	***	***
Operating income or (loss)----------do----	***	***	***	***	***
Net income or (loss) before taxes----------do----	***	***	***	***	***
Number of firms reporting--					
Operating losses----------	***	***	***	***	***
Net losses before income taxes---	***	***	***	***	***
Ratio of railway freight car journal roller bearing sales to total establishment sales percent--	***	***	***	***	***

1/ In 1981, Brenco * * *.
2/ * * *.
3/ In 1981, Brenco * * *.

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

Operations on railway freight car journal roller bearings.--The income-and-loss experience of the two U.S. producers from their operations specifically in producing railway freight car journal roller bearings is shown in table 8. 1/ Their net sales of such bearings closely tracked their total establishment operations, dropping from *** in 1980 to *** in 1982, or by *** percent, and falling an additional *** percent in interim 1983 compared with sales in interim 1982. The firms realized a net operating income of *** in 1980; however, a net operating loss was incurred in each period thereafter--about *** in 1981, *** in 1982, and *** in January-September 1983. The ratio of operating income to net sales was *** percent in 1980; the ratio of the operating losses to net sales was *** percent in 1981, *** percent in 1982, and *** percent in January-September 1983. Similarly, the ratio of operating income to the value of fixed assets (valued at book value) employed in producing railway freight car journal roller bearings was *** percent in 1980; the corresponding ratio of the operating losses to asset value was *** percent in 1981 and *** percent in 1982.

Individual company income-and-loss data relative to the two reporting firms' railroad roller bearing operations are shown in table 9. Brenco's net sales * * * during 1980-82; Timken's net sales * * * during this period. Net sales by Brenco and Timken * * *, respectively, during interim 1983 compared with their sales in the corresponding period of 1982.

Brenco * * *. Timken * * *.

Capital expenditures and research and development expenses.--In 1980, the two U.S. producers made *** in capital expenditures for facilities used principally in the production of railway freight car journal roller bearings; capital expenditures in 1981 amounted to ***, and those in 1982, to *** (table 10). 2/ The vast bulk of such expenditures were made by * * *, which reported that it "* * * ." Research and development expenditures made by U.S. producers (principally by * * *) in connection with their operations producing railway freight car journal roller bearings rose from *** in 1980 to *** in 1982 (table 10).

1/ As a share of overall establishment net sales, sales of such bearings declined without interruption from *** percent in 1980 to *** percent in January-September 1983. * * *.

2/ Data on capital expenditures and research and development expenses by each of the two domestic producers are shown in tables C-9 and C-10.

Table 8.--Income-and-loss experience of U.S. producers on their operations producing railway freight car journal roller bearings, 1980-82, and interim periods ended Sept. 30, 1982, and Sept. 30, 1983

Item	1980	1981	1982	Interim period ended Sept. 30--	
				1982	1983
Net sales----------1,000 dollars--	***	***	***	***	***
Cost of goods sold 1/--------do----	***	***	***	***	***
Gross income or (loss)-------do----	***	***	***	***	***
General, selling, and administrative expenses---------do----	***	***	***	***	***
Operating income or (loss)---do----	***	***	***	***	***
Other income or (expense), net----------do----	***	***	2/ ***	***	***
Net income or (loss) before taxes----------do----	***	***	***	***	***
Depreciation and amortization 3/----------do----	***	***	***	***	***
Cash flow from operations----do----	***	***	***	***	***
Ratio to net sales:					
Cost of goods sold------percent--	***	***	***	***	***
General, selling, and administrative expenses--do----	***	***	***	***	***
Operating income or (loss)----------do----	***	***	***	***	***
Net income or (loss) before taxes----------do----	***	***	***	***	***
Number of firms reporting--					
Operating losses----------	***	***	***	***	***
Net losses before income taxes---	***	***	***	***	***

1/ In 1981, Brenco * * *.
2/ * * *.
3/ In 1981, Brenco * * *.

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

Table 9.--Income-and-loss experience of U.S. producers on their operations producing railway freight car journal roller bearings, by firms, 1980-82, and interim periods ended Sept. 30, 1982, and Sept. 30, 1983

Item	1980	1981	1982	Interim period ended Sept. 30--	
				1982	1983
Net sales:					
Brenco----------1,000 dollars--	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Cost of goods sold:					
Brenco 1/----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Gross income or (loss):					
Brenco----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
General, selling, and administrative expenses:					
Brenco----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Operating income or (loss):					
Brenco----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Other income or (expense), net:					
Brenco----------1,000 dollars--	***	***	2/ ***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Net income or (loss) before income taxes:					
Brenco----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Depreciation and amortization:					
Brenco 3/----------1,000 dollars--	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Cash flow from operations:					
Brenco----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Ratio of operating income or (loss) to net sales:					
Brenco----------percent--	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Average----------do----	***	***	***	***	***
Ratio of net income or (loss) to net sales:					
Brenco----------do----	***	***	***	***	***
Timken----------do----	***	***	***	***	***
Average----------do----	***	***	***	***	***

1/ In 1981, Brenco * * *.
2/ * * *.
3/ In 1981, Brenco * * *.

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

Table 10.--U.S. producers' capital expenditures, research and development expenses, and fixed assets employed in their domestic establishments in which railway freight car journal roller bearings and parts thereof are produced, 1980-82, January-September 1982, and January-September 1983

(In thousands of dollars)

Item	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
Capital expenditures on--					
All products:					
Land and land improvements--	***	***	***	***	***
Building or leasehold improvements	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***
Total	***	***	***	***	***
Railway freight car journal roller bearings:					
Land and land improvements--	***	***	***	***	***
Building or leasehold improvements	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***
Total	***	***	***	***	***
Research and development expenses	***	***	***	***	***
Fixed assets 1/ employed in the production of--					
All products:					
Original cost	***	***	****	***	***
Book value	***	***	***	***	***
Railway freight car journal roller bearings:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***

1/ As of the end of the period.

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

Consideration of Threat of Material Injury to an Industry in the United States

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in dumped imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of railway freight car journal roller bearings and their U.S. market penetration is presented in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Sold at LTFV." Discussions of importers' inventories of such merchandise imported from Japan and Italy and the information available on those countries' capacity to generate exports follow.

Importers' inventories

Inventories of railway freight car journal roller bearings held in the United States by importers of such merchandise are shown in table 11. As shown in the table, end-of-period inventories of such bearings imported from Japan (* * *) rose from *** units in 1979 to *** units in 1981 and then declined to *** units in 1982 and *** units as of September 30, 1983. Stocks of bearings imported from Japan consisted entirely of * * *.

Inventories of bearings from Italy rose continuously during 1979-82, reaching *** by yearend 1982. Such inventories then declined somewhat to *** units as of September 30, 1983. Stocks of bearings from Italy were predominantly * * * units.

RBI's inventories of bearings imported from West Germany increased without interruption from *** units as of yearend 1980 to *** units as of September 30, 1983. Stocks of bearings imported from West Germany consisted entirely of * * *.

* * *.

The foreign industries

Japan.--According to information obtained by the U.S. Department of State from the Japan Bearing Manufacturers Association, there are five producers of tapered roller bearings in Japan--Koyo, NSK, NTN, K.K. Fujikoshi (Nachi), and K.K. Maekawa Seisakusho. As indicated previously, the first four of these producers hold "approved" status from the AAR. However, only Koyo sold new complete bearings in the United States during 1980-82 and January-September 1983, although * * * and * * * reported some imports of replacement parts.

Data on Koyo's exports of railway freight car journal roller bearings during 1978-83 are shown in table 12. As indicated, exports to the United States accounted for a declining share of the firm's total exports during that

Table 11.--Railway freight car journal roller bearings: Importers' end-of-period inventories, by sources and by sizes, 1979-82, January-September 1982, and January-September 1983

(In number of bearings)

Item	1979	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
Imports from Japan:						
4-1/4" x 8"	***	***	***	***	***	***
5" x 9"	***	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***	***
6" x 11"	***	***	***	***	***	***
6-1/2" x 12"	***	***	***	1/ ***	***	***
7" x 12"	***	***	***	***	***	***
Total	***	***	***	***	***	***
Imports from Italy:						
4-1/4" x 8"	***	***	***	***	***	***
5" x 9"	***	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***	***
6" x 11"	***	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***	***
7" x 12"	***	***	***	***	***	***
Total	***	***	***	***	***	***
Imports from West Germany:						
4-1/4" x 8"	2/	***	***	***	2/	***
5" x 9"	2/	***	***	***	2/	***
5-1/2" x 10"	2/	***	***	***	2/	***
6" x 11"	2/	***	***	***	2/	***
6-1/2" x 12"	2/	***	***	***	2/	***
7" x 12"	2/	***	***	***	2/	***
Total	2/	***	***	***	2/	***
Imports from other countries: 3/						
4-1/4" x 8"	2/	***	***	***	***	***
5" x 9"	2/	***	***	***	***	***
5-1/2" x 10"	2/	***	***	***	***	***
6" x 11"	2/	***	***	***	***	***
6-1/2" x 12"	2/	***	***	***	***	***
7" x 12"	2/	***	***	***	***	***
Total	2/	***	***	***	***	***

1/ * * *.
2/ Not available.
3/ * * *.

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

period. Data on Koyo's production, capacity, and capacity utilization during 1978-83 are not available. Counsel for Koyo reported that the firm's current practical operating capacity for producing tapered journal roller bearings, assuming one shift per day, is around *** units per month (equivalent to an annual rate of *** units). 1/ As indicated in table 12, however, this capacity figure is much less than the firm's annual exports during 1978-82. 2/

Table 12.--Railway freight car journal roller bearings: Exports by Koyo Seiko Co., Ltd., by principal markets, 1978-83

Market	1978	1979	1980	1981	1982	1983
United States						
number of bearings	***	***	***	***	***	***
Canada-----do	1/	1/	1/	***	1/	***
Mexico-----do	1/	1/	1/	***	1/	***
Australia-----do	1/	1/	1/	***	***	***
Republic of South Africa-----do	1/	1/	1/	***	1/	***
India-----do	1/	1/	1/	1/	***	***
Argentina-----do	1/	1/	1/	***	***	1/
Peru-----do	1/	1/	1/	1/	***	1/
All other-----do	***	***	***	***	***	***
Total-----do	***	***	***	***	***	***
Exports to the United States as a share of total exports-percent	***	***	***	***	***	***

1/ Not available; included in "all other."

Source: Compiled from data submitted by Tanaka, Walders & Ritger, counsel for Koyo Seiko Co., Ltd., and American Koyo Corp.

Italy.--There is one producer of railway freight car journal roller bearings in Italy--SKF. This firm is a subsidiary of SKF-Sweden, which is one of the largest producers of antifriction bearings in the world. SKF-Sweden operates many plants throughout the world, including facilities in the United States, but SKF of Italy is the only subsidiary of SKF-Sweden that produces

1/ Counsel for Koyo stated during the Commission's hearing (transcript, p. 202) that the firm had reduced its capacity by 20 percent since March 1982 by reducing its operations to one shift per day.

2/ If Koyo's exports can be assumed to be a reasonable proxy for its production (bearings of the types herein under investigation are reportedly not used in Japan) and the firm's maximum annual exports in 1978-83 (*** units in ***) can be assumed to be a reasonable proxy for its productive capacity (demand in the United States and, apparently, other Japanese export markets for bearings was high in that year), then Koyo's capacity utilization rate was *** percent in 1981, *** percent in 1982, and *** percent in 1983.

freight car journal roller bearings. SKF first produced railway freight car journal roller bearings in Italy in 1977. The firm offers for sale the full size range of such bearings for which the AAR has issued specifications.

Data on SKF's production, capacity, capacity utilization, and exports of railway freight car journal roller bearings in 1980-83 are shown in table 13. The firm's production of such bearings rose from *** units in 1980 to *** units in 1982, but then declined to *** units in 1983. Utilization of SKF's productive capacity * * * in 1980-82; it fell to *** percent in 1983. Almost all railway freight car journal roller bearings produced in Italy are exported to other countries. The United States accounted for *** percent of aggregate exports in 1980, *** percent in 1981, and about *** percent in 1982. SKF reported no exports of the bearings herein under investigation to the United States in 1983. SKF has forecast that it will export *** bearings in 1984, but the firm reportedly has no plans to export such merchandise to the United States in 1984 "* * *." 1/

Table 13.--Railway freight car journal roller bearings: Italy's production, capacity, capacity utilization, and exports, 1980-83

Item	1980	1981	1982	1983
Production----number of bearings--	***	***	***	***
Capacity 1/----------do---	***	***	***	***
Capacity utilization-----percent--	***	***	***	***
Exports to--				
United States number of bearings--	***	***	***	***
Canada----------do---	***	***	***	***
Mexico----------do---	***	***	***	***
Brazil----------do---	***	***	***	***
Australia----------do---	***	***	***	***
Republic of South Africa--do---	***	***	***	***
India----------do---	***	***	***	***
All other----------do---	***	***	***	***
Total----------do---	***	***	***	***

1/ Capacity was measured on the basis of 2 shifts per day and a "* * *."

Source: Compiled from data submitted by White & Case, counsel for RIV-SKF Industrie S.p.A and Unity Railway Supply Co., Inc.

1/ Posthearing brief of RIV-SKF Industrie S.p.A. and Unity Railway Supply Co., Inc., app. 1, p. 6. Virtually all of SKF's sales of railway freight car journal roller bearings, which accounted for less than *** percent of the firm's overall sales in 1983, are in the railroad market. SKF also sells "* * *" of these bearings in metric sizes. The United States and Canada are the two major markets for SKF's 6" x 11" and 6-1/2" x 12" bearings. The firm reports that these two sizes of bearings have declined as a portion of its production and sales since 1980; an increasing portion of its production and sales have been made up of the smaller 5" x 9" and 5-1/2" x 10" bearings and metric or other variations of these sizes (posthearing brief, app. 1, p. 4).

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Imports Sold at LTFV

U.S. imports and market penetration

There are no official statistics on U.S. imports of railway freight car journal roller bearings, and such bearings constitute only a very small share of total imports of all tapered roller bearings (TSUS item 680.39). However, data reported to the Commission by * * * are believed to account for virtually all U.S. imports of such merchandise. U.S. shipments by these firms of imported bearings, by country of origin, are shown in table 14. The ratios of such imports to apparent U.S. consumption and to U.S. producers' shipments are shown in table 1.

During 1980-82 and January-September 1983, five countries--West Germany, Japan, Italy, the United Kingdom, and the Republic of South Africa--accounted for all known U.S. imports of railway freight car journal roller bearings. 1/ During this period, West Germany supplied *** percent of total imports of such bearings, Japan supplied *** percent, and Italy supplied *** percent. The remainder * * *.

Aggregate U.S. imports of railway freight car journal roller bearings from all sources fell from *** units in 1980 to *** units in 1982, or by *** percent. Imports in January-September 1983, *** units, were *** percent less than imports in January-September 1982 (table 1). The ratio of imports from all sources to apparent U.S. consumption of such bearings rose from *** percent in 1980 to *** percent in 1981 and *** percent in 1982, but then fell back to *** percent in January-September 1983. The ratio of imports to U.S. producers' shipments followed a similar trend, rising from *** percent in 1980 to a peak of *** percent in 1982 and then falling to *** percent in January-September 1983.

Japan.--Shipments of railway freight car journal roller bearings imported from Japan, * * *, 2/ increased from *** units in 1980 to *** units in 1981 and then fell to *** units in 1982. Such shipments in January-September 1983 amounted to *** units, or *** percent less than those in January-September 1982. Imports from Japan were composed predominantly of the * * * size bearings (table 14).

The ratio of shipments of merchandise imported from Japan to apparent U.S. consumption of railway freight car journal roller bearings rose from *** percent in 1980 to *** percent in 1981 and *** percent in 1982, but then fell to *** percent in January-September 1983 (table 1). The trend in the ratio of shipments of imports from Japan to U.S. producers' shipments of these bearings was similar, that is, increasing from 1980 to 1982 and then decreasing sharply in January-September 1983.

Italy.--Shipments of railway freight car journal roller bearings imported from Italy rose from *** units in 1980 to *** units in 1981, but then fell to *** units in 1982. Shipments of such bearings from Italy in January-September

1/ In 1980, * * *.
2/ * * *.

Table 14.--Railway freight car journal roller bearings: Domestic shipments of U.S. importers, by sources and by sizes, 1980-82, January-September 1982, and January-September 1983

Item	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
	Quantity (number of bearings)				
Japan: 1/					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
Italy:					
4-1/4" x 8"	2/ ***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	2/ ***	***	***	***	***
Total	***	***	***	***	***
West Germany:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
United Kingdom:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10" 3/	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
Republic of South Africa:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10" 3/	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***

See footnotes at end of table.

Table 14.--Railway freight car journal roller bearings: Domestic shipments of U.S. importers, by sources and by sizes, 1980-82, January-September 1982, and January-September 1983--Continued

Item	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
	Value (1,000 dollars)				
Japan:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Parts for the above bearings	***	***	***	***	***
Total	***	***	***	***	***
Italy:					
4-1/4" x 8"	2/ ***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	2/ ***	***	***	***	***
Total	***	***	***	***	***
West Germany:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
United Kingdom:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10" 3/	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***
Republic of South Africa:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10" 3/	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Total	***	***	***	***	***

See footnotes at end of table.

Table 14.--Railway freight car journal roller bearings: Domestic shipments of U.S. importers, by sources and by sizes, 1980-82, January-September 1982, and January-September 1983--Continued

Item	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
	Average unit value (per bearing)				
Japan:					
4-1/4" x 8"	$***	$***	$***	$***	$***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Average	***	***	***	***	***
Italy:					
4-1/4" x 8"	4/	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	2/ ***	***	***	***	***
Average	***	***	***	***	***
West Germany:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10"	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Average	***	***	***	***	***
United Kingdom:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10" 3/	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Average	***	***	***	***	***
Republic of South Africa:					
4-1/4" x 8"	***	***	***	***	***
5" x 9"	***	***	***	***	***
5-1/2" x 10" 3/	***	***	***	***	***
6" x 11"	***	***	***	***	***
6-1/2" x 12"	***	***	***	***	***
7" x 12"	***	***	***	***	***
Average	***	***	***	***	***

1/ * * *.
2/ * * *.
3/ * * *.
4/ Not available.

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

1983 fell further to *** units, or *** percent less than those shipped in the corresponding period of 1982. Imports from Italy were composed predominantly of the * * * size bearings (table 14).

The ratio of shipments of such bearings imported from Italy to apparent U.S. consumption climbed from *** percent in 1980 to *** percent in 1981, but then slipped to *** percent in 1982 and fell back to *** percent in January-September 1983 (table 1). The trend in the ratio of shipments of imports from Italy to U.S. producers' shipments was similar.

Prices

Tapered roller bearings for use on railcars are generally sold directly to the end user, e.g., railcar builders or railcar maintenance operations. Sales are normally quoted on a per bearing basis, f.o.b. the producer's plant. Until the recent softening of the market for bearings, producers followed price lists which do not distinguish among types of customers and provide no quantity discounts. Most sales are in multiples of 8 bearing sets (carsets) and are shipped in truckloads of 50 sets. Brenco, the petitioner, reports that the two domestic producers equalize freight costs to each other's plant for customers located nearer to the other producer's facility; this allowance does not generally exceed $3 per bearing according to Brenco. 1/ Traditionally, sales terms require full payment within 30 days, but both Brenco and Timken report that since 1982 the time permitted for payment frequently has been longer than 30 days. Importers claim that both U.S. producers currently offer bearings under a two-price system; sales reportedly are made at one price for payment within 30 days, and at a 5 percent greater price for payment within 120 days.

The Commission requested domestic producers and importers to provide price data on their largest sales of several size bearings in each calendar quarter of 1980-82 and January-September 1983. Prices were received from Brenco and Timken, the only domestic producers, and from importers of bearings from Japan, Italy, and West Germany. Data were complete for the most common bearing sizes, 6" x 11" (table 15) and 6-1/2" x 12" (table 16), but were spotty for other sizes.

The weighted-average U.S. producers' prices 2/ for both bearings increased by *** percent from January-March 1980 through April-June 1981. The price of the smaller bearing increased from *** to ***, and that of the larger bearing increased from *** to ***. Prices then remained relatively stable until early 1982, and declined thereafter to levels similar to those in early 1980. Full payment within 30 days was reported to have been required for all sales in 1980 and 1981; thereafter, * * *.

1/ * * *.

2/ Although the prices shown in tables 15 and 16 are the weighted-average prices reported by Brenco and Timken, the f.o.b. plant prices reported by each firm were * * *. * * *. Tables 15 and 16 also show prices reported by RBI for bearings imported from West Germany. As indicated previously, Commerce made a final determination that imports of such merchandise from West Germany were not being, nor were they likely to be, sold in the United States at LTFV.

Table 15.--Railway freight car journal roller bearings: Prices received by U.S. producers and importers for 6" x 11" bearings, and margins of underselling (overselling), by quarters, January 1980-September 1983

Period	U.S. produced	Japan		Italy		West Germany	
		Price	Margin	Price	Margin	Price	Margin
	Per unit	Per unit	Percent	Per unit	Percent	Per unit	Percent
1980:							
Jan.-Mar---	***	***	***	***	***	1/	1/
Apr.-June--	***	***	***	***	***	1/	1/
July-Sept--	***	***	***	***	***	1/	1/
Oct.-Dec---	***	***	***	***	***	1/	1/
1981:							
Jan.-Mar---	***	***	***	***	***	1/	1/
Apr.-June--	***	***	***	***	***	***	***
July-Sept--	***	***	***	***	***	1/	1/
Oct.-Dec---	***	***	***	***	***	1/	1/
1982:							
Jan.-Mar---	***	***	***	***	***	***	***
Apr.-June--	***	***	***	***	***	***	***
July-Sept--	***	***	***	1/	1/	***	***
Oct.-Dec---	***	***	***	1/	1/	1/	1/
1983:							
Jan.-Mar---	***	***	***	1/	1/	1/	1/
Apr.-June--	***	***	***	1/	1/	1/	1/
July-Sept--	***	1/	1/	***	***	1/	1/

1/ No data available.

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

Table 16.--Railway freight car journal roller bearings: Prices received by U.S. producers and importers for 6-1/2" x 12" bearings, and margins of underselling (overselling), by quarters, January 1980-September 1983

Period	U.S. produced	Japan		Italy		West Germany	
		Price	Margin	Price	Margin	1/ Price	Margin
	Per unit	Per unit	Percent	Per unit	Percent	Per unit	Percent
1980:							
Jan.-Mar---	***	***	***	***	***	***	***
Apr.-June--	***	***	***	***	***	***	***
July-Sept--	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	2/	2/
1981:							
Jan.-Mar---	***	***	***	***	***	2/	2/
Apr.-June--	***	***	***	***	***	***	***
July-Sept--	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***
1982:							
Jan.-Mar---	***	***	***	***	***	***	***
Apr.-June--	***	***	***	***	***	***	***
July-Sept--	***	***	***	***	3/	***	***
Oct.-Dec---	***	***	***	***	***	***	***
1983:							
Jan.-Mar---	***	***	***	2/	2/	2/	2/
Apr.-June--	***	***	***	***	***	2/	2/
July-Sept--	***	2/	2/	***	***	2/	2/

1/ Weighted-average price of all sales of 6-1/2" x 12" FAG bearings.
2/ No data available.
3/ Less than 0.05 percent.

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

Prices of Koyo bearings imported from Japan followed a pattern similar to that seen in the U.S. producers' prices, rising by *** or *** percent from early 1980 through April-June 1981, holding stable until early 1982, and declining thereafter. Koyo's 6" x 11" bearing price in April-June 1983 was *** percent below its price in early 1980; the price of its 6-1/2" x 12" bearing declined to ***, or *** percent below the level of early 1980. Full payment within 30 days was reported to have been required on all sales.

Koyo's 6" x 11" bearing undersold the U.S. product in 5 of the 14 quarters in which price comparisons are possible, by margins ranging from *** percent in October-December 1981 to *** percent in April-June 1981 (table 15). Koyo's price was identical to the U.S. producers' price in * * *, and the Japanese product oversold its U.S.-made counterparts in the remaining eight quarters, by margins ranging from *** percent in October-December 1980 to *** percent in October-December 1982.

Koyo's larger bearing undersold the U.S. product in 11 of the 14 quarters in which price comparisons are possible (table 16). Such margins of underselling ranged from *** percent in April-June 1980 to *** percent in October-December 1982. Again, Koyo's price was identical to the U.S. producers' price in one quarter, * * *. The Japanese product was priced higher than U.S.-made bearings in two quarters, by *** percent in January-March 1980 and by *** percent in April-June 1982.

Prices of railway freight car journal roller bearings from Italy generally followed the trends shown in prices of other imported and U.S.-produced bearings, rising from 1980 to mid-1981, and declining after early 1982. The prices of Italian SKF bearings were generally below the U.S. producers' prices. Margins of underselling for the 6" x 11" bearing were recorded in all 11 quarters in which price comparisons were possible, by margins ranging from *** percent in April-June 1982 to *** percent in April-June 1980 (table 15).

Prices for the Italian 6-1/2" x 12" bearing were below the U.S. producers' weighted-average prices in 12 of the 13 quarters in which comparisons could be made. The margins of underselling ranged from *** percent in October-December 1980 and January-March 1981 to *** percent in January-March 1980. Only once, in * * *, did the price for the Italian bearings exceed the domestic producers' price (table 16). Payment to the importer of Italian-produced bearings generally was required within 30 days, with one exception in late 1982, when a 60-day period was granted.

RBI, the sole importer of the FAG bearing from West Germany, reported prices for the 6" x 11" bearing only for April-June 1981 and January-September 1982. These prices ranged between *** and *** per bearing. RBI reported prices for the 6-1/2" x 12" bearing for most of 1980-82, but not for January-September 1983. These prices generally rose from *** in January-June 1980 to a peak of *** in July-September 1982 but declined to *** in October-December 1982. 1/

1/ RBI reported that its terms of sales were adjusted during the period covered by these investigations in order to meet the needs of the customer and the competitive situation. * * *.

Exchange rates

According to International Financial Statistics, International Monetary Fund, November 1983, the nominal value of the Japanese yen appreciated by 19 percent relative to the U.S. dollar from January 1980 through March 1981, but generally declined in value through 1982. The yen again appreciated in 1983, and in July-September it was valued at a level similar to that in early 1980. The lower level of Japanese inflation, however, suggests that the real purchasing power of the yen increased by 13 percent from January-March 1980 through July-September 1983.

The nominal value of the Italian lira declined during the same period by 48 percent relative to the U.S. dollar. Because the rate of inflation in Italy exceeded that in the United States during this period, the real value of the lira declined by about 60 percent from January-March 1980 through July-September 1983. The following tabulation shows indexes of the nominal and adjusted value of Japanese and Italian currencies relative to the U.S. dollar during 1980-82 and January-September 1983 (January-March 1980=100.0):

	Nominal exchange rate		Adjusted (real) exchange rate	
	Japanese yen	Italian lira	Japanese yen	Italian lira
1980:				
Jan.-Mar------	100.0	100.0	100.0	100.0
Apr.-June-----	104.7	96.9	102.8	95.5
July-Sept-----	110.7	97.8	111,6	97.3
Oct.-Dec------	115.6	91.0	120.1	89.1
1981:				
Jan.-Mar------	118.5	82.4	127.1	79.7
Apr.-June-----	110.7	72.7	120.6	68.5
July-Sept-----	105.0	67.9	113.6	59.9
Oct.-Dec------	108.4	69.0	117.7	60.8
1982:				
Jan.-Mar------	104.3	65.4	113.5	56.3
Apr.-June-----	99.8	62.5	108.8	52.8
July-Sept-----	94.1	59.2	101.9	47.2
Oct.-Dec------	93.8	57.5	101.8	45.8
1983:				
Jan.-Mar------	103.2	58.9	114.4	46.2
Apr.-June-----	102.4	55.8	115.0	43.3
July-Sept-----	100.2	52.4	113.4	40.4

Lost sales

Brenco submitted nine specific allegations of sales of railway freight car journal roller bearings lost to imports from Japan, West Germany, 1/ and Italy from May 1981 to October 1982. The alleged lost sales involved a total of *** bearings (*** from Japan, *** from Italy, and *** from West Germany), valued at about ***. The Commission's staff contacted five of the six purchasers named in these allegations. In each case, the purchaser stated that the bearings they purchased required both AAR and company approval. In some instances, according to these purchasers, the end user of the railcar specified the source of bearings and other parts to be used.

* * * was alleged by Brenco to have purchased *** bearings from West Germany in * * * and *** bearings from Italy in * * *. A * * * representative acknowledged the purchase in 1982 of *** foreign bearings, valued at approximately ***. He said that * * *'s purchases are made from approved vendors, and are based on first-hand, current knowledge of competing prices. In this case, according to the representative, price was not a factor as the domestic and foreign prices were basically the same. He stated that in 1980 * * * needed to develop alternative sources of supply, as domestic producers could not meet the demand. He added that * * * intends to keep this option available. * * *'s representative said that the ratio of the firm's foreign to domestic bearing purchases has remained basically the same over the past 2 years. He also said that end users, i.e., railroads, sometimes dictate the brand of bearing to be purchased.

* * * was alleged by Brenco to have purchased *** bearings from Italy in * * *. A representative of * * * acknowledged the purchase in 1981 of *** foreign bearings, valued at approximately ***. He said that * * *'s purchases are made from approved vendors, but in this case the purchase was directed by the end user. * * *'s representative said that the quality of domestic and foreign bearings are comparable, and that his company's purchases of the imported product have remained about the same over the past 2 years. He also stated that his company usually buys domestic bearings.

* * * was named by Brenco as the purchaser of *** Japanese and *** Italian bearings in * * *, and of *** Japanese bearings in * * *; these alleged lost sales had a total value of *** to Brenco. * * * acknowledged both the * * * purchases. The * * * purchases were made as part of * * *. In addition to the imported bearings, * * * purchased *** bearings from * * *. The prices of the imported bearings were slightly below those of Brenco at

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1/ As noted previously, Commerce made a negative final determination with respect to the question of LTFV sales of such merchandise from West Germany. In order to gain a better understanding of the overall U.S. market for railway freight car journal roller bearings during the period covered by the Commission's investigations, the following section includes the information obtained on Brenco's allegations concerning imports of such bearings from West Germany. Some of Brenco's allegations involved purchases made by firms that allocated their purchases of imports between various suppliers, both domestic and foreign. Only six of Brenco's allegations concerned imports from Japan and Italy.

that time. * * * was uncertain whether * * * had specified the bearings to be used. * * * stated that they had purchased the *** bearings from Japan in 1982, and, although the price of the imported bearings was lower, the customer had also specified the source of the bearings in that instance.

* * * was named by Brenco as the purchaser of *** Italian bearings, valued at ***, in * * *. * * * stated that no imported bearings of any kind had been purchased for at least 4 years, and that only Brenco and Timken are on the firm's approved vendor list.

* * * was named as the purchaser of *** West German bearings, valued at ***, in * * * and of *** Italian bearings, valued at ***, in * * *. A * * * spokesman acknowledged that both of these purchases had been made. In the case of the * * * purchase, he stated that * * *. 1/ * * *.

* * * also acknowledged the purchase in * * * of about *** Italian bearings. The price of these bearings was about the same as the price offered by other producers, but * * *; other sources * * *.

Timken provided 27 allegations (some of which were also claimed as lost sales by Brenco), involving 12 purchasers, of sales of railway freight car journal roller bearings lost to imports from Japan and Italy in 1980-82 and January-September 1983, The majority (17 instances) of the alleged lost sales occurred before 1982. The alleged lost sales involved a total of *** bearings, valued at about ***. Sales claimed to be lost to Japan in 1982 and January-September 1983 amounted to *** bearings, and those allegedly lost to Italy during that period, to *** bearings. Of the more recent allegations, a sale of *** bearings (to * * *) was also claimed by Brenco to be lost to SKF, and was discussed above. An additional *** bearings were allegedly lost to firms that refused to discuss their purchases. Sales of *** bearings were allegedly lost to Japan and corresponded closely with sales reported by * * *. 2/

* * * was named by Timken as the purchaser of * * * bearings from Japan in * * *. A spokesman for * * * said that he could not recall purchasing imported bearings in * * *, and that it is a company policy to purchase only U.S.-produced bearings unless U.S. producers are unable to meet the required delivery schedule. The spokesman stated that the firm's production had declined from *** railcars in 1980 to *** in 1983, but even in 1980 only *** cars used foreign bearings. Additionally, he stated that his firm had encountered no unusual quality problems with Brenco bearings, although he is aware of an AAR inquiry into the subject. 3/

1/ * * *.

2/ * * *.

3/ This AAR investigation, which was initiated in late 1983, into alleged quality deficiencies in Brenco bearings is discussed in a later section of this report.

Lost revenues

Brenco submitted a total of nine specific instances (involving eight purchasers) in which it allegedly had to reduce its prices of railway freight car journal roller bearings in order to avoid losing sales to competitors selling such merchandise imported from Japan or Italy. Timken stated that even when the firm lowered its prices in response to import competition, importers dropped prices even further and the sale was lost. Accordingly, Timken provided allegations only of lost sales.

The allegations by Brenco involved price reductions made during September 1981-July 1982 on sales of *** bearings. Brenco's initial rejected price quotations on these bearings amounted to ***. The bearings were sold for ***, resulting in alleged lost revenue of ***, or *** percent of the total value of the initial quotations. The Commission's staff investigated seven of these allegations; three purchasing companies provided the following information.

An official of * * * acknowledged that his firm had purchased *** bearings at a price which was ***, or *** percent, less than the initial price quoted by Brenco on * * *. He advised that his company's purchases are made from approved vendors and, in this case, the purchase was based on first-hand, current knowledge of competing prices. The official acknowledged that Brenco reduced its initial price to a level slightly lower than that of the imported bearings. The representative stated that there was little difference in quality between the domestic and imported products, as both must meet AAR specifications.

A representative of * * * acknowledged the purchase in 1982 of *** Brenco bearings at a price that was ***, or *** percent, less than the initial Brenco price. This representative stated that, prior to 1979, all of his company's purchases were made from domestic producers. Currently, however, the firm purchases *** percent of its bearings from foreign producers.

Although a * * * representative acknowledged that his company purchased *** Brenco bearings, he could not verify that the purchase price was less than the price quoted by Brenco in * * *. He stated that bearing purchases are usually specified by railroads after list prices of all bearing producers are provided to them by * * *.

Four other companies would not respond to Commission inquiries on lost revenue allegations. 1/ Brenco's allegations with respect to these companies are as follows:

Firm	Bearings purchased	Date of purchase	Alleged lost revenue
* * *----------	***	* * *	***
* * *----------	***	* * *	***
* * *----------	***	* * *	***
* * *----------	***	* * *	***
* * *----------	***	* * *	***

1/ * * *.

Alleged quality deficiencies of Brenco bearings

On January 16, 1984, the Commission received a letter from counsel for SKF and Unity (White & Case) 1/ contending that "Brenco has not, in fact, lost sales due to LTFV pricing of imports. We believe, furthermore, that if Brenco has lost any sales or market share to imports, the reason is the poor quality of Brenco's bearings." Counsel noted that the AAR is currently conducting a review of the recent performance of Brenco bearings, 2/ and alleged that "within the past two years a number of major railroads in the United States and Canada have discontinued use of Brenco bearings or have decided to use them only on a restricted basis because of the overheating problems and high component defect rate as well as because of seal failures." The letter contained the names of nine railroads which allegedly have discontinued the purchase of Brenco bearings (four firms) or restricted their use to low mileage cars (two firms), or which have otherwise encountered seal or metallurgical problems with the Brenco bearings (three firms).

In order to further investigate the alleged quality deficiencies of the Brenco bearings, the Commission's staff contacted officials from the AAR and each of the individual railroads cited in the White & Case letter. Robert Thelen, Director of Technical Committees, AAR, stated that the performance of Brenco's railway freight car journal roller bearings is presently under investigation by that organization. He further stated that statistical performance data on Brenco's bearings are being gathered but will not be available to the Commission's staff until the completion of the AAR's investigation (which is not expected until, at the earliest, late 1984). 3/

As indicated, the Commission's staff also surveyed each of the railroads alleged in the White & Case letter to have experienced quality problems with railway freight car journal roller bearings manufactured by Brenco. Four principal questions were directed to company officials:

1/ An earlier letter dated Dec. 30, 1983, was subsequently withdrawn by White & Case. On Jan. 5, 1984, Brenco submitted a letter to the Commission responding to the allegations in the original White & Case letter.

2/ The original White & Case letter included a copy of a Sept. 8, 1983, letter from F.A. Danahy, Executive Director of the Wheels, Axles, Bearings, and Lubrication Committee (WABL), to members of the General Committee of the AAR in which the subject of the recent performance of Brenco bearings was discussed. The Danahy letter stated that the WABL Committee will collect data pertaining to the performance of Brenco bearings and will advise the General Committee within 12 months "whether the 1981 and newer Brenco bearing performance has significantly improved."

3/ The Commission's staff also sent a letter to Mr. F.A. Danahy, Executive Director, Operations and Maintenance Department, Mechanical Division, AAR, informing him of the Commission's investigations and of the alleged quality deficiencies of Brenco bearings, and requesting any information the AAR has on the relative quality of Brenco's bearings (i.e., performance data on Brenco bearings compared with performance data on bearings manufactured by other domestic or foreign producers). To date, no further information has been received from the AAR.

(1) Have you experienced quality problems with the bearings purchased from Brenco?

(2) Have the bearings you purchased from Brenco had a higher failure rate than other manufacturers' bearings or have Brenco bearings shown a deteriorating performance record?

(3) Has there been a need to recondition or repair Brenco bearings more frequently than other manufacturers' bearings?

(4) Have you discontinued purchases from Brenco as a result of the poor quality of those bearings (if applicable)?

The following discussion includes the names of the companies surveyed and their responses (if any) to the above questions.

* * *.--* * * stated that * * * prefers to purchase Timken bearings rather than Brenco bearings. * * * has purchased Brenco bearings in the past, however, and has not had any quality problems with either Timken or Brenco bearings.

* * *.--* * * indicated that this matter is presently under investigation by the AAR and did not care to elaborate on the issue.

* * *.--* * * indicated that a full investigation is presently being conducted by the AAR and that requests for data on the quality of bearings should be directed to that organization. He stated that * * * has experienced serious problems with Brenco bearings. These problems have occurred recently and cannot be a factor contributing to increased import penetration, according to * * *. He did not care to elaborate on whether * * * has discontinued its purchases of Brenco bearings.

* * *.--* * * indicated that * * * has had a quality problem with Brenco bearings for several years. The problem is related to a faulty seal that allows water to enter the bearing, resulting in increased heat buildup and ultimate damage to the contact rolling elements. About *** percent of the *** railcars in operation on * * *'s system are equipped with Brenco bearings. The quality problem has caused * * * to alter its purchasing habits and discontinue the purchase of Brenco bearings. According to * * *, Brenco * * *.

* * *.--* * * indicated that * * * has experienced performance problems with Brenco bearings but is working together with Brenco to resolve these problems. * * * stated that the performance data he has reviewed do not indicate that Brenco bearings are of poor quality. The investigation by the AAR should result in conclusive data on the performance of Brenco bearings. Brenco bearings were * * *. * * * believes that the basic design of the Brenco bearing is sound. A metallurgical investigation is being conducted by * * * to determine the quality of the metal in Brenco bearings. * * *'s records show that some sizes of Brenco's bearings perform better than bearings of other manufacturers.

* * *.--* * * stated that *** percent of the railcars owned by * * * are equipped with Brenco bearings; the remainder are equipped with Timken bearings. During * * *, * * * experienced excessive grease leaks in Brenco bearings that were purchased * * *. With Brenco's assistance, this problem has been resolved. * * *. * * * indicated that, as far as replacement parts are concerned, Timken and Brenco bearings are reconditioned and repaired at the same rate.

* * *. 1/--* * * explained that it is common to encounter problems with all railway mechanical devices, including bearings. He stated that Brenco bearings have been purchased in the past, but because of a seal problem they have been taken off the railroad's approved list. * * * indicated that once AAR's investigation is completed he expects Brenco bearings to be granted full approval by the railroad. Finally, * * * stated that the recent performance of Brenco bearings is comparable to that of all other bearings.

* * *.--* * * indicated that * * *. According to * * *, it is widely accepted within the industry that Brenco has had quality problems with their railcar journal bearings. Brenco reportedly acknowledges that it has a problem and has spent * * * on quality control to improve the performance of their bearings. According to * * *, all of these Brenco improvements have come on stream and the firm has recently stated that its railcar bearings are better than or equal to all other railcar bearings.

* * * stated that in November 1983 the AAR initiated an investigation into the performance of Brenco bearings produced since January 1, 1981. The investigation will continue for 1 year. Brenco's problems have evolved over a long period of time, according to * * *. During the early 1960's, Brenco had a poor performance rating and the firm's performance has declined recently. * * * and the AAR are particularly concerned about the quality problem. The problem is related to a defective seal, which allows water to enter the bearing and causes increased hotbox failures. * * * has generally continued to purchase bearings in the same pattern it followed in the past. The share of various bearing manufacturers in * * *'s railcar fleet is shown in the following tabulation:

Company	Percent of total number
Timken	***
Brenco	***
New Departure Hyatt 1/	***
All other 2/	***
Total	100

1/ New Departure Hyatt has discontinued the manufacture of freight car bearings.

2/ Including imports.

1/ The White & Case letter referred to "* * * . . ." The Commission's staff contacted * * *. * * * stated that his firm has a policy of not recommending or condemning products it purchases. He did not care to answer any of the questions presented to him by the staff.

* * * believes that the performance of Brenco bearings has had an impact on customers' decreased purchases of bearings, especially within the last year, but it has not affected * * *'s purchases.

* * *.--* * * stated that from a * * * viewpoint there is nothing wrong with Brenco bearings. * * * has examined over *** bearings manufactured by Brenco and has not found any of the problems alleged by some of the other railroads. * * *. * * * indicated that * * * does not purchase imported SKF (Italian) bearings because of the poor performance of those bearings. * * * believes that there is the possiblility that the quality of Brenco bearings is not related to the manufacturer, but to the manner in which the bearings were handled by the purchaser. The * * * railroads, which have made these allegations, may have painted over the end caps, thus contributing to excessive seal wear, or they may have washed the railcars using high-pressure nozzles, thus causing water to enter the bearing. * * * indicated that he is not in a position to answer for the industry as a whole; an industrywide investigation is being conducted by the AAR. From a * * * viewpoint, however, evidence indicates that there are no quality problems with Brenco bearings.

In addition to contacting customers specifically named by White & Case as having experienced performance problems with Brenco bearings, the Commission sent questionnaires to each of the purchasers named in Brenco's lost sales allegations. These purchasers were asked to report any significant problems they had experienced regarding the performance or quality of railroad freight car journal roller bearings produced by any U.S. or foreign manufacturer. The purchasers were also asked what effect such performance or quality problems had, or are expected to have, on their purchasing decisions.

Six purchasers responded to the Commission's questionnaire on this issue; 1/ two of these six had also been contacted by telephone and their questionnaire responses were consistent with the above discussion. In each case, the firm indicated that it had not changed its policies regarding purchases of bearings from Brenco or any other source as a result of quality or performance problems. In addition, each firm indicated that it had an approved supplier list and, with one exception, there were no changes to such lists during 1980-83. The one exception was the addition of * * * as an approved supplier by one firm. According to the questionnaire responses, none of these firms maintains a "Buy American" policy.

1/ The six firms responding to the Commission's questionnaires accounted for purchases of 92,000 bearings in 1980, 93,000 in 1981, 27,000 in 1982, and 12,500 in 1983.

APPENDIX A

THE COMMISSION'S NOTICES OF INVESTIGATIONS AND LIST OF WITNESSES APPEARING AT THE HEARING

[Investigations Nos. 731-TA-120 and 122 (Final)]

Antidumping; Certain Tapered Roller Bearings and Parts Thereof From Japan and Italy

AGENCY: International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

EFFECTIVE DATE: August 30, 1983.

SUMMARY: As a result of affirmative preliminary determinations by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that certain tapered journal roller bearings and parts thereof, provided for in item 680.39 of the Tariff Schedules of the United States imported from Japan and Italy are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigations Nos. 731-TA-120 and 122 (Final) under section 735(b) of the act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry is materially retarded by reason of imports of such merchandise. Unless the investigations are extended, the Department of Commerce will make its final dumping determinations in the cases by November 7, 1983, and the Commission will make its final injury determinations on or before December 27, 1983 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Robert Eninger (202-523-0312), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION:

Background

On March 14, 1983, the Commission determined, on the basis of the information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly LTFV imports of certain tapered roller

bearings and parts thereof from Japan and Italy. The preliminary investigations were instituted in response to a petition filed on January 26, 1983, by counsel on behalf of Brenco, Inc., Petersburg, Va.

Participation In the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), as amended by 47 FR 33682, Aug. 4, 1982).

Staff Report

A public version of the prehearing staff report continuing preliminary findings of fact in these investigations will be placed in the public record on November 10, 1983, pursuant to § 207.21 of the Commission's Rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m., on November 30, 1983, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on November 21, 1983. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m., on November 23, 1983, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is November 25, 1983.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, Aug. 4, 1982). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on December 7, 1983.

Written Submissions

As mentioned, parties to these investigations may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before December 7, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

For further information concerning the conduct of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and C (19 CFR Part 207, as amended by 47 FR 33682, Aug. 4, 1982), and Part 201, subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982).

This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: September 19, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-26442 Filed 9-27-83; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 731-TA-120 and 122 (Final)]

Certain Tapered Roller Bearings and Parts Thereof From Japan and Italy

AGENCY: International Trade Commission.

ACTION: In conformance with the determination of the International Trade Administration of the Department of Commerce to amend its schedule for the conduct of the referenced investigations (48 FR 43365, Sept. 23, 1983), the Commission hereby revises its schedule as follows: the prehearing conference will be held on January 18, 1984; the hearing will be held on January 25, 1984; and the Commission's final determinations shall be issued on or before February 27, 1984.

EFFECTIVE DATE: October 4, 1983.

SUPPLEMENTARY INFORMATION: The Commission instituted these final antidumping investigations effective August 30, 1983, and scheduled a hearing to be held in connection therewith for November 30, 1983 (48 FR 44280, Sept. 28, 1983). On September 23, 1983 (48 FR 443365), the Department of Commerce extended the investigations in response to requests from the petitioner and from producers of the subject merchandise in Japan and Italy. The effect of the extensions was to change the scheduled date for Commerce to make its final determinations from November 7, 1983, to January 12, 1984. Accordingly, the Commission is revising its schedule in the investigations to conform with Commerce's new schedule.

The Commission's hearing, which was to have been held on November 30, 1983, has been rescheduled to begin at 10 a.m. on January 25, 1984, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on January 16, 1984. All persons desiring to appear at the hearing and make oral presentations should filed prehearing briefs and attend a prehearing conference to be held at 10 a.m. on January 18, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 20,

1984. A public version of the prehearing staff report containing preliminary findings of fact in these investigations will be placed in the public record on January 10, 1984.

FOR FURTHER INFORMATION CONTACT: Robert Eninger (202-523-0312), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436.

Issued: October 5, 1983.
By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-27889 Filed 10-13-83, 8:45 am]
BILLING CODE 7020-02-M

CALENDAR OF PUBLIC HEARING

Investigations Nos. 731-TA-120 and 122 (Final)

CERTAIN TAPERED ROLLER BEARINGS AND PARTS THEREOF FROM JAPAN AND ITALY

Those listed below appeared as witnesses at the United States International Trade Commission's hearing held in connection with the subject investigations on January 25, 1984, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the imposition of antidumping duties

Mays, Valentine, Davenport & Moore--Counsel
Richmond, Va.
on behalf of

Brenco, Inc.

George F. Copeland, President
Louis E. Nelsen, Vice President of Sales
Robert V. Lawrence, Director of Engineering
R. Franklin Reid, II, Corporate Controller

F. Clairborne Johnston, Jr.)
Susan C. Armstrong)--OF COUNSEL

In opposition to the imposition of antidumping duties

White & Case--Counsel
Washington, D.C.
on behalf of

RIV-SKF Industrie S.p.A. and Unity Railway Supply Co., Inc.

Thomas E. Schofield, Executive Vice President
Unity Railway Supply Co., Inc.
Hugh D. Miller, Railroad Consultant
Richard O. Koneeny, Manager, Railway Engineering
SKF Canada

John W. Barnum)
Jennifer F. Graham)--OF COUNSEL
Laurence R. Latourette)

In opposition of the imposition of antidumping duties--Continued

Tanaka, Walders & Ritger--Counsel
Washington, D.C.
on behalf of

Koyo Seiko Co., Ltd., and American Koyo Corp.

Roger Lewis, Manager, Eastern Branches, American Koyo Corp.
Robert White, General Manager, Canadian Koyo, Inc.
Larry Marsalek, American Koyo Corp.

H. William Tanaka)
James C. Davenport) --OF COUNSEL

APPENDIX B

THE DEPARTMENT OF COMMERCE'S FINAL DETERMINATIONS

[A-475-004]

Certain Tapered Journal Roller Bearings and Parts Thereof From Italy; Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain tapered journal roller bearings and parts thereof (TJRB) from Italy are being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or are threatening to materially injure, a U.S. industry. We have directed the U.S. Customs Service to continue to suspend the liquidation of entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after August 30, 1983.

EFFECTIVE DATE: January 19, 1984.

FOR FURTHER INFORMATION CONTACT: David Johnston, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-2239.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that TJRB from Italy are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d)(the Act).

We found that the foreign market value of TJRB from Italy exceeded the United States price on 100 percent of sales. These margins ranged from 21.2 percent to 25.2 percent. The overall weighted-average margin on all sales compared is 24.7 percent *ad valorem*.

Case History

On January 26, 1983, we received a petition filed by counsel for Brenco, Inc. In accordance with the filing requirements of § 353.36 of the Commerce Department Regulations (19 CFR 353.36), petitioner alleged that TJRB from Italy are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or threaten to materially injure, a United States industry.

On February 16, 1983, we presented a questionnaire in Italy to RIV-SKF Industrie S.p.A. (RIV), the only exporter to the U.S. of the subject merchandise. RIV submitted its response on April 15, 1983. We sent a supplemental questionnaire to counsel for RIV on May 10, 1983. RIV submitted its supplemental response on May 26, 1983 and July 20, 1983.

On June 16, 1983, we determined, pursuant to section 733(c)(1)(B) of the Act, that the case was extraordinarily complicated and that additional time was necessary to make our preliminary determination. Accordingly, we postponed our preliminary determination until not later than August 24, 1983 (48 FR 28520).

On August 24, 1983, we preliminarily determined that TJRB from Itlay were being, or were likely to be, sold in the United States at less than fair value (48 FR 39270). On September 14, 1983, we received a letter from RIV requesting that our final detemination be extended until not later than January 12, 1984. In accordance with section 735(a)(2) of the Act, we extended our final determination until that date (48 FR 43365). On September 22 and 23, 1983, we verified the responses of RIV at its offices in Turin, Italy. On October 12 through 14, 1983, we verified the responses of SKF Canada Ltd. (SKF Canada) at its offices in Scarborough, Ontario, Canada. On October 31, 1983, we held a hearing to allow interested parties an opportunity to comment on our preliminary determination in accordance with section 353.47 of the Commerce Regulations.

Scope of Investigation

For purposes of this investigation, the term "certain tapered journal roller bearings and parts thereof" covers two-row tapered roller bearings and parts thereof including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized. This investigation includes only those tapered journal roller bearings with assembled outside diameters between 6.5 and 10.875 inches, that meet the specifications established by the Association of American Railroads in Specification M-934-81. Tapered journal roller bearings and parts thereof are currently classified under items 680.3932, 680.3934, 680.3938, and 680.3940 of the *Tariff Schedules of the United States Annotated* (TSUSA).

We investigated 100 percent of RIV's sales of TJRB to the United States during the period from August 1, 1982 to January 31, 1983.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by RIV because the merchandise was sold to unrelated purchasers before importation into the United States. We calculated the purchase price based on the f.o.b. Italian port packed price. We made deductions for Italian inland freight.

Foreign Market Value

In accordance with section 773(a)(1)(B) of the Act, we calculated foreign market value based on the prices at which the subject merchandise is sold in Canada because such or similar merchandise was not sold in the home market. Since RIV sells to SKF Canada, an organization related to RIV, we have used the prices at which SKF Canada sells the subject merchandise to unrelated customers in Canada in accordance with section 773(a)(3) of the Act. In accordance with § 353.5(c) of the Commerce Regulations, we selected Canada as the third country to be used for fair value comparisons because the TJRB exported to Canada are as similar to the TJRB exported to the United

States as are those exported to other countries, and the volume of the TJRB exported to Canada was the largest sales volume to any country outside the home market or the United States containing both types of TJRB.

We calculated the third country prices on the basis of delivered, packed prices to unrelated purchasers in Canada. From these prices we deducted Italian and Canadian inland freight, ocean freight, marine insurance, import duties, and federal sales tax. Since the Act requires the addition of U.S. packing costs to unpacked Canadian prices, we have done this for our final determination.

We allowed a circumstance of sale adjustment for differences in credit expenses in accordance with § 353.15(a) of the Commerce Regulations. We also deducted directly related commissions in accordance with § 353.15(a) of the Commerce Regulations. The following claims were disallowed in calculating foreign market value. SKF Canada requested circumstance of sale adjustments for the salaries and travel expenses of a product manager, a salesman and a serviceman, as well as warehousing expenses. We disallowed these claims because we do not consider these items to be circumstances of sale bearing a direct relationship to sales of TJRB in Canada.

Respondent Comments

Comment 1

The Department should use RIV's sales to Canada as the basis for determining foreign market value because the transactions between RIV and SKF Canada are conducted as if the companies were unrelated. That RIV deals with SKF Canada on an arms-length basis is established by the fact that RIV's prices to Unity, its unrelated United States distributor, are comparable to the prices at which RIV sells to SKF Canada, its related Canadian distributor. Moreover, the market conditions in the United States and Canada are comparable. Further, Canadian customs authorities accept that the invoiced values of the TJRB imported from RIV reflect their fair market value, and Italian tax authorities have not found that RIV's export prices are internal transfer prices.

DOC Position

Section 353.22(b) of the Commerce Regulations Requires that sales to related purchasers ordinarily not be used in the determination of foreign market unless those sales are demonstrated to be at prices comparable to those sold to persons unrelated to the seller. RIV cannot so demonstrate because it does not sell similar merchandise to unrelated purchasers in Canada. We are unable to accept as arms-length and to use the prices at which RIV sells the subject merchandise to SKF Canada on the basis of the other factors cited by RIV to show that it transacts business with SKF Canada as if the companies were unrelated. The similarity of prices in sales to SKF Canada and Unity is not meaningful as a measure of arms-length transactions since the sales are subject to different market forces inherent in sales to different countries. Further, there is no indication of the reasons for which the Canadian customs authorities regard the invoice value of imported merchandise as reflective of its fair market value, nor has information been provided which substantiates that the Italian tax authorities do not regard as transfer prices the prices which RIV charges SKF Canada. We are not persuaded, based upon the above factors, that RIV and SKF Canada transact business in an arms-length fashion. Therefore, we determine, in accordance with section 773(a)(3) of the Act, that the appropriate prices to use in determining foreign market value are those at which SKF Canada sells to unrelated end users.

Comment 2

If the Department uses SKF Canada's resales as the basis for determining foreign market value, it should make circumstance of sale adjustments for directly related costs of the salaries and expenses of SKF Canada's railway segment employees and certain warehousing expenses.

DOC Position

Section 353.15(a) of the Commerce Regulations provides that the differences in circumstances of sale for which allowances will be made are limited, in general, to those circumstances which bear a direct relationship to the sales under consideration. In considering the requested adjustment for the salaries and expenses of certain railway segment employees, we note first that, although the respondent has provided methods by which to allocate these costs, because the railway segment markets products other than TJRB and, therefore, these costs have been allocated largely based upon estimates of time spent by the employees on the sale of TJRB, we cannot consider these costs as being directly related to the sales under consideration. Second, since the salaries and travel expenses of the railway segment employees are borne by SKF Canada regardless whether particular sales of TJRB are made, these expenses cannot be considered directly related to sales of TJRB. Therefore, we have not allowed this claim.

The warehousing expenses for which RIV is claiming a circumstance of sale adjustment consists of the allocated portion of SKF Canada's total warehousing operation. They are pre-sale expenses incurred on the warehousing of TJRB retained as inventory. Since these expenses are not directly related to sales of TJRB, we disallowed this claim.

Comment 3

The Department should not make an adjustment for differences in credit expenses because, according to section 353.15, adjustments are to be made for differences in credit terms and not for differences in credit experience. Even if the Department chooses to base its adjustment on the actual credit expense experience, we should not focus exclusively on the cost to RIV of the different credit experiences, but rather should not make the adjustment because the different credit experiences have not had an effect on the market value of the merchandise under investigation, in that they have not affected the prices charged to Unity or to SKF Canada's customers.

Additionally, the Department should not make the adjustment because an analysis of the acutal costs to RIV of the delayed payments cannot now accurately be computed and because it is not presently possible to determine that RIV has suffered or will suffer any economic costs resulting in a decrease in the value received from Unity. RIV has received and continues to receive an advantage in Unity's late payments by virtue of the devaluation of the Italian lira against the U.S. dollar. Additionally, RIV has been charging interest to Unity's account for overdue invoice amounts and, under its conditions of sale, has the right to collect such interest from Unity.

DOC Position

In making a circumstance of sale adjustment for differences in credit expenses, we consider the actual difference in payment experience in the two markets and not merely the offered terms of payment. To calculate the adjustment only on the basis of a difference in terms of credit unreasonably ignores real differences in credit experience where, as here, even though the terms of credit in both markets are net 30 days, the seller receives payment on various dates later

than those required under the terms of sale.

We cannot accept respondent's alternative argument that no adjustment should be made because the differences in credit costs have not affected the price (i.e. the value) of the merchandise. As a result of Unity's delayed payment, RIV has borne additional costs. These costs are even greater than the additional costs borne by RIV due to the delay in payment by SKF Canada's customers. The fact that RIV has chosen not to increase its prices to account for the inability on the part of its customers to make payments on a timely basis does not dispose of the fact that RIV has had differing credit experiences in the two markets. To the contrary, it indicates that RIV is absorbing its costs in the American market relative to the Canadian market, an occurrence which the Act was intended to address. Since use of the cost criterion provides a means by which to redress this situation, we have used the differences in credit costs in the two markets to calculate a circumstance of sale adjustment.

Finally, we have been able to calculate the costs to RIV of the delayed payments in each market by applying the appropriate interest rate to the number of days for which payment was outstanding. That RIV has benefited from Unity's late payment due to the devaluation of the Italian lira does not eliminate the fact that actual differences existed in payment experience in the two markets. It means only that the loss incurred was compensated for as the result of an unrelated change in Italian monetary policy. With the exception of situations described in § 353.56(b) of the Commerce Regulations (19 CFR 353.56(b)), fluctuations in the value of currency are events which we cannot properly consider in making price comparisons. However, if, in the future, RIV exercises its right to collect overdue invoice amounts, then we will take such payments into account in the course of any review under section 751 of the Act to the extent that such payments are actually made.

Comment 4

Differences in level of trade may reasonably be expected to result in different prices. Therefore, the Department should make a level of trade adjustment based upon the difference between the considerable distribution costs assumed by SKF Canada in its sales of TJRB to end users and the minimal selling costs incurred by RIV in its sales to Unity.

DOC Position

We recognize that in certain circumstances, where sales are made at different levels of trade, an adjustment for such differences may be appropriate. However, we are unable to make such an adjustment in the instant case since we have been provided with no information establishing the price differential which would exist were there sales in Canada at the distributor level. In considering whether to make a level of trade adjustment, we cannot assume that cost differences associated with sales made at different levels of trade may reasonably be expected to result in price differences. In order to establish that there are differences which affect price comparability, information substantiating that the differences in the prices are the result of differences in the cost of selling at one level of trade as compared to the other must be submitted. Since the information provided is not sufficient to substantiate respondent's claimed cost-based adjustment, we did not make an adjustment.

Comment 5

The Department should make adjustments for export duty rebates to the United States price in accordance with section 772(d) of the Act. It should make a corresponding adjustment to the foreign market value in accordance with section 773(a)(4) of the Act.

DOC Position

We have not made the requested adjustment because payments made under Italian Law 639, pursuant to which this rebate is administered, are paid on all qualifying exports regardless whether a company actually pays duties or is relieved of the obligation to pay such duties upon importation of the merchandise. Even if RIV showed that it paid import duties on material used in the production of TJRB, or was relieved of the obligation to pay such duties, there is no direct link between the duties paid by Italian companies and the rebate of such duties by the Italian government. Since there has been no showing that the payments to RIV under Italian Law 639 are rebates of import duties previously paid or uncollected, we have not allowed the requested adjustment to United States price. Since no adjustment to United States price is being allowed, it is no longer necessary to consider wheter a corresponding adjustment to foreign market value should be allowed pursuant to section 773(a)(4) of the Act.

Comment 6

The Department should not offset the commissions paid by SKF Canada against the indirect selling expenses incurred by RIV on its sales to the United States because the offset provision is designed to take into account only those selling expenses in one market that are analogous to the expenses in the other market.

DOC Position

Section 353.15(c) of the Commerce Regulations provides that reasonable allowances for other selling expenses generally will be made in cases where a reasonable allowance is made for commissions in one of the markets under consideration, the amount of such allowance being limited to the actual other selling expenses incurred in the one market, or the total amount of the commission allowed in such other market, whichever is less. This regulation does not require that the other selling expenses actually incurred in one market be analogous to the commissions paid in the other market, but does require that the other selling expenses actually incurred in one market be limited by the lesser of either the commissions or the other selling expenses in either market. Therefore, we have used the indirect selling expenses to offset the commissions in accordance with this provision of our regulations.

Petitioner Comments

Comment 1

The Department has properly used SKF Canada's sales to unrelated purchasers in determining foreign market value because RIV is not in a position to demonstrate that sales prices to SKF Canada are comparable to those at which such merchandise is sold, or offered for sale, to unrelated purchasers in Canada.

DOC Position

We agree with petitioner's comment (see the Department's position for Respondent's Comment 1).

Comment 2

The Department properly refused to make circumstance of sale adjustments advanced by RIV because commissions for SKF Canada's sales have already been deducted from the foreign market value and the requested adjustments do not bear a direct relationship to the sales in question.

*(*See also* Final Affirmative Countervailing Duty Determination: Forged Undercarriage Components from Italy in which the export rebates in question were determined to be countervailable export subsidies.)*

DOC Position

We have disallowed the requested circumstance of sale adjustments (see DOC position for Respondent's Comment 2).

Verification

In accordance with section 776(a) of the Act, we verified data used in making this determination in this investigation, by using standard verification procedures which included on-site examination of company records and selected original source documentation containing relevant information.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of TJRB from Italy, which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average margin amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturers/producers/exporters	Weighted-average margins (percent)
RIV-SKF Industrie S.p.A.	24.7
All Other Manufacturers/Producers/Exporters	24.7

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on TJRB from Italy entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: January 12, 1984.

William T. Archey,

Acting Assistant for Trade Administration.

[FR Doc. 84-1482 Filed 1-18-84; 8:45 am]
BILLING CODE 3510-DS-M

[A-428-007]

Certain Tapered Journal Roller Bearings and Parts Thereof From the Federal Republic of Germany; Final Determination of Sales at Not Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain tapered journal roller bearings and parts thereof (TJRB) from the Federal Republic of Germany (Germany) are not being, nor are likely to be, sold in the United States at less than fair value. Therefore, we are terminating this investigation.

EFFECTIVE DATE: January 19, 1984.

FOR FURTHER INFORMATION CONTACT: Raymond G. Busen or David Johnston, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone: (202) 377-1278 or 377-2239.

SUPPLEMENTARY INFORMATION:

Case History

On January 26, 1983, we received a petition filed by counsel for Brenco, Inc. In accordance with the filing requirements of § 353.36 of the Commerce Department Regulations (19 CFR 353.36), petitioner alleged that TJRB from Germany are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or threaten to materially injure, a United States industry.

On February 16, 1983, we presented a questionnaire in Germany to FAG Kugelfischer Georg Schafer and Co. (FAG), the only known German producer of the subject merchandise. We received the response on April 28, 1983. We sent a supplemental questionnaire to FAG on May 11, 1983. We received the supplemental response on June 1, 1983.

On June 10, 1983, petitioner asked the Department to extend the period for the preliminary determination until 210 days after the date of receipt of the petition in accordance with section 733(c)(1)(A) of the Act. On June 16, 1983, we postponed our preliminary determination until not later than August 24, 1983 (48 FR 28301).

On August 24, 1983, we preliminarily determined that TJRB from Germany were not being, nor were likely to be, sold in the United States at less than fair value (48 FR 39269).

On August 31, 1983, we received a letter from petitioner requesting that the final determination be extended until not later than January 12, 1984. In accordance with section 735(a)(2)(B) of the Act, we extended our final determination until that date (48 FR 43365). On October 5, 1983, we verified the responses of FAG at its head offices in Schweinfurt, Germany. Since we based foreign market value on sales of the subject merchandise by FAG to Canada, on November 8 and 9, 1983, we verified those portions of the responses relating to FAG's sales to Canada at FAG Bearings Ltd. (FAG Canada) offices in Stratford, Ontario, Canada. Since we based the United States price on the exporter's sales price of the subject merchandise, on November 15, 1983, we verified the exporter's sales price information contained in the responses at Roller Bearing Industries, Inc. in Richmond, Virginia.

Scope of Investigation

For purposes of this investigation, the term "certain tapered journal roller bearings and parts thereof" covers two-row tapered journal roller bearings and parts thereof including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized. This investigation includes only those tapered journal roller bearings with assembled outside diameters between 6.5 and 10.875 inches, that meet the specifications established by the Association of American Railroads On Specifications M-934-81. Tapered journal roller bearings and parts thereof are currently classified under items 680.3932, 680.3934, 680.3938, and 680.3940 of the *Tariff Schedules of the United States Annotated* (TSUSA). A-58

We investigated 100 percent of FAG's sales of TJRB to the United States during the period from August 1, 1982 to January 31, 1983.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(c) of the Act, we used the exporter's sales price of the subject merchandise to represent the United States price for sales by FAG because the merchandise was sold to unrelated purchasers after importation into the United States. We calculated the exporter's sales price based on the cif, duty paid, delivered, packed price. We made deductions for foreign inland freight, ocean freight, insurance, United States inland freight, customs duties, brokerage, credit expenses and other selling expenses incurred in the United States.

Foreign Market Value

In accordance with section 773(a)(1)(B) of the Act, we calculated foreign market value based on the prices at which the subject merchandise is sold in Canada because such or similar merchandise was not sold in the home market. Since FAG sells to FAG Canada, an organization related to FAG, we have used the prices at which FAG Canada sells the subject merchandise to unrelated customers in Canada, in accordance with section 773(a)(2) of the Act. In accordance with § 353.5(c) of the Commerce Regulations, we selected Canada as the third country to be used for fair value comparisons because the TJRB exported to Canada are as similar to the TJRB exported to the United States as are those exported to other countries, and the volume of FAG's sales to Canada is its largest sales volume to any country outside the home market or the United States.

We calculated the third country prices on the basis of delivered, packed prices to unrelated purchasers in Canada. From these prices we deducted German inland freight and insurance, Canadian inland freight, brokerage, import duties and ocean freight. We made a deduction for credit expenses which were directly related to the sales under consideration pursuant to § 353.15(a) of the Commerce Regulations. We also made a deduction for all actual selling expenses incurred in the Canadian market up to the amount of other selling expenses incurred in the United States market, in accordance with § 353.15(c) of the Commerce Regulations. We made no adjustment for differences in packing costs because these costs were the same in both markets.

Verification

In accordance with section 776(a) of the Act, we verified the information used in making this determination by using standard verification procedures including on-site examination of company records and selection of original source documentation containing relevant information.

Comments

No comments other than those addressed in the above analysis were submitted by respondent or petitioner.

Final Determination

We have determined that TJRB from Germany are not being, nor are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Act. Our final determination of sales at not less than fair value terminates this investigation.

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: January 12, 1984.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 84-1426 Filed 1-18-84; 8:45 am]

BILLING CODE 3510-DS-M

[A-588-012]

Certain Tapered Journal Roller Bearings and Parts Thereof from Japan; Final Determination of Sales at Less than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain tapered journal roller bearings and parts thereof (TJRB) from Japan are being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or are threatening to materially injure, a U.S. industry. We have directed the U.S. Customs Service to continue to suspend the liquidation of entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after August 30, 1983.

EFFECTIVE DATE: January 19, 1984.

FOR FURTHER INFORMATION CONTACT: Raymond Busen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 377-1278.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that TJRB from Japan are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act).

We found that the foreign market value of TJRB from Japan exceeded the United States price on 100 percent of sales. These margins ranged from 11.7 percent to 38.2 percent. The overall weighted-average margin on all sales compared is 12.5 percent *ad valorem.*

Case History

On January 26, 1983, we received a petition filed by counsel for Brenco, Inc. In accordance with the filing requirements of § 353.36 of the Commerce Department Regulations (19 CFR 353.36), petitioner alleged that TJRB from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or threaten to materially injure, a United States industry.

On February 16, 1983, we presented a questionnaire in Japan to Koyo Seiko Co., Ltd. (Koyo), the only known exporter to the United States of the subject merchandise. We received the response on April 4, 1983. We sent supplemental questionnaires to Koyo on April 21 and July 14, 1983. We received the supplemental responses on May 20 and August 1, 1983.

On June 16, 1983, we determined, pursuant to section 733(c)(1)(B) of the Act, that the case was extraordinarily complicated and that additional time was necessary to make our preliminary determination. Accordingly, we postponed our preliminary determination until not later than August 24, 1983 (48 FR 28520).

On August 24, 1983, we made a preliminary determination that TJRB from Japan were being sold in the United States at less than fair value (48 FR 39272). On September 6, 1983, we received a letter from Koyo requesting that the final determination be extended until not later than January 12, 1984. In accordance with section 735(a)(2)(A) of the Act, we extended our final determination until that date (48 FR

43365). On September 12 through 15, 1983, we verified the responses of Koyo at its offices in Osaka, Japan. On September 19 and 20, 1983, we verified the responses of Australian Koyo Ltd. at its offices in Sydney, Australia.

Scope of Investigation

For purposes of this investigation, the term "certain tapered journal roller bearings and parts thereof" covers two-row tapered roller bearings and parts thereof including cone and cup assemblies in sets, cone assemblies and cups sold separately, and other parts which may or may not be lubricated, sealed at the manufacturer's factory, and/or unitized. This investigation includes only those tapered journal roller bearings with assembled outside diameters between 6.5 and 10.875 inches, that meet the specifications established by the Association of American Railroads in Specification M-934-81. Tapered journal roller bearings and parts thereof are currently classified under items 680.3932, 680.3934, 680.3938, and 680.3940 of the *Tariff Schedules of the United States Annotated* (TSUSA).

We investigated 100 percent of Koyo's sales of TJRB to the United States during the period from August 1, 1982 to January 31, 1983.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(c) of the Act, we used the exporter's sales price of the subject merchandise to represent the United States price for sales by Koyo because the merchandise was first sold to unrelated purchasers after importation into the United States. We calculated the exporter's sales price based on the c.i.f., duty paid, delivered packed price. We made deductions for Japanese inland freight, ocean freight, marine insurance, United States inland freight, customs duties, brokerage, commissions, discounts for prompt payment, credit expenses and other selling expenses incurred in the United States.

Foreign Market Value

In accordance with section 773(a)(1)(B) of the Act, we calculated foreign market value based on the prices at which the subject merchandise is sold in Australia because such or similar merchandise was not sold in the home market. We selected Australia as the third country for fair value comparisons because the sales to Australian purchasers included all three types of TJRB exported to the United States. Furthermore, two types were identical in both markets while the third type was similar.

We calculated the third country prices on the basis of delivered, packed prices to unrelated purchasers in Australia. From these prices we deducted Japanese inland freight, insurance, brokerage, ocean freight, marine insurance, and Australian brokerage, import duty, inland freight and insurance. We also made a deduction for all actual selling expenses incurred in the Australian market up to the amount of other selling expenses incurred in the United States market, in accordance with § 353.15(c) of the Commerce Regulations.

We also made an allowance, where appropriate, for differences in physical characteristics, in accordance with § 353.16 of the Commerce Regulations.

We made deductions, where appropriate, for technical assistance and engineering services costs and for credit costs in accordance with § 353.15 of the Commerce Regulations. The credit costs for both markets were computed on the basis of actual interest expense incurred on each sale. We made no adjustment for differences in packing costs because these costs were the same in both markets.

The following claims were disallowed in calculating foreign market value because they did not meet the requirements of § 353.15 of the Commerce Regulations. Koyo requested a circumstance of sale adjustment for consulting fees, credit costs, and entertainment. We did not make a circumstance of sale adjustment for consulting fees because the expense consisted primarily of a monthly retainer and was not directly related to the sales under investigation. We did not make a circumstance of sale adjustment for credit costs on one sale because it was an imputed interest cost on carrying inventory and was regarded as a general business cost. We did consider credit costs and entertainment to be indirect selling expenses and included the amounts in the offset to United States selling expenses as required by § 353.15(c) of the Commerce Regulations. We also disallowed Koyo's claim for interest expense incurred on sales by Koyo to Australian Koyo Ltd. because the firms are related and the intra-company transfer of funds in the form of interest expense is not a corporate expense. Furthermore, this was not an interest expense incurred on sales to the first unrelated purchaser.

Verification

In accordance with section 776(a) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site examination of company records and selection of original source documentation containing relevant information.

Comments

No comments other than those addressed in the above analysis were submitted by respondent or petitioner.

Supension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of TJRB from Japan, which are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average margin amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturers, producers and exporters	Weighted-average margins percent
Koyo Seiko Co., Ltd	12.5
All Other Manufacturers/Producers/Exporters	12.5

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

It the ITC determines that material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of

liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on TJRB from Japan entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices. This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: January 12, 1984.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 84-1427 Filed 1-18-84; 8:45 am]

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APPENDIX C

DATA RELATING TO INDIVIDUAL U.S. PRODUCERS' OPERATIONS ON RAILWAY FREIGHT CAR JOURNAL ROLLER BEARINGS

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The data presented in tables C-1 through C-10 pertain to the confidential operations of individual domestic producers. Such data, which were obtained in response to the Commission's questionnaires, cannot be included in this public version of the report.