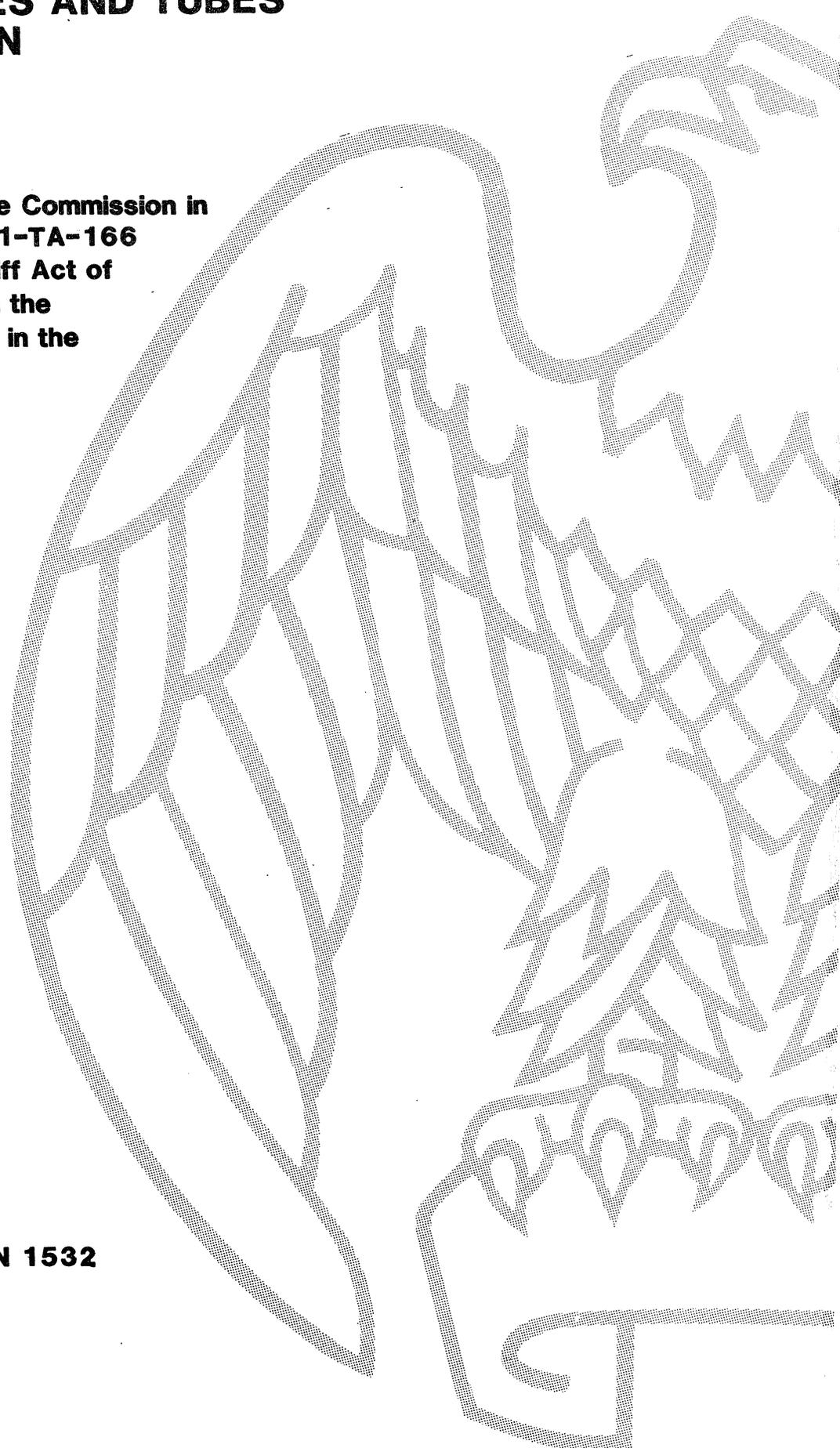


BICYCLE TIRES AND TUBES FROM TAIWAN

**Determinations of the Commission in
Investigation No. 731-TA-166
(Final) Under the Tariff Act of
1930, Together With the
Information Obtained in the
Investigation**



USITC PUBLICATION 1532

MAY 1984

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

United States International Trade Commission
Washington, D.C.

Investigation No. 731-TA-166 (Final)

BICYCLE TIRES AND TUBES FROM TAIWAN

Determinations

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)(1)), that industries in the United States are materially injured 3/ by reason of imports from Taiwan of bicycle tires and tubes, provided for in items 772.48 and 772.57, respectively, of the Tariff Schedules of the United States, which were found by the Department of Commerce to have been sold in the United States at less than fair value (LTFV).

Background

The Commission instituted the investigation effective January 20, 1984, as a result of a redetermination by the Department of Commerce that imports of bicycle tires and tubes from Taiwan were being or were likely to be sold in the United States at LTFV.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting a copy 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 on February 15, 1984 (49 F.R. 5837). The hearing was held in Washington, D.C. on April 17, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

2/ Commissioner Liebler not participating.

3/ Commissioner Stern also determines that industries in the United States are threatened with material injury.

VIEWS OF THE COMMISSION

We determine that industries in the United States are materially injured by reason of imports of bicycle tires and tubes from Taiwan with respect to which the Department of Commerce has made a final affirmative determination of sales at less than fair value (LTFV). 1/

BACKGROUND

This investigation has a unique procedural history. The present injury investigation is the result of an appeal by the petitioner, Carlisle Tire & Rubber Co. (Carlisle), from a December 1978 determination by the Treasury Department that imports of bicycle tires and tubes from Taiwan were not being sold at LTFV or were being sold at de minimis LTFV margins. Because it was brought before the passage of the Trade Agreements Act of 1979, the case was not presented to the Commission for a preliminary injury determination.

In 1982, the U.S. Court of International Trade (CIT) remanded the case to the Commerce Department (Commerce) with instructions to recalculate the dumping margins using corrected methodology. 2/ Following those remand instructions, Commerce issued a revised determination finding that there were LTFV sales of imports from Taiwan during the period of September 1, 1977 through February 28, 1978. The CIT subsequently affirmed Commerce's determination, and Commerce suspended liquidation of entries and began

1/ Commissioners Stern, Haggart, and Rohr base their determination on the period 1975-78. Chairman Eckes and Commissioner Lodwick make their determinations with respect to the period 1975 through 1983. Commissioner Stern also determines that the domestic industries are threatened with material injury by reason of LTFV imports from Taiwan. Commissioner Haggart notes that she would have reached an affirmative determination based on the period 1981-83 as well. Commissioner Liebelier did not participate.

2/ The case was remanded to Commerce because, pursuant to the Trade Agreements Act of 1979, it had replaced the Treasury Department as the "administering authority."

collecting deposits as of January 1984. 3/ This case therefore came before the Commission for an injury determination. 4/ We have treated the investigation as a final investigation because it was initiated as a result of findings of LTFV sales by Commerce.

This is not the first time the bicycle tire and tube industries have been before the Commission. In 1978, the Commission instituted an "escape clause" investigation under section 201 of the Trade Act of 1974 to determine whether bicycle tires and tubes were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing bicycle tires and tubes. 5/ A majority of the Commission determined that the domestic bicycle tire and tube industry was being seriously injured or was threatened with serious injury by reason of increased imports and recommended to the President that the rates of duty applicable to imports of bicycle tires and tubes be increased for a period of five years. 6/ The President declined to grant the recommended relief on the grounds that it would not be in the national interest.

Since 1978, the Commission has conducted several antidumping and countervailing duty investigations involving imports of bicycle tires and tubes from Taiwan and from the Republic of Korea. In 1979, the Commission determined that the domestic industry was being injured or was likely to be injured by reason of the importation of bicycle tires and tubes from the

3/ Because Treasury's original determination was negative, liquidation of entries was not suspended while this case was on appeal.

4/ Commissioners Stern and Rohr find that the appropriate period for a material injury determination is 1975-1978 because these LTFV sales recalculated by Commerce occurred during the period September 1, 1977 through February 28, 1978.

5/ Inv. No. TA-201-33, USITC Publication 910 (September 1978).

6/ Id. Although a majority of four Commissioners made an affirmative injury determination, only three recommended increased duties.

Republic of Korea that were being or were likely to be sold at LTFV within the meaning of the Antidumping Act, 1921. 7/

In 1982, while the appeal of the Treasury Department's final determination in this case was pending, Carlisle filed another petition requesting institution of an antidumping investigation on the grounds that imports of bicycle tires and tubes from Taiwan were being sold at LTFV and were materially injuring or threatening to materially injure the domestic industry. Although the Commission in that investigation determined that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports of bicycle tires and tubes from Taiwan, 8/ Commerce made a final negative determination, finding that there were no LTFV sales between December 1, 1981 and May 31, 1982. 9/ Carlisle subsequently initiated an appeal in the CIT challenging the Commerce Department's findings. That suit was voluntarily withdrawn by Carlisle pursuant to a "Stipulation of Settlement" between Carlisle and the Department of Justice. 10/

In 1983, the Commission instituted investigations under section 104(b)(2) of the Trade Agreements Act of 1979 to determine whether the domestic industries would be materially injured or threatened with material injury if a countervailing duty order covering imports from certain manufacturers in Taiwan and the Republic of Korea were to be revoked. 11/ The Commission determined that the subject imports would not cause or threaten to cause

7/ Inv. No. AA1921-193, USITC Publication 958 (March 1979).

8/ Inv. No. 731-TA-94 (Preliminary), USITC Publication 1258 (June 1982).

9/ 48 F. R. 19437.

10/ That stipulation provided that Carlisle withdraw its appeal upon entry by the court of the order affirming the Commerce Department's affirmative redetermination in this case. The stipulation states that the parties to the second appeal considered it to be mooted by the entry of an affirmative redetermination in the 1978 case.

11/ Invs. Nos. 104-TAA-14 and -15, USITC Publication 1382 (May 1983).

material injury to the bicycle tire and tube industries if the outstanding orders were to be revoked. 12/

As a result of these various investigations, the Commission has collected a wealth of data concerning the bicycle tire and tube industries and imports of bicycle tires and tubes from Taiwan since 1975. For this unique investigation, the Commission has utilized these data in reaching its affirmative determination.

THE DOMESTIC INDUSTRY

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 13/ Section 771(10), in turn, defines "like product" as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle." 14/

The imports that are the subject of this final investigation are pneumatic, clincher-type bicycle tires and tubes manufactured or exported from Taiwan. 15/ As we noted in the previous investigations of bicycle tires and tubes, pneumatic, clincher-type tires incorporate and are intended for use with a replaceable tube and are designed for normal bicycle use. 16/ These

12/ Id. Commissioners Stern and Haggart voted in the affirmative. Chairman Eckes voted in the negative.

13/ 19 U.S.C. § 1677(4)(A) (1982).

14/ 19 U.S.C. § 1677(10).

15/ Pursuant to the court's remand order, Commerce specifically excluded one manufacturer, Nan Kang, from its determination. Nan Kang discontinued its bicycle tire and tube operations in 1982. Report of the Commission (Report) at A-9.

16/ Report at A-3.

types of tires account for virtually all of the bicycle tire imports and 100 percent of domestic bicycle tire production. 17/

The bicycle tires produced domestically are virtually identical in characteristics and uses to imported tires of the same size. 18/ The domestic and imported tires are made of the same materials (rubber, nylon or fabric, and wire) and by essentially the same manufacturing process. 19/ Similarly, imported and domestic bicycle tubes of the same size are virtually identical to one another, and the technique by which they are produced is basically the same. 20/

In our previous section 104 investigations involving bicycle tires and tubes from the Republic of Korea and Taiwan, 21/ we determined that there is a separate like product corresponding to each article being imported and that there are two domestic industries. 22/ The information collected in previous investigations and in this investigation show that bicycle tires and bicycle tubes are distinct products in terms of characteristics and uses. The two items perform distinct functions and cannot be substituted for one another. Whereas tires are made of rubber, nylon, and wire, tubes are made only from a

17/ Id.

18/ Both bicycle tires and bicycle tubes are available in more than 20 different sizes, but the majority of shipments and sales, both domestic and imported, are in the 20-, 26-, and 27-inch categories. Id. Arguments were presented by respondents that they have developed new designs and new construction for bicycle tires, while Carlisle has continued to produce standard types of tires, and that respondents presently offer a greater variety of styles and sizes than Carlisle does. Transcript of the hearing at 40, 43, and 47-48. We do not believe that these slight differences described by respondents are sufficient to distinguish the domestic product from the imported product in our like-product analysis.

19/ Id. at A-4.

20/ Id.

21/ Invs. Nos. 104-TAA-14 and -15, supra.

22/ USITC Publication 1382 at 5.

synthetic rubber. 23/ Bicycle tires and bicycle tubes are produced on separate equipment.

No information collected during this investigation has suggested that the Commission should revise its finding of two industries. Because of the prior investigations involving bicycle tires and tubes, we have sufficient data on a segregated basis to analyze the impact of the imports of each product from Taiwan on the U.S. producer since 1975.

CONDITION OF THE DOMESTIC INDUSTRIES 24/

Bicycle tire industry

Apparent domestic consumption of bicycle tires increased by 56 percent between 1975 and 1976, and by five percent between 1976 and 1977, before falling by six percent in 1978. 25/ In 1979, domestic consumption increased 27 percent over the 1978 level. 26/ Bicycle tire consumption then fell by almost 14 percent between 1980 and 1981 and by 28 percent between 1981 and 1982 to its lowest level since 1975. 27/ Domestic consumption rose by 57 percent in 1983 and exceeded 1981 levels, but still failed to reach the levels achieved in 1979 and 1980. 28/

Carlisle's shipments of bicycle tires increased between 1975 and 1976, but then declined in 1977 and again in 1978. 29/ Domestic shipments by Carlisle increased significantly in 1979, leveled off in 1980 and 1981, and

23/ Report at A-4.

24/ Carlisle has been the only U.S. producer of bicycle tires and tubes since 1976, when Goodyear Tire & Rubber Co. discontinued its domestic production of bicycle tires and tubes. As a result, much of the data upon which the Commission has relied in reaching this determination are confidential and can be referred to here only in general terms.

25/ Report at Table D-1.

26/ Id.

27/ Id.

28/ Id.

29/ Id. at Table D-2.

then dropped substantially in 1982. 30/ Bicycle tire shipments in 1983 were up significantly above 1982 levels, but still far below levels achieved in prior years. 31/

Domestic capacity to produce bicycle tires declined substantially between 1975 and 1978, 32/ but there was significant underutilization of capacity in the domestic bicycle tire industry throughout that period. 33/ Carlisle's capacity remained low during the period 1979-1983. 34/ Capacity utilization rose in 1979 and again in 1980, but then fell sharply in 1981 and 1982 35/ and remained low in 1983. 36/

The number of production and related workers engaged in the production of bicycle tires increased slightly between 1975 and 1976 before falling by almost half in 1977. 37/ The number of such employees then increased very slightly in 1978 before increasing substantially in 1979 and again in 1980. 38/ The number of production and related workers producing tires fell annually thereafter. 39/

Bicycle tire productivity increased substantially during 1975-78. 40/ Productivity then fell sharply in 1979 to below 1975 levels, 41/ before showing a slight improvement in 1980. 42/ In 1981, bicycle tire productivity

30/ Id.

31/ Id.

32/ USITC Publication 910 at A-28.

33/ Id. at 7.

34/ USITC Publication 1382 at Table 3; Report at Table 4.

35/ USITC Publication 1382 at Table 3.

36/ Report at Table 4.

37/ USITC Publication 910 at A-34.

38/ USITC Publication 958 at Table A-17, and USITC Publication 1382 at A-14 and Table 6.

39/ Report at Table 8.

40/ USITC Publication 910 at A-34; USITC Publication 958 at A-18; Publication 1258 at Table 9.

41/ USITC Publication 1382 at Table 6.

42/ Id.

again declined. 43/ In 1982 and again in 1983, however, productivity improved. 44/

Carlisle's profits on its bicycle tire operations declined between 1975 and 1976, increased substantially in 1977, but then declined in 1978. 45/ Carlisle's financial performance for its bicycle tire operations improved considerably in 1979 and again in 1980 before declining in 1981. 46/ The performance of Carlisle's tire operations continued to show declines in 1982 and 1983. 47/

Bicycle tube industry

Apparent domestic consumption of bicycle tubes increased substantially between 1975 and 1976 and increased only slightly between 1976 and 1977. 48/ Bicycle tube consumption then fell in 1978 to just above 1976 levels. 49/ In 1979, consumption increased by 21 percent over the 1978 consumption level. However, between 1980 and 1982, bicycle tube consumption fell annually. 50/ Domestic consumption rose again in 1983, but failed to reach the levels achieved in 1979 and 1980.

Domestic shipments of tubes increased from 1975 to 1976, and then fell in 1977 and in 1978. 51/ Carlisle's shipments improved significantly in 1979 and leveled off in 1980 and 1981, but then dropped substantially in 1982. In 1983, bicycle tube shipments increased but were still below the levels achieved in every year since 1975, except 1982. 52/

43/ Report at Table 8.

44/ Id.

45/ Id. at Table D-8.

46/ Id. at Table D-9.

47/ Id.

48/ Id. at Table D-1.

49/ Id.

50/ Id.

51/ Id.

52/ Id.

Like the bicycle tire industry, the bicycle tube industry was significantly underutilized during 1975-78, despite declining capacity. 53/ Capacity utilization rose in 1979 and 1980, but then fell sharply in 1981 and 1982. 54/ Bicycle tube capacity utilization increased in 1983 but remained below 1979 through 1981 levels. 55/

Generally, the number of production and related workers involved in the production of bicycle tubes has shown a pattern similar to that exhibited by the bicycle tire industry. The number of production and related workers producing bicycle tubes was steady between 1975 and 1976 before falling substantially in 1977. 56/ In 1978, the number of employees involved in producing bicycle tubes remained virtually unchanged from that in 1977, but in 1979 the number of such employees increased substantially, and by 1980, employment in the bicycle tube industry was just above 1975 and 1976 levels. 57/ Employment of production and related workers thereafter declined steadily and substantially. By 1982, the number of employees involved in the production of bicycle tubes had fallen to 1977 and 1978 levels and, in 1983, employment of bicycle tube workers fell to approximately half what it had been in 1981. 58/

The average productivity of production and related workers producing bicycle tubes increased by more than half between 1975 and 1978, 59/ before falling off sharply in 1979 60/ and 1980. 61/ In 1981, productivity improved

53/ USITC Publication 910 at A-28.

54/ USITC Publication 1382 at Table 3.

55/ Id.

56/ USITC Publication 910 at A-34, and USITC Publication 958 at Table A-17.

57/ USITC Publication 958 at A-17, and USITC Publication 1382 at A-14 and Table 6.

58/ Report at Table 8.

59/ USITC Publication 910 at A-34; USITC Publication 958 at A-18.

60/ USITC Publication 1382 at Table 6.

61/ Id.

slightly, 62/ but fell again in 1982. 63/ In 1983, productivity was greatly improved, but remained below the levels attained in 1977 and 1978. 64/

Carlisle's bicycle tube operations showed declining profitability between 1975 and 1976. 65/ These operations showed substantial improvements in 1977, but then declined again in 1978. 66/ The financial results of Carlisle's bicycle tube operations improved between 1979 and 1980 before falling in 1981 to just below 1979 levels. 67/ Carlisle's profits on its bicycle tube operations then declined severely in 1982 before picking up again in 1983 to slightly more than half of the profits it had earned in 1981. 68/

MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM TAIWAN 69/ 70/ 71/

In determining whether an industry is materially injured by reason of LTFV imports, the Commission is directed to consider, among other factors, (1)

62/ Report at Table 8.

63/ Id.

64/ Id.

65/ Id. at Table D-8.

66/ Id.

67/ Id. at Table D-10.

68/ Id. The increase in profitability in 1983 resulted primarily from a decline in cost of goods sold per tube. Id. at Table 12.

69/ Chairman Eckes and Commissioner Lodwick concur that the unique procedural history of this investigation calls for a similarly unprecedented use of an appropriate period of investigation for determining that industries in the United States are materially injured. Our colleagues' diverse views concerning the applicable time period (see fn. 1, supra) is evidence of the novel character of this investigation. While both approaches are reasonable in their own right, the Commission, through records of several investigations regarding the same subject, has adequate information from 1975 through 1983. Therefore, we examined the entire period for which information was available in making our determinations.

70/ Commissioners Stern and Rohr note that the issue of whether the domestic industry suffered material injury by reason of LTFV imports during any period after 1978 is more appropriately raised before the Commission in the context of a section 751 review. Commissioners Stern and Rohr do not reach a decision with respect to any period after 1978, and nothing in this opinion is meant to prejudice their findings should the parties request a section 751 review.

71/ Commissioner Haggart notes that the results of Carlisle's appeal of this case show that Carlisle was entitled to an injury determination by the
(Continued on next page)

the volume of imports of the merchandise under investigation, (2) the impact of such imports on the domestic prices of the like products, and (3) the impact of such imports on the domestic industry. 72/

Imports of bicycle tires from Taiwan increased substantially between 1975 and 1978, more than doubling between 1975 and 1976, and then dropping slightly in 1977 and 1978. 73/ Tire imports increased by 37 percent in 1979 before falling annually until 1983. 74/ In 1983, bicycle tire imports from Taiwan increased substantially. 75/

(Footnote 71/ continued from previous page)

Commission with respect to the period 1975-78. Thus, the most appropriate method of making Carlisle whole, and the one that is the least prejudicial to all parties, would appear to be to conduct that injury investigation.

As a result of our affirmative determination with respect to the period 1975-78, parties in opposition to the petition argue that the Commission should institute a section 751 review investigation based on present conditions. Prehearing Brief of Bicycle Manufacturers Association (BMA) at 7, Prehearing Brief of Respondents at 7-8. In order for the Commission to do so, we must find changed circumstances which are sufficient to warrant review of the original determination. 19 U.S.C. § 1675(b)(1). Two events were alleged by parties to constitute changed circumstances: (1) the finding by Commerce that there were no less than fair value sales during the period of December 1, 1981, to May 31, 1982, and (2) the Commission decision in the two section 104 investigations to revoke the countervailing duty orders. Prehearing Brief of BMA at 7. With respect to the first, the procedure for removing antidumping duty orders based on the absence of sales at less than fair value lies with Commerce. 19 C.F.R. § 353.54(b). In the section 104 investigations, the subject imports consisted only of bicycle tires and tubes manufactured by one producer in Korea and one producer in Taiwan. These imports exhibited different trends from the imports subject to this investigation. See Inv. Nos. 104-TAA-14 and 15, supra, at 17-18 and 20. Thus, neither of these events constitutes sufficient changed circumstances.

It could also be argued that the recovery of these industries since 1978 shows their ability to withstand less than fair value imports. This would be a relevant basis for institution of a section 751 investigation. However, as stated previously, I have found that these industries are also currently experiencing material injury by reason of the subject imports. Thus, I find no grounds for the institution of a section 751 investigation by the Commission at this time.

72/ 19 U.S.C. § 1677(7)(B).

73/ Report at Table D-11.

74/ Id.

75/ Id.

Bicycle tube imports from Taiwan also rose during 1975-78, almost tripling between 1975 and 1976. 76/ Imports of tubes from Taiwan were basically stable in 1977 and increased slightly in 1978. 77/ In 1979, tube imports from Taiwan increased by 42 percent. 78/ Bicycle tube imports from Taiwan continued to increase in 1980, but fell substantially in 1981, remained fairly steady in 1982, and increased greatly in 1983. 79/

Taiwan was the principal source of imports of bicycle tires and tubes throughout the periods investigated by the Commission. 80/ Imports of bicycle tires from Taiwan have captured an increasing share of U.S. consumption since 1975. 81/ Bicycle tubes from Taiwan have shown a similarly increasing pattern and have achieved slightly greater market penetration than bicycle tire imports from Taiwan. 82/

The average unit value of Carlisle's combined sales of bicycle tires and tubes remained virtually unchanged from 1975 to 1978. Available price information for the 1981-1983 period indicate that average domestic price levels declined from 1981 to 1983. 83/ Price data compiled from questionnaires submitted in connection with investigation No. 201-TA-33 show Taiwan-produced tires and tubes undersold the domestic products in the limited instances where comparisons were possible. 84/ During 1981-83, price comparisons show margins of underselling for each of the three bicycle tire

76/ Id. at Table D-12.

77/ Id.

78/ Id.

79/ Id.

80/ See USITC Publication 910 at A-20-21, and Tables 5, 6, and 9; USITC Publication 958 at Table 5; USITC Publication 1382 at A-28 and Table 16; and Report at A-25-36.

81/ Id.

82/ Id.

83/ Report at Tables 20-26.

84/ Memorandum to the Record, May 12, 1984, Pricing data collected from questionnaires in section 201 investigation.

categories compared. Bicycle tube price comparisons during this period were mixed. For two categories of tubes, margins fluctuated between underselling and overselling throughout 1981 and 1982 but turned to mostly overselling in the latter half of 1983. In a third category where price comparisons were possible, consistent underselling existed throughout 1981 and 1982, but changed to consistent overselling in 1983. Price comparisons for bicycle tire and tube sets during 1981-83 show both underselling and overselling by the imports from Taiwan for the products compared.

We therefore conclude that the industries under investigation are materially injured by reason of LTFV imports of bicycle tires and tubes from Taiwan.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Following the receipt of a complaint filed on January 13, 1978, on behalf of the Carlisle Tire & Rubber Co. (Carlisle) alleging that imports from Taiwan of bicycle tires and tubes were being, or were likely to be, sold in the United States at less than fair value (LTFV), the U.S. Department of Treasury, on February 23, 1978, initiated an antidumping investigation to determine whether or not imports of such products were being, or were likely to be, sold at LTFV. On September 18, 1978, Treasury published in the Federal Register a notice of withholding of appraisement based on its preliminary determination of either no LTFV margins, de minimis margins, or minimal margins on sales of the imported products. Treasury made a negative final determination concerning LTFV sales, although it found a weighted-average margin of 0.48 percent on imports of the subject merchandise. Treasury discontinued the investigation and terminated the order of withholding of appraisement on December 29, 1978.

On January 9, 1979, Carlisle notified Treasury of its intent to appeal Treasury's final determination of no LTFV sales. On April 9, 1979, the company initiated a suit in the U.S. Customs Court 1/ challenging Treasury's final determination. On May 12, 1982, the Court remanded the case to the Department of Commerce for redetermination based upon a recalculation of the dumping margins.

In its recalculation of dumping margins, Commerce examined sales of the imported products that were made during September 1, 1977-February 28, 1978. On the basis of its examination of such sales, Commerce, on October 11, 1983, notified the Court of its redetermination that certain bicycle tires and tubes imported from Taiwan were being, or were likely to be, sold at LTFV. 2/ On December 5, 1983, the Court entered an order affirming Commerce's redetermination.

Upon being notified of Commerce's redetermination of sales at LTFV on January 20, 1984, the U.S. International Trade Commission instituted investigation No. 731-TA-166 (Final) under section 735(b) of the Tariff Act of 1930 (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 in the United States is materially retarded, by reason of imports of such merchandise. Bicycle tires and tubes are provided for in items 772.48 and 772.57, respectively, of the Tariff Schedules of the United States (TSUS).

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting a copy 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

1/ Now the U.S. Court of International Trade.

2/ A copy of Commerce's Federal Register notice of redetermination is presented in app. A.

Register of February 15, 1984 (49 F.R. 5837). 1/ The Commission's hearing was held on April 17, 1984. 2/ The Commission's vote on the investigation was held on May 14, 1984.

Past Commission Investigations

The Commission has conducted two previous antidumping investigations and a countervailing duty investigation with respect to bicycle tires and tubes imported from Taiwan. In investigation No. 731-TA-94 (Preliminary), instituted effective May 5, 1982, the Commission determined, on June 8, 1982, that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports of bicycle tires and tubes imported from Taiwan. The Commission's affirmative preliminary determination was followed by a preliminary determination by the Department of Commerce on December 7, 1982, that the subject products were being, or were likely to be, sold in the United States at LTFV. On the basis of Commerce's affirmative preliminary determination, the Commission instituted, effective December 7, 1982, a final antidumping investigation (No. 731-TA-94 (Final)) with respect to bicycle tires and tubes from Taiwan. However, this investigation was terminated in May 1983 following Commerce's final negative determination concerning LTFV sales. Carlisle subsequently initiated a suit in the U.S. Court of International Trade challenging Commerce's findings. That suit was voluntarily withdrawn by Carlisle on December 16, 1983, pursuant to a "Stipulation of Agreement" between Carlisle and the Department of Justice. (The stipulation provided that Carlisle would move to dismiss the suit against Commerce's 1982 determination if the Court entered an order affirming Commerce's redetermination in the 1978 antidumping investigation. As noted earlier, the Court entered such an order on December 5, 1983).

On January 10, 1983, the Commission instituted an investigation (No. 104-TAA-15) under section 104(b)(2) of the Trade Agreements Act of 1979 for the purpose of determining whether an industry in the United States would be materially injured, or threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the subject articles covered by an outstanding countervailing duty order, if the order were to be revoked. The countervailing duty order covered bicycle tires and tubes manufactured by Cheng Shin Rubber Co., Ltd. The amount of the net subsidy, as determined by Commerce in its administrative review of December 9, 1982, was 0.90 percent of the f.o.b. invoice price of the subject products. On May 10, 1983, the Commission determined that the revocation of the outstanding countervailing order would not cause or threaten to cause material injury to an industry in the United States.

In addition to the aforementioned investigations, the Commission also instituted an investigation (No. TA-201-33), effective March 16, 1978, under section 201 of the Trade Act of 1974 to determine whether bicycle tires and tubes, other than tubular tires consisting of tires with tubes permanently enclosed therein, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat

1/ A copy of the Commission's notice of institution of the investigation and scheduling of a public hearing is presented in app. B.

2/ A list of witnesses appearing at the hearing is presented in app. C.

thereof, to the domestic industry producing the like or directly competitive products. In August 1978, the Commission determined that the domestic bicycle tire and tube industry was being seriously injured or was threatened with serious injury by reason of increased imports of such merchandise. ^{1/} As a means of remedy for the domestic industry, the Commission recommended to the President that the rates of duty on bicycle tires and tubes be increased for a period of 5 years. The recommended increased rates of duty were 15 percent ad valorem for bicycle tires and 25 percent ad valorem for bicycle tubes for the first 3 years, declining to 10 and 20 percent ad valorem, respectively, in the fourth and fifth years. On October 30, 1978, the President proclaimed that the recommended relief would not be in the national interest.

The Products

Description and uses

This investigation involves bicycle tires and tubes which, if imported, enter the United States under items 772.48 and 772.57, respectively, of the TSUS. Pneumatic clincher-type tires, which incorporate a replaceable tube, are designed for normal bicycle use and account for 100 percent of domestic bicycle tire production, as well as virtually all of the bicycle tire imports. Tubular tires (pneumatic tires in which tubes are permanently encased), which account for a relatively insignificant proportion of the imports, are used primarily on racing-type bicycles and are not considered by the industry to be competitive with the clincher-type tires.

Bicycle tires and tubes are available in about 20 sizes. Sizes are measured in terms of diameter and cross section of the tire, e.g., a 20 by 1.75 tire is 20 inches in diameter measured from tread to tread and 1.75 inches in cross-sectional diameter measured from sidewall to sidewall. Most shipments of bicycle tires, both domestic and imported, are in the 20-inch-26-inch- and 27-inch-diameter categories.

Bicycle tires are characterized by two main features: (1) the color of the sidewalls, which imparts a particular styling or cosmetic effect, and (2) the tread design. In addition to blackwall tires, there are tires in a variety of colors and gumwall tires which incorporate light or tan sidewalls or raised white lettering on the sidewalls. Tread designs include rib-type treads and stud-type or knobby treads, which include the moto-cross design. Tires with rib-type treads account for the bulk of sales of both the domestic and imported products; but the stud-type or knobby tread tires, which are generally heavier in construction and more expensive, are sold in significant quantities in the United States.

Two types of tubes--regular and heavy-duty--are marketed in the United States. Heavy-duty tubes, which are puncture or thorn resistant, are marketed primarily in the Western States. Industry sources estimate that an average of one to two tubes is used during the life of a tire.

^{1/} See Bicycle Tires and Tubes: Report to the President on Investigation TA-201-33 . . ., investigation No. TA-201-33, USITC Publication No. 910, September 1978.

Techniques used in the manufacture of bicycle tires and tubes are basically the same throughout the world. In the manufacture of bicycle tires, layers of fabric (usually nylon) combined with layers of synthetic rubber are wrapped around two rubberized metal wires (beads) to form the tire carcass. The synthetic rubber used in bicycle tire production is styrene-butadiene rubber (SBR), which has excellent abrasion resistance. Although composed mainly of SBR, the bead and carcass compounds in a bicycle tire do contain small amounts of natural rubber. The tread rubber is then adhered to the tire carcass; upon heating (200 to 250°F.), the thermoplastic rubber becomes soft and pliable. The tread design is then impressed into the tread rubber. Continued heating causes vulcanization, a cross-linking chemical reaction which reduces surface tackiness, gives increased elasticity, and imparts much greater strength to the tire. Unlike motor-vehicle tires, which are manufactured for use with or without tubes, bicycle tires are designed for use with tubes, with a few possible exceptions.

In the production of inner tubes, butyl rubber (another synthetic rubber) and other ingredients are mixed at high temperatures and then extruded through molds to different sizes which form the rubber into continuous hollow tubes of varying diameters. After the tubes have cooled, they are cut to length and the valve stem is inserted. Finally, the ends of the tube are spliced and the inner tube is vulcanized. According to industry sources, the most critical aspect of the production process is keeping the butyl rubber mixture homogeneous and free of foreign matter. The production process is the same for all sizes and classes of bicycle tubes, though each mold may be adjusted for a certain range of sizes. Most equipment used in the manufacture of bicycle tires and tubes cannot be converted to alternative uses.

U.S. tariff treatment

Imported tires and tubes for bicycles are classified under items 772.48 and 772.57 of the TSUS, respectively. The current column 1 (most-favored-nation (MFN) rates of duty, 1/ which apply to imports from Taiwan, are 5 percent ad valorem for tires and 15 percent ad valorem on tubes. Bicycle tires and tubes enter either separately or as sets (each set includes one bicycle tire, one tube, one valve cap, and one rimstrip). Each major component of an imported set is constructively segregated and classified under the appropriate TSUS item for that component. Rimstrips are classified under TSUS item 732.42 and are dutiable at the column 1 rate of 12.5 percent ad valorem. Valve caps, however, are attached to the inner tube and enter the United States as an integral component of the tube with which they are imported. Tires and tubes entered on imported bicycles are not classified separately from the bicycles and are thus not included in the official import statistics on bicycle tires and tubes.

1/ Col. 1 rates of duty are MFN rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. No preferential treatment is afforded these articles under the Generalized System of Preferences (GSP), pursuant to title V of the Trade Act of 1974 (19 U.S.C. 2461-2465, as amended).

Channels of distribution

Distribution of bicycle tires and tubes, whether domestic or imported, usually takes place through (1) direct sales of bicycles by original-equipment manufacturers (OEM's) and (2) sales to distributors and jobbers which supply the replacement market. Some importers sell directly to bicycle shops; some mass merchandisers import directly and supply the replacement market through their own retail outlets. Table 1 shows shipments in 1983 of bicycle tires, tubes, and sets by channels of distribution, for the domestically produced articles and for those imported from Taiwan. 1/ The data shown for Taiwan are based on questionnaire responses of 19 importers. Together, these 19 firms

Table 1.--Bicycle tires and tubes: Distribution of shipments of domestically produced articles and those imported from Taiwan, by customer types, 1983

Item	OEM's	Mass merchandisers	Captive retail stores	Bicycle shops	All others	Total
Quantity (1,000 units)						
Domestic:						
Tires-----	***	***	***	***	***	***
Tubes-----	***	***	***	***	***	***
Sets-----	***	***	***	***	***	***
Imports:						
Tires-----	186	2,356	421	773	369	4,105
Tubes-----	194	3,454	1,157	1,430	724	6,959
Sets-----	1,887	0	0	9	2	1,898
Percent of total						
Domestic:						
Tires-----	***	***	***	***	***	***
Tubes-----	***	***	***	***	***	***
Sets-----	***	***	***	***	***	***
Imports:						
Tires-----	4.5	57.4	10.3	18.8	9.0	100.0
Tubes-----	2.8	49.6	16.6	20.6	10.4	100.0
Sets-----	99.4	-	-	.5	.1	100.0

1/ Principally sales to dealers and distributors.

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

1/ The data shown in the table do not reflect the channels of distribution of the products imported from other countries. Such imports also compete in the five major market groups.

accounted for 43 and 36 percent, respectively, of total U.S. imports of bicycle tires and tubes from Taiwan in 1983.

Nature and Extent of Sales at LTFV

On October 11, 1983, Commerce redetermined that certain bicycle tires and tubes imported from Taiwan were, or were likely to be, sold in the United States at LTFV. The U.S. Court of International Trade, on December 5, 1983, entered an order affirming Commerce's redetermination. During the course of its investigation, Commerce examined U.S. sales of products manufactured or exported by Cheng Shin, Kenda, and Hwa Fong that were made during September 1, 1977-February 28, 1978. The weighted-average margins by which U.S. purchase prices of products produced by these firms exceeded foreign-market values were as follows: 1.66 percent for Cheng Shin; 3.30 percent for Hwa Fong; and, 7.02 percent for Kenda. A weighted-average margin of 3.65 percent was also found to exist for all other Taiwan producers/exporters, except Nan Kang. ^{1/} Pursuant to the Court's order affirming its redetermination, Commerce directed the U.S. Customs Service to suspend liquidation of all entries of bicycle tires and tubes from Taiwan (except those produced by Nan Kang) entered or withdrawn from warehouse for consumption on or after January 20, 1984. Customs was also directed to require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign-market value of the subject merchandise exceeds the U.S. price.

U.S. Producers

Carlisle Tire & Rubber Co. is the only manufacturer of bicycle tires and tubes in the United States. It operates manufacturing facilities for bicycle tires and tubes at Carlisle, Pa. Firms which formerly produced bicycle tires and tubes in the United States include Goodyear Tire & Rubber Co. and the Uniroyal Co. Goodyear, which has production facilities for bicycle tires and tubes in India and Indonesia, ceased U.S. production of these products in August 1976. Uniroyal ceased production of bicycle tires and tubes in January 1970 and sold its equipment and brand names to Carlisle.

The Carlisle Tire & Rubber Co. is one of 10 operating divisions of the Carlisle Corp. These operating divisions manufacture a diverse line of products ranging from rubber roofing systems to magnetic computer tape. Other tire and tube products produced by the tire and tube division include lawn-and-garden-type tires and tubes used on garden tractors, boat trailer tires, motorcycle tires and tubes, reinforced rubber-nylon wrapped hose made for the marine industry, and automotive and truck tubes.

U.S. Importers

More than 50 firms imported bicycle tires and tubes in 1983. At least 30 firms imported bicycle tires and tubes from Taiwan. Some of the importers of

^{1/} Nan Kang was excluded from the Court's remand order since no margins were found for this firm in Treasury's original determination; Nan Kang discontinued its bicycle tire and tube production in 1982.

record were bicycle manufacturers. Most of the tires and tubes imported by those firms were used in the production of finished bicycles.

Apparent Consumption

Apparent aggregate consumption of bicycle tires and tubes declined from * * * units in 1981 to * * * units in 1982 but then increased to * * * units in 1983 (table 2). Consumption of bicycle tires declined by 28 percent from 1981 to 1982, but then increased by 57 percent, or by * * * units, in 1983. Apparent consumption of bicycle tubes also increased irregularly from 1981 to 1983. Consumption of bicycle tubes declined from * * * units in 1981 to * * * units in 1982, but then increased to * * * units in 1983. Table D-1 in appendix D contains historical data on U.S. consumption of bicycle tires and tubes.

Table 2.--Bicycle tires and tubes: Apparent U.S. consumption, 1981-83

(In thousands of units)						
Year	:	Tires	:	Tubes	:	Total
1981-----	:	***	:	***	:	***
1982-----	:	***	:	***	:	***
1983-----	:	***	:	***	:	***

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

Consideration of Material Injury to an Industry in the United States

In investigation No. TA-201-33, the Commission determined that the importation of bicycle tires and tubes into the United States was a substantial cause of serious injury to the domestic industry producing such articles. In making its injury determination in that investigation, the Commission considered questionnaire data which were provided by U.S. producers that covered 1973-77, January-March 1977, and January-March 1978. This section of the report looks at the condition of the domestic industry for the most recent 3-year period, 1981-83. Data which reflected the condition of the industry during the period coinciding with the period Commerce used as a basis for its redetermination of sales at LTFV (September 1977-February 1978) are presented in appendix D.

U.S. production, capacity, and capacity utilization

Aggregate domestic production of bicycle tires and tubes declined irregularly by * * * percent from 1981 to 1983. Production declined from * * * units in 1981 to * * * units in 1983 (table 3). The decline was equally attributed to declining production of both tires and tubes. The 1983 rebound

Table 3.--Bicycle tires and tubes: U.S. production, 1981-83

(In thousands of units)			
Year	Tires	Tubes	Total
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***

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

in production of tires and tubes was precipitated by an upward trend in U.S. consumption of bicycles, from 6.8 million units in 1982 to 9.3 million units in 1983. Additional data on U.S. bicycle tire and tube production are shown in table D-2 in appendix D.

Carlisle's practical-rated capacity to produce bicycle tires and tubes declined by * * * percent and * * * percent, respectively, from 1981 to 1983 (table 4). Carlisle utilized * * * of its available bicycle tire capacity in 1983 compared with a capacity utilization rate of nearly * * * percent in 1981. In the case of bicycle tubes, Carlisle's capacity utilization rate declined from * * * percent in 1981 to * * * percent in 1983.

Table 4.--Bicycle tires and tubes: U.S. production, capacity, and capacity utilization, 1981-83

Product and year	Production	Capacity	Capacity utilization
	-----1,000 units-----		Percent
Tires:			
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***
Tubes:			
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***

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

U.S. producer's shipments

Domestic.--Domestic shipments of bicycle tires and tubes by Carlisle declined irregularly from * * * units in 1981 to * * * units in 1983 (table 5). Carlisle's shipments of bicycle tires declined by * * * percent from 1981 to 1982 but then increased by * * * percent, or by * * * units, in 1983. Domestic shipments of bicycle tubes declined irregularly from * * * units in 1981 to * * * units in 1983.

Table 5.--Bicycle tires and tubes: 1/ U.S. producer's domestic shipments, 1981-83

(In thousands of units)

Year	Tires	Tubes	Total
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***

1/ Includes tires and tubes shipped as a part of tire and tube sets.

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

Carlisle's U.S. shipments of domestically produced bicycle tires, tubes, and sets and the average unit value of such shipments for the years 1981-83 are shown in table 6.

Table 6.--Bicycle tires, tubes, and sets: U.S. shipments of bicycle tires and tubes sold separately, and shipments of sets by Carlisle Tire & Rubber Co., 1981-83

Item	1981	1982	1983
Tires:			
Quantity-----1,000 units--	***	***	***
Value-----1,000 dollars--	***	***	***
Average unit value-----	***	***	***
Tubes:			
Quantity-----1,000 units--	***	***	***
Value-----1,000 dollars--	***	***	***
Average unit value-----	***	***	***
Sets:			
Quantity-----1,000 units--	***	***	***
Value-----1,000 dollars--	***	***	***
Average unit value-----	***	***	***

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

Tables D-3 through D-5 in appendix D contain data on Carlisle's U.S. shipments of these articles, by sizes and by types, for 1979-83.

Exports.--Carlisle's exports of bicycle tires and tubes * * * .

U.S. producer's inventories

Carlisle's combined end-of-period inventories of bicycle tires and tubes declined from * * * units at yearend 1981 to * * * units at yearend 1982, or by * * * percent (table 7). However, end-of-period inventories rose by * * * percent to * * * units at yearend 1983. The ratio of Carlisle's end-of-period inventories of bicycle tires and tubes to production and domestic shipments increased * * * in 1982 and declined * * * in 1983.

Table 7.--Bicycle tires and tubes: U.S. producer's end-of-period inventories, as of Dec. 31 of 1981-83

Item	As of Dec. 31--		
	1981	1982	1983
Bicycle tires:			
Inventory-----1,000 units--:	***	***	***
Ratio of inventories to:			
U.S. production----percent--:	***	***	***
U.S. shipments-----do-----:	***	***	***
Bicycle tubes:			
Inventory-----1,000 units--:	***	***	***
Ratio of inventories to--:			
U.S. production----percent--:	***	***	***
U.S. shipments-----do-----:	***	***	***
Total:			
Inventory-----1,000 units--:	***	***	***
Ratio of inventories to--:			
U.S. production----percent--:	***	***	***
U.S. shipments-----do-----:	***	***	***

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

The data shown in table 7 indicate that Carlisle's yearend inventories of bicycle tires increased both in absolute terms and relative to the firm's bicycle tire production and shipments from 1981 to 1982. The ratio of Carlisle's yearend inventories of bicycle tires to its production and shipments increased from * * * percent and * * * percent, respectively, in 1981 to * * * percent and * * * percent, respectively, in 1982. Both ratios declined to about * * * percent in 1983. The ratio of inventories of bicycle tubes to production and shipments increased from * * * percent and * * * percent, respectively, in 1981 to * * * percent and * * * percent, respectively, in 1982. In 1983, there was a small decrease in the ratio of inventories to production and an increase in the ratio of inventories to shipments. See table D-6 in appendix D for additional data on Carlisle's end-of-period inventories of bicycle tires and tubes.

U.S. employment, wages, and productivity

The average number of all production and related workers employed in Carlisle's establishments in which bicycle tires and tubes are produced declined by * * * workers, or by * * * percent, from 1981 to 1983 (table 8). The numbers of such workers producing bicycle tires and bicycle tubes each declined equally by about * * * percent over the same period.

Production and related workers producing bicycle tires and tubes worked a total of * * * hours in 1983 compared with * * * total hours worked in 1981. The total number of hours worked by such workers in 1983 represented a slight decrease from the * * * hours worked by such production and related workers in 1982.

Total compensation (including fringe benefits) paid to production and related workers producing bicycle tires and tubes declined from * * * in 1981 to * * * in 1982. Total compensation paid to such workers in 1983 rose to * * *, up * * * percent over compensation paid in 1982. Of the * * * in total compensation paid to production and related workers producing bicycle tires and tubes in 1983, * * * percent, or * * *, represented earned fringe benefits. In 1981 and 1982, paid fringe benefits accounted for an average of * * * percent of the total earnings paid to such production and related employees.

The average productivity, measured in terms of output per hour worked, of Carlisle's production and related workers producing bicycle tires and bicycle tubes increased from * * * and * * * units per hour worked, respectively, in 1981 to * * * and * * * units per hour worked, respectively, in 1983. The average hourly wage (excluding paid fringe benefits) earned by production and related workers producing bicycle tires and tubes increased annually from * * * per hour worked in 1981 to * * * per hour worked in 1983. As shown in the following tabulation, the average hourly wage paid to Carlisle's production and related workers producing bicycle tires and tubes * * * the industry average for all production and related workers producing rubber and plastics products in 1981-82, but * * * the industry average in 1983:

	<u>1981</u>	<u>1982</u>	<u>1983</u>
Carlisle-----	***	***	***
All rubber and plastics manufacturing--	7.17	7.65	8.02

Carlisle's production and related workers are not covered by union contracts.

Financial experience of the U.S. producer

Carlisle Tire & Rubber Co., an operating division of the Carlisle Corp., manufactures and sells rubber products--mainly tires and tubes for recreational vehicles and flexible rubber hose for the automotive industry. The Carlisle Corp. manufactures and sells a diverse line of products to both the original-equipment market and the replacement market.

In its 1983 annual report to shareholders concerning the operating results of all of the company's divisions, the Carlisle Corp. stated:

Table 8.--Average number of employees, total and production and related workers employed in establishments producing all products, 1/ bicycle tires and bicycle tubes, hours worked, and wages and fringe benefits paid to, and average productivity of, such workers, 1981-83

Item	1981	1982	1983
Average number employed in the reporting establishments:			
All persons-----number--:	***	***	***
Production and related workers producing--:			
All products-----:	***	***	***
Bicycle tires-----:	***	***	***
Bicycle tubes-----:	***	***	***
Hours worked by production and related workers producing--:			
All products-----1,000 hours--:	***	***	***
Bicycle tires-----do-----:	***	***	***
Bicycle tubes-----do-----:	***	***	***
Wages paid to production and related workers producing--:			
All products-----1,000 dollars--:	***	***	***
Bicycle tires-----do-----:	***	***	***
Bicycle tubes-----do-----:	***	***	***
Fringe benefits paid to production and related workers producing--:			
All products-----1,000 dollars--:	***	***	***
Bicycle tires-----do-----:	***	***	***
Bicycle tubes-----do-----:	***	***	***
Total compensation paid to production and related workers producing--:			
All products-----1,000 dollars--:	***	***	***
Bicycle tires-----do-----:	***	***	***
Bicycle tubes-----do-----:	***	***	***
Average productivity of production and related workers producing--:			
Bicycle tires units per worker hour--:	***	***	***
Bicycle tubes-----do-----:	***	***	***
Average hourly wage rate of production and related workers producing--:			
Bicycle tires-----:	***	***	***
Bicycle tubes-----:	***	***	***

1/ All products include tires and tubes for motorcycles, mopeds, lawnmowers, and snowblowers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. A-12

Almost all of the Company's operations experienced heavy pressure on prices throughout the year; increases necessary to offset rising material and labor costs were virtually non-existent. 1/

Referring to specific operations of the parent company's recreational tire division, the report further states:

Earnings from recreational tires, tubes and wheels rose 20% on a sales increase of 8%. Strong original equipment demand for the Company's bicycle tires and tubes led the sales gain.

Total sales of bicycle tires and tubes rose 19% in 1983 on the strength of a significant increase in shipments to original bicycle manufacturers. . . . Carlisle participated fully in this growth [in sales increase in domestically produced bicycles] and benefited further where unexpectedly strong demand required quick delivery from a domestic supplier. 2/

The company also indicated in the report that it has successfully made a major inroad in the mass-merchandise market and, with aggressive selling efforts, hopes to penetrate the independent wholesale market for its tire and tube products.

The income-and-loss and other financial data that follow are for Carlisle's accounting years ended December 31 of 1981-83. 3/ * * *. Hence, some data relative to Carlisle's investment in productive facilities and capital expenditures have been deleted, because such data are not comparable from one year to another.

Overall establishment operations.--The income-and-loss experience of Carlisle on the overall operations of its establishment within which bicycle tires and tubes are manufactured is shown in table 9 for 1981-83. Net sales of all products produced in the establishment * * *.

* * * * *

1/ Carlisle Corporation Annual Report 1983, p. 2.
2/ Ibid., p. 14.
3/ See tables D-7 through D-10 in app. D for additional income-and-loss data relative to Carlisle's operations.

Table 9.--Income-and-loss experience of Carlisle Tire & Rubber Co. on the overall operations of its establishment within which bicycle tires and tubes are manufactured, 1981-83

Item	1981	1982	1983
Net sales-----1,000 dollars--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
Gross income-----do-----:	***	***	***
General, selling, and administrative expenses-----1,000 dollars--:	***	***	***
Operating income-----do-----:	***	***	***
Other income or (expense)-----do-----:	***	***	***
Net income before income taxes-----1,000 dollars--:	***	***	***
Depreciation and amortization expense 1,000 dollars--:	***	***	***
Cash flow from operations 1,000 dollars--:	***	***	***
Ratio to net sales of--			
Gross income-----percent--:	***	***	***
Operating income-----do-----:	***	***	***
Net income before income taxes percent--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
General, selling, and administrative expenses-----percent--:	***	***	***
Net sales of bicycle tires-----do-----:	***	***	***
Net sales of bicycle tubes-----do-----:	***	***	***

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

* * * * *

Operations on bicycle tires and tubes.--Income-and-loss data relative to Carlisle's combined bicycle tire and tube operations are presented in table 10 for 1981-83. Net sales of such tires and tubes * * *.

Table 10.--Income and loss experience of Carlisle Tire & Rubber Co.
on its bicycle tire and tube operations, 1981-83

Item	1981	1982	1983
Net sales-----1,000 dollars--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
Gross income-----do-----:	***	***	***
General, selling, and administrative expenses-----1,000 dollars--:	***	***	***
Operating income or (loss)-----do-----:	***	***	***
Other income or (expense)-----do-----:	***	***	***
Net income or (loss) before income taxes-----do-----:	***	***	***
Depreciation and amortization expense 1,000 dollars--:	***	***	***
Cash flow from operations-----do-----:	***	***	***
Ratio to net sales of--			
Gross income-----percent--:	***	***	***
Operating income or (loss)-----do-----:	***	***	***
Net income or (loss) before income taxes-----percent--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
General, selling, and administrative expenses-----percent--:	***	***	***

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

* * * * *

Operations on bicycle tires.--Carlisle's net sales of bicycle tires * * *.

Table 11.--Income and loss experience of Carlisle Tire & Rubber Co. on its bicycle tire operations, 1981-83

Item	1981	1982	1983
Net sales-----1,000 dollars--	***	***	***
Cost of goods sold-----do-----	***	***	***
Gross income-----do-----	***	***	***
General, selling, and administrative expenses-----1,000 dollars--	***	***	***
Operating income or (loss)-----do-----	***	***	***
Other income or (expense)-----do-----	***	***	***
Net income or (loss) before income taxes-----do-----	***	***	***
Depreciation and amortization expense 1,000 dollars--	***	***	***
Cash flow from operations-----do-----	***	***	***
Ratio to net sales of--			
Gross income-----percent--	***	***	***
Operating income or (loss)-----do-----	***	***	***
Net income or (loss) before income taxes-----percent--	***	***	***
Cost of goods sold-----do-----	***	***	***
General, selling, and administrative expenses-----percent--	***	***	***

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

* * * * *

Operations on bicycle tubes.--Carlisle's net sales of bicycle tubes * * *.

Table 12.--Income and loss experience of Carlisle Tire & Rubber Co.
on its bicycle tube operations, 1981-83

Item	1981	1982	1983
Net sales-----1,000 dollars--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
Gross income-----do-----:	***	***	***
General, selling, and administrative expenses-----1,000 dollars--:	***	***	***
Operating income or (loss)-----do-----:	***	***	***
Other income or (expense)-----do-----:	***	***	***
Net income or (loss) before income taxes-----do-----:	***	***	***
Depreciation and amortization expense 1,000 dollars--:	***	***	***
Cash flow from operations-----do-----:	***	***	***
Ratio to net sales of--			
Gross income-----percent--:	***	***	***
Operating income or (loss)-----do-----:	***	***	***
Net income or (loss) before income taxes-----percent--:	***	***	***
Cost of goods sold-----do-----:	***	***	***
General, selling, and administrative expenses-----percent--:	***	***	***

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

* * * * *

Investment in productive facilities.--Carlisle's investment in productive facilities employed in the manufacture of bicycle tires and tubes is shown in table 13 for 1981-83. Carlisle's investment in facilities employed in the production of bicycle tires, valued at cost, * * * .

Table 13.--Carlisle Tire & Rubber Co.'s investment in facilities employed in the production of bicycle tires and tubes, 1981-83

Facilities employed in the production of--	1981	1982	1983
Bicycle tires:			
Original cost---1,000 dollars--:	***	***	***
Book value-----do-----:	***	***	***
Ratio of operating income or (loss) to--			
Net sales-----percent--:	***	***	***
Original cost-----do-----:	***	***	***
Book value-----do-----:	***	***	***
Bicycle tubes:			
Original cost---1,000 dollars--:	***	***	***
Book value-----do-----:	***	***	***
Ratio of operating income or (loss) to--			
Net sales-----percent--:	***	***	***
Original cost-----do-----:	***	***	***
Book value-----do-----:	***	***	***

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

Capital expenditures.--As shown in table 14, Carlisle's capital expenditures for buildings, machinery, and equipment employed in the manufacture of bicycle tires * * *.

Table 14.--Carlisle Tire & Rubber Co.'s capital expenditures for land, buildings, and machinery and equipment used in the production of bicycle tires and tubes, 1981-83

(In thousands of dollars)

Item	1981	1982	1983
Bicycle tires:			
Land and land improvements-----	***	***	***
Building or leasehold improvements----	***	***	***
Machinery, equipment and fixtures-----	***	***	***
Total-----	***	***	***
Bicycle tubes:			
Land and land improvements-----	***	***	***
Building or leasehold improvements----	***	***	***
Machinery, equipment, and fixtures-----	***	***	***
Total-----	***	***	***

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

Research and development expenditures.--Research and development expenses related to Carlisle's bicycle tire and tube operations are shown in the following tabulation for 1981-83 (in thousands of dollars):

<u>Year</u>	<u>Bicycle tires</u>	<u>Bicycle tubes</u>
1981-----	***	***
1982-----	***	***
1983-----	***	***

Capital and investment.--Carlisle was asked to describe any actual or potential negative effects of imports of bicycle tires and tubes from Taiwan on its growth, investment, and ability to raise capital. The firm replied as follows:

* * * * *

Consideration of the Threat of Material Injury

In its examination of the issue of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the LTFV imports, the rate of increase of U.S. market penetration of such imports, the volume of imports held in inventory in the United States, and the capacity of producers in the subject

country or countries to generate exports (including the availability of export markets other than the United States). The rate of increase of U.S. imports from Taiwan and the market penetration of such imports are discussed elsewhere in this report. Other factors which may lead to a determination of threat of material injury are discussed below.

U.S. importers' inventories

As shown in the following tabulation, U.S. importers' yearend inventories of bicycle tires and tubes increased from 857,000 units in 1981 to 2.2 million units in 1983 (in thousands of units):

Period	End-of-period inventories <u>1/</u>		
	Tires	Tubes	Total
As of Dec. 31--			
1981-----	267	590	857
1982-----	579	941	1,520
1983-----	866	1,306	2,172

1/ End-of-period inventories were reported by 13 of the 19 firms responding to the Commission's questionnaire. These 13 firms together accounted for about 32 percent of total U.S. imports of tires and tubes from Taiwan in 1983.

Importers tended to accumulate inventories of bicycle tubes at a much higher rate than the accumulation of inventories of bicycle tires, which accounted for between 31 percent and 40 percent of total tire and tube inventories from 1981 to 1983:

The industry in Taiwan

The discussion of the Taiwan bicycle tire and tube industry that follows relies on data obtained by the U.S. Department of State at the Commission's request. The data were provided to the Department of State by the Taiwan Regional Association of Rubber Industries. Data relating to periods prior to 1983 were made available to the Commission during the course of earlier Commission investigations.

Production and production capacity.--Taiwan's bicycle tire and tube industry consisted of about * * * firms in 1983. The aggregate capacity of all firms to produce bicycle tires increased by an estimated * * * percent from 1981 to 1983, from * * * units in 1981 to * * * units in 1983 (table 15). Total production of bicycle tires also increased from 1981 to 1983, from * * * units in 1981 to * * * units in 1983. Taiwan producers of bicycle tubes increased their capacity by an additional * * * units between 1981 and 1983. Bicycle tube output was up by * * * percent in 1983 over 1981 output. Taiwan producers of bicycle tires and tubes have experienced significant increases in production capacity and output since 1979, as indicated in the following tabulation (1979 = 100):

Item	1980	1981	1982	1983
Capacity:				
Bicycle tires-----	***	***	***	***
Bicycle tubes-----	***	***	***	***
Production:				
Bicycle tires-----	***	***	***	***
Bicycle tubes-----	***	***	***	***

Production and capacity data for the three firms specifically mentioned in Commerce's redetermination order are also shown in table 15. Cheng Shin Rubber Industrial Ltd., Hwa Fong Rubber Industrial Co., Ltd., and Kenda Rubber Tire Corp., Ltd., together accounted for about * * * percent of Taiwan's bicycle tire capacity and for about * * * percent of that country's bicycle tube capacity in 1983. The aggregated 1983 production of bicycle tires and bicycle tubes by these three firms accounted for about * * * percent of Taiwan's total bicycle tire and tube output in that year. 1/

Taiwan exports.--Data on Taiwan's exports of bicycle tires and tubes to the United States and all other countries are shown in table 16. As a share of bicycle tire production, total exports of bicycle tires from Taiwan declined from * * * percent of production in 1981 to * * * percent of production in 1982. Concerning 1983 exports, data were provided for Cheng Shin, Hwa Fong, and Kenda only. The ratio of exports to production for these three firms was * * * percent in 1983 (* * *). Total exports of bicycle tubes as a share of bicycle tube production declined from * * * percent in 1981 to * * * percent in 1982. For Cheng Shin, Hwa Fong, and Kenda the 1983 ratio was * * * percent.

The U.S. Department of State was able to obtain some data during the course of the aforementioned investigations pertaining to exports of bicycle tires and tubes to the United States by specific producers in Taiwan. These data are shown in table 17. The sum of bicycle tires exported to the United States by Cheng Shin and Hwa Fong as a share of total exports to the United States declined from * * * percent of Taiwan's total in 1981 to * * * percent of the total in 1983. Similarly, total bicycle tube exports to the United States by these two firms as a share of Taiwan's total exports of bicycle tubes to the United States also declined, from * * * percent in 1981 to * * * percent in 1983.

1/ Nan Kang Tire and Rubber Corp., Ltd., the firm for which no LTFV margins were found, discontinued production of bicycle tires and tubes in 1982.

Table 15.--Bicycle tires and tubes: Production, capacity, and capacity utilization in Taiwan, by selected firms, 1981-83

Product and year	Cheng Shin	Hwa Fong	Li Hsin	All others	Total
Bicycle tires:					
Production:					
1981-----1,000 units--:	***	***	***	***	***
1982-----do-----:	***	***	***	***	***
1983-----do-----:	***	***	***	***	***
Capacity:					
1981-----do-----:	***	***	***	***	***
1982-----do-----:	***	***	***	***	***
1983-----do-----:	***	***	***	***	***
Capacity utilization:					
1981-----percent--:	***	***	***	***	***
1982-----do-----:	***	***	***	***	***
1983-----do-----:	***	***	***	***	***
Bicycle tubes:					
Production:					
1981-----1,000 units--:	***	***	***	***	***
1982-----do-----:	***	***	***	***	***
1983-----do-----:	***	***	***	***	***
Capacity:					
1981-----do-----:	***	***	***	***	***
1982-----do-----:	***	***	***	***	***
1983-----do-----:	***	***	***	***	***
Capacity utilization:					
1981-----percent--:	***	***	***	***	***
1982-----do-----:	***	***	***	***	***
1983-----do-----:	***	***	***	***	***

Source: Compiled from data obtained by the U.S. Department of State from the Secretary General of the Taiwan Regional Association of Rubber Industries, except as noted.

Table 16.--Bicycle tires and tubes: Exports from Taiwan to the United States and all other countries, 1981-83

Product and item	1981	1982	1983
Bicycle tires exported to--			
United States---1,000 units--	***	***	***
All other countries----do----	***	***	***
Total-----do-----	***	***	***
Bicycle tubes exported to--			
United States---1,000 units--	***	***	***
All other countries----do----	***	***	***
Total-----do-----	***	***	***
Ratios:			
Total exports to production:			
Bicycle tires----percent--	***	***	***
Bicycle tubes-----do----	***	***	***
Exports to the United States			
to total exports:			
Bicycle tires---percent--	***	***	***
Bicycle tubes-----do----	***	***	***

Source: Compiled from data obtained by the U.S. Department of State from the Secretary General of the Taiwan Regional Association of Rubber Industries, except as noted.

Table 17.--Bicycle tires and tubes: Taiwan's exports to the United States, by selected firms, 1981-83

Product and year	(In thousands of units)				Total
	Cheng Shin	Hwa Fong	Li Hsin	All others	
Bicycle tires:					
1981-----	***	***	***	***	<u>1/</u> 9,118
1982-----	***	***	***	***	<u>1/</u> 8,994
1983-----	***	***	***	***	<u>1/</u> 13,949
Bicycle tubes:					
1981-----	***	***	***	***	15,635
1982-----	***	***	***	***	15,226
1983-----	***	***	***	***	24,825
Percent of total:					
Bicycle tires:					
1981-----	***	***	***	***	100.0
1982-----	***	***	***	***	100.0
1983-----	***	***	***	***	100.0
Bicycle tubes:					
1981-----	***	***	***	***	100.0
1982-----	***	***	***	***	100.0
1983-----	***	***	***	***	100.0

1/ From official statistics of the U.S. Department of Commerce.

Source: Compiled from data obtained by the U.S. Department of State from the Secretary General of the Taiwan Regional Association of Rubber Industries, except as noted.

Consideration of the Causal Relationship Between
the LFTV Imports and the Alleged Injury

U.S. imports

U.S. imports of bicycle tires increased irregularly from 1981 to 1983. Imports increased from 18.7 million units, valued at \$34.8 million, in 1981 to 23.4 million units, valued at \$35.5 million, in 1983 (table 18). The average unit value of imported bicycle tires declined annually from \$1.86 in 1981 to \$1.52 in 1983. Imports of tubes for bicycles increased by 34 percent from 1981 to 1983, from 25.4 million units, valued at \$22.0 million, in 1981 to 34.2 million units, valued at \$21.9 million, in 1983 (table 19). The average unit value of bicycle tube imports decreased from \$0.87 in 1981 to \$0.64 in 1983.

Table 18.--Bicycle tires: U.S. imports for consumption,
by principal sources, 1981-83

Source	1981	1982	1983
Quantity (1,000 units)			
Taiwan-----	9,118	8,994	13,949
Republic of Korea-----	6,863	3,534	6,422
Japan-----	1,956	1,748	2,703
France-----	197	79	147
Italy-----	115	110	125
All other-----	415	55	57
Total-----	18,666	14,521	23,403
Value (1,000 dollars)			
Taiwan-----	15,121	13,019	19,040
Republic of Korea-----	10,449	5,171	8,181
Japan-----	6,276	4,463	6,478
France-----	1,022	545	584
Italy-----	985	870	980
All other-----	905	145	219
Total-----	34,758	24,214	35,482
Unit value			
Taiwan-----	\$1.66	\$1.45	\$1.36
Republic of Korea-----	1.52	1.46	1.27
Japan-----	3.21	2.55	2.40
France-----	5.19	6.88	3.98
Italy-----	8.55	7.88	7.81
All other-----	2.18	2.63	3.86
Average-----	1.86	1.67	1.52

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

Table 19.--Bicycle tubes: U.S. imports for consumption, by principal sources, 1981-83

Source	1981	1982	1983
Quantity (1,000 units)			
Taiwan	15,635	15,226	24,825
Republic of Korea	7,928	5,024	8,357
Japan	666	679	891
France	306	59	75
People's Republic of China	571	0	0
India	242	0	0
All other	89	112	53
Total	25,437	21,101	34,202
Value (1,000 dollars)			
Taiwan	13,761	10,560	15,220
Republic of Korea	6,491	3,997	5,564
Japan	718	677	859
France	415	99	106
People's Republic of China	389	-	-
India	143	-	-
All other	100	167	113
Total	22,017	15,500	21,862
Unit value			
Taiwan	\$0.88	\$0.69	\$0.61
Republic of Korea	.82	.80	.67
Japan	1.08	1.00	.96
France	1.36	1.67	1.41
People's Republic of China	.68	-	-
India	.59	-	-
All other	1.12	1.49	2.13
Average	.88	.73	.64

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

Bicycle tires manufactured in Taiwan accounted for 60 percent of total U.S. imports in 1983 compared with 49 percent of total imports in 1981. Imports from Taiwan increased by 53 percent from 1981 to 1983, from 9.1 million units, valued at \$15.1 million, in 1981 to 13.9 million units, valued at \$19.0 million, in 1983 (table 18). The average unit value of bicycle tires imported from Taiwan declined annually from \$1.66 in 1981 to \$1.36 in 1983.

U.S. imports of bicycle tubes from Taiwan accounted for 73 percent of total U.S. bicycle tube imports in 1983 compared with 61 percent of the total in 1981. Bicycle tube imports from Taiwan declined from 15.6 million units, valued at \$13.8 million, in 1981 to 24.8 million units, valued at \$15.2 million, in 1983. The average unit value of bicycle tubes from Taiwan declined annually from \$0.88 in 1981 to \$0.61 in 1983.

Following Taiwan, the Republic of Korea was the second largest exporter of bicycle tires and tubes to the United States from 1981 to 1983. However, the magnitude of imports from that country during 1981-83 were substantially below the volume of imports from Taiwan. Additional data on U.S. imports of bicycle tires and tubes are shown in tables D-11 and D-12.

Market penetration of imports

As shown in table 20 the market penetration of U.S. imports of bicycle tires and tubes increased annually from 1981 to 1983. Total imports of bicycle tires as a share of U.S. consumption increased from * * * percent of consumption in 1981 to * * * percent of consumption in 1983. The ratio of imports of bicycle tubes to consumption increased from * * * percent of consumption in 1981 to * * * percent of consumption in 1983.

Table 20.--Bicycle tires and tubes: Ratio of U.S. imports to consumption, by specified sources, 1981-83

(In percent)

Item and year	Ratio of imports to consumption							Imports from all other countries	Total imports
	Imports from Taiwan						Total		
	Cheng Shin	Hwa Fong	Li Hsin	Others	Total				
Bicycle tires:									
1981-----	***	***	***	***	***	***	***	***	
1982-----	***	***	***	***	***	***	***	***	
1983-----	***	***	***	***	***	***	***	***	
Bicycle tubes:									
1981-----	***	***	***	***	***	***	***	***	
1982-----	***	***	***	***	***	***	***	***	
1983-----	***	***	***	***	***	***	***	***	

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

Imports from Taiwan as a share of U.S. bicycle tire and tube consumption increased significantly in 1982 over those in 1981 and remained about the same in 1983 for bicycle tires and increased slightly for bicycle tubes. Imports of bicycle tires manufactured by Cheng Shin, Hwa Fong, and Kenda together accounted for about * * * and * * * percent, respectively, of U.S. consumption of bicycle tires and bicycle tubes in 1983.

Prices

The Commission requested information from Carlisle Tire & Rubber Co., the domestic producer, and from importers on prices for the most common sizes of bicycle tires, tubes, and sets of tires and tubes sold to major customers during 1981-83. Price data for the domestic producer were derived from two separate questionnaire responses that were submitted in 1983 and 1984. 1/ Price data for importers were derived from six questionnaire responses submitted in connection with the current investigation. 2/

Bicycle tires.--Carlisle's prices for tires increased irregularly by an average of * * * percent from January-March 1981 to April-September 1982 and then declined by an average of * * * percent from April-September 1982 to October-December 1983, * * *. Price trends for imported tires are not easily discernible, but a general pattern of decline is evident, particularly in 1982 and 1983. Margins of underselling existed for each of the three tire categories throughout almost all of 1981-83. Underselling tended to increase in 1981 and peaked in all three tire categories during 1982 before decreasing again in 1983.

20-inch moto-cross.--Carlisle's prices for 20-inch moto-cross bicycle tires increased slightly in 1981 and 1982 from * * * per tire in January-March 1981 to * * * per tire in October-December 1982 (table 21). Domestic prices then fell by * * * percent in January-March 1983 and were constant during April-December at * * * per tire. Weighted-average prices of imported 20-inch moto-cross tires gradually declined in 1981-83 from * * * per tire in January-March 1981 to * * * per tire in October-December 1983. The importers' price in October-December was an upturn from prices in the rest of 1983.

Margins of underselling for this category varied widely in 1981 from * * * percent in January-March to * * * percent in April-June. Margins increased substantially in January-June 1982 before returning to the * * * percent level in July-December 1982. They subsequently declined to * * * percent or less throughout 1983; * * *. Import prices in October-December of 1983 were reported to be higher than the domestic price.

1/ Carlisle's 1984 questionnaire response contained the 1983 price data, and price data for 1981 and 1982 were obtained from a 1983 questionnaire submitted by Carlisle in connection with investigations Nos. 731-TA-94 (Final) and 104-TAA-15.

2/ The price data provided by the importers were more extensive for 1983 than for 1981 and 1982.

Table 21.--Bicycle tires, 20-inch moto-cross: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, 1981-83

Period	Carlisle	Importers	Margins of underselling or (overselling)
	<u>Per tire</u>		<u>Percent</u>
1981:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1982:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1983:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***

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

26-inch blackwalled rib-type.--Carlisle's prices for 26-inch blackwalled rib-type bicycle tires increased from * * * per tire in January-March 1981 to * * * per tire in January-March 1982 (table 22). This price was basically maintained until January-March 1983, when it fell to * * * per tire. It fell still further in that year, going to * * * in October-December 1983. Importers' weighted-average prices usually stayed between * * * and * * * per tire from January-March 1981 to July-September 1982. They declined by * * * percent to * * * per tire in October-December 1982 and to * * * per tire in July-September 1983 and incurred a marginal upturn to * * * in October-December 1983.

Margins of underselling for this category increased irregularly from * * * percent in April-June 1981 to * * * percent in October-December 1982. They then declined to * * * percent in July-September 1983, but in October-December 1983, an * * * percent margin of overselling appeared due to * * *.

Table 22.--Bicycle tires, 26-inch blackwalled rib-type: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, 1981-83

Period	Carlisle	Importers	Margins of underselling or (overselling)	
			Per tire	Percent
1981:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1982:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1983:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***

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

26-inch gumwalled rib-type.--Carlisle's price for 26-inch gumwalled rib-type bicycle tires increased irregularly in 1981 and 1982, from * * * per tire in April-June 1981 to * * * per tire in July-September 1982 (table 23). The domestic producer's price then decreased by * * * percent, to * * * per tire in July-September 1983, and still further to * * * in October-December 1983. The importers' weighted average price declined by * * * percent in 1981, from * * * per tire in January-March 1981 to * * * per tire throughout 1982. This price was maintained into January-March of 1983 but fell to * * * per tire in October-December 1983.

Margins of underselling for 26-inch gumwalled rib-type tires increased from * * * percent in April-June 1981 to * * * percent in July-September 1982. They declined to * * * percent in April-June 1983 and then increased again, to * * * percent, in October-December 1983.

Bicycle tubes.--Carlisle's prices for bicycle tubes tended to stay within a narrow band in 1981 and 1982 before incurring declines of varying significance in 1983. The importers' weighted-average prices for bicycle tubes displayed mixed patterns, although prices were generally lower in 1983 than in 1981 and 1982. Margins of underselling and overselling also varied widely. In each category, however, margins of underselling peaked in 1982. Margins of overselling existed in each category during July-December 1983.

Table 23.--Bicycle tires, 26-inch gumwalled rib-type: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling, by quarters, 1981-83

Period	Carlisle	Importers	Margins of underselling
	Per tire		Percent
1981:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1982:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1983:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***

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

20-inch regular.--Carlisle's prices for 20-inch regular bicycle tubes stayed between * * * and * * * per tube in 1981 and 1982 with two exceptions, when prices fell to * * * per tube and * * * per tube in the October-December periods of 1981 and 1982, respectively (table 24). Prices declined subsequently to * * * per tube in July-December 1983. The importers' weighted-average price for this tube category decreased from * * * per tube in July-September 1981 to * * * per tube in October-December 1982. Importers' prices remained in the * * * range throughout 1983.

A * * * percent margin of overselling existed for this product in January-March 1981. It became a * * * percent margin of underselling in April-June 1981, with underselling increasing to * * * percent in April-June 1982 before declining thereafter. A * * * percent margin of overselling existed in October-December 1982 and a * * * percent margin of overselling existed in July-December 1983.

Table 24.--Bicycle tubes, 20-inch regular: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, 1981-83

Period	Carlisle	Importers	Margins of underselling or (overselling)
	Per tube		Percent
1981:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1982:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1983:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***

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

20-inch heavy-duty.--With one exception, Carlisle's prices for 20-inch heavy-duty bicycle tubes fluctuated between * * * and * * * per tube between January-March 1981 and January-March 1983 (table 25). Prices declined by * * * percent thereafter, however, to * * * per tube in October-December 1983. The importers' weighted-average prices for 20-inch heavy-duty bicycle tubes declined from * * * per tube in January-March 1981 to * * * per tube in October-December 1982 and declined further to * * * in October-December 1983.

Margins of underselling ranged from * * * percent in April-June 1982 to * * * percent in July-December 1982. The margins declined thereafter, going to a * * * percent margin of overselling in January-March 1982, but jumping to a * * * percent margin of underselling in April-June 1982. Underselling then went from * * * percent in July-September 1982 to * * * percent in April-June 1983 before again becoming overselling, at an average of * * * percent for July-December 1983.

Table 25.--Bicycle tubes, 20-inch heavy-duty: U.S. producer's and importers' weighted average f.o.b. prices and margins of underselling (overselling), by quarters, 1981-83

Period	Carlisle	Importers		Margins of underselling or (overselling)
		Per tube	Percent	
1981:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1982:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1983:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***

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

26-inch regular.--Carlisle's price for 26-inch regular bicycle tubes stayed relatively static in 1981 and 1982, at a price per tube that was between * * * and * * * (table 26). It then declined by * * * percent, to * * * in October-December 1983. Importers' weighted-average prices increased from * * * per tube in January-March 1981 to * * * per tube in July-September 1981. The imported price then declined to * * * per tube in April-June 1982,

Table 26.--Bicycle tubes, 26-inch regular: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, 1981-83

Period	Carlisle	Importers	Margins of underselling or (overselling)	
			Per tube	Percent
1981:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1982:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1983:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***

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

went up to * * * per tube in July-August 1982, and then went down again to * * * per tube in April-June 1983. An upturn to * * * per tube in October-December 1983 followed.

Margins of underselling for this category increased from * * * percent in January-March 1981 to * * * percent in April-June 1982 and subsequently declined to * * * percent in October-December 1982. In 1983, Carlisle undersold importers by an average of * * * percent.

Bicycle tire and tube sets.--Full data for 1981-83 were available only for 20-inch moto-cross bicycle tire and tube sets. Price data for 26-inch blackwalled and gumwalled rib-type sets are limited almost exclusively to 1983. Accordingly, general trends for each category may be found in the detailed descriptions below rather than in summarized form.

20-inch moto-cross.--Carlisle's price for 20-inch moto-cross tire and tube sets went from * * * per set in January-March 1981 to * * * per set in July-September 1981 (table 27). Prices declined steadily thereafter to * * * per set in January-September 1983 before rising to * * * per set in October-December 1983. The importers' weighted-average price decreased from * * * per set in January-March 1981 to * * * per set in January-March 1983, or by * * * percent. The imported price remained basically unchanged for the remainder of the year.

Table 27.--Bicycle tire and tube sets, 20-inch moto-cross: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, 1981-83

Period	Carlisle	Importers	Margins of underselling or (overselling)
	Per tube		Percent
1981:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1982:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***
1983:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***

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

With only one exception, margins of overselling existed throughout 1981-83. The exception was July-September 1981, when a * * * percent margin of underselling was present. Margins of overselling went from * * * percent in January-March 1981 to * * * percent in April-June 1983 before decreasing to * * * percent in October-December 1983.

26-inch blackwalled rib-type.--Carlisle's prices for 26-inch blackwalled rib-type tire and tube sets averaged * * * per set in 1983 (table 28). For the two 1983 quarters for which importers' prices were available (April-June and October-December), the weighted-average price was * * * per set. A * * * percent margin of underselling consequently existed for April-June and October-December 1983.

Table 28.--Bicycle tire and tube sets, 26-inch blackwalled rib-type: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, 1983

Period	Carlisle	Importers	Margins of
			underselling or (overselling)
		<u>Per set</u>	<u>Percent</u>
1983:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***

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

26-inch gumwalled rib-type.--Carlisle's price for 26-inch gumwalled rib-type tire and tube sets was * * * per set in October-December 1982. It increased to * * * per set in January-March 1983 before declining to an average of * * * per set for the remainder of the year (table 29). The importers' weighted average price went from * * * per set in October-December 1982 to an average of * * * per set in 1983. Accordingly, margins of underselling were * * * percent in October-December 1982 and * * * percent in January-March 1983, but declined to an average of * * * percent for the remainder of 1983.

Table 29.--Bicycle tire and tube sets, 26-inch gumwalled rib-type: U.S. producer's and importers' weighted-average f.o.b. prices and margins of underselling (overselling), by quarters, October 1982-December 1983 1/

Period	Carlisle	Importers	Margins of
			underselling or (overselling)
		<u>Per set</u>	<u>Percent</u>
1982: Oct.-Dec-----	***	***	***
1983:			
Jan.-Mar-----	***	***	***
Apr.-June-----	***	***	***
July-Sept-----	***	***	***
Oct.-Dec-----	***	***	***

1/ No U.S. producer's and importers' prices were reported for the period January 1981 through September 1982.

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

Lost sales

Carlisle reported that it lost sales of * * * units of bicycle tires, * * * units of bicycle tubes, and * * * bicycle tire and tube sets (total value * * *) between January 1, 1981, and December 31, 1983, to * * * customers due to competition from the products imported from Taiwan. The Commission staff was able to contact all * * * of the customers involved. * * * customer contacted explained that * * *. This firm was not able to verify Carlisle's lost sale allegation.

Of the * * * remaining * * * customers, * * * acknowledged that it purchased competing imported products, although not solely from Taiwan, in lieu of Carlisle's products. Although this firm reported that it has been its experience that there may be as much as a 20-25 percent price difference between the Taiwan product and Carlisle's product, price was only a secondary factor in its decision to purchase the imported products. The one factor reported by this firm which weighed heavily against Carlisle was Carlisle's lack of current technology. In this firm's opinion, Carlisle is 2 to 3 years behind in the pattern and tread design of its bicycle tires. This firm reported that it did not purchase any of Carlisle's bicycle tire and tube products in 1982 and 1983. In addition to purchasing products produced in Taiwan, it also purchased similar products produced in Japan and the Republic of Korea.

* * * customer which Carlisle alleged as a lost sales reported that it could not recall a specific instance where it purchased the product imported from Taiwan instead of from Carlisle. This firm reported that it has relied on Carlisle to supply only a small portion of its annual bicycle tire and tube requirements. Because it competes with other distributors for bicycle tire and tube sales, this firm indicated that price is a major factor in its purchasing decision. This customer reported that the quality of the products imported from Taiwan is comparable in quality to Carlisle's products.

Carlisle alleged that it lost sales to * * * involving a total of * * * bicycle tire and tube sets valued at * * *. The * * * sets were to be delivered in * * *. * * * reported that they rely on Carlisle to supply a portion of their annual requirements: * * *. * * * could verify a specific instance where it purchased the imported Taiwan product instead of Carlisle's product, although * * * acknowledged buying the Taiwan product and cited price as the principal reason for doing so. * * * reported that the availability of a wide selection of colored tires from Taiwan producers was an important factor in its decision to purchase the Taiwan product. In addition to Taiwan, * * * reported that they also obtain their products from the Republic of Korea.

Table 30 shows the purchasing history of the five major OEM buyers of tire and tube sets produced by Carlisle and those produced in Taiwan from 1981 to 1983. Total purchases from Carlisle by the five buyers declined from * * * sets in 1981 to * * * sets in 1983, a decrease of * * * percent. On the other hand, the combined purchases of the Taiwan product by the same manufacturers increased by * * * percent over the same period, from * * * sets in 1981 to * * * sets in 1983.

Lost revenues

Carlisle reported * * * instances where it allegedly reduced the prices on its bicycle tires and tubes of various sizes and styles in 1982 and 1983 as a result of competition with lower priced imports from Taiwan. The alleged lost revenues totaled approximately * * * on * * * sets in 1982. In 1983 the alleged lost revenues were * * * on * * * bicycle tires, * * * on * * * bicycle tubes, and * * * on * * * bicycle tire and tube sets. (See table D-13 in app. D for additional data related to lost revenues).

The * * * instances of lost revenues involved * * * customers--* * *. * * *. Carlisle alleges that, in order to maintain the business of the * * * and * * * customers, it was forced to lower its prices to meet Taiwan price competition. Carlisle's lost revenues are based on * * *. The Commission staff contacted all * * * customers involved. Because of the many shipments received and the various sizes and styles contained in each shipment, none of the firms contacted could verify an instance where Carlisle was forced to lower its prices in order to receive that firm's business because of competing lower priced Taiwan products. The responses of the * * * customers are discussed below.

Table 30.--Purchases of bicycle tire and tube sets from Carlisle and Taiwan by major OEM buyers, 1981-83

Item and year	Murray	Huffy	Schwinn	Road- master	Total
Purchases:	:	:	:	:	:
From Carlisle:	:	:	:	:	:
1981-----1,000 sets---	***	***	***	***	***
1982-----do-----	***	***	***	***	***
1983-----do-----	***	***	***	***	***
From Taiwan:	:	:	:	:	:
1981-----do-----	***	***	***	***	***
1982-----do-----	***	***	***	***	***
1983-----do-----	***	***	***	***	***
Total: 1/	:	:	:	:	:
1981-----do-----	***	***	***	***	***
1982-----do-----	***	***	***	***	***
1983-----do-----	***	***	***	***	***
Purchases from Carlisle as a	:	:	:	:	:
share of the total:	:	:	:	:	:
1981-----percent---	***	***	***	***	***
1982-----do-----	***	***	***	***	***
1983-----do-----	***	***	***	***	***

1/ Excludes purchases from sources other than Carlisle and Taiwan.

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

Neither of the * * * customers contacted verified the specific instances of lost revenues alleged by Carlisle. * * *, reported that Carlisle is their principal supplier of tires and tubes. * * * reported that they give as much consideration to the quality of the products they purchase as they give to the prices at which they buy. * * * prefers the better tread design of Carlisle's 2-ply construction tire and the attractive packaging of Carlisle's products. The * * * customer contacted would say only that it purchases its products from Taiwan.

None of the * * * customers contacted would confirm or deny Carlisle's allegations of lost revenues. However, * * * firms contacted---* * *---reported that they could recall no instances where they purchased from Carlisle only after Carlisle lowered its prices in an attempt to meet Taiwan price competition. * * *, reported that they frequently purchased from Carlisle at Carlisle's quoted price when buying on an as needed basis. * * * also reported that its policy has been to accept the first good low price from a particular supplier rather than continuing to seek a lower price from other suppliers.

APPENDIX A

COMMERCE'S FEDERAL REGISTER NOTICE

**Bicycle Tires and Tubes From Taiwan;
Redetermination of Sales at Less Than
Fair Value and Suspension of
Liquidation**

AGENCY: International Trade
Administration, Commerce.

ACTION: Notice of redetermination of
sales at less than fair value and
suspension of liquidation.

SUMMARY: On December 5, 1983, the United States Court of International Trade (The Court) entered an order affirming the remand results and redetermination of sales at less than fair value in the antidumping investigation of bicycle tires and tubes from Taiwan. In accordance with the Court's order, the Department of Commerce (the Department) has directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise, except bicycle tires and tubes produced by Nan Kang Rubber and Industrial Corp. (Nan Kang), which are entered, or withdrawn from warehouse, for consumption on or after the day after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Suspension of Liquidation" section of this notice. This case is being referred to the United States International Trade Commission for a determination whether these imports are materially injuring, or are threatening to materially injure, a United States industry.

EFFECTIVE DATE: January 23, 1984.

FOR FURTHER INFORMATION CONTACT:
Stuart S. Keitz, 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) 377-1769.

SUPPLEMENTARY INFORMATION:

Background

On December 28, 1978, the Department of the Treasury published a notice of "Determination of Sales at Not Less Than Fair Value and Discontinuance of Antidumping

Investigation" in the case of Bicycle Tires and Tubes from the Republic of China (43 FR 61066). The determination stated that either no margins, de minimis margins, or margins considered to be minimal were found on sales of the subject merchandise.

The petitioner challenged the determination in court, and on May 12, 1982, the Court remanded the case to the Secretary of Commerce for reevaluation of certain standards applied in reaching the determination, for recalculation of certain deductions and adjustments to purchase price and home market price, and for redetermination of dumping margins, if necessary. The Court's remand did not include Nan Kang, and, as no margins were found for this firm in the original negative determination, Nan Kang is excluded from the redetermination.

On October 11, 1983, the Department issued its remand results and affirmative redetermination. Based on its recalculation, the Department redetermined that certain bicycle tires and tubes from Taiwan were, or were likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended, by the Trade Act of 1974 (19 U.S.C. 160 *et seq.*), and that the weighted-average margins set forth below existed. The remand results and affirmative redetermination of sales at less than fair value were accepted by the petitioner (plaintiff), and the following stipulation was entered with the Court:

(1) Plaintiff accepts the remand results and affirmative redetermination issued on October 11, 1983 except that plaintiff points out and defendant agrees that in addition to the margins of sales at less than fair value set forth for Cheng Shin Rubber Industrial Co., Ltd., Kenda Rubber Tire Corp., Ltd., and Hwa Fong Rubber Industrial Co., Ltd., the affirmative redetermination should include a weighted average of those margins which is to be applied to entries of the subject merchandise from exporters other than the three named producer/exporters except Nan Kang. The parties agree that the weighted average margin for "all other manufacturers/exporters" is 3.65 percent and that the following weighted-average dumping margins exist for Taiwan manufacturers of bicycle tires and tubes:

Manufacturer/exporter	Time period	Margin (percent)
Cheng Shin Rubber Industrial Co., Ltd.	9/1/77-2/28/78	1.86
Kenda Rubber Tire Corp., Ltd.	9/1/77-2/28/78	7.02
Hwa Fong Rubber Industrial Co., Ltd.	9/1/77-2/28/78	3.30
All others except Nan Kang.	9/1/77-2/28/78	3.65

(2) If this Court enters an opinion and order affirming the aforementioned remand results and redetermination and the agreement set

forth above regarding the weighted average margins for all other Taiwan manufacturers of bicycle tires and tubes except Nan Kang, the International Trade Administration (ITA) shall expedite the publication of the Court's decision in the *Federal Register*, and shall direct the United States Customs Service (a) to suspend liquidation of all bicycle tires and tubes from Taiwan entered, or withdrawn from warehouse, for consumption commencing the day after the date of publication of this Court's decision affirming the remand results and antidumping redetermination; and (b) to require a cash deposit or bond in the amount indicated above for each entry of the subject merchandise for which liquidation is ordered suspended.

On December 5, 1983, the Court affirmed the stipulation and entered an order in accordance therewith.

Scope of the Redetermination

The merchandise covered by the redetermination is pneumatic bicycle tires and tubes of rubber or plastic, whether sold together as units or separately, and currently classifiable under item numbers 772.48 and 772.57 of the *Tariff Schedules of the United States*, respectively.

Suspension of Liquidation

In accordance with the Court's order, we are directing the United States Customs Service to suspend liquidation of all entries of bicycle tires and tubes from Taiwan, except those produced by Nan Kang, which are entered, or withdrawn from warehouse, for consumption, on or after the day after the date of publication of this notice in the *Federal Register*. Except for Nan Kang, the Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to the redetermination 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	Time period	Weighted-average margin percentage
Cheng Shin Rubber Industrial Co., Ltd.	9/1/77-2/28/78	1.86
Kenda Rubber Tire Corp. Ltd.	9/1/77-2/28/78	7.02
Hwa Fong Rubber Industrial Co., Ltd.	9/1/77-2/28/78	3.30
All other manufacturers/producers/exporters except Nan Kang Rubber and Industrial Corp.	9/1/77-2/28/78	3.65

International Trade Commission (ITC) Notification

We will notify the ITC of our redetermination and will refer the case to them for an injury determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to the investigation and redetermination. 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. If the ITC determines that material injury or threat of 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 the ITC determines that such injury does exist, we will issue an antidumping order directing Customs officers to assess an antidumping duty on bicycle tires and tubes from Taiwan, except those produced by Nan Kang, entered or withdrawn from warehouse, for consumption after the suspension of liquidation equal to the amount by which the foreign market value exceeds the United States price. This notice is published pursuant to Court order of December 5, 1983.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

January 10, 1984.

[FR Doc. 84-1712 Filed 1-19-84; 8:45 am.]

BILLING CODE 3510-25-M

APPENDIX B

COMMISSION'S FEDERAL REGISTER NOTICE

**INTERNATIONAL TRADE
COMMISSION**

(Investigation No. 731-TA-166 (Final))

Bicycle Tires and Tubes From Taiwan

AGENCY: International Trade
Commission.

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

EFFECTIVE DATE: January 20, 1984.

SUMMARY: As a result of an affirmative
redetermination by the U.S. Department
of Commerce that imports from Taiwan
of bicycle tires and tubes, provided for
in items 772.48 and 772.57 of the Tariff
Schedules of the United States,
respectively, were being, or were 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
investigation No. 731-TA-166 (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 in the United States is
materially retarded, by reason of
imports from Taiwan of such
merchandise.

FOR FURTHER INFORMATION CONTACT:
Mr. Woodley Timberlake (202-523-
4618), Office of Investigations, U.S.
International Trade Commission.

SUPPLEMENTARY INFORMATION:**Background**

On December 29, 1978, the
Department of Treasury published in the
Federal Register a notice of a negative
determination with respect to alleged
LTFV sales in the antidumping

investigation of bicycle tires and tubes imported from Taiwan. Treasury's negative determination was based on the finding of either no margins, de minimus margins, or minimum margins on sales of the products which were the subject of the investigation. The petitioner in the case, the Carlisle Tire & Rubber Company, initiated a suit in the United States Court of International Trade challenging Treasury's negative determination. On May 12, 1982, the Court remanded the case to the Department of Commerce for redetermination of dumping margins.

Based on a recalculation of the dumping margins, Commerce redetermined that certain bicycle tires and tubes imported from Taiwan were being, or were likely to be, sold in the United States at less than fair value. In its recalculation of dumping margins on sales covering the period September 1, 1977, through February 28, 1978, Commerce determined weighted average dumping margins should be applied to bicycle tires and tubes manufactured or exported by Cheng Shin Rubber Industrial Ltd. (1.66 percent), Kenda Rubber Tire Corp., Ltd. (7.02 percent), and Hwa Fong Rubber Industrial Co., Ltd. (3.30 percent). A fourth Taiwan producer, Nan Kang Rubber and Industrial Corp., was excluded from the remand order since no dumping margins were found during Treasury's investigation. The petitioner accepted the results of Commerce's redetermination, which was issued on October 11, 1983, but requested that a weighted average dumping margin of 3.65 percent also be applied to all other Taiwan manufacturers/exporters, except Nan Kang. Upon the acceptance by both parties of Commerce's redetermination and petitioner's stipulation, the Court entered an order on December 5, 1984, affirming Commerce's redetermination together with the stipulation.

Participation in the Investigation

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's Rules 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 investigation, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (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)).

Staff Report

A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on April 2, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with the investigation beginning at 10:00 a.m., on April 17, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436. 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 April 9, 1984. 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 10:00 a.m., on April 13, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is April 12, 1984.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). 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). 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 April 24, 1984.

Written Submissions

As mentioned, parties to this

investigation 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 investigation may submit a written statement of information pertinent to the subject of the investigation on or before April 24, 1984. 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 investigation, 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), and Part 201, Subparts A through E (19 CFR Part 201).

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

By order of the Commission.

Issued: February 9, 1984.

Kenneth R. Mason,
Secretary.

[FR Doc. 84-4147 Filed 2-14-84; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

**LIST OF WITNESSES APPEARING AT THE
PUBLIC HEARING**

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject
: Bicycle Tires and Tubes from Taiwan

Inv. No.
: 731-TA-166 (Final)

Date and time:
April 17, 1984 - 10:00 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Carlisle Tire & Rubber Company, Carlisle, Pennsylvania

John W. Guffey, Jr., President and Chief
Executive Officer

John L. Kiehl, Vice President Marketing & Sales

Thomas F. Lemker, Vice President Finance &
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Thomas L. Miller, Manager Industrial Engineering

Timothy P. O'Reilly, General Counsel

In opposition to the imposition of antidumping duties:

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Washington, D.C.
on behalf of

Huffy Corporation, Murray Ohio Manufacturing Company
and Roadmaster Corporation

Michael R. Kershow- OF COUNSEL

CALENDAR OF PUBLIC HEARING--Continued

Myron Solter--Counsel
Washington, D.C.
on behalf of

Kenda Rubber Tire Corp., Ltd., Cheng Shin Rubber
Industrial Co., Ltd. Hwa Fong Rubber Industrial
Co., Ltd. and Li Hsin Rubber Industrial Co., Ltd.

John Palmer, Sales Manager, Kenstone Corporation

George Nassau, Chairman, Service Cycle Supply Company

Myron Solter--OF COUNSEL

APPENDIX D
ADDITIONAL STATISTICAL TABLES

Table D-1.--Bicycle tires and tubes: Apparent
U.S. consumption, 1975-83

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Table D-2.--Bicycle tires and tubes: U.S. production and producer's domestic shipments, 1975-83

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Table D-3.--Bicycle tires: U.S. shipments by Carlisle
Tire & Rubber Co., by sizes and by types, 1979-83

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**Table D-4.--Bicycle tubes: U.S. shipments by Carlisle
Tire & Rubber Co., by sizes, 1979-83**

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Table D-5.--Bicycle tire and tube sets: U.S. shipments by Carlisle
Tire & Rubber Co., by sizes and by types, 1979-83

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Table D-6.--Bicycle tires and tubes: U.S. producer's end-of-period inventories, as of Dec. 31 of 1975-83

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Table D-7.--Income-and-loss experience of Carlisle Tire & Rubber Co. on the overall operations of its establishment within which bicycle tires and tubes are manufactured, 1979-83 1/

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Table D-8.--Income-and-loss experience of Carlisle Tire & Rubber Co.
on its bicycle tire and tube operations, 1975-83

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Table D-9.--Income and loss experience of Carlisle Tire & Rubber Co. on its bicycle tire operations, 1979-83 1/

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Table D-10.--Income-and-loss experience of Carlisle Tire & Rubber Co.
on its bicycle tube operations, 1979-83 1/

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Table D-11.--Bicycle tires: U.S. imports for consumption,
by sources, 1975-83

Year	Taiwan	Korea	All other	Total
Quantity (1,000 units)				
1975	3,924	2,460	3,522	10,086
1976	9,458	5,221	3,180	17,859
1977	9,048	8,358	3,020	20,426
1978	8,562	8,135	2,943	19,640
1979	11,755	9,252	2,125	23,132
1980	11,370	8,183	2,721	22,274
1981	9,118	6,863	2,684	18,666
1982	8,994	3,534	1,993	14,521
1983	13,949	6,422	3,032	23,403
Value (1,000 dollars)				
1975	3,576	2,502	5,246	11,374
1976	8,259	5,024	4,706	17,989
1977	8,246	7,480	5,361	21,087
1978	7,406	7,427	5,118	19,951
1979	12,304	9,699	4,302	26,305
1980	17,058	11,089	7,012	35,159
1981	15,121	10,449	9,188	34,758
1982	13,019	5,171	6,025	24,214
1983	19,040	8,181	8,261	35,482
Unit value (each)				
1975	\$0.91	\$0.95	\$1.49	\$1.12
1976	.87	.96	1.48	1.01
1977	.91	.90	1.78	1.03
1978	.87	.91	1.74	1.02
1979	1.05	1.05	2.02	1.14
1980	1.50	1.36	2.58	1.58
1981	1.66	1.52	3.42	1.86
1982	1.45	1.46	3.02	1.67
1983	1.36	1.27	2.72	1.52

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

Table D-12.--Bicycle tubes: U.S. imports for consumption, by sources, 1975-83

Year	Taiwan	Korea	All others	Total
Quantity (1,000 units)				
1975	5,078	5,774	2,825	13,677
1976	13,328	10,015	2,802	26,145
1977	13,409	13,399	2,540	29,348
1978	14,178	12,717	2,298	29,193
1979	20,179	12,179	962	33,320
1980	22,356	10,396	1,750	34,502
1981	15,635	7,928	1,874	25,437
1982	15,226	5,024	850	21,101
1983	24,825	8,357	1,020	34,202
Value (1,000 dollars)				
1975	2,169	2,584	1,798	6,551
1976	5,905	4,486	1,473	11,864
1977	6,151	6,021	1,506	13,678
1978	6,630	5,896	1,223	13,749
1979	11,046	6,605	675	18,326
1980	16,076	7,586	1,580	25,242
1981	13,761	6,491	1,766	22,017
1982	10,560	3,997	943	15,500
1983	15,220	5,564	1,079	21,862
Unit value (each)				
1975	\$0.43	\$0.45	\$0.66	\$0.48
1976	.44	.45	.53	.45
1977	.46	.45	.59	.47
1978	.47	.46	.53	.47
1979	.55	.54	.70	.55
1980	.72	.73	.90	.73
1981	.88	.82	.94	.87
1982	.69	.80	1.11	.73
1983	.61	.67	1.06	.64

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

Table D-13.--Aggregation of Carlisle's alleged lost revenues on the sale of bicycle tires, tubes, and sets, by types of customers, 1982 and 1983

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