Internal Combustion Industrial Forklift Trucks From Japan

Investigation No. 731-TA-377 (Review)

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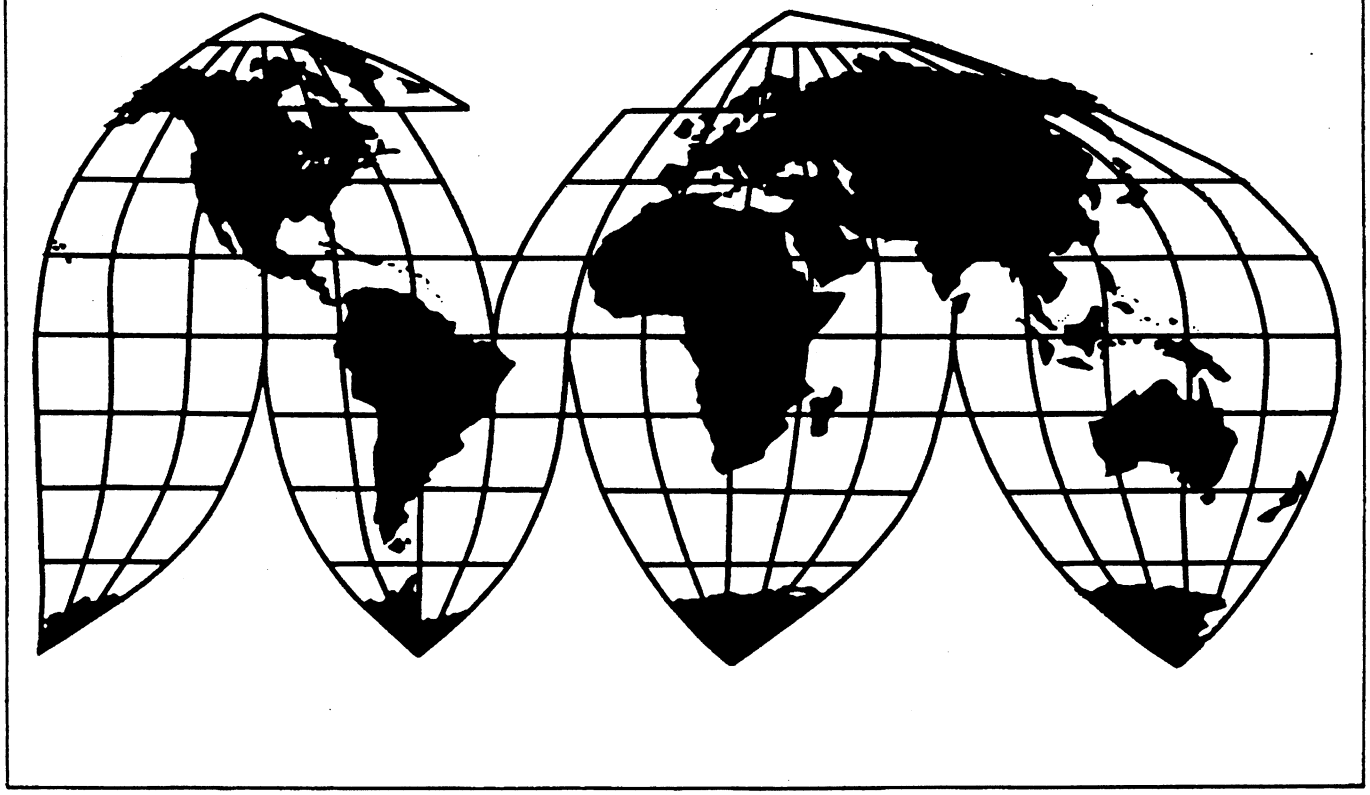
U.S. International Trade Commission



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

U.S. International Trade Commission

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GLOSSARY

Barrett Industrial Trucks, Inc.	Barrett
Citicorp Venture Capital, Ltd.	Citicorp Venture
Clark Equipment Co.	Clark Equipment
Clark Material Handling Co.	Clark
Drexel Industries, LLC	Drexel
Komatsu Forklift Co., Ltd.	Komatsu Forklift
Komatsu Forklift U.S.A., Inc.	Komatsu USA
Liquefied petroleum gas	LPG
Mitsubishi Caterpillar Forklift America, Inc.	Mitsubishi Caterpillar
Mitsubishi Heavy Industries, Ltd.	Mitsubishi
NACCO Industries, Inc.	NACCO
NACCO Materials Handling Group, Inc.	NACCO Materials
Nissan Forklift Corp. North America	Nissan Forklift
Nissan Industrial Equipment Co.	Nissan Industrial
Nissan Motor Co., Ltd.	Nissan Motor
Production and related workers	PRWs
Samsung Heavy Industries	Samsung
Sumitomo Heavy Industries, Ltd.	Sumitomo
Sumitomo-NACCO Materials Handling Co., Ltd.	Sumitomo-NACCO
Sumitomo-Yale Co., Ltd.	Sumitomo-Yale
TCM Corp.	TCM
TCM Manufacturing U.S.A., Inc.	TCM USA
Toyota Automatic Loom Works, Ltd.	TALW
Toyota Industrial Equipment Manufacturing, Inc.	Toyota Industrial
Toyota Motor Corp.	Toyota Motor
Toyota Motor Sales U.S.A., Inc.	Toyota USA
Yale Materials Handling Corp.	Yale

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-377 (Review)

INTERNAL COMBUSTION INDUSTRIAL FORKLIFT TRUCKS FROM JAPAN

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission determines,[2] pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on April 1, 1999 (64 F.R. 15786) and determined on July 2, 1999, that it would conduct a full review (64 F.R. 38475, July 16, 1999). Notice of the scheduling of the Commission's review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on August 27, 1999 (64 F.R. 46952). The hearing, scheduled to be held in Washington, DC, on January 25, 2000, was cancelled as a result of a Federal Government closure in Washington, DC due to inclement weather on January 25 and 26, 2000. On January 28, 2000, the schedule was revised (65 FR 5660, February 4, 2000) and all persons who requested the opportunity to be heard at the original hearing were permitted to submit written testimony to the Commission in lieu of the public hearing.

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

[2] Chairman Lynn M. Bragg, Commissioner Thelma J. Askey, and Commissioner Deanna Tanner Okun dissenting.

VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty order covering internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. BACKGROUND

In May 1988, the Commission determined that an industry in the United States was being materially injured by reason of imports of internal combustion industrial forklift trucks from Japan that were being sold at less than fair value.[2] On June 7, 1988, the Department of Commerce ("Commerce") issued an antidumping duty order on imports of internal combustion industrial forklift trucks from Japan.[3] On April 1, 1999, the Commission instituted this review pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks would be likely to lead to continuation or recurrence of material injury.[4]

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses of interested parties to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties - domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) - demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.[5] If the Commission finds the responses from both groups of interested parties to be adequate, or if other circumstances warrant, it will determine to conduct a full review.

In this review, the Commission received individual responses to the notice of institution from three domestic producers of forklift trucks, Clark Material Handling Company ("Clark"), NACCO Materials Handling Group, Inc ("NACCO"), and TCM Manufacturing USA, Inc. ("TCM USA").[6] Four

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[1] Chairman Bragg, Commissioner Askey, and Commissioner Okun dissenting. Chairman Bragg and Commissioners Askey and Okun determine that revocation of the antidumping duty order covering internal combustion industrial forklift trucks from Japan would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Chairman Lynn M. Bragg and Commissioners Thelma J. Askey and Deanna Tanner Okun.

[2] Internal Combustion Engine Forklift Trucks from Japan, Inv. No. 731-TA-377 (Final) USITC Pub. 2082 at 1 (May 1988) ("Original Determination").

[3] 53 Fed. Reg. 20882 (June 7, 1988).

[4] 64 Fed. Reg. 15786 (April 1, 1999).

[5] See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

[6] In 1993, NACCO, already the parent corporation of domestic forklift producer Yale, acquired Hyster Company, the petitioner in the original investigation. Confidential Report ("CR") at I-23; Public Report ("PR") at I-
(continued...)

Japanese producers, Komatsu Forklift Co., Ltd. ("Komatsu"), Mitsubishi Heavy Industries, Ltd. ("Mitsubishi Heavy"), Toyo Umpanki Co., Ltd. ("TCM"), and Toyota Motor Corporation ("Toyota"), and one U.S. importer of forklift trucks, Toyota Motor Sales, U.S.A., Inc. ("Toyota USA") filed a response to the notice of institution.[7]

On July 2, 1999, the Commission determined that both the domestic and respondent interested party group responses to its notice of institution were adequate.[8] Pursuant to 19 U.S.C. § 1675(c)(5), the Commission decided to conduct a full review.

Notwithstanding their earlier representations to the Commission, Komatsu, Mitsubishi Heavy, and Toyota did not participate further in this review, i.e., did not respond to the Commission's questionnaires or file any other papers in this proceeding. Other Japanese producers, domestic producers, importers, and purchasers responded to the Commission's questionnaires.[9] In lieu of a hearing in this review, domestic producers NACCO and Clark provided the Commission with written testimony and the Commission forwarded them written questions for written response with their posthearing briefs. Only domestic producers NACCO and Clark filed any briefs/comments in this review; their comments were in support of continuation of the antidumping duty order under review.[10]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines "the domestic like product" and the "industry."[11] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[12]

In its final five-year review determination, Commerce defined the subject merchandise as

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[6] (...continued)
16. TCM USA is a subsidiary of Japanese producer TCM. CR at I-25; PR at I-17.

[7] The Japanese producers were estimated to account for approximately *** of the quantity of total Japanese production of subject merchandise. INV-W-135 at 2, n.6 (June 23, 1999).

[8] See Explanation of Commission Determinations on Adequacy in Internal Combustion Industrial Forklift Trucks from Japan. See also 64 Fed. Reg. 38475 (July 16, 1999).

[9] The U.S. production and importing subsidiaries of the three non-responding Japanese producers also did not initially respond to the Commission's questionnaires until the Commission issued administrative subpoenas to compel their responses.

[10] At the adequacy stage, Clark and NACCO supported the Commission conducting a full review, Komatsu supported an expedited review, and the others did not comment. In response to the notice of institution, Clark and NACCO alleged that material injury would continue or recur if the orders were revoked, and Komatsu, Toyota, TCM and TCM USA contended that it would not.

[11] 19 U.S.C. § 1677(4)(A).

[12] 19 U.S.C. § 1677(10). See NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

internal-combustion, industrial forklift trucks, with lifting capacity of 2,000 to 15,000 [sic] pounds, from Japan. The products covered are described as follows: assembled, not assembled, and less than complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane, or diesel fuel internal-combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles. Less than complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by this order.[13]

Forklift trucks are self-propelled work trucks with platforms that can be raised and lowered for insertion under a load to be lifted or transported.[14] These trucks are used for general materials handling, and stacking and retrieving. Forklift trucks typically are powered by internal combustion engines using gasoline, diesel or liquefied petroleum gas ("LPG"), or by an electric motor. Internal combustion engine trucks, which are the subject merchandise, normally are used in outdoor and/or well-ventilated indoor operations when continuous operation is important or when ramps or other heavy-duty applications are involved. There is a variety of basic types of operator-riding forklift trucks, including counterbalanced, narrow aisle, sideloader, orderpicker, and turret. The majority of internal combustion forklift trucks are rider trucks of the counterbalanced lift type, powered by LPG engines, with a lifting capacity of 2,000-15,000 pounds.[15] There are two basic fabrication processes involved in the production of internal combustion forklift trucks before assembly -- the production of the frame and the production of the mast. Forklift trucks are finished with customer-specified options.

In the original investigation, the Commission defined the domestic like product as industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame.[16] In reaching this definition, the Commission considered two domestic like product issues: (1) whether forklift trucks with a weight lift capacity greater than 15,000 pounds should be included in the definition; and (2) whether forklift trucks powered by other than an internal combustion engine, particularly electric powered trucks, should be included in the definition. The Commission determined in the original investigation that neither the forklift trucks with lifting capacities greater than 15,000 pounds nor those with electric powertrains should be included in the definition.[17]

In the original investigation, the Commission also considered an issue concerning both the definition of the domestic like product and the domestic industry: whether domestic production of

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[13] 64 Fed. Reg. 42662 (Aug. 5, 1999).

[14] See CR at I-14 - I-18; PR at I-10 - I-12.

[15] Lifting capacities for internal combustion forklift trucks range from 2,000 through 120,000 pounds. CR at I-15; PR at I-10.

[16] Original Determination, USITC Pub. 2082 at 17.

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

forklift trucks should be defined on the basis of a U.S.-produced frame or a certain minimum level of U.S. value added.[18] The Commission decided "to define domestic production of the like product as an IC forklift with a U.S.-produced frame. . . . [because the] frame approach most fully incorporates consideration of such practical indicia of U.S. production activity as the level of research and development expenses (including design and engineering expenses), capital investment in plant and equipment, and labor activity related to the production of standard-lift IC's."[19] The Commission also found that "no standard-lift IC with a U.S.-produced frame contains less than 35 percent U.S. value added, the minimum threshold proposed. . . . [and that for] several of the largest U.S. producers . . . the share of U.S. value added for standard-lift IC's with a U.S.-produced frame was significantly greater than 50 percent."[20]

In this review, no party has urged any change in the domestic like product definition.[21] The record indicates that the product itself has remained essentially unchanged since the original investigation.[22] While there have been some changes to the frame production process and the minimum levels of domestic value-added by domestic producers of forklift trucks since the original investigation,[23] we find that the evidence on the record of this five year review does not suggest a reason for revisiting the Commission's original determination of the domestic like product. Accordingly, we define the domestic like product to be industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame ("forklift trucks").

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[24] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the

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[18] Original Determination, USITC Pub. 2082 at 9-17.

[19] Original Determination, USITC Pub. 2082 at 15-16.

[20] Original Determination, USITC Pub. 2082 at 16-17. The evidence in the original investigation indicates that "the frame accounts for only 10 to 15 percent of the cost of a forklift truck." Id. at 12.

[21] NACCO's Prehearing Brief at 9-11; NACCO's Posthearing Brief, Exhibit 1 at 33-34. Clark states that it has no comment on the issues. Clark's Response to the Notice of Institution at 7 (May 21, 1999). According to NACCO, the frame is the essence of a forklift truck since the "frame establishes the lift capacity, the engine type and size, the tire type of the forklift truck and allows a reasonable method to establish U.S. production." NACCO's Posthearing Brief, Exhibit 1 at 33. NACCO adds that "[w]hile the precise reasons relied upon by the Commission for relying on the frame to determine the like product have changed, the location of the frame production still provides the most useful and appropriate method for making the like product determination." NACCO's Prehearing Brief at 11.

[22] CR at I-20, II-2, II-5, and II-8; PR at I-13, II-2, II-3, and II-5; NACCO's Posthearing Brief, Exhibit 1 at 11.

[23] CR at I-11-13 and Table I-5; PR at I-8 - I-9 and Table I-5.

[24] 19 U.S.C. § 1677(4)(A).

domestic merchant market, provided that adequate production-related activity is conducted in the United States.[25]

Seven firms account for nearly all of U.S. production of the domestic like product, internal combustion forklifts trucks, with U.S. produced frames.[26] Five of the seven major U.S. producers are U.S. subsidiaries or joint ventures of Japanese producers.[27] [28] For the reasons discussed below and consistent with our domestic like product determination, we find one domestic industry, consisting of all domestic producers of internal combustion industrial forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame, but exclude certain producers as related parties.

In defining the domestic industry in this review, we have considered whether the U.S. subsidiaries of Japanese forklift truck producers should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry for the purposes of an injury determination producers that are related to an exporter or importer of the subject merchandise, or which are themselves

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[25] See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[26] CR at I-20 and Table I-6. A small number of low volume niche producers account for the remainder of the domestic production. The Commission received useable data from the seven major U.S. producers and one niche producer, Drexel Industries, LLC ("Drexel"). Id.

[27] The five U.S. subsidiaries are: Toyota Industrial Equipment Manufacturing, Inc. ("Toyota Industrial"); Mitsubishi Caterpillar Forklift America, Inc. ("Mitsubishi Caterpillar"); Nissan Forklift Corp. North America ("Nissan Forklift"); TCM Manufacturing USA, Inc. ("TCM USA"); and Komatsu Forklift USA, Inc. ("Komatsu USA"). CR at I-25-27; PR at I-17 and I-18.

[28] NACCO argues that these U.S. subsidiaries of the Japanese producers do not qualify as domestic producers using the six-factor test used by the Commission to decide whether a firm is a "domestic producer" and charges that these operations "are predominantly assembly operations." NACCO's Posthearing Brief, Exhibit 1 at 19, 33-34; NACCO's Prehearing Brief at 11-14.

In determining whether a firm's operations involve sufficient U.S. production-related activity to qualify as domestic production of the like product, the Commission often has analyzed the overall nature and extent of a firm's production-related activity in the United States. See, e.g., Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391 and 731-TA-816-821 (Final), USITC Pub. 3273 at 8-9 (Jan. 2000). The U.S. subsidiaries of the Japanese producers have made substantial investments in the United States for the production of forklift trucks, ranging from an estimated ***. INV-X-057 at Table III-10; CR at I-25-27; PR at I-17, I-18, and Table III-10. ***. Each firm to varying degrees uses a substantial percentage of domestic components and adds domestic value comparable to the other U.S. producers in the production of their models with the highest volume of sales. CR/PR at Tables I-5, ***. Employment levels for production and related workers at Mitsubishi Caterpillar and Toyota Industrial are *** of forklift trucks in 1998. CR/PR at Tables I-4 and I-6, and Questionnaire responses. Moreover, unlike NACCO, none of these subsidiaries undertakes substantial research and development in the United States. NACCO's Posthearing Brief, Exhibit 1 at 18; INV-X-057 at III-16 and Table III-10; PR at III-8 and Table III-10. On balance, however, we find that these firms fall within the range of domestic production-related activities that the Commission has considered adequate to qualify as a domestic producer and define Mitsubishi Caterpillar, Toyota Industrial, Nissan Forklift, Komatsu USA, and TCM USA as domestic producers.

importers.[29] Exclusion of a such a producer is within the Commission's discretion based upon the facts presented in each case.[30]

In this review, five U.S. producers of the domestic like product are related parties because they are wholly or majority owned by Japanese producers/exporters of the subject merchandise.[31] Domestic producer NACCO contends that the Japanese-owned subsidiaries should be excluded from the domestic industry.[32] For the reasons stated below, we find that appropriate circumstances exist to exclude Mitsubishi Caterpillar, Toyota Industrial, Nissan Forklift, Komatsu USA, and TCM USA from the domestic industry under the related parties provision.

Under the likelihood standard in five year reviews, the Commission considers the likely impact of revocation of the order and the elimination of its restraining effects on imports.[33] Thus, the Commission is to look at the likelihood that imports will occur in the reasonably foreseeable future and not only at the current import levels. With the exception of Komatsu USA, each of the U.S. manufacturing subsidiaries of the Japanese producers was established after the imposition of the antidumping duty order apparently to participate in the U.S. market without incurring antidumping

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[29] 19 U.S.C. § 1677(4)(B).

[30] See Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

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

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. See, e.g., Carbon Steel Butt-Weld Pipe Fittings from Brazil, China, Japan, Taiwan, and Thailand, Inv. Nos. 731-TA-308-310 and 520-521 (Review), USITC Pub. 3263 at 5-7 (Dec. 1999); Stainless Steel Plate from Sweden, Inv. No. AA1921-114 (Review), USITC Pub. 3204 at 10 (July 1999); Sugar from the European Union; Sugar from Belgium, France, and Germany; and Sugar and Syrups from Canada, Inv. Nos. 104-TAA-7, AA1921-198-200, and 731-TA-3 (Review), USITC Pub. 3238 at 14 (Sept. 1999). See also S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979).

[31] The following U.S. production facilities are related to Japanese producers (U.S. subsidiary/Japanese producer): 1) Nissan Forklift/Nissan; 2) Mitsubishi Caterpillar/Mitsubishi Heavy; 3) TCM USA/TCM; 4) Toyota Industrial/Toyota; and 5) Komatsu USA/Komatsu. CR at I-25 - I-27; PR at I-17 and I-18.

[32] NACCO contends that the Japanese-owned subsidiaries should be excluded from the domestic industry because their primary interest lies in avoiding the imposition of the antidumping duties and not in domestic production, and their inclusion will severely skew the analysis of the impact of revocation since they are "insulated from injury by virtue of Japanese parentage." NACCO's Prehearing Brief at 14-17; NACCO's Posthearing Brief, Exhibit 1 at 31-34.

[33] SAA at 884.

duties.[34] As discussed below, while imports from Japan of forklift trucks decreased significantly since imposition of the order, we conclude it is likely that significant imports would resume if the order was revoked. Specifically, in the circumstances of this case, we conclude that the Japanese producers, free from the restraining effects of the order, would be likely to rationalize their U.S. and Japanese production operations, and supply the U.S. market by both importation and U.S. production, or importation alone. As discussed below, the nature of these U.S. manufacturing facilities -- essentially assembly operations producing a range of models -- makes such a rationalization feasible and, given other circumstances in this review, we conclude such a restructuring is likely. In doing so, the Japanese producers would be likely to rationalize their U.S. production and importation from Japan so as not to compete with the types of subject forklift trucks produced by their related U.S. subsidiaries. Therefore, the impact of revocation of the order would be very different for the U.S. subsidiaries of the Japanese producers than for the other non-related domestic producers that would have to compete with, rather than be shielded from, the subject imports.

Thus, based on the particular facts of this case, we find it appropriate to exclude these related U.S. subsidiaries, Mitsubishi Caterpillar, Toyota Industrial, Nissan Forklift, Komatsu USA, and TCM USA, from the domestic industry because they would be largely shielded from import competition and the impact of revocation of the order.[35] Accordingly, we define the domestic industry as the domestic producers of the domestic like product, such as NACCO, Clark, and Drexel, that are not subsidiaries of the Japanese producers.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON INTERNAL COMBUSTION INDUSTRIAL FORKLIFT TRUCKS FROM JAPAN WOULD BE LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[36] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation [of the order] . . . and the elimination of its restraining effects on volumes and prices of imports."[37] Thus, the likelihood standard is prospective in nature.[38] The statute states that

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[34] Komatsu USA established its manufacturing operation in Georgia during the second half of 1987 and thus prior to the 1988 order. CR at I-20, n.18; PR at I-14, n.18.

[35] The legislative history states regarding original investigations that if the "foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry." S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979).

[36] 19 U.S.C. § 1675a(a).

[37] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury (continued...)

"the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time."[39] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations]."[40] [41]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked."[42] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.[43] [44]

For the reasons stated below, we determine that revocation of the antidumping duty order on

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[37] (...continued)
standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry)." SAA at 883.

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

[39] 19 U.S.C. § 1675a(a)(5).

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

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

[42] 19 U.S.C. § 1675a(a)(1).

[43] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[44] Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings with respect to this antidumping duty order. See 64 Fed. Reg. 42662, 42664 (Aug. 5, 1999); CR/PR at Appendix A.

forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[45]

First, demand for internal combustion industrial forklift trucks has been strong since the end of the original investigation.[46] During the 1990s, demand for internal combustion industrial forklift trucks, which is not seasonal, has tracked the growth in the U.S. economy.[47] The strong U.S. economy is a principal driving factor in the continued strong demand for forklift trucks, which is expected to remain strong as long as the economy does well.[48]

Second, the composition of the domestic industry has changed significantly since the original investigation and the imposition of the antidumping duty order on imports from Japan in 1988. Of the eight domestic producers during the original investigation, only two remain in the industry today.[49] More significantly, five Japanese producers/exporters have established U.S. forklift truck manufacturing operations, have virtually ceased importation, and are serving the U.S. market through domestic production rather than through importation. Four out of the five U.S. manufacturing subsidiaries were established subsequent to the imposition of the antidumping duty order.[50]

Third, the record in this review demonstrates that the U.S. forklift truck market is highly competitive and, consequently, profit margins in this industry are modest.[51]

Fourth, internal combustion industrial forklift trucks have remained essentially unchanged since the original investigation.[52] These forklift trucks are differentiated by type of tire (cushion or pneumatic), type of engine (gasoline, LPG, or diesel), lift capacity, and front-end equipment.[53] U.S. producers manufacture standard forklift trucks on assembly lines and customize each order to provide

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[45] 19 U.S.C. § 1675a(a)(4).

[46] CR/PR at Table I-1.

[47] CR at II-7; PR at II-4.

[48] CR at II-9; PR at II-5 - II-6. NACCO indicates that it "expects demand to continue to grow, but at a rate substantially less than in the last 10 years. . . . project[ing] the growth rate of IC forklifts to be about 2 to 3 percent per year." NACCO's Posthearing Brief, Exhibit 1 at 8.

[49] CR at II-1 and 2; PR at II-1. The two original producers were Clark and Hyster, which is a part of NACCO. Through a series of acquisitions and mergers, domestic producers Hyster and Yale are a single entity NACCO. CR at I-23; PR at I-16. NACCO's Prehearing Brief at 2; NACCO's Posthearing Brief, Exhibit 1 at 1.

[50] Komatsu USA established its manufacturing operation in the second half of 1987 and thus prior to the 1988 order. CR at I-20, n.18; PR at I-14, n.18.

[51] INV-X-057/PR at Table III-7; NACCO's Prehearing Brief at 2 and 29.

[52] CR/PR at II-2.

[53] CR/PR at II-1.

whichever combination of the wide variety of features available that their customers desire.[54]

Finally, nonsubject imports have continued to account for a significant share of the U.S. market as they did during the original investigation. In 1998, nonsubject imports accounted for 21.9 percent of total apparent domestic consumption.[55] Nonsubject imports share of the U.S. market in interim period (January-September) 1999 was 29.1 percent of total U.S. apparent consumption.[56]

Based on the record evidence, we find that these conditions of competition in the U.S. forklift truck market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we have taken these conditions of competition into account in assessing the likely effects of revocation of the antidumping duty order in the reasonably foreseeable future.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of subject imports would be significant either in absolute terms or relative to the production or consumption in the United States.[57] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[58]

The statute provides that when an interested party withholds information that has been requested by the Commission, the Commission may "use the facts otherwise available in reaching" its determination.[59] As noted above, three Japanese forklift truck producers -- Toyota, Mitsubishi Heavy, and Komatsu -- responded to the Commission's notice of institution and indicated a willingness to participate in a full review. However, subsequent to the Commission's decision to conduct a full review, these three Japanese producers, which account for an estimated *** of Japanese production of forklift trucks in 1998,[60] declined to participate further and did not respond to the Commission's questionnaire.[61]

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[54] CR at I-17; PR at I-12.

[55] CR/PR at Table I-1.

[56] CR/PR at Table I-1.

[57] 19 U.S.C. § 1675a(a)(2).

[58] 19 U.S.C. § 1675(a)(2)(A)-(D).

[59] 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from the record of the original determination and from any other information placed on the record. Id.

[60] Calculated from responses to the Notice of Institution and Foreign Producer Questionnaires.

[61] Moreover, their U.S. subsidiaries -- Toyota Industrial, Mitsubishi Caterpillar, and Komatsu USA -- also declined to respond to the Commission's domestic producer questionnaire until the Commission issued subpoenas (continued...)

Thus, of the six Japanese producers, only three, TCM, Nissan Motor, and Sumitomo-NACCO, submitted data to the Commission by responding to the Commission's foreign producer questionnaire.[62] The three responding Japanese producers are estimated to account for approximately *** of Japanese production of forklift trucks in 1998.[63] In this review, the facts available to the Commission regarding the three non-responding Japanese producers include the record from the original investigation and additional information contained in the staff report gathered from public sources, from the parties, and from these Japanese producers in response to the notice of institution. In analyzing the likely volume and price effects of subject imports if the order is revoked, we have relied on the facts available in this review. Pursuant to our statutory authority, we have taken adverse inferences against the three non-cooperating Japanese producers in selecting from among the facts available.

During the period of the original investigation, U.S. imports of forklift trucks from Japan increased in both volume and value during each year of the period of investigation.[64] Moreover, U.S. market penetration by subject imports from Japan "was clearly significant throughout," accounting for "51.3 percent of U.S. apparent consumption in 1985, dropping to 49.6 percent in 1986, then rising to 51.4 percent in 1987."[65] Since imposition of the antidumping duty order in 1988, imports from Japan of subject forklift trucks have virtually ceased.[66] From a peak of 23,730 forklift trucks in 1987, shipments of subject imports have fallen to an estimated 18 forklift trucks in 1998.[67]

Several factors support the conclusion that subject import volume is likely to be significant if the order is revoked. First, the Japanese producers have substantial unused capacity in Japan. We have relied on the production capacity and capacity utilization information provided by U.S. producer NACCO, which is based on Japanese Industry Vehicle Association ("JIVA") statistics, for the non-responding Japanese forklift truck producers, and the information provided in the foreign producer questionnaire responses for the responding Japanese producers.[68] Subject Japanese capacity to produce

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[61] (...continued)
to compel their responses.

[62] There are six primary Japanese producers which account for virtually all Japanese production of subject forklift trucks, with a small number of low volume producers completing the industry.

[63] Calculated from responses to the Notice of Institution and Foreign Producer Questionnaires.

[64] Original Determination, USITC Pub. 2082 at 25; see also CR/PR at Table I-1.

[65] Original Determination, USITC Pub. 2082 at 25-26; see also CR/PR at Table I-1.

[66] CR/PR at Tables I-1 and IV-2.

[67] CR/PR at Table I-1.

[68] We take an adverse inference against Komatsu, Toyota, and Mitsubishi Heavy in selecting from the facts otherwise available and rely upon the Japanese production capacity figures provided by U.S. producer NACCO. See 19 U.S.C. § 1677e(b). We find that Komatsu, Toyota, and Mitsubishi Heavy have failed to cooperate to the best of their ability, despite informing the Commission of their willingness to participate at the adequacy stage of this review, and that the unrefuted evidence provided by the U.S. producer that is contrary to these Japanese producers' interests is credible, particularly given NACCO's extensive participation in the Japanese market through its affiliation with its joint venture in Japan that produces forklift trucks and its knowledge of the competitive conditions in that market. CR at I-23 and IV-6; PR at I-16 and IV-5.

forklift trucks was 114,036 trucks in 1998.[69] Overall Japanese capacity utilization rates were approximately 77 percent in 1998.[70] Of the six Japanese producers, the three responding Japanese producers reported a total excess capacity of 3,292 trucks in 1998, and an average capacity utilization rate of 87.4 percent.[71] In addition, the facts available for the three non-responding Japanese producers show a total excess capacity of 22,993 trucks in 1998, and an average capacity utilization rate of 73.9 percent.[72] Moreover, the excess capacity in Japan of approximately 26,300 trucks is particularly significant relative to apparent U.S. consumption of 85,747 trucks, and the domestic industry's U.S. shipments of *** in 1998.[73]

Second, responding Japanese producers have inventories as a share of their total shipments ranging from 5.4 percent to 6.7 percent over the period of this review.[74] In the absence of specific information from the non-responding Japanese producers, we infer that these producers have at least comparable inventory levels. These inventory levels are relatively high for an industry that typically sells a customized product and thus produces in response to orders.[75] By comparison, inventories for the U.S. producers as a share of their total shipments ranged from *** over the period of review.[76]

There is a significant incentive for the Japanese producers with substantial excess capacity and inventories to increase exports to the large U.S. market if the order is revoked. The United States is the largest market in the world for forklift trucks accounting for 34.2 percent of total world shipments in 1998.[77] The economic growth and strong demand for forklift trucks in the U.S. market provide a strong incentive to the export-oriented Japanese producers to once again commence exporting significant volumes to the U.S. market. Similar to the original investigation, Japanese forklift truck producers still are dependent on exports for more than half of their shipments; export shipments accounted for 53.7 percent of the responding Japanese producers' total shipments in 1998.[78] However, the destination of

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[69] Calculated from NACCO Prehearing Brief at 34 and foreign producer questionnaire responses. This capacity level is significantly greater than the capacity level of 89,147 trucks at the end of the original investigation. Original Determination, USITC Pub. 2082 -- Staff Report at Table 22.

[70] Calculated from NACCO Prehearing Brief at 34 and foreign producer questionnaire responses. This capacity utilization rate is significantly less than the capacity utilization rate of 97.5 percent in 1987 when the Japanese industry was exporting a substantial portion of its production to the United States. Original Determination, USITC Pub. 2082 -- Staff Report at Table 22.

[71] CR/PR at Table IV-4. The 1998 capacity utilization rates for the three responding Japanese producers were: *** for Nissan; *** for TCM; and *** for Sumitomo-NACCO. Calculated from foreign producer questionnaire responses for 1998.

[72] The 1998 capacity utilization rates for the three non-responding Japanese producers were: 73.6 percent for Toyota; 76.1 percent for Komatsu; and 70.3 percent for Mitsubishi. Calculated from NACCO's Prehearing Brief at 34.

[73] CR/PR at Tables I-1 and C-2.

[74] CR/PR at Table IV-4.

[75] CR at II-5; PR at II-3.

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

[77] NACCO's Prehearing Brief at 31.

[78] Original Determination, USITC Pub. 2082 -- Staff Report at Table 21 and CR/PR at Table IV-4. This (continued...)

those exports has changed significantly since the original investigation when almost half of the Japanese exports were shipped to the U.S. market. Since the imposition of the antidumping duty order, exports to the United States have virtually ceased and exports to markets other than the United States have absorbed the prior U.S. share, increasing from 28.4 percent of total Japanese shipments of forklift trucks in 1987 to 53.7 percent for reporting Japanese producers in 1998.[79] Moreover, home market shipments declined in absolute terms and as a share of reporting Japanese producers' total shipments from 14,290 trucks, or 53.4 percent, in 1997 to 10,700 trucks, or 46.3 percent, in 1998.[80] Without the discipline of the antidumping duty order, Japanese producers would have an incentive to re-direct the substantial excess capacity of forklift trucks in Japan, as well as their substantial exports to third countries, to the U.S. market.

Finally, as discussed above, apparently in response to the imposition of the antidumping duty order, the Japanese forklift truck producers ceased exporting to the United States and established U.S. production subsidiaries. We do not believe that these U.S. subsidiaries would impede the resumption and increase of subject imports to a significant level if the discipline of the antidumping duty order is removed. In fact, free of the restraining effects of the order, these global entities would have the flexibility to supply the U.S. market through a combination of production and importation. Moreover, the established customer base and distribution system would facilitate the Japanese producers' ability to increase sales of imported subject merchandise if the order was revoked.

The facts available regarding the activities of the U.S. subsidiaries indicate that these facilities are essentially assembly operations producing a range of models using domestically-manufactured frames. While the size and nature of these subsidiaries varies among the different companies, they are all characterized by low employment levels relative to their domestic producer counterparts. For example, U.S. subsidiaries Mitsubishi Caterpillar and Toyota Industrial, ***.[81] Moreover, most of the U.S. subsidiaries have a greater dependence than the domestic industry on foreign components and conduct little or no research and development in the United States.[82] In addition, some of the U.S. subsidiaries have ***.[83] Under these circumstances, rationalization of production, including repatriation of productive facilities, is both feasible and likely.

The varied size and nature of the Japanese producers' operations in the United States suggests that there would be a range of responses to revocation of the antidumping duty order.[84] These responses

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[78] (...continued)
percentage is based on information provided by the three responding Japanese producers. In the absence of specific information from the non-responding Japanese producers, we infer that their export shipments account for at least as great a share of their total shipments as the responding producers.

[79] Original Determination, USITC Pub. 2082 -- Staff Report at Table 21 and CR/PR at Table IV-4.

[80] CR/PR at Table IV-4. Interim period data shows a further decline in the quantity of trucks shipped to the home market in 1999 compared with 1998. Id.

[81] Questionnaire responses.

[82] INV-X-057 at Table I-5, and III-16; PR at Table I-5, and III-8; NACCO's Posthearing Brief, Exhibit 1 at 18.

[83] INV-X-057 at Table III-7 and CR at I-25 - I-27; PR at Table III-7, and I-17 and I-18. See also NACCO's Prehearing Brief at 36-38 and 41-42.

[84] According to NACCO,

(continued...)

are likely to vary from complete repatriation of production, where U.S. production is halted and all production returned to Japan with the U.S. market completely supplied by imports from Japan,[85] to rationalization of the U.S. and Japanese production operations to avoid duplication and improve production economies of scale. In rationalizing their global production, these Japanese producers would produce different models at different facilities, rather than all models at the U.S. operation, and supply the U.S. market through a combination of U.S. production and importation.[86]

In sum, the facts available indicate that the Japanese producers have the ability and incentive to increase exports to the United States, notwithstanding their U.S. operations. Moreover, the facts available indicate that the likely increase in imports from Japan would be directed so as to shield any production at the U.S. subsidiaries from competition with subject imports and more directly impact the domestic industry.

For the foregoing reasons, we find that the volume of subject imports would likely increase to a significant level within a reasonably foreseeable time if the antidumping duty order is revoked.

D. Likely Price Effects

In evaluating the likely price effects of subject imports if the order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of domestic like products.[87]

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[84] (...continued)
[o]n the one side are Komatsu and TMU [TCM] that have *** located in the United States. With revocation, it is likely that these Japanese producers would return all assembly to Japan and maintain their U.S. facilities simply as depot operations. On the other extreme is Toyota with a larger investment in the United States. It is unlikely that Toyota would relocate all its production of the subject merchandise to Japan. Instead, Toyota is more likely to rationalize its operations, such that assembly of its smaller lift capacity IC cushion and electric trucks would remain in the United States, while all IC pneumatic trucks and trucks with larger lift capacity would be imported from Japan. . . . The behavior of MCFA [Mitsubishi Caterpillar] would likely follow a similar pattern, with a rationalization of production of the Mitsubishi brand in Japan. Finally, the future of Nissan's U.S. operations is questionable given its parent company's poor financial status.

NACCO's Posthearing Brief, Exhibit 1 at 19.

[85] In that scenario, the Japanese producers/exporters are likely to use their U.S. subsidiary facilities as service depots. NACCO's Posthearing Brief at 6-7, and Exhibit 1 at 16.

[86] NACCO and Clark allege that the Japanese producers of forklift trucks have substantial unused production capacity, which is sufficient to nearly supply their entire U.S. subsidiary's U.S. shipments without adding capacity in Japan. Thus, according to NACCO and Clark, the excess capacity and unemployment in Japan would lead the Japanese transplants to cease most production operations in the United States and return production of complete and incomplete forklift trucks for the U.S. market to Japan. NACCO's Prehearing Brief at 35-43; Clark's Prehearing Brief at 6, 8-9; NACCO's Posthearing Brief at 3-14 (addresses each of the subsidiaries' prospects), and Exhibit 1 at 15-27.

[87] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in (continued...)

In the original determination, the Commission found that prices of subject imports had adversely affected prices of domestic forklift trucks. The evidence showed that in 18 out of 20 price comparisons involving U.S.-produced subject forklifts rejected in favor of Japanese trucks, the price of the purchased Japanese truck was lower than the price of the rejected U.S. truck, with margins of underselling ranging from 0.3 to 21.8 percent.[88] The Commission concluded that there was a consistent pattern of price underselling by subject imports.[89] The Commission also found that subject imports had a significant price suppressing effect on the prices of forklift trucks in the United States based on evidence that domestic producers' net unit values for forklift trucks either fell or remained flat during the original investigation.[90]

As the Commission found in the original investigation, the customized nature of the forklift truck makes price comparisons of limited value and thus the U.S. pricing data reflect average unit values rather than prices.[91] While domestic unit values for forklift trucks generally have increased since the original investigation, these values have remained relatively constant during the period of this review.[92] For example, pricing data provided for Products 1 and 3, which involved the largest number of U.S. sales, were either constant or declining slightly over the period of this review. Unit values for sales to dealers of Product 1 (cushion tires, 3,000 pound basic lift capacity, LPG system) ranged from a high of $13,922.02 in the second quarter of 1997 to a low of $13,200.16 in the fourth quarter of 1997. The unit value fluctuated within a narrow 5 percent range over the period of the review with no apparent trend.[93] Unit values for sales to dealers of Product 3 (cushion tires, 5,000 pound basic lift capacity, LPG system) ranged from a high of $16,465.86 in the fourth quarter of 1997 to a low of $15,692.576 in the first quarter of 1999. Unit values fluctuated more in 1999 for Product 3 and also declined relative to the prior time periods.[94]

The record in this review contains no evidence about the prices of the subject merchandise in the U.S. market because the subject imports have virtually ceased to enter the market subsequent to imposition of the order. However, the record does indicate that there is a high degree of substitutability between forklift trucks produced in the United States and those produced in Japan, if the Japanese product were to enter the U.S. market in commercial quantities.[95] Price is an important determinant in

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[87] (...continued)
considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[88] Original Determination, USITC Pub. 2082 at 26.

[89] Original Determination, USITC Pub. 2082 at 26.

[90] Original Determination, USITC Pub. 2082 at 27-28.

[91] CR at V-4; PR at V-3.

[92] See CR/PR at Tables V-1 - V-6 and Figures V-2 and V-3. See also NACCO's Prehearing Brief at 29; NACCO's Posthearing Brief, Exhibit 1 at 14.

[93] CR at V-5 and Table V-1; PR at V-4 and Table V-1.

[94] CR at V-5 and Table V-3; PR at V-6 and Table V-3.

[95] CR at II-10; PR at II-6. In response to the Commission's questionnaire, four out of five domestic producers and four purchasers indicated that Japanese-produced and U.S.-produced forklift trucks could be used
(continued...)

purchasing decisions in the forklift truck industry.[96] The presence of numerous forklift truck producers, as well as nonsubject imports, provides strong price competition in the U.S. forklift truck market overall and particularly regarding pricing within comparative models.[97]

Based on the facts available, we infer that the Japanese producers would revert to the pricing behavior evidenced during the original investigation and would undersell the domestic like product. Moreover, in rationalizing their U.S. and Japanese production operations, these Japanese entities would achieve production efficiencies and economies of scale which would enable them to price the models exported to the United States more aggressively than the current prices offered by their U.S. subsidiaries, while at the same time largely shielding their subsidiaries from adverse price effects. With market prices already low and remaining flat during the period of review, this additional supply of low-priced product would be likely to have significant adverse price effects. For the foregoing reasons, we find that revocation of the antidumping duty order would be likely to lead to significant underselling by the subject imports of the domestic like product, as well as significant price depression and suppression, within a reasonably foreseeable time.

E. Likely Impact

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[98] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[99] As instructed by the statute, we have considered the

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[95] (...continued)
interchangeably. CR at II-11; PR at II-7.

[96] CR at II-10; PR at II-6 and II-7; NACCO's Posthearing Brief at 14; NACCO's Prehearing Brief at 27.

[97] NACCO's Posthearing Brief, Exhibit 3 ("Toyota rising in forklift market," Gannet News Service, 1998) at 2 ("The increase in competition is driving profit margins down fast.") There is some evidence in the record that the price paid by end-users barely meets costs and that forklift truck dealers, thus, make their profits from parts sales and service contracts. Id. at 1 ("[b]ecause profits on forklift sales are slimmer than car and truck sales, even Toyota struggles to make money, relying on parts sales and service to keep dealers in business.")

[98] 19 U.S.C. § 1675a(a)(4).

[99] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In its expedited review of this order, Commerce found that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the following margins: Toyota Motor Corp. at 47.79 percent; Nissan Motor Corp. at 51.33 percent; Komatsu Forklift Co., Ltd. at 47.50 percent; Sumitomo-Yale Co., Ltd. at 51.33 percent; Toyo Umpaki Co., Ltd. at 51.33 percent;
(continued...)

extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.[100]

In the original investigation, the Commission found that the domestic industry had been materially injured by reason of the significant and increasing volume of forklift trucks from Japan, the high import penetration throughout the period of investigation, the consistent pattern of price undercutting by those imports, and the continuing and increasing operating losses of the domestic industry.[101] The Commission found that domestic net unit values for the period of investigation either fell or remained level suggesting that price suppression was occurring.[102] The Commission also considered that domestic producer prices were declining and operating losses increasing at a time when U.S. apparent consumption was increasing.[103]

As discussed above, we have considered the impact that revocation of the order would have on the domestic industry defined to exclude the related U.S. subsidiaries of Japanese producers since these subsidiaries would be largely shielded from the effects of renewed subject imports. The order appears to have had some beneficial effect on the domestic industry's performance. Since imposition of the order, the domestic industry has experienced marginal to moderate improvement in its financial performance. However, while domestic shipments in absolute terms have increased since the original investigation, the increases for these shipments during the period of review have not been at the same rate as the substantial increases in apparent consumption.[104] The domestic industry's share of apparent consumption was ***.[105] While subject imports disappeared from the market after imposition of the antidumping duty order, their share of the market was absorbed by the U.S. subsidiaries of the Japanese producers.[106] Despite the strong demand for forklift trucks, this industry has experienced low profitability during 1997

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[99] (...continued)
Sanki Industrial Co. at 13.65 percent; Kasagi Forklift, Inc. at 56.81 percent; and All Others at 39.45 percent. 64 Fed. Reg. at 42665 (Aug. 5, 1999).

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

[101] Original Determination, USITC Pub. 2082 at 28-29.

[102] Original Determination, USITC Pub. 2082 at 28.

[103] Original Determination, USITC Pub. 2082 at 28.

[104] For example, U.S. shipments by the domestic industry *** by value from 1997 to 1998. These shipments, however, *** in interim period 1999 compared with interim period 1998. CR/PR at Table C-2. Meanwhile, apparent U.S. consumption increased by 23.2 percent by quantity and 25.6 percent by value from 1997 to 1998. Apparent U.S. consumption, however, was 3.1 percent by quantity and 9.3 percent by value lower in interim period 1999 compared with interim period 1998. CR/PR at Table C-1.

[105] Calculated from CR/PR at Tables I-1 and C-2. This compares to the domestic industry's market share of *** in 1985. CR/PR at Table I-1.

[106] Compare CR/PR at Table I-1 to Table C-2. NACCO contends that "Japanese-brand IC trucks have ***. NACCO's Prehearing Brief at 2.

to 1999.[107] Moreover, in the most recent period when demand declined slightly, the domestic industry experienced *** declines in sales, financial performance, and market share.[108] Given the weak and declining financial performance of the domestic industry, we conclude that the domestic industry is in a weakened state and currently is vulnerable to material injury if the order is revoked.[109] [110]

As described above, we find that revocation of the order would likely result in a significant increase in the volume of subject imports, and that these aggressively priced shipments would likely undersell the domestic product and significantly depress or suppress the domestic industry's prices. We find that these developments would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, particularly given its vulnerable condition. This reduction in the industry's production, shipments, sales, market share, and revenues would result in further erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, based on the record in this review, we conclude that, if the antidumping duty order was revoked, subject imports from Japan would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on imports of forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury to the U.S. forklift truck industry within a reasonably foreseeable time.

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[107] The domestic industry's operating margin as a share of net sales was *** in interim period 1999. CR/PR at Table C-2.

[108] The domestic industry's U.S. shipments by quantity were *** in interim period 1999 compared with interim period 1998. CR/PR at Table C-2. The domestic industry's share of apparent U.S. consumption was *** in interim period 1999. Compare CR/PR at Tables C-1 and C-2.

[109] SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury .... If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further upon revocation of an order....").

[110] NACCO charges that the industry's "dismal financial performance despite healthy demand for IC forklifts in the United States highlights the extremely competitive nature of this industry and its clear vulnerability to material injury if unfairly traded imports from Japan were to resume." NACCO's Prehearing Brief at 21-22.

DISSENTING VIEWS OF CHAIRMAN LYNN M. BRAGG AND COMMISSIONERS THELMA J. ASKEY AND DEANNA TANNER OKUN

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

I. BACKGROUND

In May 1988, the Commission determined that an industry in the United States was materially injured by reason of imports of forklift trucks from Japan that were sold at less than fair value.[1] In June 1988, the Department of Commerce ("Commerce") issued an antidumping duty order on imports of forklift trucks from Japan.[2] The Commission instituted this five-year review on April 1, 1999.[3]

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.[4] If the Commission finds the responses from either group of interested parties to be inadequate, the Commission may determine, pursuant to section 751(c)(3)(B) of the Act, to conduct an expedited review unless it finds that other circumstances warrant a full review.

In this review, the Commission received individual responses to the notice of institution from three domestic producers of forklift trucks, Clark Material Handling Company ("Clark"), NACCO Materials Handling Group, Inc. ("NACCO"), and TCM Manufacturing USA, Inc. ("TCM USA"). Four Japanese manufacturers, Komatsu Forklift Co., Ltd. ("Komatsu"), Mitsubishi Heavy Industries, Ltd. ("MHI"), Toyo Umpanki Co., Ltd. ("TCM"), and Toyota Motor Corporation ("Toyota"), and one U.S. importer of forklift trucks, Toyota Motor Sales, U.S.A., Inc. ("Toyota USA"), filed responses to the notice of institution.

On July 2, 1999, the Commission determined that both the domestic and respondent interested party group responses to its notice of institution were adequate. Pursuant to 19 U.S.C. § 1675(c)(5), the Commission decided to conduct a full review of this matter.

Three of the four Japanese producers that entered appearances and responded to the notice of institution did not participate further in this review. However, other Japanese manufacturers, domestic producers, importers, and purchasers responded to the Commission's questionnaires. Only domestic producers NACCO and Clark filed any briefs and/or comments in this review.

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[1] Internal Combustion Engine Forklift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082 at 1 (May 1988) ("Original Determination").

[2] 53 Fed. Reg. 20882 (June 7, 1988).

[3] 64 Fed. Reg. 15786 (April 1, 1999).

[4] *See* 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[5] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[6] In its final five-year review determination, Commerce defined the subject merchandise as:

> internal-combustion, industrial forklift trucks, with lifting capacity of 2,000 to 15,000 [sic] pounds, from Japan. The products covered are described as follows: assembled, not assembled, and less than complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane, or diesel fuel internal-combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles. Less than complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by this order.[7]

Forklift trucks are self-propelled work trucks with platforms that can be raised and lowered for insertion under a load to be lifted or transported. Forklift trucks are produced in a variety of basic types, including counterbalanced, narrow aisle, sideloader, orderpicker, and turret. There are two basic fabrication processes involved in the production of internal combustion forklifts before assembly -- the production of the frame and the production of the mast. The final product is normally finished with customer-specified options.[8]

In its original determination, the Commission defined the domestic like product as forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds and with a U.S.-produced frame.[9] None of the additional information collected in this review warrants a departure from that definition.[10] Moreover, NACCO and Clark indicated in their submissions to the Commission that they agree with the

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[5] 19 U.S.C. § 1675(4)(A).

[6] 19 U.S.C. § 1677(10). *See* Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991). *See also* S. Rep. No. 96-249 at 90-91 (1979).

[7] 64 Fed. Reg. 42662 (August 5, 1999).

[8] Confidential Report ("CR") at I-14-17, Public Report ("PR") at I-10-12.

[9] Original Determination at 17.

[10] While the record provides some indication that the distinctions between internal-combustion and electric forklift trucks have narrowed somewhat in the past decade, the two classes continue to be distinguishable on the basis of distinct physical characteristics, separate production facilities, and different uses. CR at I-18-I-20 and II-5, PR at I-12-13 and II-3. For the same reasons, including the pronounced differences in production methods and facilities, heavy-lift and industrial forklift trucks remain highly distinguishable. CR at I-17-20, PR at I-12-13.

Commission's original domestic like product determination. Accordingly, based on the record evidence, we define the domestic like product as internal combustion industrial forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds and with a U.S.-produced frame.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[11] Given our finding with respect to the domestic like product, we find that the domestic industry includes the following firms that produced forklift trucks in the United States during the period of review: NACCO, Clark, Drexel, Toyota Industrial, Mitsubishi Caterpillar, Nissan Forklift, and TCM USA. However, we exclude an additional firm, Komatsu USA, from the domestic industry because it produced forklift trucks ***. Our evaluation of Komatsu's status was complicated by its failure to provide detailed information regarding its operations. However, the *** employment levels reported by Komatsu USA and its inability to ***, convince us that Komatsu USA should not be considered a domestic producer. Moreover, Komatsu USA ***, and thus, accounted for the equivalent of only *** of domestic production in 1998.[12]

C. Related Parties

We must further decide whether any producer of the domestic like product should be excluded from the domestic industry as a related party pursuant to section 771(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers. Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[13]

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[11] 16 U.S.C. § 1677(4)(A).

[12] U.S. production is limited to forklift trucks produced from U.S.-origin frames. "Forklift trucks" include "less than complete" forklift trucks (including, inter alia, a frame by itself). Therefore, the limited quantity of forklift trucks nominally produced by Komatsu USA is ***. *See* CR at III-5 and n.3, PR at III-2 and n.3; Komatsu's Response to the Notice of Institution at 5.

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

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

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S.

(continued...)

In this review, a related party issue arises with respect to U.S. forklift truck producers Toyota Industrial, Mitsubishi Caterpillar, Nissan Forklift, and TCM USA. Each of these producers is wholly or majority owned by, and thus directly controlled by, Japanese manufacturers and/or exporters of the subject merchandise.[14] As a result of their corporate relationship with subject manufacturers and/or exporters, Toyota Industrial, Mitsubishi Caterpillar, Nissan Forklift, and TCM USA, each meets the statutory definition of a related party. We therefore turn to the issue of whether appropriate circumstances exist to exclude any of these related party domestic producers from the domestic industry.

With the exception of minimal imports in ***, the four related party producers did not import, nor did their Japanese parent corporations export, the subject merchandise into the United States during the period of review.[15] Indeed, with regard to Nissan Forklift and TCM USA, ***.[16]

The record also indicates that three of the U.S. producers with Japanese parent corporations (Toyota Industrial, ***, and ***) have made substantial investments in their U.S. operations. Toyota Industrial's U.S. investments exceed $100 million, ***'s U.S. investments exceed ***, and ***'s U.S. investments exceed ***.[17] As a result of these significant investments, Toyota Industrial accounted for *** of 1998 domestic production and *** for *** percent of 1998 domestic production; therefore, the exclusion of either of these producers from the domestic industry would skew the industry data.[18]

While TCM USA's investments in the United States, at ***, as noted above, TCM USA ***, nor has its Japanese parent corporation exported, ***.[19] In addition, in 1998, *** percent of TCM USA's total costs for production of its model with the highest sales volume were attributed to products sourced domestically, including such major components as the ***.[20]

Based upon these findings, we determine that these producers' primary interests lie in domestic production. Moreover, the record does not indicate that the related U.S. producers have been, or are likely to be, insulated from the impact of the subject imports. Accordingly, we determine that appropriate circumstances do not exist to exclude any of these four related party producers from the domestic industry.

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[13] (...continued)
production for related producers and whether the primary interest of the related producer lies in domestic production or importation. *See, e.g.*, Sebacic Acid from the People's Republic of China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793, at I-7-8 (July 1994).

[14] The Commission previously has decided that "control does not exist, absent evidence to the contrary, if the ownership interest is less than that necessary, in and of itself, to establish control." Certain Structural Steel Beams from Germany, Japan, Korea, and Spain, Inv. Nos. 701-TA-401 and 731-TA-852-855 (Preliminary), USITC Pub. 3225 at 8, n.40 (Sept. 1999); *see also* Engineered Process Gas Turbo-Compressor Systems from Japan, Inv. No. 731-TA-748 (Preliminary), USITC Pub. 2976 at 8 (July 1996).

[15] CR at I-25-27 (as revised), PR at I-17-18.

[16] CR at I-26 and IV-5, PR at I-18 and IV-4.

[17] CR I-26 and III-17 (as revised), PR at I-17-18 and III-10; and ***'s questionnaire response.

[18] Table I-6, CR at I-21, PR at I-14.

[19] CR at I-26, PR at I-17; Table I-6, CR at I-21, PR at I-14.

[20] Table I-5, CR at I-13, PR at I-9; Table E-5, CR at E-7, PR at E-3.

III. REVOCATION OF THE ORDER ON INTERNAL COMBUSTION INDUSTRIAL FORKLIFT TRUCKS FROM JAPAN IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[21] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation [of the order] . . . and the elimination of its restraining effects on volumes and prices of imports."[22] Thus, the likelihood standard is prospective in nature.[23] The statute states that "the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time."[24] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis [in antidumping and countervailing duty investigations]."[25]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked."[26] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.[27] [28]

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[21] 19 U.S.C. § 1675a(a).

[22] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry)." SAA at 883.

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

[24] 19 U.S.C. § 1675a(a)(5).

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

[26] 19 U.S.C. § 1675a(a)(1).

[27] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the (continued...)

Section 751(c)(3) of the Act and the Commission's regulations provide that in an expedited five-year review the Commission may issue a final determination "based on the facts available, in accordance with section 776."[29] Section 776 of the Act, however, does not limit the use of facts available to an expedited review but generally authorizes the Commission to "use the facts otherwise available" in reaching a determination. We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."[30] In performing our analysis regarding the likelihood of continuation or recurrence of material injury in this review, we have relied on the facts available, which consist primarily of the record in the Commission's original investigation, information collected by the Commission since the institution of this review, information submitted by responding parties, and information obtained from Toyota Industrial, Mitsubishi Caterpillar, and Komatsu USA in response to Commission-issued subpoenas.

For the reasons stated below, we determine that revocation of the antidumping duty order on forklift trucks from Japan would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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[27] (...continued)
Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[28] Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings for the merchandise subject to this review.

[29] 19 U.S.C. § 1675(c)(3)(B); 19 C.F.R. § 207.62(e). Section 776 of the Act, in turn, authorizes the Commission to "use the facts otherwise available" in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from information from the record of our original determination and any other information placed on the record. *Id.*

[30] SAA at 869.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the Commission is directed to evaluate all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[31] In performing our analysis under the statute, we have taken into account the following conditions of competition in the U.S. market for forklift trucks.

Overall U.S. demand for forklift trucks tends to track the performance of the general economy, and has increased significantly since the late 1980s. Indeed, apparent U.S. consumption of forklift trucks has increased from 46,152 units in 1987 to 85,747 units in 1998. While this reflects, in part, the general economic expansion in the United States over this period, changes in corporate purchasing strategies also have contributed to higher turnover and heightened demand for forklift trucks.[32] Moreover, purchasers are unlikely to replace the forklift trucks that are the subject of this review with other vehicles. There are no large-scale substitutes for internal combustion industrial forklift trucks.[33]

The ability of the domestic industry to supply the U.S. market has more than matched the significant increase in demand for forklift trucks. The record in the original investigation identified eight U.S. producers of forklift trucks. While the composition and structure of the domestic industry has changed over time, the domestic industry still consists of at least eight U.S. firms manufacturing forklift trucks, although only two of the original producers remain.[34] Subsequent to (or contemporaneous with, in the case of Komatsu) the original investigation and the issuance of the order in 1988, five Japanese importers established production facilities in the United States and now serve the U.S. market through domestic production or assembly operations rather than through imports of forklift trucks from Japan. Three of these companies, as noted above, have made substantial investments in domestic production. Overall, U.S. companies with Japanese parent corporations accounted for about *** of U.S. production in 1998.[35]

Largely as a result of the Japanese producers' investments in U.S. production, and the corresponding increase in domestic capacity, the reported market share held by domestic forklift truck producers has risen from *** percent in 1987 to 78.1 percent in 1998.[36] The record also indicates a

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[31] 19 U.S.C. § 1675a(a)(4).

[32] Specifically, cost management considerations favor reducing the age of forklift fleets in order to reduce maintenance costs. Moreover, purchasers have placed increased emphasis on leasing forklift trucks, effectively shortening new equipment life cycles. CR at II-7 and II-9, PR at II-4-5 and II-6.

[33] Specially-equipped construction and farm tractors can, in limited instances, be substitutes for forklift trucks. Also, over time declining operating costs and increased durability have increased the attractiveness of electric forklift trucks. However, most producers indicate that it would take a significant change in price to induce their customers to shift to electric forklift trucks. CR at II-7-8, PR at II-5. Posthearing Brief of NACCO, exh. 1 at 11.

[34] CR at II-1-2, PR at II-1.

[35] CR at II-2, PR at II-1-2; Table I-6, CR at I-21, PR at I-14.

[36] Table I-1, CR at I-2, PR at I-2. U.S. producers' capacity in 1998 was reported as 95,330 units with production of 74,611 units. CR at II-2, PR at II-2. These figures show a ***-percent increase in capacity and a ***-percent increase in production between 1987 and 1998. CR at II-2, PR at I-2.

substantial increase in domestic capacity utilization from the time of the original investigation, rising from 47.3 percent in 1987 to 78.3 percent in 1998.[37]

As U.S. forklift truck demand, and the domestic industry's ability to meet that demand, has grown, so too has the average unit value of domestic shipments, increasing from *** in 1987 to $17,924 in 1998.[38] And while we recognize that comparing unit values over time may be of limited value due to differences in product mix, the fact that the product has remained essentially unchanged since the original investigation underscores the probative value of average unit value comparisons in this review.

Based on the record evidence, we find that these conditions of competition in the U.S. forklift truck market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the U.S. forklift truck market provide us with a reasonable basis upon which to assess the likely effects of revocation of the antidumping duty order within a reasonably foreseeable time.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[39] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[40]

The Commission's original determination noted that the volume of subject imports from Japan increased in both value and unit terms, albeit modestly, during each year of the period of investigation. During that period, U.S. shipments of imported forklift trucks from Japan increased from 22,191 units in 1985 to 23,730 units in 1987. Further, the Commission found that the market share of imports from Japan was significant throughout and even increased slightly during the period of investigation. The Commission noted that imports from Japan accounted for 51.3 percent of apparent U.S. consumption in 1985, 49.6 percent in 1986, and 51.4 percent in 1987.[41]

During the original period of investigation, Japan was an important source of imported forklift trucks for the U.S. market, at a time when U.S. demand exceeded U.S. capacity by more than *** percent.[42] During that period, U.S. producers themselves accounted for a large share of U.S. imports of

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[37] Table I-1, CR at I-3, PR at I-3. Indeed, domestic producers can now supply the domestic market in full, and have expanded into transnational alliances that allow them to penetrate the critical European and Asian markets.

[38] Table I-1, CR at I-3, PR at I-3.

[39] 19 U.S.C. § 1675a(a)(2).

[40] 19 U.S.C. § 1675a(a)(2)(A)-(D).

[41] Original Determination at 25-26.

[42] In 1987, U.S. producers had sufficient capacity to produce only *** forklift trucks. Apparent U.S.
(continued...)

forklift trucks from Japan and *** imports of forklift trucks from countries other than Japan. Only *** of eight active U.S. producers in 1987 *did not* import forklift trucks. Indeed, in 1987, Yale Materials Handling Corp. (now part of the corporate structure of domestic interested party NACCO) was ***.[43]

The antidumping duty order had a significant restraining effect on subject imports. Subject imports from Japan fell precipitously after imposition of the order.[44] Over time, the quantity of reported U.S. shipments of forklift trucks manufactured in the United States has increased from *** units in 1987 to 66,963 units by 1998. U.S. shipments of imports from nonsubject countries have increased somewhat between 1987 and 1998, rising from *** units to 18,766 units, while U.S. shipments of Japanese imports have tumbled from 23,730 units to only 18 units.[45] Similarly, the reported market share held by forklift trucks manufactured in the United States has risen from *** percent in 1987 to 78.1 percent in 1998.[46]

As noted in our earlier discussion, the record indicates a substantial change in the conditions of competition since the time of the original investigation, namely the sizeable investment in productive facilities in the United States by the major Japanese manufacturers of forklift trucks. Therefore, although we conclude that the antidumping duty order contributed significantly to the reduction in shipments of subject merchandise to the United States, we do not view this change in the market as one that is likely to be reversed within a reasonable foreseeable time if the order is revoked.

Based on the responses of the three reporting Japanese manufacturers, capacity utilization has fallen from 96.5 percent in 1997 to 87.4 percent in 1998 and 80.7 percent in the first three quarters of 1999.[47] Although Nissan, TCM, and NACCO-Sumitomo have limited amounts of available capacity, none of these companies could come close to ***.

As discussed previously, not all of the Japanese manufacturers provided the Commission with complete data for their forklift truck operations in Japan. Accordingly, we have considered data provided by the domestic interested parties for the capacity utilization rates of Toyota, MHI, and Komatsu. The capacity utilization rates of each of these manufacturers approximate those of ***.[48]

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[42] (...continued)
consumption in 1987 was 46,152 forklift trucks. Table I-1, CR at I-2-3, PR at I-2-3.

[43] *Original Confidential Report* at A-13, 14, and 17, Original Determination at A-9 and A-11; *See also Original Confidential Report* at A-69, Original Determination at A-48.

[44] Japanese manufacturers TCM, and Nissan Motor Co. have not exported the subject merchandise to the United States since ***; Sumitomo-NACCO has not exported the subject merchandise to the United States since ***; and MHI and Toyota ***. CR at IV-5-7, PR at IV-4-6; Toyota Response to Notice of Institution at 4; June 3, 1999 letter from counsel for MHI. Komatsu ***. Komatsu Response to Notice of Institution at 8.

[45] Table I-1, CR at I-2-3, PR at I-2-3.

[46] Table I-1, CR at I-2, PR at I-2. The market share of nonsubject imports decreased between 1987 and 1998, falling from *** to 21.9 percent. During January-September 1999, the share of U.S.-manufactured forklift trucks fell to 70.9 percent of the market, while nonsubject imports rose to 29.1 percent. This shift reflects in large part U.S. producer and domestic interested party NACCO's decision to ***. *See* Table I-8, CR at I-30, PR at I-20 and Table III-7, CR at III-11, PR at III-7. Also, U.S. producer and domestic interested party Clark ***. CR at I-25, PR at I-17.

[47] Table IV-4, CR at IV-9, PR at IV-7.

[48] *See* Posthearing Brief of NACCO at 8. While we take into account the fact that overall capacity data are not limited to the subject merchandise, it is reasonable to assume that the capacity utilization rates are applicable for production of the subject merchandise.

As we previously noted, the level of investment in U.S. production facilities by several of the U.S. producers with Japanese corporate parents is significant. In light of the substantial and continuing investment in U.S. facilities by at least three U.S. producers with Japanese corporate parents (Toyota, ***, and ***) over the past decade, substantial repatriation by these companies is most unlikely. Moreover, even rationalization of production between the Japanese and the U.S. manufacturing facilities would be unlikely to result in a significant *net* shift in the volumes of forklift trucks produced in the United States.[49]

The Nissan and TCM operations in Japan, both of which have low antidumping duty margins, ***.[50] MHI has established a significant manufacturing presence in the United States, and now has *** available capacity in Japan than ***.[51] Likewise, while Toyota's Japanese operations ***, Toyota has maintained a significant U.S. presence. Only Komatsu combines ***, a minimal U.S. presence, and high antidumping duty margins. However, Komatsu's establishment in the United States, though modest in terms of its manufacturing activities, is the oldest of all the transplants; it is the only transplant that pre-dates the antidumping duty order; and it is already dependent upon ***).[52]

Thus, wholesale relocation to Japan or even a substantial shift in operations at the expense of U.S. manufacturing or assembly appears unlikely. As they have in Europe, Japanese brand forklift trucks are likely to maintain their U.S. market presence through host market manufacturing.[53]

The Japanese industry's potential for product shifting also is limited by dedicated assembly lines.[54] Japanese manufacturers have only modest existing inventories (peaking at 6.7 percent of total shipments in 1997).[55] Finally, Japanese manufacturers dominate their home market and have a number

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[49] Among the firms with Japanese corporate parents, those U.S. producers with the most significant capital investment in U.S. operations -- *** -- produce electric forklift trucks as well as internal combustion forklift trucks in the United States, even though the former category of forklift truck is not subject to any U.S. import restraint. *See* questionnaire responses of ***. We believe that this is an additional indication of these firms' commitment to the production of forklift trucks in the United States.

We have also considered, but found unlikely, the prospect that the capability of these firms to produce electric forklift trucks in the United States might contribute to a significant shift in production (in the form of product line rationalization) if the antidumping duty order were to be revoked. As noted in the Commission Report, despite certain similarities in the production processes, electric and internal combustion forklift trucks are not produced on the same assembly lines or with the same production crews by any of the major U.S. or Japanese producers. CR at I-18, PR at I-12. Further, we have considered the extent to which firms with U.S. and Japanese operations might shift between heavy-lift and industrial forklift trucks. We do not find a significant shift in production to be likely, given that heavy-lift forklift trucks are not built on assembly lines at all, but are produced individually in bays to accommodate the customized nature of these vehicles. CR at I-17-18, PR at I-12.

[50] Neither manufacturer/exporter has had a margin of greater than 7.39 percent since Commerce's first administrative review of the antidumping duty order. Table I-2, CR at I-7, PR at I-6. Nevertheless, neither company has exported forklift trucks to the United States ***.

[51] *See* Posthearing Brief of NACCO at 8.

[52] Because most of Komatsu USA's forklift trucks are manufactured from ***.

[53] *See* Posthearing Brief of NACCO at exh. 1, p. 7.

[54] *See* CR at I-17, 18; PR at I-12.

[55] Table IV-4, CR at IV-9, PR at IV-7.

of viable export markets.[56] Although reported export quantities have declined during the period 1997-99, there are no reported antidumping duty orders in place against Japanese forklift trucks except in the United States.[57]

Based on the foregoing, we find it likely that manufacturers in Japan would not, upon revocation of the order, increase exports to the U.S. market, and that the subject import volume would not rise significantly if the antidumping duty order was removed.[58] Consequently, we conclude that, absent the order, subject imports likely would not increase to a significant level, nor regain a significant share of the U.S. market.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the order under review is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.[59]

During the original investigation, three Commissioners emphasized increases in volume and market share (from already significant levels), a consistent pattern of price undercutting, and generally declining average unit values of U.S.-produced forklift truck models.[60] The three remaining Commissioners focused on the very low capacity utilization of the domestic industry, the high dumping margins and large market shares of the subject merchandise, and the (at least) moderate substitutability between the domestic like product and the subject merchandise, concluding that "but for" the dumped imports, the domestic industry could have increased production, sales, and (to some extent) prices.[61]

Because all of the Japanese manufacturers have U.S. affiliates engaged in forklift truck operations, but in little or no importation, the record in this review contains pricing data for the U.S. market that is limited to the prices of U.S. producers. Pricing data for individual models of U.S.-produced forklift trucks indicate that, in many instances, prices remained stable or, in some instances, declined somewhat between 1997 and 1999.[62] As the domestic interested parties acknowledge, the U.S. market as presently structured is competitive.[63] Accordingly, the limited domestic price declines

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[56] *See* Posthearing Brief of NACCO, exh. 1 at 7 (Japanese manufacturers account for 99.8 percent of forklift truck shipments in Japan). Exports as a share of total shipments rose from 46.6 percent in 1997 to 53.7 percent in 1998 and 53.4 percent in the first three quarters of 1999. Table IV-4, CR at IV-9, PR at IV-7.

[57] Table IV-4, CR at IV-9, PR at IV-7.

[58] *See* SAA at 890.

[59] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[60] Original Determination at 25-29.

[61] Original Determination at 41-51, 85-95, and 129-144.

[62] Tables V-1 through V-6, CR at V-7 through V-12, PR at V-4 through V-8.

[63] NACCO argued that one must differentiate between the pre-order competitive environment dominated (continued...)

occurred with virtually no competition in the U.S. market from Japanese imports, and with limited competition from nonsubject imports.

The information in the record suggests that, while price is an important factor for purchasers, competition also is based on a number of other factors, including dealer relationships, availability, quality, service capability, after market support, and customer preference. The first three factors (dealer relationships, availability, and quality) are frequently considered to be more important than price.[64] Moreover, some customers appear to have strong preferences for U.S.-produced forklift trucks, based on the role of "Buy American" policies. Two of ten reporting purchasers bought forklift trucks wholly or primarily in accordance with "Buy American" policies, while a third indicated that one-quarter of its purchases were based on "Buy American" policies.[65]

Given the substantial presence of producers in the U.S. market that are affiliated with Japanese manufacturers, we find it unlikely that, absent the order, competitive conditions would return to those prevailing prior to imposition of the order. Moreover, consistent with our finding that it is unlikely that there will be significant volumes of forklift trucks absent the order, we find it unlikely that imports will have any significant price effects on the domestic market if the order is revoked. There is simply no incentive for Japanese producers to revert to widespread price undercutting or to engage in aggressive pricing practices with regard to exports to the U.S. market if the order is revoked. Thus, we find that revocation of the antidumping duty order likely would not lead to significant underselling by the subject imports of the domestic like product, or to significant price depression or suppression, within a reasonably foreseeable time.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[66] All relevant economic factors are to be considered within the context of the business cycle

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[63] (...continued)
by Japanese imports and the post-order competitive environment, in which Japanese transplants must operate under the same cost structure as other U.S. producers. Posthearing Brief of NACCO, exh. 1 at 14. If cost structures were the central issue, this exercise would be more like a case study on comparative advantage rather than one of past and allegedly future unfair trade.

[64] CR at II-10, PR at II-6-7.

[65] CR at II-10-11, PR at II-7. NACCO noted that formal "Buy American" policies have never been prevalent in the market, but that informal policies were frequently implemented against purchasing Japanese products. Initially, these policies extended to the U.S. producers with Japanese corporate parents but, according to NACCO, this sentiment has declined. Posthearing Brief of NACCO, exh. 1 at 12.

[66] 19 U.S.C. § 1675a(a)(4).

and the conditions of competition that are distinctive to the industry.[67] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.[68]

In the original investigation, the Commission determined that the domestic industry producing forklift trucks was materially injured by reason of a significant volume of LTFV imports of forklift trucks that were underselling the domestic like product. The Commission noted that while apparent U.S. consumption rose throughout the period 1985-87, general trade indicators (production, U.S. shipments, and employment) fell between 1985 and 1986, then fell more sharply between 1986 and 1987. Weak financial performance (falling sales and rising operating losses) indicated that the domestic industry was in a "poor condition."[69]

Apparent U.S. consumption of forklift trucks has increased over the past decade, rising from 46,152 units in 1987 to 85,747 units in 1998. The quantity of U.S. shipments of forklift trucks manufactured in the United States has increased far more substantially, however, rising from *** units in 1987 to 66,963 units by 1998.[70] Similarly, the reported market share held by forklift trucks manufactured in the United States has more than ***, rising from *** percent in 1987 to 78.1 percent in 1998.[71]

The domestic industry reported employing approximately *** more workers in 1998 than in 1987. Worker productivity has risen at an even faster rate than hourly wages, resulting in lower unit labor costs. While substantial investments have contributed to increased capacity, sharply higher production means that capacity utilization rates have risen from 47.3 percent in 1987 to 78.3 percent in 1998. In 1987, U.S. firms manufacturing forklift trucks lost $*** million, the equivalent of *** percent of net sales. In 1998, U.S. firms manufacturing forklift trucks earned $62.1 million, the equivalent of 4.7 percent of net sales.[72]

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[67] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887.

In its review of this order, Commerce found that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the following margins: Toyota Motor Corp. at 47.79 percent; Nissan Motor Corp. at 51.33 percent; Komatsu Forklift Co., Ltd. at 47.50 percent; Sumitomo-Yale Co., Ltd. at 51.33 percent; TCM Corp. at 51.33 percent; Sanki Industrial Co. at 13.65 percent; Kasagi Forklift, Inc. at 56.81 percent; and all others at 39.45 percent. 64 Fed. Reg. at 42665 (Aug. 5, 1999).

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

[69] Original Determination at 21-22.

[70] Table I-1, CR at I-2-3, PR at I-2-3. In addition, both the volume and value of the domestic producers' export shipments have grown substantially. Export shipments increased from *** units in 1987 to 6,841 units in 1998, while the average unit value of these shipments increased from *** in 1987 to $19,189 in 1998. *Id.*

[71] Table I-1, CR at I-2, PR at I-2.

[72] Table I-1, CR at I-2-3, PR at I-2-3. Even during the period January-September 1999, the U.S.

(continued...)

NACCO argues that the domestic industry is in a "weakened state," citing dismal financial performance and the cash flow problems of NACCO and Clark, as well as only slightly better performance among the transplant companies.[73] NACCO also contends that it lacks sufficient financial resources to support its R&D requirements, and thus remains vulnerable to material injury.[74]

The record indicates that U.S. manufacturers' operating income levels have been at least moderate throughout the period examined in this review. As a ratio to net sales, operating income was 2.8 percent in 1997, reached 4.7 percent in 1998, and was 1.0 percent in the first three quarters of 1999.[75] While cash flow has fluctuated widely in recent years, R&D and capital expenditures were higher in the first three quarters of 1999 than in the first three quarters of 1998.[76]

Based on the foregoing, we conclude that the industry is not in a "weakened state," as contemplated by the vulnerability criterion of the statue.[77]

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

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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[72] (...continued)
manufacturers of forklift trucks reported operating income of $8.4 million, equivalent to 1.0 percent of net sales. *Id.*

[73] Prehearing Brief of NACCO at 18 and 21-23.

[74] Posthearing Brief of NACCO, exh. 1 at 5. NACCO did not directly address the question regarding whether diversification of sourcing (*i.e.,* ***) and investment (joint ventures in Japan and China) make it less vulnerable to material injury. It did note that, to survive in the global market, a company must have a presence in each of the three main forklift markets: the United States, Europe, and Japan. Posthearing Brief of NACCO, exh. 1 at 26.

[75] The lower operating income in 1999 reflects a sharp increase in per-unit costs of goods sold. *See* Table III-6, CR at III-10, PR at III-7. It is unclear to what extent the higher unit COGS can be attributed to NACCO's decision to ***.

[76] Table III-5, CR at III-8, PR at III-6, and Table III-10, CR at III-17, PR at III-10.

[77] 19 U.S.C. § 1675a(a)(1)(C). *See* SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury. . . . If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further upon revocation of an order.").

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On April 1, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930, that it had instituted a review to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would likely lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. On July 2, 1999, the Commission determined that a full sunset review pursuant to section 751(c)(5) of the Act should proceed.[1] Specific information regarding the scheduling of this review is set forth below:

Effective Date	Action	*Federal Register* Citation
April 1, 1999	Commission's institution of five-year review	64 FR 15786 (April 1, 1999)
July 2, 1999	Commission's decision to conduct full review	64 FR 38475 (July 16, 1999)
August 5, 1999	Commerce's final results of expedited sunset review	64 FR 42662 (August 5, 1999)
August 23, 1999	Commission's scheduling of full review	64 FR 46952 (August 27, 1999)
January 25, 2000	Scheduled date for Commission's hearing[1]	N/A
January 28, 2000	Cancellation of the hearing and revision of schedule[1]	65 FR 5660 (February 4, 2000)
March 22, 2000	Commission's vote	N/A
April 4, 2000	Commission's determination transmitted to Commerce	N/A
[1] The hearing was not held as scheduled because of the closure of the Federal Government in Washington, DC on January 25-26, 2000, due to inclement weather. Rather than rescheduling the hearing, the Commission decided to accept written testimony in lieu thereof; the Federal Register notice announcing this is presented in app. A.		

SUMMARY DATA

A summary of data collected in the review is presented in appendix C, tables C-1 and C-2. Except as noted, U.S. industry data are based on questionnaire responses of eight firms that accounted for virtually all of the production of internal combustion industrial forklift trucks in 1997-99. U.S. import data are based on questionnaire responses of 23 firms, *** reported imports from Japan,[2] plus data obtained from the U.S. Customs Service. Available comparative data from the original investigation and the current review are presented in table I-1.

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[1] The Commission's notice of institution, notice of decision to conduct a full review, and scheduling notice are presented in app. A; these notices may also be found at the Commission's web site *(http://www.usitc.gov)*. The Commission's statement on the adequacy of the responses to its notice of institution is presented in app. B and is available at the Commission's web site; the Commissioners' votes on whether to conduct an expedited or a full review may also be found at the web site.

[2] ***. This *** quantity has been disregarded in favor of estimates by Commission staff of overall imports from Japan based upon data obtained from the U.S. Customs Service (see page IV-1).

Table I-1
Internal combustion industrial forklift trucks: Comparative data from the original investigation and the current review, 1985-87, 1997-98, January-September 1998, and January-September 1999

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

Item	1985	1986	1987	1997	1998	January-September	
						1998	1999
U.S. consumption quantity:							
Amount	43,293	44,376	46,152	69,590	85,747	66,385	64,317
U.S. producers' share *(percent)*	***	***	***	76.2	78.1	77.9	70.9
Importers' share:							
Japan *(percent)*	51.3	49.6	51.4	0.1	(2)	(3)	(3)
All other sources *(percent)*	***	***	***	23.7	21.9	22.1	29.1
Total imports *(percent)*	***	***	***	23.8	21.9	22.1	29.1
U.S. consumption value:							
Amount	587,624	607,285	629,340	1,174,709	1,476,009	1,140,908	1,034,541
U.S. producers' share *(percent)*	***	***	***	82.7	81.3	81.2	80.4
Importers' share:							
Japan *(percent)*	42.3	42.1	46.3	0.1	(2)	(3)	(3)
All other sources *(percent)*	***	***	***	17.2	18.7	18.8	19.6
Total imports *(percent)*	***	***	***	17.3	18.7	18.8	19.6
U.S. shipments of imports from--[1]							
Japan:							
Quantity	22,191	21,999	23,730	84	18	(3)	(3)
Value	248,465	255,938	291,442	979	243	(3)	(3)
Unit value	$11,197	$11,634	$12,282	$11,653	$13,693	(3)	(3)
Other sources:							
Quantity	***	***	***	16,500	18,766	14,669	18,736
Value	***	***	***	202,255	275,514	214,578	202,718
Unit value	***	***	***	$12,258	$14,682	$14,628	$10,820
All sources:							
Quantity	***	***	***	16,584	18,784	14,669	18,736
Value	***	***	***	203,234	275,757	214,578	202,718
Unit value	***	***	***	$12,255	$14,681	$14,628	$10,820

See footnotes at end of table.

Table I-1--*Continued*
Internal combustion industrial forklift trucks: Comparative data from the original investigation and the current review, 1985-87, 1997-98, January-September 1998, and January-September 1999

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

Item	1985	1986	1987	1997	1998	January-September 1998	January-September 1999
U.S. producers'--[4 5]							
Capacity quantity	***	***	***	83,670	95,330	71,355	62,613
Production quantity	***	***	***	59,497	74,611	57,617	48,151
Capacity utilization *(percent)*	47.9	55.6	47.3	71.1	78.3	80.7	76.9
U.S. shipments:							
Quantity	***	***	***	53,006	66,963	51,716	45,581
Value	***	***	***	971,475	1,200,252	926,330	831,823
Unit value	***	***	***	$18,328	$17,924	$17,912	$18,249
Export shipments:							
Quantity	***	***	***	6,692	6,841	5,268	3,361
Value	***	***	***	129,224	131,275	99,018	65,733
Unit value	***	***	***	$19,310	$19,189	$18,796	$19,558
Ending inventory quantity	***	***	***	1,074	1,882	1,732	1,234
Inventories/total shipments *(percent)*	***	***	***	1.8	2.5	2.3	1.9
Production workers[6]	***	***	***	2,228	2,559	2,540	2,334
Hours worked *(1,000 hours)*[6]	***	***	***	4,988	6,171	4,645	4,069
Wages paid *(value)*[6]	***	***	***	72,824	90,804	67,897	63,111
Hourly wages[6]	***	***	***	$14.60	$14.71	$14.62	$15.51
Productivity *(trucks per 1,000 hours)*[6]	***	***	***	11.928	12.091	12.404	11.834
Unit labor costs[6]	***	***	***	$1,224	$1,217	$1,178	$1,311
Financial Data:[7]							
Net sales *(value)*	268,670	***	181,374	1,096,047	1,328,425	1,020,396	850,866
Operating income or (loss)	(38,940)	***	***	30,177	62,082	50,267	8,402
Operating income or (loss)/sales	(14.5)	***	***	2.8	4.7	4.9	1.0

[1] Data on U.S. shipments of imports from sources other than Japan during 1997-99 are from questionnaire responses. Data on U.S. shipments of imports from Japan in 1997-98 are estimated as follows: their annual value is estimated to be equal to the annual value of imports reported by the U.S. Customs Service, their average annual unit value is estimated to be equal to the average annual unit value of imports from sources other than Japan (as presented later in table IV-2), and their annual quantity is calculated by dividing those numbers.

[2] Less than 0.05 percent.

[3] Not available, but imports from Japan are believed to be negligible.

[4] Data for the 1997-99 period are from eight firms that accounted for virtually all of the U.S. production in 1998.

[5] Unless otherwise specified, data for the 1985-87 period are from firms that accounted for *** percent of U.S. production in 1987.

[6] Firms providing employment data for 1985-87 accounted for *** percent of total shipments in 1987. Firms providing employment data for 1997-99 accounted for virtually all of the U.S. production in 1998. ***

[7] Financial data for 1985-87 were submitted by *** only; these firms accounted for *** percent of U.S. production in 1987. Financial data for 1997-99 were submitted by all U.S. producers except ***. Financial data are on a fiscal year basis.

Note: Productivity and unit labor costs for 1985-87 are derived from the data of firms providing both numerator and denominator information. Unit values, ratios, and shares are calculated from unrounded data. Inventory ratios for partial years have been annualized.

Source: Data for 1985-87 are from the original investigation's staff report dated May 4, 1988. Data since 1997 are compiled from data submitted in response to Commission questionnaires, except where noted.

STATUTORY CRITERIA

Section 751(c) of the Tariff Act of 1930 requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."[3]

Section 752(a)(1) of the Act states that the Commission "shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account–

> (A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,
> (B) whether any improvement in the state of the industry is related to the order or the suspension agreement,
> (C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and
> (D) in an antidumping proceeding, Commerce's findings regarding duty absorption."

Section 752(a)(2) of the Act states that "in evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including–

> (A) any likely increase in production capacity or existing unused production capacity in the exporting country,
> (B) existing inventories of the subject merchandise, or likely increases in inventories,
> (C) the existence of barriers to the importation of such merchandise into countries other than the United States, and
> (D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products."

Section 752(a)(3) of the Act states that "in evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether–

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

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[3] Certain transition rules apply to the scheduling of reviews (such as this one) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution.

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

Section 752(a)(4) of the Act states that "in evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

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

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

Information obtained during the course of the review that relates to the above factors is presented throughout this report. Responses by U.S. producers, importers, and purchasers of internal combustion industrial forklift trucks and producers of the product in Japan to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of its revocation are presented in appendix D.

THE ORIGINAL INVESTIGATION

The original investigation resulted from a petition filed on April 22, 1987, by Hyster Co. of Portland, OR, a U.S. producer of internal combustion industrial forklift trucks; the Independent Lift Truck Builders Union; the International Association of Machinists & Aerospace Workers; the International Union, Allied Industrial Workers of America (AFL-CIO); and the United Shop & Service Employees, alleging that an industry in the United States was being materially injured or threatened with material injury by reason of less-than-fair-value (LTFV) imports of internal combustion industrial forklift trucks from Japan. On November 24, 1987, the Commission instituted investigation No. 731-TA-377 (Final), following a preliminary determination by the Department of Commerce that imports of internal combustion industrial forklift trucks from Japan were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). On May 31, 1988, the Commission unanimously determined that an industry in the United States was being materially injured by reason of the subject imports from Japan.[4] Subsequently, on June 7, 1988, Commerce issued an antidumping order.[5] The original final LTFV margins, as well as those of subsequent administrative reviews, are set forth in table I-2.

[4] 53 FR 21530, June 8, 1988.
[5] 53 FR 20882, June 7, 1988.

Table I-2
Internal combustion industrial forklift trucks: LTFV margins as determined by the U.S. Department of Commerce

Item	Toyota Motor	Nissan Motor	Komatsu Forklift	Sumitomo-Yale	TCM[1]	Sanki Industrial	Kasagi Forklift	Mitsubishi	All others
Antidumping order margins June 7, 1988[2]	17.29	51.33	47.50	51.33	51.33	13.65	56.81		39.45
First administrative review November 24, 1987, to May 31, 1989[3]	13.75	7.39			6.74			39.45	
Second administrative review June 1, 1989, to May 31, 1990[4]	6.87				4.48				
Third administrative review June 1, 1993, to May 31, 1994[5]	31.58	7.36			4.48				
Fourth administrative review June 1, 1994, to May 31, 1995[6]	47.79	7.36			4.48				
Commerce's final results of expedited sunset review[7]	47.79	51.33	47.50	51.33	51.33	13.65	56.81	39.45	39.45

[1] TCM was formerly named Toyo Umpanki Co., Ltd.
[2] *Internal Combustion Industrial Forklift Trucks from Japan*; Antidumping Duty Order and Amendment to Final Determination of Sales at Less Than Fair Value, 53 FR 20882, June 7, 1988. Subsequent to the publication of the Department of Commerce's final determination, Komatsu Forklift made allegations that certain clerical errors had been made. After review, Commerce amended its final determination to correct these errors and changed Komatsu Forklifts' weighted average dumping margin from 47.73 percent to 47.50 percent and the "all others" rate from 39.50 percent to 39.45 percent.
[3] 57 FR 3167, January, 28, 1992, *as amended by* 60 FR 21499, May 2, 1995 (rectifying typographical error and correcting Mitsubishi's margin to read 39.45 percent from its original 39.15 percent) *and* 60 FR 30518, June 9, 1995 (adjustment of Nissan Motor, TCM, and Toyota Motor margins after remands from the Court of International Trade in *Toyota Motor Sales, U.S.A., Inc. v. United States*; *Toyo Umpanki Co., Ltd. v. United States*; and *Hyster Co. v. United States*).
[4] 59 FR 1374, January 10, 1994.
[5] 62 FR 34216, June 25, 1997.
[6] 62 FR 5592, February 6, 1997 *as amended by* 62 FR 12598, March 17, 1997 (correction of clerical error altering Toyota Motor's margin from 50.34 percent to 47.79 percent).
[7] 64 FR 42662, August 5, 1999.

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

ADMINISTRATIVE REVIEWS

Pursuant to section 751(a) of the Tariff Act of 1930, at least once during each 12-month period beginning on the anniversary date of an antidumping order, Commerce is to conduct an administrative review of the order upon request. Since the imposition of this order, there have been four administrative reviews,[6] in which all the respondents subject to those reviews were found to have continued dumping. *See* Table I-2 for a summary of specific margins.

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

SCOPE RULINGS

Since the imposition of the antidumping order, two scope rulings have been requested. The first scope ruling, at the request of Mitsubishi Heavy Industries, Ltd. (Mitsubishi), clarified whether a particular model forklift truck, the Mitsubishi FD-70, was within the scope of this antidumping duty order. In a letter dated October 12, 1989, Commerce advised petitioner that it had determined that the Mitsubishi FD-70 internal combustion industrial forklift truck was excluded from the scope of the order because it had a lifting capacity of over 15,000 pounds. The second scope ruling, at the request of Nissan Motor, also clarified whether a particular forklift truck model, this time the Nissan F05-70, was within the scope of the antidumping order. Commerce determined that because the frame of the Nissan F05-70 is produced for a standard load capacity of 15,500 pounds, which is outside the 2,000 to 15,000 pound scope definition, the model was not within the scope of the antidumping duty order (63 FR 6722, February 10, 1998).

THE ANTI-CIRCUMVENTION REVIEW

On September 23, 1988, the original petitioners requested that Commerce conduct an anti-circumvention investigation of four groups of manufacturers of internal combustion industrial forklift trucks. These groups consisted of Japanese forklift manufacturers and their affiliated U.S. manufacturing subsidiaries. Specifically, these groups consisted of: (1) Nissan Motor and Nissan Industrial Equipment Co. (Nissan Industrial); (2) Mitsubishi and Mitsubishi Forklift America; (3) Komatsu Forklift and Komatsu Forklift U.S.A., Inc. (Komatsu USA); and (4) Sumitomo-Yale and Yale Materials Handling Corp. (Yale). The petitioners alleged that these groups of forklift truck manufacturers were circumventing the antidumping duty order by exporting forklift truck parts and components to the United States for assembly in their U.S. manufacturing facilities. In its final anti-circumvention determination, Commerce concluded, pursuant to section 781(b) of the Act, 19 U.S.C. § 1677j(b) (1988), that the difference in value between the parts imported into the United States and the trucks sold in the United States was not small, as required by the statute (55 FR 6028, February 21, 1990). Based on this conclusion, the Department determined that the manufacturers were not circumventing the antidumping duty order.

COMMERCE'S FINAL RESULTS OF ITS EXPEDITED SUNSET REVIEW AND SUMMARY OF THE NATURE AND EXTENT OF SALES AT LTFV

On August 5, 1999, Commerce published in the Federal Register its notice of final results of expedited sunset review with regard to internal combustion industrial forklift trucks from Japan. Commerce determined that the revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping.[7] Commerce reasoned that because dumping continued over the life of the order and because of the waiver of respondent interested parties of their right to participate in the sunset review,[8] dumping would likely continue if the order was revoked. With regard to Toyota Motor, Commerce found that an apparent correlation existed between an increase in imports and an

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[7] 64 FR 42662, August 5, 1999.

[8] Commerce determined to conduct an expedited review pursuant to 19 C.F.R. 351.218 (e)(1)(ii)(C) because no substantive responses were filed by respondent interested parties upon initiation of its sunset review.

increase in Toyota Motor's dumping margin, which was observed in recent administrative reviews. Therefore, it determined that Toyota Motor's more recent margin from the last administrative review was most probative of Toyota Motor's behavior. For all other companies, Commerce determined that the margins from the original investigation were appropriate. Commerce's specific margins are shown in table I-2.

Table I-3 presents available data from the U.S. Customs Service concerning the actual duties collected pursuant to the antidumping duty order on internal combustion industrial forklift trucks from Japan and the customs value of imports during fiscal 1994-98.

Table I-3
Internal combustion industrial forklift trucks: Actual duties collected by U.S. Customs and value of imports under the June 7, 1988, antidumping duty order, fiscal years 1994-98

Item	1994	1995	1996	1997	1998
	Value *(dollars)*				
Duties collected	1,529,775	2,692,020	1,194,949	113,487	50,416
Value of imports	17,420,746	39,132,316	17,282,423	978,841	243,218

Source: U.S. Customs Service.

THE SUBJECT PRODUCT

Definition of the Subject Product

The scope of this review, as defined by Commerce, is internal combustion industrial forklift trucks with lifting capacity of 2,000 to 15,000 pounds from Japan. These trucks are described as assembled, not assembled, and less-than-complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane (also known as liquified petroleum gas or "LPG"), or diesel fuel internal combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles. Less-than-complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by the order. Also, "genuinely used" forklift trucks, defined as those three years or older, are explicitly excluded from the scope of the original order.

Definition of U.S. Production

In the original investigation, Commerce and the Commission determined that the frame of the truck was the identifying feature and its principal component part. Commerce defined "less-than-complete" forklift trucks by the country of origin of the frame to identify the product from Japan under investigation. Similarly, the Commission, in the original investigation, used the country of origin of the frame to determine what constituted U.S. production. The Commission determined that the frame approach to defining domestic production would be superior to a value added approach because an examination of frame production was a practical indicator of U.S. production activity due to the amount of research and development costs, capital investment in plant and equipment, and labor activity related to forklift frame production. The Commission found that during the prior period of investigation, forklift frame production accounted for a significant share of both total research and development and labor costs and that frame fabrication accounted for as much as 80 percent to 90 percent of the investment in plant and equipment. Moreover, the Commission used the frame approach over the value added

approach because it appeared to be the more practical indicator of domestic production[9] and noted that it found no subject product with a U.S.-produced frame that contained less than 35 percent value added in the United States, the minimum threshold proposed by the proponents of the value added approach in the original investigation.

Data submitted by U.S. producers show that a wide range exists in the amount of labor and resources allocated to frame production as some producers have, subsequent to the original investigation, ***. Moreover, technological advances in recent years have attempted to render frame production less labor intensive. For example, ***.[10] Table I-4, shows what percentage of their labor hours U.S. producers allocated to frame construction in 1998.

Table I-4
Internal combustion industrial forklift trucks: Total hours worked by PRWs and labor hours allocated to frame production in 1998, by firms

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In order to examine a value added approach to defining U.S. production, table I-5 shows the ratio of foreign components, U.S. components, and the U.S. value added to the forklift trucks produced in the United States by U.S. producers. There are two value added ratios displayed, one which includes selling, general, and administrative expenses, and one which excludes those expenses. Producers with U.S. manufacturing facilities were asked to provide this value added information for their largest volume (by quantity sold) model of 1998. These specific data are set forth in appendix E.

Table I-5
Internal combustion industrial forklift trucks: Ratio of foreign components, domestic components, and domestic value added for U.S. producers' highest 1998 volume model, by firms

* * * * * * *

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

[10] ***.

U.S. Tariff Treatment

Imports of these products are classifiable under Harmonized Tariff Schedule of the United States (HTS) subheadings 8427.20, 8427.90, and 8431.20. These tariff classifications contain subject and nonsubject products. Imports under these subheadings from Japan and other nations with normal trade relations status are free of duty, while imports from nations without normal trade relations are charged a 35 percent ad valorem tariff.

Physical Characteristics and End Uses

Forklift trucks and similar industrial vehicles are self-propelled work trucks with platforms that can be raised and lowered for insertion under a load to be lifted or transported. Forklift trucks are used for general materials handling, stacking and retrieving, and for light-duty applications in such places as small warehouses.

Forklift trucks are typically powered by gasoline, diesel, or LPG engines, or by an electric motor. The elevation of the platforms is provided by an hydraulic system. Internal combustion engine trucks, which utilize gasoline, diesel fuel, or LPG, are normally used in outdoor and/or well-ventilated indoor operations. Additionally, internal combustion engine trucks are used when continuous operation is important or when ramps or other heavy-duty applications come into play. Electrically powered forklifts are generally not suited for outdoor operations because of their lower materials-handling efficiency; they are usually used indoors where internal combustion engines would not be used due to their emission of exhaust fumes. Electric forklifts are powered by batteries, which also serve as a significant part of the counterweight system for the unit.

Operator-riding (rider) lift trucks are used to reduce operator fatigue in demanding, heavy-duty, or high-volume applications involving a significant amount of stacking or relatively long travel distances. Basic types of rider trucks include counterbalanced, narrow aisle, sideloader, orderpicker, and turret. The counterbalanced rider truck is the most widely used model for general industrial duty. The counterbalance is generally a large steel casting situated near the rear of the truck frame that prevents, due to its large relative weight, the tipping of the truck when it lifts its fully-loaded, front forks. Narrow aisle trucks are used in warehouses that have been designed to use less floor space by stacking product vertically along aisles 5 to 10 feet wide. Sideloaders are four-wheeled vehicles used for transporting and stacking long, bulky, difficult-to-handle items. As the name implies, a sideloader truck loads and carries from the side. Orderpicking trucks are used for assembling small quantities of items for use in plant operations or for shipping orders. This truck is basically a narrow aisle truck with an operator's platform on the forks. The operator rides up with the orders, regulating speed and elevation with onboard controls. Turret trucks have high-lift capacity and some type of rotating fork that permits stacking at right angles to the forward direction of the truck.

Lift capacities for internal combustion forklift trucks range from 2,000 through 120,000 pounds. The most popular classes of trucks are those with a lifting capacity of 2,000-15,000 pounds. Electric forklifts have a much more limited lift capacity range of 2,000 to 12,000 pounds.[11]

Information for this review was collected on internal combustion engine trucks with both cushion and pneumatic tires,[12] with lift capacities between 2,000 and 15,000 pounds. The majority of

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[11] Compiled from responses to the Commission's producers' questionnaire.

[12] Cushion tires are rubber tires with a cushioning material woven into the center of the tire. They are more desirable on trucks that are primarily used indoors, and are primarily found on electric trucks. Pneumatic tires are similar to those on automobiles, and are used primarily on internal combustion trucks due to the indoor/outdoor

(continued...)

these trucks are rider trucks of counterbalanced lift types. The engines are principally powered by LPG, but can also be powered by gasoline or diesel fuel.

According to industry sources and purchasers, the end use for which a truck is intended is a major consideration in whether an internal combustion or electric forklift truck is selected. Among the reported considerations is the fact that the batteries in electric trucks must periodically be recharged, thus taking the unit out of service or necessitating the need for additional batteries and a certain amount of "down time" while the batteries are being changed. Hence, if heavy-duty usage is desired (e.g., 3 shifts a day, 6 to 7 days a week, or long traveling distances in warehouses and storage areas, or up numerous ramps), the internal combustion forklift truck would be the more likely choice. Additionally, if electric trucks are used, OSHA rules require a separate area for charging and changing the batteries, as well as a washing station in case of accidents with the acid contained in the batteries.

When the intended tasks for the lift truck permit the use of either internal combustion or electric trucks, capital budgeting considerations could determine the ultimate choice. The initial cost of an electrically powered lift truck can be considerably higher than that of an internal combustion truck with a similar lift capacity, once the costs of the extra batteries and recharger are included. However, in the long run the electric truck is, reportedly, more cost efficient due to its lower maintenance expenses. If an end user's budget for capital expenditures is restricted, the end user may opt for the internal combustion truck and incur the added maintenance expenses.

Manufacturing Processes

There are two basic fabrication processes involved in the production of internal combustion forklifts before assembly--the production of the frame and the production of the mast. A forklift truck frame is produced from steel plate that is cut to the desired shape, washed, dried, and cleaned further by passing it through a machine that cleans it of any residual slag from the cut. The piece of cut steel is then treated with a rustproofing solution and dried. The steel plate is generally 3/8 inch in thickness, although at some points on the finished frame this thickness is either augmented or diminished. Individual pieces are then formed to shape by bending. These pieces are then welded to each other to form the frame. Finished frames are again cleaned by passing them through a machine to remove any excess welding bead and then sprayed with a primer coat of paint. Since the original investigation, some forklift truck manufacturers have sourced their frame components from vendors.

The production process for the mast, or upright, of a forklift truck is similar to that of the body. Channel steel, as opposed to steel plate, is cut to length, washed, dried, and passed through a cleaning machine. Pieces that have been cut from steel plate are welded to this length, two channels are welded with cross-pieces, and the whole assembly is washed, dried, and cleaned. It is then treated with a rustproofing solution, and sprayed with a primer coat of paint. The finished piece represents the outer rails of the upright. Inner rails are produced in a similar manner. The inner and outer rails are then mated, with the number of inner rails determined by the desired extension range of the upright. There can be four kinds of uprights: standard, free-lift (where the forks can be raised to the maximum height of the upright without extending the upright), three-stage, and four-stage. Sprockets and chain are added as are hydraulic cylinders. These components are added to provide lifting capacity for the uprights. The finished upright is taken from the production line and stored until it is needed on the truck assembly line.

When the frame is completed, it is taken to a separate production line, where the truck's engine/transmission combination is mated to the frame. Drive and steering axles are then fitted. The hydraulic system (hose, pump, reservoir, controls) is added, as are the engine and steering controls.

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[12] (...continued)
capability of internal combustion trucks.

When all of the truck's motive and control systems have been installed, the upright is added, along with the counterweight.

The truck is then tested by running the engine and operating the hydraulic controls to check for fluid leaks. Next, the truck is tested for lift capacity and for the range of upright tilt. When the testing is completed, and no fault is detected, the truck is taken to an area for customer-specified options, such as side loader or extended reach capabilities. When all customer-specified options have been installed, the truck is sprayed with its final coat of paint.

Standard-lift internal combustion forklift trucks (those with a lift capacity of 2,000-15,000 pounds) are produced primarily on assembly lines and are designed for general industrial use. Robotic welders have been introduced on this line, a change from previous practices. In contrast, internal combustion forklifts with lift capacity of over 15,000 pounds are built to a customer's specifications and are sold to industries that require the truck to lift heavy loads, and often operate over uneven surfaces. The steel, timber, and stevedoring industries are purchasers of heavy-lift internal combustion forklifts. Due to the customized nature of these trucks, they are produced one truck at a time in a separate area, called a "bay." Both electric and standard-lift internal combustion forklifts are at times bay built if the number needed does not justify use of the assembly line. Heavy-lift internal combustion forklifts use componentry designed for heavy-duty over-the-road trucks, whereas the standard-lift internal combustion forklifts use many automotive components.

While certain aspects of the production process for internal combustion engine and electrically powered forklift trucks are similar, they are not produced on the same assembly line by any of the major U.S. or Japanese producers. Similarly, the production workers require different training and many of their skills are different. U.S. producers find they enjoy higher labor productivity and fewer product defects when the workers become specialized in either internal combustion or electric forklift production.[13] The pieces cut for an internal combustion truck differ from those required for an electric truck due to the unique operational necessities of each. The electric truck's frame, when completed, weighs approximately 1,200 pounds and is designed to accommodate a battery weighing between 2,000 and 4,000 pounds. In contrast, the frame for the internal combustion engine truck weighs approximately 900 pounds, and supports an engine/transmission weight of approximately 1,600 pounds and a larger counterweight, the weight of which depends on the lift capacity of the truck.

DOMESTIC LIKE PRODUCT ISSUES

In the original investigation, the Commission considered two domestic like product issues: (1) whether internal combustion forklift trucks with a weight lift capacity of greater than 15,000 pounds should be included within the definition of the domestic like product, and (2) whether forklift trucks powered by powertrains other than internal combustion engines, in particular electric powered trucks, should also be included within the definition of the domestic like product.[14]

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[13] Compiled from responses to the Commission's producers' questionnaire.

[14] The Commission also considered whether domestically produced forklift trucks should be defined as those that contain a U.S.-produced frame or a certain minimum level of U.S. value added. This issue was discussed previously in the section entitled "Definition of U.S. Production."

Internal Combustion Industrial Forklift Trucks With Lifting Capacities Over 15,000 Pounds

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

Electric Powered Industrial Forklift Trucks

With regard to the second like product issue, the Commission determined that electric powered forklift trucks should not be included in the definition of the domestic like product because of distinct physical characteristics between electric and internal combustion engine powered forklift trucks.[16] The Commission cited the different component parts and frame design of the two types of trucks, which are necessary to accommodate the distinctive power trains. These distinctions, the Commission noted, also necessitated a separate assembly line and workers trained in distinctive skilled areas. Finally, the Commission stated that the two types of trucks had distinct end-user applications. The Commission found that electric powered trucks were used primarily in warehouses and in other enclosed areas such as refrigerated areas in food processing, meat packaging operations, and public showrooms, where it would be impractical, due to exhaust emissions, to use internal combustion engine powered forklift trucks. On the other hand, the Commission found that internal combustion engine powered forklift trucks are primarily used in outdoor operations where exhaust and air quality concerns are less than in indoor operations. Also, it found that because internal combustion engine powered trucks do not require their batteries to be charged, they are better suited for continuous use or uses involving steep grades or long distances. There do not appear to be any significant advances in battery technology since the original investigation that have rendered electric powered forklift trucks completely substitutable with those powered by internal combustion engines.[17]

U.S. MARKET PARTICIPANTS

U.S. Producers

Seven companies comprise the vast majority of U.S. production of internal combustion industrial forklift trucks, with a small number of low volume niche producers completing the industry. Five of the seven U.S. producers are U.S. subsidiaries or joint ventures of the Japanese producers that were named in the original antidumping order as selling the subject product at LTFV. All but one of these

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[15] Internal Combustion Engine Forklift Trucks From Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082, May 1988, pp. 5-6.

[16] Internal Combustion Engine Forklift Trucks From Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082, May 1988, pp. 7-9.

[17] NACCO Materials Trip Report, p. 3.

manufacturing subsidiaries were created in the United States subsequent to the imposition of this antidumping duty order.[18]

All of the seven major producers reported data used in the compilation of this report. One *** producer, Drexel Industries, LLC (Drexel), also supplied usable data. Three major U.S. producers, Toyota Industrial Equipment Manufacturing, Inc. (Toyota Industrial), Mitsubishi Caterpillar Forklift America, Inc. (Mitsubishi Caterpillar), and Komatsu USA, representing approximately *** percent of 1998 U.S. production of internal combustion industrial forklift trucks, initially refused to submit questionnaire data. Subsequent to the Commission's issuance of administrative subpoenas on January 4, 2000, however, these producers have submitted partial questionnaire responses. U.S. producers, their plant locations, their positions on revocation of the antidumping duty order, and their shares of 1998 U.S. production are set forth in table I-6.

Table I-6
Internal combustion industrial forklift trucks: U.S. producers, plant locations, position on revocation, and share of U.S. production in 1998

Firm	Plant locations	Position on revocation	Share of 1998 U.S. production[1] *(percent)*
Clark	Lexington, KY	***	***
Drexel	Horsham, PA	***	***
Komatsu USA	Covington, GA	(2)	***
Mitsubishi Caterpillar	Houston, TX	(2)	***
NACCO Materials	Greenville, NC Danville, IL Berea, KY	***	***
Nissan Forklift	Marengo, IL	***	***
TCM USA	West Columbia, SC	***	***
Toyota Industrial	Columbus, IN	***	***

[1] U.S. production includes only internal combustion industrial forklift trucks made with the firms' U.S.-produced frames or purchased U.S-produced frames.
[2] Not available.

Source: Compiled from data submitted in response to Commission questionnaires and notice of institution.

[18] Komatsu USA set up manufacturing operations to produce the subject product during the second half of 1987. During the original investigation, Komatsu USA stated that this decision was influenced by the strong yen and was reached prior to the filing of the original antidumping petition. See Internal Combustion Engine Forklift Trucks From Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082, May 1988, p. A-12.

Related Parties

All eight U.S. producers also submitted importers' questionnaire responses. Of the U.S. producers, *** reported importing subject product from Japan during the review period.[19] ***,[20] ***,[21] and *** imported internal combustion industrial forklift trucks from nonsubject countries during the review period. ***. *** reported that it neither imported internal combustion industrial forklift trucks from Japan nor from nonsubject countries.

Seven of the U.S. producers have foreign affiliates; five of these firms have Japanese parent corporations. Table I-7 sets forth the U.S. producers, the name of their foreign affiliate(s), the country of their affiliate's production, and whether the foreign affiliate is a subsidiary, parent, or joint venture.

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

U.S. producer	Foreign affiliate		
	Firm name	Country of production	Affiliation
Clark	Clark Material Handling GMBH	Germany	Subsidiary
	Clark Material Handling Asia	South Korea	Subsidiary
Drexel	None	(1)	(1)
Komatsu USA	Komatsu Forklift Co., Ltd.	Japan	Parent
Mitsubishi Caterpillar	Mitsubishi Heavy Industries, Ltd.	Japan	Joint venture/ Parent
NACCO Materials	Sumitomo NACCO Materials Handling Co., Ltd.	Japan	Joint venture/ Subsidiary
	NACCO Materials Handling (NI)	Northern Ireland	Subsidiary
	NACCO Materials Handling (Irvine)	Scotland	Subsidiary
	NACCO Materials Handling (Saltillo)	Mexico	Subsidiary
Nissan Forklift	Nissan Motor Co., Ltd.	Japan	Parent
TCM USA	TCM Corp.	Japan	Parent
Toyota Industrial	Toyota Motor Corp.	Japan	Parent

[1] Not applicable.

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

[19] ***.

[20] ***.

[21] ***.

NACCO Materials, one of the domestic producers participating in the sunset review, has argued that only it, Clark, and Drexel should be considered true U.S. producers of the domestic like product and all others should be excluded as related parties because of close affiliations with Japanese producers of forklift trucks (their parent corporations).[22] Table C-2 in appendix C sets forth the summary data depicting only NACCO Materials, Clark, and Drexel as the domestic industry.

NACCO Materials Handling Group, Inc.

NACCO Materials is the wholly owned subsidiary of NACCO Industries, Inc. (NACCO) of Mayfield Heights, OH. NACCO Materials, headquartered in Portland, OR, designs, manufactures, and markets a full line of forklift trucks and related service parts under the Hyster and Yale brand names. In 1998, NACCO Materials accounted for 68 percent of NACCO's revenues and 67 percent of NACCO's operating profits.[23]

In 1993, NACCO, already the parent corporation of Yale, acquired Hyster Co., the petitioner in the original investigation. As a result, both Hyster and Yale brand trucks are produced on the same assembly lines. In 1998, NACCO Materials accounted for *** percent of the U.S. production of internal combustion industrial forklift trucks at its manufacturing facilities located at Greenville, NC; Danville, IL; Berea, KY; Sulligent, AL; and Lenoir, NC.[24] NACCO Materials also manufactures several models of forklift trucks at facilities located at Craigavon, Northern Ireland; Irvine, Scotland; and Saltillo, Mexico.

In Japan, NACCO Materials has a 50-percent-owned joint venture with the Japanese conglomerate, Sumitomo Heavy Industries, Ltd. (Sumitomo), which is known as Sumitomo-NACCO Materials Handling Co., Ltd. (Sumitomo-NACCO).[25] This joint venture designs and produces forklift trucks and components in Obu, Japan, which it markets in Japan under the brand name "Sumitomo-Yale" and which are exported for sale by the joint venture to the United States, Europe, and Asia. ***.

A Chinese joint venture commenced production in a new manufacturing facility in the Pudong Shanghai area of China in the second quarter of 1999.[26] This joint venture is 55 percent owned by NACCO Materials, 30 percent owned by Sumitomo-NACCO, and 15 percent owned by a Chinese land development company and will produce Hyster brand large and medium capacity diesel forklift trucks primarily for sale in the Chinese market.

On May 17, 1999, NACCO Materials announced that it had signed a memorandum of understanding with Nissan Motor regarding a possible sale of Nissan's Industrial Machinery Division (its forklift truck division) to NACCO Materials. The sale would include various subsidiaries including Nissan's three European subsidiaries and one U.S. subsidiary as well as its Japanese forklift truck subsidiary.[27] However, on January 24, 2000, NACCO announced that it was unable to reach an agreement with Nissan Motor and terminated the original memorandum of understanding. No further negotiations have been announced.[28]

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[22] NACCO Materials' Prehearing Brief, January 13, 2000, p. 11.

[23] NACCO's 1998 10-K.

[24] The Greenville, NC, Danville, IL, and Berea, KY, plants contain assembly-line facilities whereas the Sulligent, AL, and Lenoir, NC, facilities produce component parts.

[25] Sumitomo-NACCO was formally called Sumitomo-Yale Co., Ltd.

[26] *NACCO Materials Handling Group Will Manufacture Lift Trucks in China*, PR Newswire, February 5, 1999; Telephone Notes (Conversation with ***), February 10, 2000.

[27] *Nissan Reaches Agreement with NACCO and NACCO Materials on the Sale of its Industrial Machinery Business*, May 17, 1999, joint press release by Nissan Forklift and NACCO Materials.

[28] *NACCO Announces Termination of Discussions on Nissan's Global Forklift Truck Business*, January 24, 2000,

(continued...)

Clark Material Handling Co.

The Clark Material Handling Co. (Clark) of Lexington, KY, is jointly owned by Citicorp Venture Capital, Ltd. (Citicorp Venture) and senior members of the management of the predecessor company Clark Equipment Co. (Clark Equipment). On November 27, 1996, this corporate structure resulted from a leveraged buy out by Clark Equipment senior management from Terex Corp. in conjunction with an equity acquisition by Citicorp Venture. Clark manufactures materials handling products in the United States, Germany, and Korea and sells products worldwide. Clark's U.S. production accounted for *** percent of the U.S. production of internal combustion industrial forklift trucks in 1998.

On July 15, 1998, Clark acquired the forklift division of Samsung Heavy Industries (Samsung) of South Korea. The acquired forklift production facility in Changwon, South Korea, became operational in November 1998, at which time Clark ***.

Clark has forklift production facilities in Lexington, KY; Mulheim, Germany; and Changwon, Korea. There exists a global network of approximately 700 Clark dealers in more than 950 locations.

Komatsu Forklift U.S.A., Inc.

Komatsu USA is a wholly owned subsidiary of Komatsu Forklift of Tokyo, Japan that manufactures and distributes internal combustion industrial forklift trucks in the U.S. market. In 1994, Komatsu USA established a new manufacturing facility located in Covington, GA, which has an annual production capacity of approximately ***.[29] This facility began production in 1996 using purchased frames from third parties in the United States and Indonesia.[30] In 1998, Komatsu USA accounted for *** percent of the U.S. production of internal combustion industrial forklift trucks.

TCM Manufacturing U.S.A., Inc.

TCM Manufacturing U.S.A., Inc. (TCM USA) is a subsidiary of which TCM of Tokyo, Japan is the majority shareholder.[31] TCM is a Japanese producer of construction machinery and industrial vehicles which began U.S. manufacturing operations after the imposition of the antidumping duty order. In September 1988, TCM USA purchased a manufacturing facility in West Columbia, SC, and began U.S. production in January 1989. Subsequent to the commencement of TCM USA operations in West Columbia, its parent, TCM, ***. In 1998, TCM USA accounted for *** percent of the U.S. production of internal combustion industrial forklift trucks.

Toyota Industrial Equipment Manufacturing., Inc.

Toyota Industrial, located in Columbus, IN, is a division of Toyota Motor Sales U.S.A., Inc. (Toyota USA), of Torrance, CA, which in turn, is a wholly owned subsidiary of Toyota Motor of Japan. In 1990, subsequent to the imposition of the antidumping duty order, Toyota Industrial opened a $60 million U.S. manufacturing facility in Columbus, IN, which produces the subject product.[32] As the

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[28] (...continued)
press release by NACCO.

[29] Komatsu Forklift's response to the Commission's notice of institution, May 21, 1999, p. 5, and response to Commission's questionnaire.

[30] Komatsu Forklift's response to the Commission's notice of institution, May 21, 1999, p. 5. ***.

[31] The ownership distribution of TCM USA is as follows: ***.

[32] Toyota Motor and Toyota USA's response to the Commission's notice of institution, May 21, 1999, p. 4.
(continued...)

Toyota Industrial facility began production, it supplanted Toyota Motor's exports of the subject product from Japan. ***, Toyota Industrial has not imported the subject product into the United States for over 2 years.[33] In 1998, Toyota Industrial accounted for *** percent of U.S. production of internal combustion industrial forklift trucks.

Nissan Forklift Corp. North America

Nissan Forklift Corp. North America (Nissan Forklift) is a subsidiary of Nissan Motor of Tokyo, Japan. Prior to the imposition of the antidumping duty order, Nissan Forklift did not produce forklifts in the United States, but rather another Nissan Motor affiliate, Nissan Industrial of Japan, conducted sales, marketing, and distribution services for forklifts produced in Japan. Subsequent to the imposition of the order, in 1988, the parent company, Nissan Motor, purchased Barrett Industrial Trucks, Inc. (Barrett) of Marengo, IL, expanded its existing manufacturing facilities, and began producing internal combustion industrial forklift trucks in the United States. In 1993, Nissan Motor consolidated Barrett and Nissan Industrial into its present Nissan Forklift corporate form. In 1995, a second facility was opened in Marengo, IL, to meet increased demand for forklift trucks in the United States and Canada. In 1998, Nissan Forklift accounted for approximately *** percent of the U.S. production of internal combustion industrial forklift trucks.

On May 17, 1999, Nissan Forklift's parent company announced that it had signed a memorandum of understanding with NACCO regarding a possible sale of Nissan Forklift to NACCO Materials.[34] However, on January 24, 2000, NACCO announced that it was unable to reach an agreement with Nissan Motor and terminated the original memorandum of understanding. No further negotiations have been announced.[35]

Mitsubishi Caterpillar Forklift America, Inc.

Mitsubishi Caterpillar is a privately held joint venture company between Mitsubishi of Japan and Caterpillar Industrial, Inc., a subsidiary of Caterpillar, Inc. of Peoria, IL.[36] Headquartered in Houston, TX, Mitsubishi Caterpillar manufactures and distributes internal combustion industrial forklift trucks and parts under the Mitsubishi and Caterpillar brand names. In 1998, Mitsubishi Caterpillar accounted for *** percent of U.S. production of internal combustion industrial forklift trucks.

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[32] (...continued)
Expansions since 1990, including one announced in 1998 of $9.5 million and another announced in 1999 of $7.87 million, brings Toyota's total investment in Columbus, IN, to over $100 million. *Id.*

[33] Toyota Motor and Toyota USA's response to the Commission's notice of institution, May 21, 1999, p. 5; Toyota Industrial's response to the Commission's questionnaire.

[34] ***.

[35] *NACCO Announces Termination of Discussions on Nissan's Global Forklift Truck Business*, January 24, 2000, press release by NACCO.

[36] Mitsubishi has an 80 percent controlling interest in the joint venture with Caterpillar, Inc. retaining the remaining 20 percent interest. Caterpillar, Inc. SEC 10-K.

Drexel Industries, LLC.

Drexel of Horsham, PA, manufactures primarily electric powered forklift trucks. Drexel, however, produces *** of subject trucks that are specially designed and sold in small niche markets. In 1998, Drexel accounted for *** percent of the U.S. production of internal combustion industrial forklift trucks.

U.S. Importers

The Commission sent questionnaires to 26 firms that included all U.S. producers plus firms identified in U.S. Customs data as importing product classified in the basket HTS subheadings that included internal combustion engine industrial forklift trucks. Of the 23 responding firms, *** reported imports from Japan.[37] Nine firms stated that they did not specifically import internal combustion engine industrial forklift trucks as defined by the Commission.[38] Further, three firms stated that ***.[39] Seven importers provided usable questionnaire data regarding their imports of internal combustion industrial forklift trucks from nonsubject countries.[40] These firms imported internal combustion industrial forklift trucks from South Korea, Northern Ireland, Germany, the United Kingdom, France, the Netherlands, Indonesia, and Mexico. Finally, one of the respondents neither imported subject product from Japan nor from nonsubject countries.[41]

U.S. Purchasers

The Commission sent questionnaires to 54 firms that were believed to be purchasers of internal combustion industrial forklift trucks since 1997. Usable responses were received from 14 purchasers. Three respondents were national account holders, i.e., end users, while 11 respondents were independent dealers. The geographical distribution of the respondents was as follows: Arkansas, California, Michigan, Minnesota, Georgia, Massachusetts, Tennessee, Pennsylvania, Oregon, Kentucky, Utah, and Texas.

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

According to data compiled from Commission questionnaire responses, in 1997, 91 percent of reported U.S. producers' U.S. shipments of internal combustion industrial forklift trucks went to distributors or dealers while 9 percent of shipments were sent directly to end users.[42] In 1998, 88.6 percent of shipments were sent to distributors, a decrease of 2.4 percent, while 11.4 percent were sent directly to end users. Comparing the interim periods, in 1998, 89.7 percent of shipments were sent to distributors while 10.3 percent were sent directly to end users. In interim period 1999, 92.1 percent of shipments were sent to distributors, an increase of 2.4 percent, while 7.9 percent were sent directly to end users.

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[37] *** reported that it imported *** from Japan.

[38] These firms were ***.

[39] These firms were ***.

[40] These firms and the source of their imports were: ***. Two other firms, ***, have not completed questionnaire responses, but have indicated that they import internal combustion industrial forklift trucks from Sweden and South Korea, respectively.

[41] This firm was ***.

[42] ***.

Similarly, the vast majority of U.S. importers' U.S. shipments were sent to distributors or dealers (99.8 percent in 1997, 99.6 percent in 1998, and 95.5 percent in interim 1999), while shipments sent directly to end users accounted for less than 1 percent of importers' U.S. shipments in 1997-98 and only 4.5 percent in interim 1999.

APPARENT U.S. CONSUMPTION

As shown in table I-8, the quantity of apparent U.S. consumption increased 23.2 percent from 1997 to 1998. In the same period, the value of U.S. consumption also increased, by 25.6 percent. Comparing the interim periods, the quantity of apparent U.S. consumption decreased 3.1 percent from 1998 to 1999. During these interim periods, the value of U.S. consumption decreased by 9.3 percent.

Table I-8
Internal combustion industrial forklift trucks: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
	Quantity (*number of trucks*)			
U.S. producers' U.S. shipments	53,006	66,963	51,716	45,581
U.S. shipments of imports from--				
Japan[1]	84[2]	18[2]	([3])	([3])
Nonsubject countries	16,500[4]	18,766[5]	14,669[6]	18,736[7]
Total import shipments	16,584	18,784	14,669	18,736
Apparent U.S. consumption	69,590	85,747	66,385	64,317
	Value (*1,000 dollars*)			
U.S. producers' U.S. shipments	971,475	1,200,252	926,330	831,823
U.S. shipments of imports from--				
Japan	979[2]	243[2]	([3])	([3])
Nonsubject countries	202,255[4]	275,514[5]	214,578[6]	202,718[7]
Total import shipments	203,234	275,757	214,578	202,718
Apparent U.S. consumption	1,174,709	1,476,009	1,140,908	1,034,541

[1] Quantity of U.S. shipments of Japanese imports is estimated.
[2] U.S. shipments of Japanese forklifts are assumed to be equal to imports from Japan.
[3] U.S. shipments of Japanese forklifts in the interim 1998 and 1999 periods are unknown but believed to be minimal.
[4] ***.
[5] ***.
[6] ***.
[7] ***.

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

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

U.S. MARKET SHARES

As shown in table I-9, from 1997 to 1998 the market share held by U.S. producers increased by 1.9 percentage points on the basis of quantity and decreased 1.4 percentage points on the basis of value. The market share for Japanese imports did not exceed 0.1 percent in either year. The market share held by imports from other sources decreased by 1.8 percentage points on the basis of quantity and increased 1.4 percentage points on the basis of value. Between the interim periods of 1998 and 1999, market share based on quantity held by U.S. producers decreased by 7 percentage points, with a corresponding increase in nonsubject country importers' market share. On the basis of value, U.S. producers lost 0.8 of a percentage point of market share, again with a corresponding increase in nonsubject imports. During the interim periods, Japanese imports are unknown, but believed to be minimal.

Table I-9
Internal combustion industrial forklift trucks: U.S. consumption and market shares, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
	Quantity (*number of trucks*)			
Apparent U.S. consumption	69,590	85,747	66,385	64,317
	Value (*1,000 dollars*)			
Apparent U.S. consumption	1,174,709	1,476,009	1,140,908	1,034,541
	Share of quantity (*percent*)			
U.S. producers' U.S. shipments	76.2	78.1	77.9	70.9
U.S. shipments of imports from--				
Japan	0.1	(1)	(2)	(2)
Nonsubject countries	23.7	21.9	22.1	29.1
Total import shipments	23.8	21.9	22.1	29.1
	Share of value (*percent*)			
U.S. producers' U.S. shipments	82.7	81.3	81.2	80.4
U.S. shipments of imports from--				
Japan	0.1	(1)	(2)	(2)
Nonsubject countries	17.2	18.7	18.8	19.6
Total import shipments	17.3	18.7	18.8	19.6

[1] Less than 0.05 percent.
[2] U.S. shipments of Japanese forklifts in the interim 1998 and 1999 periods are unknown but believed to be minimal.

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

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

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

U.S. MARKET SEGMENTS

There appears to be no segmentation of the internal combustion industrial forklift truck market based on product differences or geography. Internal combustion industrial forklift trucks are differentiated by type of tire (cushion or pneumatic), type of engine (gasoline, LPG, or diesel), lift capacity, and front-end equipment. U.S. producers are able to manufacture whichever combination of features their customers desire. U.S. producers' products appear to be available nationally through the network of dealers maintained by the producers.

CHANNELS OF DISTRIBUTION

The primary channels of distribution are sales to dealers and sales to end users. U.S. producers sell the bulk of their products through a network of dealers, often exclusive. Large scale end users, called national accounts, are able to negotiate directly with producers to purchase forklift trucks. A national account purchases between 50 and 200 forklift trucks per year according to ***.[1] An example of a national account is ***, which purchases forklift trucks centrally for use in all of its stores nationwide. Importers also sell the majority of their products through dealers and distributors with minimal sales directly to end users.

One producer, ***, reported that it sold all of its production to two distributors which handled further distribution to dealers. A second producer, ***, indicated that it sold only to end users and that its product was designed for more specialized applications than the standard forklift truck.

MARKET STRUCTURE

Participants

The internal combustion forklift truck market in the United States has changed since the implementation of the antidumping duties on imports from Japan in 1988. The original investigation identified eight U.S. producers of forklift trucks. Currently, only two of the original eight remain.[2] Since the original investigation, five Japanese importers have established production facilities in the United States and are serving the U.S. market through domestic production rather than through imports.[3] Also, there appear to be few importers of subject forklift trucks from Japan and such imports, according to Customs data, are minimal. *** reported importing forklift trucks from Japan. Purchasers reported that forklift trucks imported from Korea, China, and Taiwan have been entering the U.S. market in recent years.

Production

According to statistics of the Industrial Truck Association (ITA), shipments of all internal combustion forklift trucks in the United States in 1987 were 47,945.[4] This figure rose to 80,554 in 1998,

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[1] ***.

[2] NACCO Materials's response to the Commission's notice of institution, May 21, 1999, p. 11.

[3] NACCO Materials's response to the Commission's notice of institution, May 21, 1999, p. 10.

[4] ITA statistics include internal combustion forklift trucks that are outside the scope of this review, which is

(continued...)

representing a 68-percent increase over 1987. U.S. producers' capacity for 2,000 to 15,000 pound lift capacity trucks was *** units in 1987 with production of *** forklift trucks, according to the staff report for the original investigation. U.S. producers' capacity in 1998 was reported as 95,330 units with production of 74,611, according to questionnaire responses. These figures show a ***-percent increase in capacity and a ***-percent increase in production between 1987 and 1998.

Product

The product itself has remained essentially unchanged since the original investigation. According to the ITA's statistics, shipments of all internal combustion forklift trucks as a percent of total forklift trucks (electric- and internal combustion-powered trucks) was 62 percent in both 1988 and 1998; the percentage varied between 59 percent and 64 percent over the period.

U.S. Market Leadership

U.S. producers dominate the domestic market, but no single firm is dominant. Based on questionnaire responses, the three largest domestic producers of internal combustion industrial forklift trucks, ***, had *** in 1998 and together accounted for *** percent of production. The next largest producer is ***.

Pricing

Purchasers indicated that prices of U.S.-produced internal combustion industrial forklift trucks were higher than prices of imported trucks. This was the case for imports from Korea, Taiwan, China, and Thailand.

In response to the Commission's questionnaire, nine purchasers said that specific firms had affected prices since 1988. Three purchasers indicated that Daewoo had influenced prices as it entered the U.S. market in the mid-1990s. Four purchasers indicated that NACCO Materials had influenced prices either with the Hyster or Yale brands and one of these purchasers said NACCO Materials was buying market share by pushing prices down as it acquired other brands (Yale and Nissan). Two firms did not specify which particular firm influenced prices. Three purchasers indicated that no producer had influenced prices. One purchaser reported that it did not know about individual firms influencing prices since it leased forklift trucks. Responses by producers and importers indicated that no firm had influenced prices since 1988.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. internal combustion industrial forklift truck producers are likely to respond to increases in demand with moderate changes in the quantity of shipments of U.S.-produced internal combustion industrial forklift trucks to the U.S. market. The main contributing factors

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[4] (...continued)
limited to 2,000 to 15,000 pound lift capacity trucks.

to the moderate degree of responsiveness of supply, in the short run, include the moderate level of unused capacity and the minimal level of inventory since each truck is essentially customized to order.

Industry capacity

Data supplied in response to questionnaires indicate that U.S. producers have excess capacity to increase production. U.S. producers reported aggregate capacity utilization rates of 71.1 percent and 78.3 percent in 1997 and 1998, respectively, and 76.9 percent in interim 1999. Four domestic producers reported increases in capacity since January 1997. Respondents to the producers' questionnaire reported no factors affecting supply conditions for domestically produced forklift trucks other than the establishment of production facilities in the United States by Japanese firms which had formerly imported forklift trucks.

Export markets

U.S. exports of internal combustion forklift trucks represent a moderate portion of domestic producers' sales. The ratio of exports to total shipments was 11.2 percent in 1997 and 9.3 percent in 1998. This ratio declined to 6.9 percent in interim 1999. U.S. producers report that they export to the North and South American markets. One U.S. producer, ***, reports that it serves the *** markets ***. Further, non-U.S. markets account for only 10 percent of global demand according to ***. Another producer, ***, reports that it exports to ***. However, since it has been operating its production facilities at near full capacity, it has not had any reason to explore alternative markets. Additionally, *** reported that factors would need to be considered on a country-by-country basis, including such issues as fuel type, emissions standards, and performance specifications that might be required in other countries, as such factors could affect the ability to shift in the short run (12 months or less). ***.

Inventory levels

U.S. producers' inventories of internal combustion industrial forklift trucks were 1.8 percent and 2.5 percent of total shipments in 1997 and 1998. Inventories in interim 1999 were 1.9 percent of annualized total shipments. Inventory levels increased by 75 percent between 1997 and 1998 but declined by 29 percent between interim 1998 and interim 1999. ***.[5] ***.

Production alternatives

Electric forklift trucks are an alternative to the production of internal combustion industrial forklift trucks to a limited extent. Production of electric and internal combustion forklift trucks could be accomplished on the same line if the line were split early in the assembly process according to ***.[6] ***. The skills necessary for assembly of the two different products are distinct but can be taught to a skilled labor force.

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[5] ***.

[6] ***.

Subject Imports

Based on available information, it is unclear how Japanese internal combustion industrial forklift truck producers are likely to respond to changes in demand in the U.S. market because of the limited quantity of imports from Japan. Further, respondents to the foreign producers' questionnaire reported that they were not exporting to the United States.[7] Foreign producers questionnaires were sent to six producers in Japan, but only three responded, so the data on capacity and inventory levels in Japan are likely to be understated.

Industry capacity

Respondents to the foreign producers' questionnaire reported declining capacity utilization rates, indicating that there is an ability to increase production. Aggregate capacity utilization rates for reporting Japanese producers were 96.5 percent in 1997, 87.4 percent in 1998, and 80.7 percent in interim 1999. ***.

Alternative markets

The Japanese domestic market and the export market appear to be almost equally important for Japanese producers of internal combustion industrial forklift trucks, based on the responses to the foreign producers' questionnaire. The ratio of exports to total shipments was 46.6 percent in 1997, 53.7 percent in 1998, and 53.4 percent in interim 1999. The export markets reported by questionnaire respondents were other Asian countries and Latin America; however, the Asian financial crisis reduced demand in the Asian markets.

Inventory levels

Inventory levels in Japan, as reported by questionnaire respondents, decreased by 21 percent between 1997 and 1998. They declined by 17 percent between interim 1998 and 1999. In 1997, the level of inventories in Japan exceeded the level in the United States by 737 trucks, but the U.S. inventory level exceeded the Japanese level by 455 trucks in 1998. For interim 1999, U.S. inventory levels exceeded Japanese inventory levels by 132 trucks.

Japanese inventory-to-total shipments ratios were 6.7 percent in 1997, 6.2 percent in 1998, and 5.4 percent in interim 1999. These ratios are larger than those for the U.S. industry. ***.

To the extent that the reported inventory levels in Japan are almost as large as the reported inventory levels in the United States, the Japanese industry would be able to increase supply from inventory as easily as the U.S. industry would.

U.S. Demand

Demand Characteristics

Demand for internal combustion industrial forklift trucks does not follow any seasonal trend and growth in demand has tracked the growth in the U.S. economy during the 1990s. One producer

[7] The Commission has received limited responses to the foreign producers' questionnaire, accounting for *** percent of Japanese production.

attributed the increase in demand for forklifts since 1991 to general economic expansion in the United States during this period, the low cost of capital, a greater focus on cost management by corporate America whereby newer fleets reduce maintenance costs, and generally improved economic optimism.

Substitute Products

Producers and purchasers were asked if there were substitutes for internal combustion industrial forklift trucks. Producers indicated that electric forklift trucks could be substituted for internal combustion industrial forklift trucks in certain applications. The successful substitution would be dependent upon the ultimate uses and applications of the product. Construction and farm tractors and similar equipment with special attachments may also serve as a substitute but with limited applications. One producer indicated that more powerful electric forklift trucks had become available since 1998; all other producers reported that there had been no changes in the types of products that could be substituted for internal combustion industrial forklift trucks.

Producers indicated that it would take a significant change in price before customers would begin to shift to electric forklift trucks. One producer stated that it would take a "significant premium to force customers to substitute other products" for internal combustion industrial forklift trucks. A second producer indicated that prices of internal combustion industrial forklift trucks would have to rise by 10 to 15 percent before substitution would begin. A third producer said that pricing of an internal combustion industrial forklift truck is about $4,000 to $5,000 lower than a similar electric powered industrial forklift truck (including battery and charger); the producer expected this price variance would have to close significantly for any sustained growth in substitution to occur. Most producers did not anticipate any changes in terms of the substitutability of other products for internal combustion industrial forklift trucks in the future; one producer noted that the market has moved slowly toward more electric trucks throughout the years.

Most purchasers indicated that electric forklift trucks could be substituted for internal combustion industrial forklift trucks; however, one purchaser noted that there would be some compromises in performance in certain applications. Almost all purchasers said that there had been no change in the type of product that could be substituted for internal combustion industrial forklift trucks since 1988.

Most purchasers indicated that prices for alternate products have remained relatively stable. One purchaser said that the cost per hour for electric trucks appeared to have declined and that with lower operating costs, declining or stabilizing initial costs, and enhanced durability, it appeared to this purchaser that more companies were considering this alternative.

TRENDS IN U.S. SUPPLY AND DEMAND

In answer to the question concerning factors affecting the supply of forklift trucks, purchasers indicated that U.S. production capacity had increased. Three purchasers said delivery times had lengthened, but one said that delivery times had shortened. One purchaser said that the high demand had led to the introduction of product from Korea. Another purchaser reported that the manufacturer supplying it had said that there was a shortage of raw materials. One producer said that the establishment of domestic production facilities by Japanese firms was a significant change in supply factors, as was the increase in imports from Korea, China, and Taiwan.

Purchasers indicated that the strong U.S. economy was a principal driving factor in the continued strong demand for forklift trucks. Purchasers expect that forklift truck demand will be strong as long as

the economy does well. Two purchasers indicated that there was a shift away from internal combustion forklift trucks to electric forklift trucks for environmental reasons.[8]

Producers echoed that the driving force behind demand for forklift trucks was the strong economy. One producer also indicated that there was an increase in demand because of more leasing of forklift trucks, which shortened new equipment life cycles.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported internal combustion industrial forklift trucks depends upon such factors as relative prices, quality, specifications, aftermarket support, dealer reputation, repair and/or warranty costs, and engineering and design features. Respondents to purchasers' questionnaires indicated that imported forklift trucks from nonsubject countries, such as Korea and China, were of inferior quality to U.S.-produced forklift trucks. Based on available data, it is believed that there is a high degree of substitution between internal combustion industrial forklift trucks produced in the United States and those produced in Japan, if the Japanese product were to enter the U.S. market in commercial quantities.

Factors Affecting Purchasing Decisions

Available data indicate that there are several factors that influence purchasing decisions for internal combustion industrial forklift trucks. Table II-1 summarizes the responses by purchasers to a request to list the top three factors they consider in purchasing internal combustion industrial forklift trucks. Eleven purchasers provided responses. All but three of the respondents were forklift truck dealers, and the dealer relationship was the most important factor indicated by four firms.

Table II-1
Internal combustion industrial forklift trucks: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	2	1	0
Price/finance programs	1	4	2
Quality	2	0	1
Other[1]	6	1	3

[1] Other factors were dealer relationship, service capability, after-market support, terms, reliability, and customer preference.

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

[8] Although this is not born out with ITA data since 1988, there has been a shift away from internal combustion forklift trucks to electric forklift trucks when a longer time span is examined. In 1970, internal combustion forklift trucks accounted for about 74 percent of the total; that percentage declined to the 62 percent which existed in 1988 and 1998.

In response to the question "How often are your firm's purchasing decisions for internal combustion industrial forklift trucks based mainly on price?" five said never, two said sometimes, one said usually, and two said always. Purchasers were also asked if "Buy American" policies influenced buying decisions. One firm reported that 100 percent of its purchases were made in conjunction with "Buy American" policies. A second firm reported that 83 percent of its purchases were made based on "Buy American" policies, and a third firm said that 25 percent was based on "Buy American." Seven firms reported that no purchases were made based on "Buy American" policies.

Comparisons of Domestic Products and Imports From Japan

Questionnaire respondents were asked to discuss the interchangeability between U.S.-produced and Japanese-produced internal combustion industrial forklift trucks. Four of five producers indicated that forklift trucks produced in Japan are interchangeable with U.S.-produced forklift trucks. The fifth producer indicated that imports could not be substituted for its product since its forklift trucks served a specific application. Four respondents to the purchasers' questionnaire indicated that Japanese-produced and U.S.-produced forklift trucks could be used interchangeably.

Comparisons of Domestic Products and Nonsubject Imports

Like the Japanese product, four of the five U.S. producers responded that nonsubject imports could be used interchangeably with U.S.-produced internal combustion forklift trucks; the fifth producer stated that its forklift trucks served a specific application.

All purchasers indicated that imported and domestic forklift trucks were interchangeable. One purchaser stated that "imported and domestic forklift trucks perform the exact same job functions in end user applications. There is no appreciable difference in specifications, for equipment manufactured in different countries of origin. Although the durability and performance factors vary slightly, all manufacturers target the same market areas and manufacture equipment sufficient to meet the needs of all end users."

Comparisons of Subject Imports and Nonsubject Imports

Four of five U.S. producers indicated that nonsubject imports and imported forklift trucks from Japan could be used interchangeably.

ELASTICITY ESTIMATES

U.S. Supply Elasticity[9]

The domestic supply elasticity for internal combustion industrial forklift trucks measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of forklift trucks. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced internal combustion industrial forklift trucks. Analysis of these factors earlier indicates that the U.S.

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

industry is likely to be able to moderately increase shipments to the U.S. market within a one-year time frame; an estimate in the range of 3 to 5 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for internal combustion industrial forklift trucks measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of forklift trucks. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products. Based on the available information, the aggregate demand elasticity for internal combustion industrial forklift trucks is likely to be in the range of -0.5 to -1.5.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[10] Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced internal combustion industrial forklift trucks and imported forklift trucks is likely to be in the range of 3 to 5.

MODEL DISCUSSION

While simulation models are frequently used by economists to estimate the likely impact of trade policy changes such as tariff increases/reductions or the imposition of quotas, particular difficulties with the most common methodologies arise when imports are imperfect substitutes for domestic goods and their baseline market share is zero or close to zero. The most significant problem relates to measuring the effects of trade policy changes as percentage changes from baseline levels. When the baseline value of the import market share is zero or close to zero, it is no longer possible to estimate changes in import levels as a percentage of the baseline values. The typical methodology employed by staff to estimate the likely impact of the recurrence or continuation of dumping in review investigations suffers from these same limitations. In the current baseline the U.S. market share for internal combustion industrial forklift trucks from Japan is less than 0.05 percent. As a result, no formal simulation modeling was conducted by staff.[11]

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

[11] The simulation models typically used by the Commission are partial equilibrium models that assume domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used for the analysis of trade policy changes in both partial and general equilibrium. Based on earlier discussion, staff has selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity, demand elasticity, and substitution elasticities) in the U.S. internal combustion industrial forklift truck market. Along with these estimates, the models may use data on market shares, growth in exogenous demand, and Commerce's determination on the expected level of dumping or subsidy should the antidumping/countervailing finding be revoked.

PART III: U.S. PRODUCERS' OPERATIONS

Information in this section is based on the questionnaire responses of eight firms that are believed to account for virtually all of the U.S. production of internal combustion industrial forklift trucks in 1998. Information with regard to the three domestic producers without Japanese parental affiliation, i.e., Clark, NACCO Materials, and Drexel, is presented in appendix C, table C-2.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

As shown in table III-1, average capacity increased by 13.9 percent from 1997 to 1998 and production rose by 25.4 percent, with a resulting increase in capacity utilization of 7.2 percentage points. Comparing the interim periods, average capacity decreased by 12.3 percent from 1998 to 1999 and production decreased by 16.4 percent, with a resulting decrease in capacity utilization of 3.8 percentage points.

Table III-1
Internal combustion industrial forklift trucks: U.S. capacity, production, and capacity utilization, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
Capacity (*number of trucks*)	83,670	95,330	71,355	62,613
Production (*number of trucks*)	59,497	74,611	57,617	48,151
Capacity utilization (*percent*)	71.1	78.3	80.7	76.9

Note.–U.S. capacity and production data only include internal combustion forklift trucks made with U.S.-produced frames.

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

Four of the U.S. producers reported an increase in capacity since January 1, 1997. In 1998, ***. In 1999, ***.[1]

In 1998, ***.

*** also increased its U.S. capacity in 1998 by ***.

Finally, *** increased its U.S. capacity in 1998 by ***.

A decrease in U.S. capacity to produce internal combustion industrial forklift trucks occurred between the interim periods of 1998 and 1999 as a result of lower U.S. capacities of *** and may be the result of ***.

There is no known U.S. production of internal combustion industrial forklift trucks in foreign trade zones.

[1] ***.

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

As shown in table III-2, U.S. producers' U.S. shipments increased 26.3 percent in quantity and 23.5 percent in value from 1997 to 1998, while the average unit value decreased by 2.2 percent.[2] Comparing the interim periods, U.S. producers' U.S. shipments decreased 11.9 percent in quantity and 10.2 percent in value from 1998 to 1999, while the average unit value increased by 1.9 percent.

The quantity of export shipments, which accounted for approximately 9.3 percent of total shipments during the review period, increased by 2.2 percent from 1997 to 1998, but declined by 36.2 percent in interim 1999 compared with interim 1998. Unit values of export shipments remained relatively constant during the period of investigation. Export shipments were primarily to Brazil, Canada, and Mexico.

Producers were also asked to provide separate trade data with regard to their activities concerning "frames only." In light of the Commission's original definition of the domestic like product as consisting of a forklift truck with a U.S.-produced frame, these data were collected to determine where forklift frames were being manufactured and whether an import or third party merchant market for frames existed. Of the eight responding U.S. producers, seven stated that they produced frames in the United States and internally consumed their entire production. *** reported that it purchased forklift frames from third party sources in the United States and ***. ***, also, has begun in 1999 to ***. Under the Commission's definition of the domestic like product in the original investigation, forklift trucks built upon *** frames would not be defined as U.S.-produced trucks, regardless of the value added in the United States.

U.S. PRODUCERS' INVENTORIES

As shown in table III-3, U.S. producers' inventories increased by 75.2 percent from 1997 to 1998 and the ratio of inventory to total shipments increased from 1.8 to 2.5 percent. From interim 1998 to interim 1999, however, inventories decreased by 28.8 percent while the ratio of inventory to total shipments decreased 0.4 of a percentage point.

U.S. PRODUCERS' PURCHASES

Other than direct imports, *** purchased complete internal combustion industrial forklift trucks since January 1, 1997. In 1997, ***. In 1998, ***. *** stated that these purchases were to fill a void in its product line that existed in those years.

During the period of investigation, *** purchased forklift truck frames from third party sources in the United States *** and ***.[3]

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

As shown in table III-4, from 1997 to 1998, the average number of production and related workers (PRWs) increased 14.9 percent while hours worked increased 23.7 percent. Comparing the interim periods of 1998 and 1999, the number of PRWs decreased 8.1 percent while hours worked decreased 12 percent. Total wages paid increased 25 percent from 1997 to 1998 while during the interim period they decreased 7 percent. Productivity remained constant at approximately 11.8 to 12.4 trucks per 1,000 hours during the period of investigation.

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[2] ***.

[3] In 1997, ***.

Table III-2
Internal combustion industrial forklift trucks: U.S. producers' shipments, by types, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
	Quantity *(number of trucks)*			
Commercial U.S. shipments	***	***	***	***
Internal U.S. shipments	***	***	***	***
Subtotal	53,006	66,963	51,716	45,581
Export shipments	6,692	6,841	5,268	3,361
Total	59,698	73,804	56,984	48,942
	Value *(1,000 dollars)*			
Commercial U.S. shipments	***	***	***	***
Internal U.S. shipments	***	***	***	***
Subtotal	971,475	1,200,252	926,330	831,823
Export shipments	129,224	131,275	99,018	65,733
Total	1,100,699	1,331,527	1,025,348	897,556
	Unit value *(per truck)*			
Commercial U.S. shipments	$***	$***	$***	$***
Internal U.S. shipments	***	***	***	***
Average	18,328	17,924	17,912	18,249
Export shipments	19,310	19,189	18,796	19,558
Average	18,438	18,041	17,994	18,339

Note.–Because of rounding, figures may not add to the totals shown; includes only trucks made with U.S.-produced frames.

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

Table III-3
Internal combustion industrial forklift trucks: U.S. producers' end-of-period inventories, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
Inventories (*number of trucks*)	1,074	1,882	1,732	1,234
Ratio to production *(percent)*	1.8	2.5	2.3	2.0
Ratio to U.S. shipments *(percent)*	2.0	2.8	2.5	2.1
Ratio to total shipments (*percent*)	1.8	2.5	2.3	1.9

Note.–Partial year inventory ratios are annualized; includes only trucks made with U.S.-produced frames.

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

Table III-4
Internal combustion industrial forklift trucks: Average number of production and related workers producing the subject product, hours worked, wages paid, hourly wages, productivity, and unit labor costs, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
PRWs *(number)*	2,228	2,559	2,540	2,334
Hours worked by PRWs (*1,000 hours*)	4,988	6,171	4,645	4,069
Productivity (*trucks per 1,000 hours*)	11.928	12.091	12.404	11.834
Wages paid to PRWs (*1,000 dollars*)	72,824	90,804	67,897	63,111
Hourly wages	$14.60	$14.71	$14.62	$15.51
Unit labor costs (*per truck*)	$1,224	$1,217	$1,178	$1,311

Note.–Employment data shown are shown are only for the production of trucks made with a U.S.- produced frame. ***.

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

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

*** producers[4] of internal combustion industrial forklift trucks, accounting for *** percent of known U.S. producers' shipments of internal combustion industrial forklift trucks in 1998, provided financial data. Tables for value added data for the largest volume sales model of internal combustion industrial forklift trucks produced by each firm during their 1998 fiscal year are presented in appendix E. These large-volume models accounted for about *** percent of producers' net sales in 1998.

Operations on Internal Combustion Industrial Forklift Trucks

Income-and-loss data for U.S. producers on their internal combustion industrial forklift truck operations are presented in table III-5. *** [5] The operating income margin of 2.8 percent of total net sales in 1997 increased to 4.7 percent in 1998. The operating income margin of 4.9 percent in January-September 1998 decreased to 1.0 percent in January-September 1999.

From 1997 to 1998, the quantities of total net sales increased by 23.2 percent and total sales values increased by 21.2 percent. From January-September 1998 to January-September 1999, the quantity of total net sales declined by 17.7 percent and total sales values declined by 16.6 percent.

The aggregate unit values per truck and the net sales unit values per truck, by firm, are shown in table III-6. Because of the variation in product mix between firms, the aggregate unit sales values may not be indicative of any overall trends.[6] The unit sales values of *** increased between the two interim periods whereas the unit sales values of *** decreased ***.

Selected financial data, by firm, are presented in table III-7.[7] Between 1997 and 1998 all of the producers except *** had an increase in profitability, whereas between the interim periods of 1998 and interim 1999 all of the producers except *** had a decline in profitability.[8]

* * * * * * *[9] [10] [11]

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[4] These U.S. producers of industrial combustion industrial forklift trucks and their fiscal year ends are ***.

[5] ***.

[6] As shown in part V (pricing) of this report, there was a wide range in average unit selling prices (from over $13,000 to almost $***) depending upon the type of truck. Pricing data do not include ***.

[7] ***.

[8] ***.

[9] ***'s letters dated December 7 and 10, 1999.

[10] ***'s letter dated December 7, 1999.

[11] ***'s letter dated December 6, 1999.

Table III-5
Results of operations of U.S. producers in the production of internal combustion industrial forklift trucks, fiscal years 1997-98, January-September 1998, and January-September 1999

Item	Fiscal years		January-September	
	1997	1998	1998	1999
	Quantity *(Number of trucks)*			
Trade sales	***	***	***	***
Company transfers	***	***	***	***
Total sales	59,666	73,515	56,759	46,738
	Value *($1,000)*			
Trade sales	***	***	***	***
Company transfers	***	***	***	***
Total sales	1,096,047	1,328,425	1,020,396	850,866
Cost of goods sold	974,034	1,163,103	892,111	776,042
Gross profit	122,013	165,322	128,285	74,824
SG&A expenses	91,836	103,240	78,018	66,422
Operating income or (loss)	30,177	62,082	50,267	8,402
Interest expense	14,132	12,200	9,861	8,791
Other expense	5,057	3,300	1,508	2,779
Other income items	4,911	5,236	3,825	3,109
Net income or (loss)	15,899	51,818	42,723	(59)
Depreciation/amortization	23,422	28,607	23,138	22,534
Cash flow	39,321	80,425	65,861	22,475
	Ratio to net sales *(percent)*			
Cost of goods sold	88.9	87.6	87.4	91.2
Gross profit	11.1	12.4	12.6	8.8
SG&A expenses	8.4	7.8	7.6	7.8
Operating income or (loss)	2.8	4.7	4.9	1.0
Net income or (loss)	1.5	3.9	4.2	(1)
	Number of firms reporting			
Operating losses	3	1	2	1
Data	***	***	***	***

[1] A loss of less than 0.05 percent.

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

Table III-6
Per-unit results of operations of U.S. producers in the production of internal combustion industrial forklift trucks, by firms, fiscal years 1997-98, January-September 1998, and January-September 1999

Item	Fiscal years		January-September	
	1997	1998	1998	1999
	Value (*per truck*)			
Net sales:				
* * * * * * *				
Weighted average	$18,370	$18,070	$17,978	$18,205
Cost of goods sold	16,325	15,821	15,718	16,604
Gross profit	2,045	2,249	2,260	1,601
SG&A expenses	1,539	1,404	1,375	1,421
Operating income or (loss)	506	844	886	180

[1] ***.
[2] Not applicable. ***.

Note.--Totals may not add due to rounding.

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

Table III-7
Results of operations of US. producers in the production of internal combustion industrial forklift trucks, by firms, fiscal years 1997-98, January-September 1998, and January-September 1999

* * * * * * *

Imported raw materials as a percentage of total raw material costs increased over the period of investigation. The distribution of cost of goods sold into the major components of cost is presented in the following tabulation (in percent):

Item	Fiscal years		January-September	
	1997	1998	1998	1999
Raw materials:				
Imported	30.4	29.2	29.6	30.4
Domestic	50.6	52.3	51.8	48.8
Total	81.0	81.4	81.4	79.2
Direct labor	5.5	5.5	5.5	6.0
Other factory costs	13.5	13.1	13.1	14.8
Total	100.0	100.0	100.0	100.0

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

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

The distribution of total raw materials costs into imported and domestic components, by firms, is shown in table III-8. ***.

The variance analysis for the *** U.S. producers of internal combustion industrial forklift trucks is presented in table III-9. The information for this variance analysis is derived from table III-5. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is more effective when the product involved is a homogeneous product with no variation in product mix within a firm and between firms. The analysis shows that the increase in operating income from 1997 to 1998 was attributable to the much higher favorable net cost/expense variance and the smaller favorable net volume variance, which were partly offset by an unfavorable price variance. From January-September 1998 to January-September 1999, the decrease in operating income was attributable mainly to the unfavorable net cost/expense variance.

Table III-8
Distribution of raw materials cost of U.S. producers of internal combustion industrial forklift trucks, by firms, fiscal years 1997-98, January-September 1998, and January-September 1999

* * * * * * *

Investment in Productive Facilities, Capital Expenditures, and Research and Development expenses

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment for their internal combustion industrial forklift truck operations are shown in table III-10. R&D expenses were reported by only ***[12] ***. The data show that in the January to September 1998 interim period, ***.

[12] ***.

Table III-9
Variance analysis for internal combustion industrial forklift trucks operations, fiscal years 1997-98, January-September 1998, and January-September 1999

Item	Fiscal years	January-September
	1997-98	1998-99
	Value (*$1,000*)	
Trade sales:		
Price variance	***	***
Volume variance	***	***
Trade sales variance	***	***
Company transfers:		
Price variance	***	***
Volume variance	***	***
Transfer variance	***	***
Total net sales:		
Price variance	(22,024)	10,624
Volume variance	254,402	(180,154)
Total net sales variance	232,378	(169,530)
Cost of sales:		
Cost variance	37,013	(41,436)
Volume variance	(226,082)	157,505
Total cost variance	(189,069)	116,069
Gross profit variance	43,309	(53,461)
SG&A expenses:		
Expense variance	9,912	(2,178)
Volume variance	(21,316)	13,774
Total SG&A variance	(11,404)	11,596
Operating income variance	31,905	(41,865)
Summarized as:		
Price variance	(22,024)	10,624
Net cost/expense variance	46,925	(43,614)
Net volume variance	7,004	(8,875)

Note.–Unfavorable variances are shown in parentheses; all others are favorable.
Source: Compiled from data submitted in response to Commission questionnaires.

U.S. Producers' Assessment of the Significance of the Existing Antidumping Duty Order and the Likely Impact of Revocation

The Commission requested U.S. producers to describe the significance of the existing antidumping duty order covering imports of internal combustion industrial forklift trucks from Japan on their operations before and after the imposition of the order. Further, the Commission also requested U.S. producers to anticipate any changes to their operations, including on specific financial indicators, if the existing order was to be revoked. Their responses are shown in appendix D.

Table III-10
Capital expenditures, research and development expenses, and value of assets of U.S. producers of internal combustion industrial forklift trucks, fiscal years 1997-98, January-September 1998, and January-September 1999

Item	Fiscal years		January-September	
	1997	1998	1998	1999
	Value (*$1,000*)			
Capital expenditures:				
* * * * * * *				
Total	24,622	38,300	25,499	27,521
R&D expenses:				
* * * * * * *				
Total	***	***	***	***
Fixed assets:				
Original cost:				
* * * * * * *				
Total	247,688	271,523	263,422	300,632
Book value:				
* * * * * * *				
Total	137,252	150,701	141,682	151,205

[1] ***.

Note.–***.

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

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Data contained in this section are derived from official statistics and the seven importer questionnaire responses that contained usable data.[1] In table IV-1, the official statistics from the U.S. Department of Commerce depict imports by source for the tariff classifications under consideration. As shown, from 1997 to 1998, the total quantity of imports increased by 24.3 percent and the total value of imports increased by 31.5 percent. Comparing the interim periods from 1998 to 1999, the total quantity of imports increased by 17.3 percent, but the total value of imports decreased by 1.6 percent.

Due to the fact that these tariff classification categories contain both subject and nonsubject[2] products, official statistics are not believed to accurately reflect subject imports.[3] Accordingly, the Commission staff estimated imports from Japan using data obtained from the U.S. Customs Service that showed the value of imports entered under the antidumping duty order in 1997-98.[4] These data and information regarding imports from other sources obtained from questionnaire responses are presented in table IV-2.

Of the importers' responses received by the Commission, ***. Also, in 1998, ***. As previously stated, ***.

U.S. IMPORTERS' INVENTORIES

*** imported subject product from Japan.[5] There are no reported U.S. inventories of subject product from Japan. In light of the estimated number of subject trucks being imported into the United States from Japan, inventories, if any, are believed to be minimal (table IV-3).

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[1] These importing firms included: ***.

[2] For example, internal combustion forklift trucks with lifting capacities of over 15,000 pounds are included as well as forklift truck component parts.

[3] A comparison of the value of imports from Japan on which the U.S. Customs Service collected antidumping duties (table I-3) with the value of imports from Japan of all internal combustion industrial forklift trucks (table IV-1) shows that nonsubject imports from Japan account for over 95 percent of all internal combustion industrial forklift trucks from Japan. Conversely, the forklift trucks subject to this review account for about 40-45 percent of all internal combustion industrial forklift trucks imported from sources other than Japan.

[4] ***. This *** quantity has been disregarded in favor of estimates by Commission staff of overall imports from Japan based upon data obtained from the U.S. Customs Service.

[5] ***.

Table IV-1
All internal combustion industrial forklift trucks:[1] U.S. imports based on Commerce statistics, 1997-98, January-September 1998, and January-September 1999

Source	Calendar year		January-September	
	1997	1998	1998	1999
	Quantity (*number of trucks*)			
Japan	4,404	9,522	5,441	9,244
Other sources	139,936	169,957	126,835	145,871
Total	144,340	179,479	132,276	155,115
	Value (*1,000 dollars*)[2]			
Japan	36,831	51,638	38,012	30,885
Other sources	479,912	628,058	469,150	468,282
Total	516,743	679,696	507,163	499,167
	Unit value (*per truck*)			
Japan	$8,363	$5,423	$6,986	$3,341
Other sources	3,430	3,695	3,699	3,210
Average	3,580	3,787	3,834	3,218
	Share of quantity (*percent*)			
Japan	3.1	5.3	4.1	6.0
Other sources	96.9	94.7	95.9	94.0
Total	100.0	100.0	100.0	100.0
	Share of value (*percent*)			
Japan	7.1	7.6	7.5	6.2
Other sources	92.9	92.4	92.5	93.8
Total	100.0	100.0	100.0	100.0

[1] All internal combustion industrial forklift trucks are defined as those products contained in HTS 8427.20.40, 8427.20.80, and 8427.90.00. In addition to subject forklift trucks, these tariff classification categories contain nonsubject products, such as forklift trucks with lifting capacities of over 15,000 pounds.
[2] Landed duty-paid value.

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

Source: Official statistics of the U.S. Department of Commerce.

Table IV-2
Internal combustion industrial forklift trucks: U.S. imports based on questionnaire and Customs statistics,[1] 1997-98, January-September 1998, and January-September 1999

Source	Calendar year		January-September	
	1997	1998	1998	1999
	Quantity (*number of trucks*)			
Japan	84	18	([2])	([2])
Other sources	17,055[3]	20,415[4]	15,911[5]	18,701[6]
Total	17,139	20,433	15,911	18,701
	Value (*1,000 dollars*)			
Japan	979	243	([2])	([2])
Other sources	198,740	279,551	218,647	190,782
Total	199,719	279,794	218,647	190,782
	Unit value (*per truck*)			
Japan	$11,653	$13,693	([2])	([2])
Other sources	11,653	13,693	$13,742	$10,202
Average	11,653	13,693	13,742	10,202
	Share of quantity (*percent*)			
Japan	0.5	0.1	([2])	([2])
Other sources	99.5	99.9	100.0	100.0
Total	100.0	100.0	100.0	100.0
	Share of value (*percent*)			
Japan	0.5	0.1	([2])	([2])
Other sources	99.5	99.9	100.0	100.0
Total	100.0	100.0	100.0	100.0

[1] Data on U.S. imports from sources other than Japan during 1997-99 are from questionnaire responses. Data on U.S. imports from Japan in 1997-98 are estimated as follows: their annual value is estimated to be equal to the annual value of imports reported by the U.S. Customs Service, their average unit value is estimated to be equal to the average annual unit value of imports from sources other than Japan, and their annual quantity is calculated by dividing those numbers.

[2] Imports from Japan in interim 1998 and 1999 are unknown but believed to be minimal.

[3] ***.

[4] ***.

[5] ***.

[6] ***.

Source: Compiled from data submitted in response to Commission questionnaires, except as noted.

Table IV-3
Internal combustion industrial forklift trucks: U.S. importers' end-of-period inventories of imports from Japan and other countries, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
	Imports from Japan			
Inventories *(number of trucks)*	(1)	(1)	(1)	(1)
Ratio to imports *(percent)*	(1)	(1)	(1)	(1)
Ratio to U.S. shipments of imports *(percent)*	(1)	(1)	(1)	(1)
	Imports from other countries			
Inventories *(number of trucks)*	***	***	***	***
Ratio to imports *(percent)*	***	***	***	***
Ratio to U.S. shipments of imports *(percent)*	***	***	***	***

[1] Inventories of imports from Japan are unknown but believed to be minimal.

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

PRODUCERS IN JAPAN

The Commission sent questionnaires to the six primary internal combustion industrial forklift truck manufacturers in Japan. These six firms, Komatsu Forklift, Mitsubishi, TCM, Nissan Motor, Toyota Motor, and Sumitomo-NACCO, account for virtually 100 percent of the production of internal combustion industrial forklift trucks in Japan. Of these six primary foreign producers, only three, TCM, Nissan Motor, and Sumitomo-NACCO, submitted data to the Commission.[6] The three responding producers are estimated to account for *** percent of Japanese production in 1998.

TCM Corp.

TCM is a Japanese producer of internal combustion industrial forklift trucks that, prior to the imposition of the antidumping duty order, exported the subject product from Japan to the United States. In 1988, subsequent to the imposition of the order, TCM created TCM USA in West Columbia, SC, to produce the subject product for the U.S. market. ***. In 1998, TCM accounted for approximately *** percent of Japanese production of the subject product and held a reported *** percent home market share in Japan.[7]

[6] Those companies not submitting data to the Commission after numerous requests are the foreign parent corporations of the domestic producers that also did not initially submit data, i.e., Mitsubishi, Toyota Motor, and Komatsu Forklift. The domestic subsidiaries, Mitsubishi Caterpillar, Toyota Industrial, and Komatsu USA, ultimately submitted partial questionnaire responses after administrative subpoenas were issued by the Commission on January 4, 2000.

[7] Japanese market share data based upon Sumitomo-NACCO's foreign producers' questionnaire response.

Nissan Motor Co., Ltd.

Nissan Motor produces internal combustion industrial forklift trucks in Japan through its wholly owned subsidiary, Nissan Industrial. Prior to the imposition of the antidumping duty order, Nissan Industrial exported forklifts to the United States. Subsequent to the imposition of the order, in 1988, Nissan Motor purchased Barrett of Marengo, IL, expanded its existing manufacturing facilities, and began producing internal combustion industrial forklift trucks in the United States. In 1993, Nissan Motor consolidated Barrett and Nissan Industrial into its present Nissan Forklift corporate form. Nissan Motor ***. In 1998, Nissan Motor accounted for approximately *** percent of Japanese production and reportedly held approximately a *** percent market share in Japan.[8]

*** and was previously in negotiations with NACCO Materials' parent, NACCO, to sell its forklift operations to NACCO Materials. On January 24, 2000, however, NACCO announced that it was unable to come to an agreement with Nissan Motor regarding the details of the transaction and, therefore, was terminating the negotiations regarding the purchase of its forklift truck subsidiary.[9]

Sumitomo NACCO Materials Handling Co., Ltd.

Sumitomo-NACCO is a 50/50 joint venture between Sumitomo of Japan and NACCO Materials of Portland, OR. Prior to the imposition of the antidumping duty order, ***. Subsequent to the imposition of the order, ***.

Sumitomo-NACCO ***. In 1998, Sumitomo-NACCO accounted for *** percent of Japanese production of the subject product and held approximately *** percent of the market share in Japan.

Toyota Motor Corp.

Toyota Motor produces internal combustion industrial forklift trucks in Japan through its wholly owned subsidiary, Toyota Automatic Loom Works, Ltd. (TALW). In 1998, TALW produced approximately *** subject trucks[10] representing an estimated *** percent share of the market for internal combustion industrial forklift trucks in Japan.[11] Prior to the imposition of the antidumping duty order, TALW produced and exported the subject product to the United States. Subsequent to the imposition of the order, in 1990, Toyota Motor's U.S. subsidiary, Toyota Industrial, opened a manufacturing facility in Columbus, IN, that began producing the subject product for sale in the U.S. market. Toyota Motor reports that it has not exported the subject product to the United States since December 1996.[12] Toyota Motor failed to provide foreign producer questionnaire data to the Commission regarding its Japanese operations, despite initially responding to the Commission's notice of institution.

Komatsu Forklift Co., Ltd.

Komatsu Forklift is a wholly owned subsidiary of Komatsu, Ltd. of Japan. Prior to the imposition of the antidumping duty order, Komatsu Forklift produced and exported the subject product to the United States. In 1987, Komatsu Forklift opened a manufacturing facility in Covington, GA, which produces the subject product. As a result of Komatsu Forklift's failure to provide data to the

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[8] Japanese market share data based upon Sumitomo-NACCO's foreign producers' questionnaire response.

[9] *NACCO Announces Termination of Discussions on Nissan's Global Forklift Truck Business*, January 24, 2000, press release by NACCO.

[10] Toyota Motor and Toyota USA's response to the Commission's notice of institution, May 21, 1999, p. 11.

[11] Japanese market share data based upon Sumitomo-NACCO's foreign producers' questionnaire response.

[12] Toyota Motor and Toyota USA's response to the Commission's notice of institution, June 3, 1999, p. 4.

Commission regarding its Japanese operations, despite initially responding to the Commission's notice of institution, it is unknown whether exports to the United States still exist. In Japan, Komatsu Forklift reportedly has a *** percent share of the market for internal combustion industrial forklift trucks.[13]

Mitsubishi Heavy Industries, Ltd.

Mitsubishi produces the subject product in its industrial machinery division in Japan. Prior to the imposition of the antidumping duty order, Mitsubishi exported the subject product to the United States. Subsequent to the imposition of the order, Mitsubishi Caterpillar, a joint venture operation between Mitsubishi and Caterpillar Industrial, Inc., was established to produce the subject product in Houston, TX. As a result of Mitsubishi's failure to provide data to the Commission regarding its operations, despite initially responding to the Commission's notice of institution, it is unknown whether exports to the United States still exist. In Japan, Mitsubishi reportedly has a *** percent share of the market for internal combustion industrial forklift trucks.[14]

CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES IN JAPAN

As shown in table IV-4, from 1997 to 1998, Japanese producers' capacity decreased 7.6 percent, production decreased 16.3 percent, and capacity utilization decreased 9.1 percentage points. Comparing the 1998 and 1999 interim periods, Japanese producers' capacity again decreased, by 6.9 percent, production decreased by 17.1 percent, and capacity utilization decreased 10 percentage points.

During the period of the review, end-of-period inventories remained relatively stable at 5.4 to 6.7 percent of production and shipments. From 1997 to 1998, total home market shipments decreased by 25.1 percent; during the interim periods these shipments also decreased, by 18.2 percent. All of the foreign producers reporting data stated that they did not export the subject product to the United States. Exports to other countries, however, remained steady during the 1997 to 1998 period but declined by 16.7 percent from interim 1998 to interim 1999.

[13] Japanese market share data based upon Sumitomo-NACCO's foreign producers' questionnaire response.

[14] Japanese market share data based upon Sumitomo-NACCO's foreign producers' questionnaire response.

Table IV-4
Internal combustion industrial forklift trucks: Japan's[1] capacity, production, inventories, and shipments, 1997-98, January-September 1998, and January-September 1999

Item	Calendar year		January-September	
	1997	1998	1998	1999
	Quantity (*number of trucks*)			
Capacity	28,188	26,036	19,873	18,510
Production	27,188	22,744	18,024	14,933
End-of-period inventories	1,811	1,427	1,324	1,102
Shipments:				
Internal consumption/transfers	***	***	***	***
Home market commercial	***	***	***	***
Total home market shipments	14,290	10,700	8,706	7,118
Exports to:				
United States	0	0	0	0
All other markets	12,456	12,403	9,805	8,165
Total exports	12,456	12,403	9,805	8,165
Total shipments	26,746	23,103	18,511	15,283
	Ratios and shares *(percent)*			
Capacity utilization	96.5	87.4	90.7	80.7
Inventories/production	6.7	6.3	5.5	5.5
Inventories/total shipments	6.7	6.2	5.4	5.4
Share of total shipments:				
Internal consumption/transfers	***	***	***	***
Home market commercial	***	***	***	***
Total home market shipments	53.4	46.3	47.0	46.6
Exports to:				
United States	0	0	0	0
All other markets	46.6	53.7	53.0	53.4
Total exports	46.6	53.7	53.0	53.4

[1] Data presented are for TCM, Nissan Motor, and Sumitomo-NACCO, which together are estimated to account for *** percent of Japanese production in 1998.
[2] Less than 0.05 percent.

Note.-- Partial year inventory ratios are annualized.

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Although raw materials account for about *** percent of the sales value, producers indicated that raw material costs had little impact on pricing of internal combustion industrial forklift trucks. One producer indicated that the impact was "in gross/standard margin." A second producer indicated that raw material prices had not materially changed either in actual dollars or as a function of selling price during January 1997 through September 1999, and the producer did not anticipate any significant changes in raw material costs in the foreseeable future.

Transportation Costs to the U.S. Market

Transportation charges from Japan to the U.S. market in 1998 are estimated to be 5.5 percent of the customs value.[1]

U.S. Inland Transportation Costs

Transportation costs for internal combustion industrial forklift trucks vary from producer to producer but account for a small percentage of the total cost of the product. U.S. producers reported that inland transportation costs account for about 2 percent of total cost. Of the five U.S. producers who responded to the questionnaire, two said that their firm arranged transportation, and the other three said that the purchaser arranges transportation. U.S. producers reported that the proportion of their sales occurring within 100 miles of their plant ranged from 2 to 20 percent and the proportion that occurred within 1,000 miles ranged from 40 to 80 percent.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal and real values of the Japanese yen have fluctuated relative to the U.S. dollar from 1988 to January-September 1999 (figure V-1). As of January-September 1999, the yen had appreciated relative to the dollar when compared with 1988.

PRICING PRACTICES

Pricing Methods

U.S. producers reported that 90 percent or more of their sales were on a spot basis. Two producers reported that they had contract sales; two others reported only spot sales. For contract sales, only the price or service level is fixed; contracts are renegotiated either annually or at the end of the contract; one producer reported having a standard meet-or-release clause and the other has such a clause on a case-by-case basis; and quantity requirements vary on a case-by-case basis.

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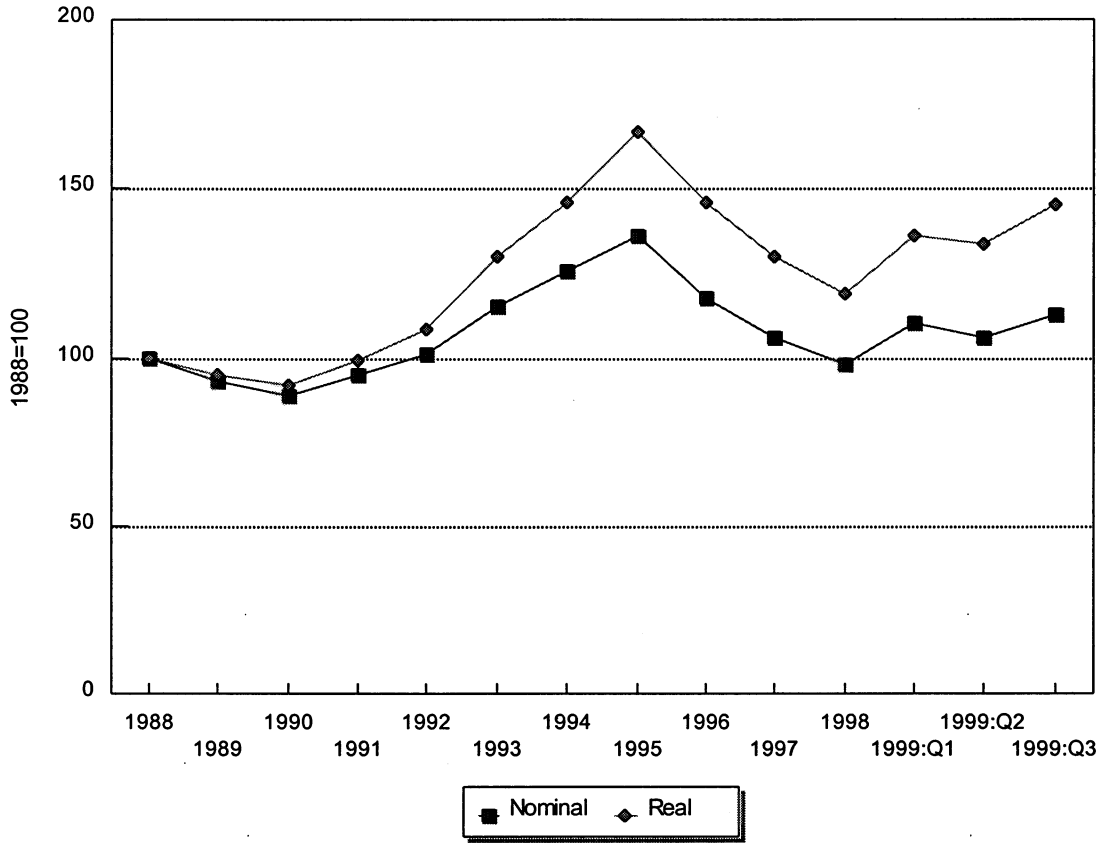
[1] This estimate is based on official import data under HTS subheading 8427.20.40 and represents the transportation and other charges included in imports valued on a c.i.f. basis.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the Japanese yen and the U.S. dollar, 1988-98, January-March 1999, April-June 1999, and July-September 1999



Source: International Monetary Fund, International Financial Statistics.

Sales Terms and Discounts

U.S. producers reported that they have price lists and standard discounts from list price. Discounts may be given based on the quantity of units ordered, special promotions or programs, whether the account is new or existing, and previous customer discounts offered. Two producers indicated that they gave additional discounting to meet a competitive situation. One producer indicated that end-user sales were quoted at a specific net price, taking into account the pressures faced in the specific transaction. End-user pricing typically assumes a larger quantity based upon discussions with the account. Prices are usually quoted f.o.b. plant or warehouse.

PRICE DATA

The Commission requested U.S. producers and importers of internal combustion industrial forklift trucks to provide quarterly data for the total quantity and value for specified forklifts that were

shipped to dealers and end users. Data were requested for the period January 1997 through September 1999. The six products for which pricing data were requested are as follows:

Product 1.–Internal combustion engine forklift truck, cushion tires, 3,000 pound basic lift capacity, liquified petroleum gas system;

Product 2.–Internal combustion engine forklift truck, pneumatic tires, 3,000 pound basic lift capacity, liquified petroleum gas system;

Product 3.--Internal combustion engine forklift truck, cushion tires, 5,000 pound basic lift capacity, liquified petroleum gas system;

Product 4.--Internal combustion engine forklift truck, pneumatic tires, 5,000 pound basic lift capacity, gasoline engine;

Product 5.--Internal combustion engine forklift truck, pneumatic tires, 8,000 pound basic lift capacity, diesel engine; and

Product 6.--Internal combustion engine forklift truck, pneumatic tires, 11,000 pound basic lift capacity, diesel engine.

Five U.S. producers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[2] [3] Three producers sold to both dealers and end users, one producer sold only to distributors, and one sold only to end users. Usable price data accounted for *** percent of the quantity of these five firms' U.S. commercial shipments in the 1997, 1998, and January-September 1999 periods.[4] The Commission also requested price data from U.S. purchasers of internal combustion industrial forklift trucks; these data are presented in appendix F.

Price Trends

U.S. producers were asked to report total value and quantity of shipments within each of the six product groupings. The data are presented in tables V-1 through V-6 and in figures V-2 and V-3. Because almost every forklift truck is customized, the data reflect average unit values rather than prices. The unit values for sales to dealers were lower than the unit values for sales to end users, on average, except for product 6 (pneumatic tires, 11,000 pound basic lift capacity, diesel engine). Similarly, the variability of unit values was greater for sales to end users than for sales to dealers except for product 6.

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[2] Importers did not provide any pricing data. ***.

[3] Data from ***.

[4] Reported price data accounted for about 28 percent of producers' total U.S. shipments over the period. *** companies, ***, did not report any price data. ***.

Table V-1
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 1,[1] by quarters, January 1997-September 1999

Period	Sales to dealers		Sales to end users	
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)
1997:				
January-March	$13,625.05	497	***	***
April-June	13,922.02	552	***	***
July-September	13,715.96	596	***	***
October-December	13,200.16	710	***	***
1998:				
January-March	13,607.86	649	***	***
April-June	13,726.56	685	***	***
July-September	13,867.24	639	***	***
October-December	13,545.65	664	***	***
1999:				
January-March	13,464.28	655	***	***
April-June	13,395.77	651	***	***
July-September	13,634.20	496	***	***

[1] Internal combustion engine forklift truck, cushion tires, 3,000 pound basic lift capacity, liquified petroleum gas system.

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

Product 1 (cushion tires, 3,000 pound basic lift capacity, liquified petroleum gas system)

Unit values for sales to dealers of product 1 ranged from a high of $13,922.02 in the second quarter of 1997 to a low of $13,200.16 in the fourth quarter of 1997. The unit value fluctuated within a narrow 5-percent range over the period with no apparent trend. Unit values for sales to end users ranged from a high of $*** in the first quarter of 1997 to a low of $*** in the first quarter of 1998. The unit values for sales to end users also fluctuated *** during the period but appeared to be declining in 1999.

Table V-2
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 2,[1] by quarters, January 1997-September 1999

Period	Sales to dealers		Sales to end users	
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)
1997:				
January-March	$14,700.02	163	***	***
April-June	14,856.31	200	***	***
July-September	14,576.19	151	***	***
October-December	14,093.00	144	***	***
1998:				
January-March	14,654.55	187	***	***
April-June	14,345.71	275	***	***
July-September	14,507.95	243	***	***
October-December	14,370.49	267	***	***
1999:				
January-March	13,826.88	224	***	***
April-June	13,707.12	242	***	***
July-September	14,573.43	278	***	***

[1] Internal combustion engine forklift truck, pneumatic tires, 3,000 pound basic lift capacity, liquified petroleum gas system.

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

Product 2 (pneumatic tires, 3,000 pound basic lift capacity, liquified petroleum gas system)

Unit values for sales to dealers of product 2 ranged from a high of $14,856.31 in the second quarter of 1997 to a low of $13,707.12 in the second quarter of 1999. Unit values generally trended down until the third quarter of 1999, when they rose significantly. Unit values for sales to end users ranged from a high of $*** in the third quarter of 1998 to a low of $*** in the fourth quarter of 1997. Unit values generally trended up through the third quarter of 1998 and have fallen since.

Table V-3
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 3,[1] by quarters, January 1997-September 1999

Period	Sales to dealers		Sales to end users	
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)
1997:				
January-March	$16,344.53	1,367	***	***
April-June	16,435.74	1,710	***	***
July-September	16,296.40	1,919	***	***
October-December	16,465.86	1,988	***	***
1998:				
January-March	16,291.79	2,474	***	***
April-June	16,388.59	2,227	***	***
July-September	16,339.37	2,107	***	***
October-December	16,123.16	1,992	***	***
1999:				
January-March	15,692.57	2,154	***	***
April-June	16,314.98	1,935	***	***
July-September	15,985.58	2,045	***	***

[1] Internal combustion engine forklift truck, cushion tires, 5,000 pound basic lift capacity, liquified petroleum gas system.

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

Product 3 (cushion tires, 5,000 pound basic lift capacity, liquified petroleum gas system)

Unit values for sales to dealers of product 3 ranged from a high of $16,465.86 in the fourth quarter 1997 to a low of $15,692.57 in the first quarter of 1999. Unit values fluctuated more in 1999 and also have declined relative to the earlier time periods. Unit values for sales to end users, which fluctuated but generally trended down over the period, ranged from a high of $*** in third quarter of 1997 to a low of $*** in the second quarter of 1999.

Table V-4
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 4,[1] by quarters, January 1997-September 1999

Period	Sales to dealers		Sales to end users	
	Price (*per unit*)	Quantity (*units*)	Price (*per unit*)	Quantity (*units*)
1997:				
January-March	$18,228.49	432	***	***
April-June	18,475.79	565	***	***
July-September	***	***	***	***
October-December	18,014.84	667	***	***
1998:				
January-March	***	***	***	***
April-June	18,093.96	758	***	***
July-September	17,804.54	781	***	***
October-December	17,110.29	617	***	***
1999:				
January-March	16,556.73	451	***	***
April-June	17,122.39	474	***	***
July-September	***	***	***	***

[1] Internal combustion engine forklift truck, pneumatic tires, 5,000 pound basic lift capacity, gasoline engine.

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

Product 4 (pneumatic tires, 5,000 pound basic lift capacity, gasoline engine)

Unit values for sales to dealers of product 4 ranged from a high of $18,475.79 in the second quarter of 1997 to a low of $16,556.73 in the first quarter of 1999. Unit values to dealers fluctuated but trended down until the first quarter of 1999 and then they began to rise again. Unit value for sales to end users ranged from a high of $*** in the third quarter of 1997 to a low of $*** in the second quarter of 1999.

Table V-5
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 5, by quarters, January 1997-September 1999

* * * * * * *

Product 5 (pneumatic tires, 8,000 pound basic lift capacity, diesel engine)

Unit values for sales to dealers of product 5 ranged from a high of $*** in the third quarter of 1997 to a low of $*** in the first quarter of 1999. There appeared to be no trend in the unit values for sales to dealers. Unit values for sales to end users ranged from a high of $*** in the second quarter of 1997 to a low of $*** in the first quarter of 1999. The was also no trend in the unit values for sales to end users.

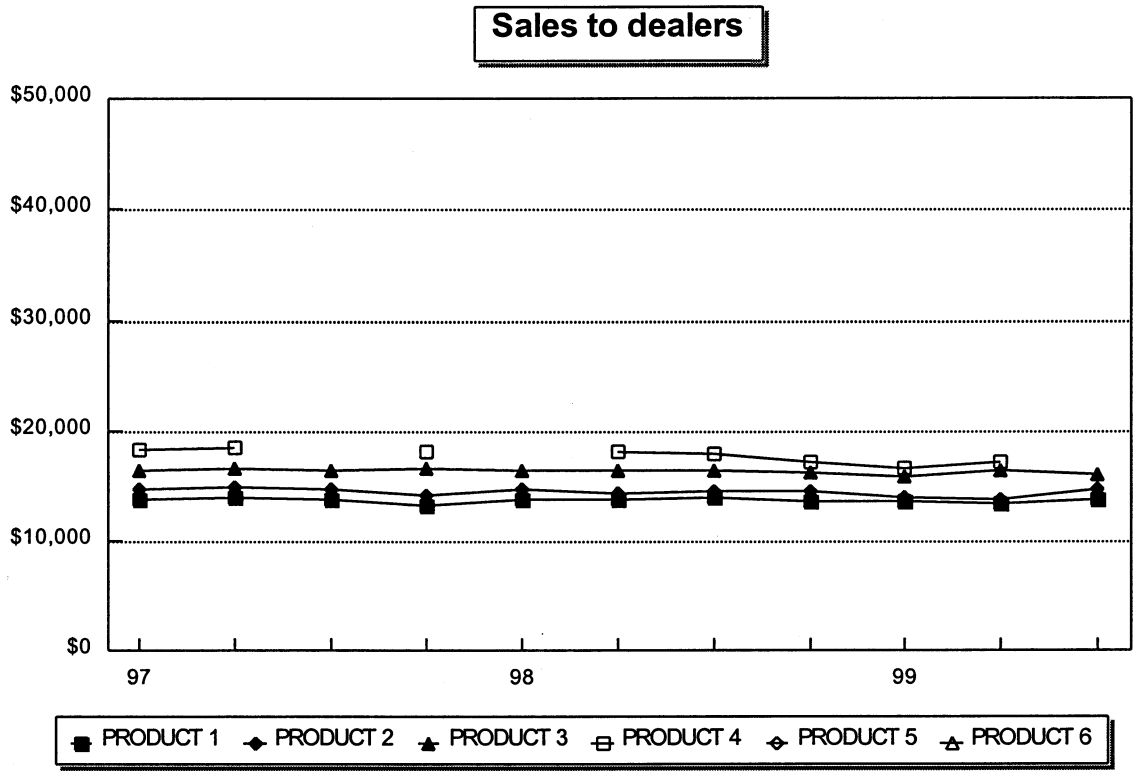
Table V-6
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 6, by quarters, January 1997-September 1999

* * * * * * *

Product 6 (pneumatic tires, 11,000 pound basic lift capacity, diesel engine)

There were greater variations in the quarterly unit values for product 6 than for any of the other pricing products. Unit values for sales to dealers of product 6 ranged from a high of $*** in the second quarter of 1997 to a low of $*** in the first quarter of 1998. More recent unit values are generally lower than earlier ones for sales to dealers. Unit values for sales to end users ranged from a high of $*** in the third quarter of 1998 to a low of $*** in the first quarter of 1999. There was no trend evident in unit values for sales to end users.

Figure V-2
Weighted-average f.o.b. prices of domestic products 1-6 sold to dealers



Note.–Business proprietary information for products 4, 5, and 6 have been deleted.

Source: Tables V-1 to V-6.

Figure V-3
Weighted-average f.o.b. prices of domestic products 1-6 sold to end users

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APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-377 (Review)]

Internal Combustion Industrial Forklift Trucks From Japan

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is May 21, 1999. Comments on the adequacy of responses may be filed with the Commission by June 14, 1999.

For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 F.R. 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: April 1, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193) or Vera Libeau (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

On June 7, 1988, the Department of Commerce issued an antidumping duty order on imports of internal combustion industrial forklift trucks from Japan (53 F.R. 20882). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions

The following definitions apply to this review:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The Subject Country in this review is Japan.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination, the Commission found a single Domestic Like Product: industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined a single Domestic Industry as U.S. producers of industrial, operator-riding internal combustion engine forklift trucks with a weight-lift capacity of between 2,000 and 15,000 pounds (inclusive), with a U.S.-produced frame.

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 99-5-003, expiration date June 30, 1999. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436.

(5) The Order Date is the date that the antidumping duty order under review became effective. In this review, the Order Date is June 7, 1988.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the Review and Public Service List

Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and APO Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. § 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification

Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written Submissions

Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is May 21, 1999. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is June 14, 1999. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

Inability to Provide Requested Information

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

Information To Be Provided in Response to This Notice of Institution

As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product to which your response pertains, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on each Domestic Industry for which you are filing a response in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of each Domestic Like Product for which you are filing a response. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries since 1987.

(7) If you are a U.S. producer of a Domestic Like Product, provide the following information separately on your firm's operations on each product during calendar year 1998 (report quantity data in units and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production; and

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in units and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s') imports; and

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in units and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for each Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: March 25, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-8073 Filed 3-31-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-377 (Review)]

Internal Combustion Industrial Forklift Trucks From Japan

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B); a schedule for the review will be established and announced at a later date.

For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: July 2, 1999.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-205-3167), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION: On July 2, 1999, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that both domestic and respondent interested party group responses to its notice of institution (64 FR 15786, April 1, 1999) were adequate. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: July 12, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-18153 Filed 7-15-99; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE

International Trade Administration

Final Results of Expedited Sunset Review: Internal-Combustion, Industrial Forklift Trucks From Japan [A-588-703]

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

ACTION: Notice of final results of expedited sunset review: certain internal-combustion, industrial forklift trucks from Japan.

SUMMARY: On April 1, 1999, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty order on industrial forklift trucks from Japan (64 FR 15727) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and adequate substantive comments filed on behalf of domestic interested parties and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited review. As a result of this review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Review section of this notice.

FOR FURTHER INFORMATION CONTACT: Kathryn B. McCormick or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, US Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-1560, respectively.

EFFECTIVE DATE: August 5, 1999.

Statute and Regulations

This review is being conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*") and in CFR Part 351 (1998) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The merchandise subject to this antidumping duty order is internal-combustion, industrial forklift trucks, with lifting capacity of 2,000 to 5,000 pounds, from Japan. The products covered are described as follows: assembled, not assembled, and less than complete, finished and not finished, operator-riding forklift trucks powered by gasoline, propane, or diesel fuel internal-combustion engines of off-the-highway types used in factories, warehouses, or transportation terminals for short-distance transport, towing, or handling of articles [1]. Less than complete forklift trucks are defined as imports which include a frame by itself or a frame assembled with one or more component parts. Component parts of the subject forklift trucks which are not assembled with a frame are not covered by this order. Imports of these products were classified under items 692.4025, 692.4030 and 692.4070 of the Tariff Schedules of the United States Annotated ("TSUSA"), and are currently classifiable under Harmonized Tariff Schedule of the United States ("HTSUS") item numbers 8427.20.00, 8427.90.00, and 8431.20.00. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description remains dispositive.

History of the Order

On April 15, 1988, the Department published a final affirmative determination of sales at less than fair value with respect to certain internal-combustion, industrial forklift trucks from Japan (53 FR 12552). The order resulted in the following company margins:

Manufacturer/Exporter	Margin (percent)
Toyota Motor Corp	17.29
Nissan Motor Corp	51.33
Komatsu Forklift Co., Ltd	47.50
Sumitomo-Yale Co., Ltd	51.33
Toyo Umpaki Co. Ltd	51.33
Sanki Industrial Co	13.65
Kasagi Forklift, Inc	56.81

[1] *See Certain Internal-Combustion Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 62 FR 5592 (February 6, 1997).

Manufacturer/Exporter	Margin (percent)
All Other Japanese Manufacturers/Exporters	39.45

Since the imposition of the order, there have been four administrative reviews,[2] in which all the respondents subject to these reviews were found to have continued dumping. There were two scope rulings: first, at the request of Mitsubishi Heavy Industries to clarify whether a particular model forklift truck, the Mitsubishi FD–70, was within the scope of this antidumping duty order, the Department, by letter dated October 12, 1989, advised petitioner's counsel that it had determined that the Mitsubishi FD–70 internal-combustion, industrial forklift truck, was excluded from the scope of the order. Second, the Department published notice that it had determined that a particular model forklift truck produced by Nissan Motor Co., Ltd. and Nissan Forklift Truck Corporation, the Nissan F05–70, was not within the scope of this antidumping duty order (63 FR 6722, February 10, 1998).

At the request of the domestic industry, during the 1989–1990 administrative review period, the Department conducted an anticircumvention investigation of four groups of manufacturers of certain internal-combustion, industrial forklift trucks from Japan (55 FR 6028). The petitioners alleged that four groups of forklift truck manufacturers were circumventing the antidumping duty order on forklift trucks by exporting forklift truck parts to the United States for assembly. In its final anticircumvention determination, the Department concluded, pursuant to section 781(b) of the Act, as amended, 19 U.S.C. § 1677j(b) (1988), that the difference in value between the parts imported into the United States and the trucks sold in the United States was not small, as required by the statute (55 FR 6028, February 21, 1990). Based on this conclusion, the Department determined that the manufacturers were not circumventing the antidumping duty order.

[2] *See Certain Internal-Combustion, Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 57 FR 3167 (January, 28, 1992); *Certain Internal-Combustion, Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 59 FR 1374 (January 10, 1994); *Certain Internal-Combustion, Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 62 FR 34216 (June 25, 1997); *Certain Internal-Combustion, Industrial Forklift Trucks from Japan; Final Results of Antidumping Duty Administrative Review*, 62 FR 5592 (February 6, 1997).

Background

On April 1, 1999, the Department initiated a sunset review of the antidumping order on certain internal-combustion, industrial forklift trucks from Japan (64 FR 15727), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of NACCO Materials Handling Group, Inc. ("NMHG") and Clark Material Handling Company ("Clark") within the applicable deadline (April 16, 1998) specified in section 351.218(d)(1)(i) of the Sunset Regulations. Clark and NMHG claimed interested party status under section 771(9)(C) of the Act as U.S. manufacturers of a domestic like product. We received their complete substantive responses to the notice of initiation on April 29, 1999 and May 3, 1999, respectively. Without a substantive response from respondent parties, the Department, pursuant to 19 CFR 351.218 (e)(1)(ii)(C), determined to conduct an expedited, 120-day review of this order.

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping order, and shall provide to the International Trade Commission (the Commission) the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margin are discussed below. In addition, domestic interested parties' comments with respect to continuation or recurrence of dumping and the magnitude of the margin are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin*, the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2). In addition, the Department indicated that normally it will determine that revocation of an antidumping order is likely to lead to continuation or recurrence of dumping where (a) Dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (*see* section I I.A.3).

In addition to consideration of the guidance on likelihood cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In the instant review, the Department did not receive a response from any respondent interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

In its substantive response, NMHG argues that actions taken by the manufacturers and exporters of Japanese internal-combustion, industrial forklift trucks during the life of the order, including the dramatic decline in imports from Japan consequent to the antidumping duty order and subsequent administrative reviews, particularly in combination with the fact that Japanese manufacturers and exporters continued to dump after the order was issued, are a strong indication that dumping in the United States is likely to recur should the order be revoked (*see* May 3, 1999 Substantive Response of NMHG at 8). With respect to whether dumping continued at any level above *de minimis* after the issuance of the order, NMHG and Clark assert that during the four administrative reviews since the 1989 imposition of the order, all respondents subject to the reviews were found to have continued dumping at substantial margins (*see* May 3, 1999 Substantive Response of NMHG at 10 and April 30, 1999 Substantive Response of Clark at 3).

With respect to whether imports of the subject merchandise ceased after the issuance of the order, or dumping was eliminated after the issuance of the

order and import volumes for the subject merchandise declined significantly, Clark asserts that two of the exporters initially assessed antidumping duties and subject to reviews, ceased importing after 1992 (see April 30, 1999 Substantive Response of Clark at 3). Both Clark and NMHG note a significant decline in the volume of imports of subject merchandise since the order was imposed. Citing U.S. Department of Commerce statistics, NMHG asserts that imports of the subject merchandise have decreased from 25,663 units in 1986, the year immediately preceding the filing of the petition, to 9,522 units in 1998 (*see* May 3, 1999 Substantive Response of NMHG at 20). Further, NMHG argues that recent data do not reflect imports of the subject merchandise, and should in fact be estimated to be lower, as the Japanese Industrial Vehicles Association ("JIVA") reported only 384 internal-combustion trucks were shipped to the United States in 1998, many of which were over 15,000 lbs. capacity (*see* May 3, 1999 Substantive Response of NMHG at 20), and thus outside the scope of the order.

Additionally, Clark argues that there are other factors, such as Japan's domestic recession during the past three years, which support a finding that dumping would recur if the order were revoked. Clark argues that despite declining prices in the U.S. market during the past nine months, Japanese manufacturers are desperate to make export sales even at prices below costs (*see* April 30, 1999 Substantive Response of Clark at 4). Furthermore, if the dumping order were revoked, Japanese manufacturers would increase exports from their severely underutilized factories and, where they also own U.S. production factories, substitute imports for U.S. production (*see* April 30, 1999 Substantive Response of Clark at 4).

In conclusion, the domestic parties argue that the Department should determine that there is a likelihood that dumping would continue were the order revoked because (1) Dumping margins above *de minimis* levels have continued throughout the life of the order, (2) imports of subject merchandise have continued since the issuance of the order, but are significantly below pre-order levels, or ceased altogether, as in the case of two exporters subject to the original investigation and administrative reviews, (3) recent U.S. Department of Commerce data on imports of the subject merchandise are in fact overestimated, and (4) Japanese manufacturers, desperate to make export sales even at prices below costs, would increase exports from their severely underutilized factories and, where they also own U.S. production factories, substitute imports for U.S. production.

As discussed in Section II.A.3 of the *Sunset Policy Bulletin*, the SAA at 890, and the House Report at 63–64, if companies continue dumping with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed. Dumping margins above *de minimis* levels continue to exist for shipments of the subject merchandise from all Japanese manufacturers/exporters (62 FR 5592, February 6, 1997).

Consistent with section 752(c) of the Act, the Department also considered the volume of imports before and after issuance of the order. By examining U.S. Census Bureau IM146 reports and the margins in the original investigation and subsequent administrative reviews, the Department finds imports of the subject merchandise decreased sharply following the imposition of the order. Moreover, although some imports continued throughout the life of the order, margins increased.

Based on this analysis, the Department finds that the existence of dumping margins after the issuance of the order is highly probative of the likelihood of continuation or recurrence of dumping. Deposit rates for exports of the subject merchandise by all known Japanese manufacturers and exporters exceed *de minimis* levels. Therefore, given that dumping has continued over the life of the order, respondent interested parties have waived their right to participate in this review before the Department, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the order were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation (*see* section II.B.1 of the *Sunset Policy Bulletin*). Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations (*see* sections II.B.2 and 3 of the *Sunset Policy Bulletin*).

The Department, in its notice of the antidumping duty order on internal-combustion industrial forklift trucks from Japan, identified company-specific margins for imports of the subject merchandise from Japan as established in the original investigation (53 FR 20882, June 7, 1988). As noted above, the Department has conducted four administrative reviews of this order. Further, we note that, to date, the Department has not issued any duty absorption findings in this case.

Both Clark and NMHG argue that, with the exception of Toyota, the margins in the original investigation are probative of the behavior of Japanese forklift truck producers/exporters. NMHG asserts that Toyota's dumping at an even higher rate after the imposition of the order is compelling evidence that this respondent would dump at least to the same degree without the discipline of the antidumping duty order if revocation were to be granted (*see* May 3, 1999 Substantive Response of NMHG at 13). In its substantive response NMHG argues that the Department should therefore use, in its report to the Commission, Toyota's 47.79 percent margin calculated in the most recent administrative review (62 FR 5592 (February 6, 1997)) instead of the 17.29 percent margin from the original investigation.

With respect to the behavior of Japanese forklift truck producers/exporters other than Toyota, the Department finds that the margins in the original investigation are probative of their behavior if the order were to be revoked.

With respect to Toyota, we disagree with the domestic interested parties' assertion that we should use the most recently calculated margin for Toyota simply because it is higher than the original margin. However, we have reviewed the level of imports and Toyota's dumping margins over the life of the order. Since Toyota is not participating in this review and, therefore, we do not have company-specific export volume and value data, we relied on publicly available U.S. customs value data. Specifically, we found that import volumes decreased after the issuance of the order through 1992 (based on import statistics provided by NMHG). Further, we found that imports began increasing in 1993, and then increased significantly from 1993 to 1994, and again, from 1994 to 1995. During these same time periods, Toyota's dumping margin increased from a low of 6.87 percent to 31.58 percent and again to 47.79 percent. In addition, we note that the two other Japanese producers/exporters subject to

the administrative reviews covering these periods were found not to have made any shipments. Therefore, we view the order-wide data as an appropriate surrogate for Toyota.

According to the *Sunset Policy Bulletin*, "a company may choose to increase dumping in order to maintain or increase market share. As a result, increasing margins may be more representative of a company's behavior in the absence of an order" (*see* section II.B.2 of the *Sunset Policy Bulletin*). In addition, *the Sunset Policy Bulletin* notes that the Department will normally consider market share. However, absent information on market share, and absent argument or evidence to the contrary, we have relied on import values in the present case. Therefore, in light of the correlation between an increase in imports and an increase in Toyota's dumping margins, the Department finds Toyota's more recent rate from the last administrative review[3] (62 FR 5592 February 6, 1997)) to be the most probative of Toyota's behavior if the order were revoked. For all companies other than Toyota, the Department will report to the Commission the rate from the original investigation (53 FR 12552 April 15, 1988) as contained in the Final Results of Review section of this notice.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the margin listed below:

Manufacturer/exporter	Margin (percent)
Toyota Motor Corp	47.79
Nissan Motor Corp	51.33
Komatsu Forklift Co., Ltd	47.50
Sumitomo-Yale Co., Ltd	51.33
Toyo Umpaki Co. Ltd	51.33
Sanki Industrial Co	13.65
Kasagi Forklift, Inc	56.81
All Other Japanese Manufacturers/Exporters	39.45

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 30, 1999.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-20217 Filed 8-4-99; 8:45 am]

BILLING CODE 3510-DS-P

[3] *See Certain Internal-Combustion Industrial Forklift Trucks from Japan: Amended Final Results of Antidumping Duty Administrative Review*, 62 FR 12598 (March 17, 1997).

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-377 (Review)]

Internal Combustion Industrial Forklift Trucks From Japan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of a full five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan.

SUMMARY: The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty order on internal combustion industrial forklift trucks from Japan would be likely to lead to continuation or recurrence of material injury. For further information concerning the conduct of this review and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the rules of practice and procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: August 23, 1999.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202-708-5408), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

On July 2, 1999, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed (64 FR 38475, July 16, 1999). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Participation in the Review and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the review will be placed in the nonpublic record on January 4, 2000, and a public version will be issued thereafter, pursuant to § 207.64 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on January 25, 2000, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 18, 2000. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 21, 2000, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony in camera no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.65 of the Commission's rules; the deadline for filing is January 13, 2000. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.67 of the Commission's rules. The deadline for filing posthearing briefs is February 3, 2000; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before February 3, 2000. On February 25, 2000, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before February 29, 2000, but such final comments must not contain new factual information and must otherwise comply with § 207.68 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

Issued: August 24, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-22346 Filed 8-26-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–377 (Review)]

Internal Combustion Industrial Forklift Trucks From Japan

AGENCY: United States International Trade Commission.

ACTION: Cancellation of the hearing and revision of the schedule of a full five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan.

EFFECTIVE DATE: January 28, 2000.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by

accessing its internet server (*http://www.usitc.gov*).

SUPPLEMENTARY INFORMATION:

Background

On August 27, 1999 (64 FR 46952), the Commission published a notice in the **Federal Register** scheduling a full five-year review concerning the antidumping duty order on internal combustion industrial forklift trucks from Japan. The schedule provided for a public hearing on January 25, 2000. Requests to appear at the hearing were filed with the Commission on behalf of NACCO Materials Handling Group and on behalf of Clark Material Handling Co. However, the Federal Government was closed on January 25, 2000, because of snow and so the Commission hearing was not held as scheduled. Subsequently, each of the parties requesting to appear at the hearing withdrew their request. Since there are no current requests by interested parties to appear at a public hearing, the Commission determined to cancel, instead of reschedule, the public hearing on internal combustion industrial forklift trucks from Japan and provide those parties scheduled to appear an opportunity to present written testimony. The Commission unanimously determined that no earlier announcement of this cancellation was possible.

The Commission's new schedule for the review is as follows: the deadline for filing posthearing briefs is February 15, 2000; the Commission will make its final release of information on March 9, 2000; and final party comments are due on March 13, 2000.

For further information concerning the review, see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and F (19 CFR part 207).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to sections 201.35 and 207.62 of the Commission's rules.

Issued: January 31, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–2524 Filed 2–3–00; 8:45 am]

BILLING CODE 7020–02–U

APPENDIX B

COMMISSION'S STATEMENT ON THE ADEQUACY OF THE RESPONSES TO ITS NOTICE OF INSTITUTION

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Internal Combustion Industrial Forklift Trucks from Japan
Inv. No. 731-TA-377 (Review)

On July 2, 1999, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C.§ 1675(c)(5)). With respect to this review, the Commission determined that both domestic and respondent interested party group responses to its notice of institution were adequate and voted to conduct a full review. Regarding domestic interested parties, the Commission received responses from domestic producers that collectively account for a significant portion of U.S. production of the domestic like product. Regarding respondent interested parties, the Commission received responses from Japanese producers/exporters that account for the majority of Japanese production and from one U.S. importer of subject merchandise from Japan.

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.

APPENDIX C

SUMMARY DATA

Table C-1
Internal combustion industrial forklift trucks: Summary data concerning the U.S. market, 1997-98, January-September 1998, and January-September 1999

(Quantity=number of trucks, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per truck; period changes=percent, except where noted)

Item	Reported data				Period changes	
			January-September			Jan.-Sept.
	1997	1998	1998	1999	1997-98	1998-99
U.S. consumption quantity:						
Amount	69,590	85,747	66,385	64,317	23.2	-3.1
Producers' share (1)	76.2	78.1	77.9	70.9	1.9	-7.0
Importers' share (1):						
Japan	0.1	(2)	(3)	(3)	-0.1	(4)
Other sources	23.7	21.9	22.1	29.1	-1.8	7.0
Total imports	23.8	21.9	22.1	29.1	-1.9	7.0
U.S. consumption value:						
Amount	1,174,709	1,476,009	1,140,908	1,034,541	25.6	-9.3
Producers' share (1)	82.7	81.3	81.2	80.4	-1.4	-0.8
Importers' share (1):						
Japan	0.1	(2)	(3)	(3)	-0.1	(4)
Other sources	17.2	18.7	18.8	19.6	1.4	0.8
Total imports	17.3	18.7	18.8	19.6	1.4	0.8
U.S. shipments of imports from:						
Japan:						
Quantity	84	18	(3)	(3)	-78.9	(4)
Value	979	243	(3)	(3)	-75.2	(4)
Unit value	$11,653	$13,693	(4)	(4)	17.5	(4)
Ending inventory quantity	(3)	(3)	(3)	(3)	(4)	(4)
Other sources:						
Quantity	16,500	18,766	14,669	18,736	13.7	27.7
Value	202,255	275,514	214,578	202,718	36.2	-5.5
Unit value	$12,258	$14,682	$14,628	$10,820	19.8	-26.0
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	16,584	18,784	14,669	18,736	13.3	27.7
Value	203,234	275,757	214,578	202,718	35.7	-5.5
Unit value	$12,255	$14,681	$14,628	$10,820	19.8	-26.0
Ending inventory quantity	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	83,670	95,330	71,355	62,613	13.9	-12.3
Production quantity	59,497	74,611	57,617	48,151	25.4	-16.4
Capacity utilization (1)	71.1	78.3	80.7	76.9	7.2	-3.8
U.S. shipments:						
Quantity	53,006	66,963	51,716	45,581	26.3	-11.9
Value	971,475	1,200,252	926,330	831,823	23.5	-10.2
Unit value	$18,328	$17,924	$17,912	$18,249	-2.2	1.9
Export shipments:						
Quantity	6,692	6,841	5,268	3,361	2.2	-36.2
Value	129,224	131,275	99,018	65,733	1.6	-33.6
Unit value	$19,310	$19,189	$18,796	$19,558	-0.6	4.1
Ending inventory quantity	1,074	1,882	1,732	1,234	75.2	-28.8
Inventories/total shipments (1)	1.8	2.5	2.3	1.9	0.8	-0.4
Production workers	2,228	2,559	2,540	2,334	14.9	-8.1
Hours worked (1,000s)	4,988	6,171	4,645	4,069	23.7	-12.4
Wages paid ($1,000s)	72,824	90,804	67,897	63,111	24.7	-7.0
Hourly wages	$14.60	$14.71	$14.62	$15.51	0.8	6.1
Productivity (trucks/1,000 hours)	11.928	12.091	12.404	11.834	1.4	-4.6
Unit labor costs	$1,224	$1,217	$1,178	$1,311	-0.6	11.2
Net sales:						
Quantity	59,666	73,515	56,759	46,738	23.2	-17.7
Value	1,096,047	1,328,425	1,020,396	850,866	21.2	-16.6
Unit value	$18,370	$18,070	$17,978	$18,205	-1.6	1.3
Cost of goods sold (COGS)	974,034	1,163,103	892,111	776,042	19.4	-13.0
Gross profit or (loss)	122,013	165,322	128,285	74,824	35.5	-41.7
SG&A expenses	91,836	103,240	78,018	66,422	12.4	-14.9
Operating income or (loss)	30,177	62,082	50,267	8,402	105.7	-83.3
Capital expenditures	24,622	38,300	25,499	27,521	55.6	7.9
Unit COGS	$16,325	$15,821	$15,718	$16,604	-3.1	5.6
Unit SG&A expenses	$1,539	$1,404	$1,375	$1,421	-8.8	3.4
Unit operating income or (loss)	$506	$844	$886	$180	67.0	-79.7
COGS/sales (1)	88.9	87.6	87.4	91.2	-1.3	3.8
Operating income or (loss)/ sales (1)	2.8	4.7	4.9	1.0	1.9	-3.9

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Less than 0.05 percent.
(3) Not available; imports and inventories from Japan are believed to be negligible.
(4) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. [Komatsu USA] did not provide financial data.

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

Table C-2
Internal combustion industrial forklift trucks: Summary data concerning Clark, Drexel, and NACCO Materials, 1997-98, January-September 1998, and January-September 1999

* * * * * * *

APPENDIX D

U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-4) Their responses were as follows:

NACCO Material Handling Group, Inc.

***

Clark Material Handling Co.

***

TCM Manufacturing U.S.A., Inc.

***

Nissan Forklift Corp. North America

***

Drexel Industries, LLC

***

Komatsu Forklift USA, Inc.

***

Toyota Industrial Equipment Manufacturing, Inc.

***

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, or employment relating to the production of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-16) Their responses were as follows:

NACCO Material Handling Group, Inc.

***

Clark Material Handling Co.

***

TCM Manufacturing U.S.A., Inc.

***

Nissan Forklift Corp. North America

***

Drexel Industries, LLC

***

Toyota Industrial Equipment Manufacturing, Inc.

***

U.S. producers were asked to describe the significance of the existing antidumping order covering internal combustion industrial forklift trucks from Japan in terms of its effects on their production capacity, production, U.S. shipments, inventories, purchases, and employment. (Question II-15) Their responses were as follows:

NACCO Material Handling Group, Inc.

***

Clark Material Handling Co.

***

TCM Manufacturing U.S.A., Inc.

***

Nissan Forklift Corp. North America

***

Drexel Industries, LLC

***

Toyota Industrial Equipment Manufacturing, Inc.

***

U.S. producers were asked whether they anticipated any changes in their revenues, costs, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question III-12) Their responses were as follows:

NACCO Material Handling Group, Inc.

***

Clark Material Handling Co.

***

TCM Manufacturing U.S.A., Inc.

***

Nissan Forklift Corp. North America

***

Drexel Industries, LLC

***

Toyota Industrial Equipment Manufacturing, Inc.

***

U.S. producers were asked to describe the significance of the existing antidumping order covering internal combustion industrial forklift trucks from Japan in terms of its effects on their revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question III-11) Their responses were as follows:

NACCO Material Handling Group, Inc.

***

Clark Material Handling Co.

***

TCM Manufacturing U.S.A., Inc.

***

Nissan Forklift Corp. North America

***

Drexel Industries, LLC

***

Toyota Industrial Equipment Manufacturing, Inc.

***

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-4) Their responses were as follows:

***

"Same response as in Producers' Questionnaire."

***

"If the antidumping order is lifted, we believe that demand for our products will decrease, existing capacity will be less productive, underutilized capacity will be sold or scrapped, and staff levels will be reduced from layoffs."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-9) Their responses were as follows:

***

"Same response as in Producers' Questionnaire."

***

"If the antidumping order were revoked, we would probably import far fewer trucks - perhaps none at all- because we believe that revocation would significantly lower demand for our products. We are therefore concerned that revocation might lead to ***.

***

"No."

***

*** was not importing IC forklift trucks prior to Japanese antidumping suit. Therefore, it would be impossible to anticipate any changes."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

U.S. importers were asked to describe the significance of the existing antidumping order covering internal combustion industrial forklift trucks from Japan in terms of its effects on their imports, U.S. shipments of imports, and inventories. (Question II-8) Their responses were as follows:

***

"Same response as in Producer's Questionnaire."

***

"We believe that the existing antidumping order has a very significant impact on our firm's imports, U.S. shipments of imports, and inventories."

***

***

***

*** was not importing internal combustion forklift trucks prior to Japanese antidumping suit.

Therefore, it is not possible to measure its effects."

***

"N/A"

***

"No significance at all."

***

"Our company started after the antidumping order. ***. We can work very well within these limits."

***

"None since 12/89."

***

"The antidumping order has no impact on our firm's importations, shipments and inventories, as we purchase forklift trucks in the 2,000 to 15,000 pound range from a U.S. Manufacturer. We have not imported the subject merchandise from Japan since 1991."

***

"No significance: Decision to *** was based on: (1) need to be more responsive to U.S.A. market; and (2) desire to reduce impact of currency fluctuations."

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

***

Activities of your firm:

"Would provide additional competition for sales, which would further decrease our gross profit. Time period would be as soon as the forklifts reached the market."

Entire U.S. market:

"Same as above for all forklift truck dealers."

***

Activities of your firm:

"Little or none since reputable Japanese manufacturers are now located in U.S."

Entire U.S. market:

"Some minor change since large leasing or rental houses may find lower cost is an asset to leasing fleets to end users - until the users feel the need for product support."

***

Activities of your firm:

"If current duty was reduced or removed, prices would be reduced by foreign manufacturers to gain market share, especially during strong U.S. market and weak Asian market. Our firm would lose sales volume and suffer great losses."

Entire U.S. market:

"This reflection would cover total U.S. market because foreign producers have relatively weak distribution and can only increase market share with lower prices."

***

Activities of your firm:

"In my opinion, the revocation will have minimal effect on the market. The Japanese have been able to disguise pricing discount through factory subsidized financing programs. Depending on how aggressive they are in the future, our market share may decline."

Entire U.S. market:

"Same as above."

***

Activities of your firm:

"Any revocation of the order would have a positive effect on our firm. We would most likely benefit from having a wider range of models to sell, and could quite possibly be more competitively priced on some models if our supplier had the choice of building them in one location rather than multiple locations around the world."

Entire U.S. market:

"Any revocation of the order could possibly provide the end-user/consumer with lower more realistic pricing through competition, and a broader choice of models."

***

Activities of your firm:

"During the past 12 years our margin on the sale of new forklift trucks had deteriorated to ½ of what it was. If the revocation causes downward pressure on margin it will jeopardize our ability to continue selling new forklift trucks."

Entire U.S. market:

"I suspect the same effect as above."

***

Activities of your firm:

"It might bring pricing to a proper level."

***

Activities of your firm:

"Make no difference."

Entire U.S. market:

"No difference. With state of Japanese economy they could not afford to sell at loss and the yen has been strong. *** stated goal is to meet terms of NAFTA because they see Latin America as large potential market. You don't meet NAFTA by sourcing more components in Japan or Asia. I would assume other manufacturers have similar goals."

***

Activities of your firm:

"The likely effect would be a price reduction of Japanese products in our A.P.R. causing a selling price reduction."

Entire U.S. market:

"Not applicable."

***

Activities of your firm:

"We will always look for the best product with the best value, choosing the American-made product if all things are equal."

Entire U.S. market:

"I do not know."

***

Activities of your firm:

"None - all production of Japanese forklift trucks has been moved to the United States."

Entire U.S. market:

"Same."

***

Activities of your firm:

"Not applicable."

Entire U.S. market:

"Not applicable."

***

Activities of your firm:

"I think the effect will be minimal, as many Japanese producers now have plants here in the US that produce machines that are of 55%+ US content."

Entire U.S. market:

"Same as above."

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

Foreign producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-3) Their responses were as follows:

TCM Corp.

***

Sumitomo NACCO Materials Handling Co., Ltd.

***

Nissan Motor Co., Ltd.

***

Foreign producers were asked whether they anticipated any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of internal combustion industrial forklift trucks in the future if the antidumping order were to be revoked. (Question II-17) Their responses were as follows:

TCM Corp.

***

Sumitomo NACCO Materials Handling Co., Ltd.

***

Nissan Motor Co., Ltd.

***

Foreign producers were asked to describe the significance of the existing antidumping order covering internal combustion industrial forklift trucks from Japan in terms of its effects on their production capacity, production, home market shipments, exports to the United States and other markets, or inventories. (Question II-16) Their responses were as follows:

TCM Corp.

***

Sumitomo NACCO Materials Handling Co., Ltd.

***

Nissan Motor Co., Ltd.

***

APPENDIX E

DOMESTIC VALUE ADDED FOR PRODUCERS' LARGEST VOLUME SALES MODEL OF INTERNAL COMBUSTION INDUSTRIAL FORKLIFT TRUCKS

Table E-1
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its fiscal year ended ***

* * * * * * *

Table E-2
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its calendar year ended ***

* * * * * * *

Table E-3
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its fiscal year ended ***

* * * * * * *

Table E-4
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its fiscal year ended ***

* * * * * * *

Table E-5
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its fiscal year ended ***

* * * * * * *

Table E-6
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its fiscal year ended ***

* * * * * * *

Table E-7
Domestic value added for the largest volume sales and/or lease model of internal combustion industrial forklift trucks produced by *** during its fiscal year ended ***

* * * * * * *

APPENDIX F

PURCHASERS' PRICE DATA

Table F-1
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 1,[1] as reported by purchasers,[2] by quarters, January 1997-September 1999

Period	United States	
	Price (*per unit*)	Quantity (*units*)
1997:		
January-March	$13,473	118
April-June	14,922	119
July-September	13,672	94
October-December	14,056	115
1998:		
January-March	13,999	102
April-June	14,598	98
July-September	14,729	103
October-December	14,276	126
1999:		
January-March	13,868	98
April-June	14,411	109
July-September	14,532	87

[1] Internal combustion engine forklift truck, cushion tires, 3,000 pound basic lift capacity, liquified petroleum gas system.
[2] ***.

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

Table F-2
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 2,[1] as reported by purchasers, by quarters, January 1997-September 1999

Period	United States	
	Price (*per unit*)	Quantity (*units*)
1997:		
January-March	$14,342	35
April-June	15,024	36
July-September	14,793	41
October-December	15,732	59
1998:		
January-March	14,926	36
April-June	19,002	48
July-September	21,856	75
October-December	20,084	72
1999:		
January-March	16,575	56
April-June	15,085	55
July-September	15,348	59

[1] Internal combustion engine forklift truck, pneumatic tires, 3,000 pound basic lift capacity, liquified petroleum gas system.

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

Table F-3
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 3,[1] as reported by purchasers, by quarters, January 1997-September 1999

Period	United States	
	Price (*per unit*)	Quantity (*units*)
1997:		
January-March	$17,778	394
April-June	17,393	490
July-September	17,022	372
October-December	18,550	453
1998:		
January-March	17,640	496
April-June	18,300	483
July-September	17,951	405
October-December	18,126	432
1999:		
January-March	17,608	402
April-June	18,042	419
July-September	17,028	410

[1] Internal combustion engine forklift truck, cushion tires, 5,000 pound basic lift capacity, liquified petroleum gas system.

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

Table F-4
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 4,[1] as reported by purchasers, by quarters, January 1997-September 1999

Period	United States	
	Price (*per unit*)	Quantity (*units*)
1997:		
January-March	$19,183	284
April-June	19,154	276
July-September	18,952	260
October-December	19,405	277
1998:		
January-March	19,152	250
April-June	19,555	390
July-September	20,327	300
October-December	19,631	300
1999:		
January-March	19,258	279
April-June	19,079	307
July-September	19,503	302

[1] Internal combustion engine forklift truck, pneumatic tires, 5,000 pound basic lift capacity, gasoline engine.

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

Table F-5
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 5,[1] as reported by purchasers, by quarters, January 1997-September 1999

Period	United States	
	Price (*per unit*)	Quantity (*units*)
1997:		
January-March	$30,710	54
April-June	***	***
July-September	***	***
October-December	***	***
1998:		
January-March	33,590	58
April-June	***	***
July-September	29,594	80
October-December	29,205	105
1999:		
January-March	30,974	68
April-June	***	***
July-September	***	***

[1] Internal combustion engine forklift truck, pneumatic tires, 8,000 pound basic lift capacity, diesel engine.

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

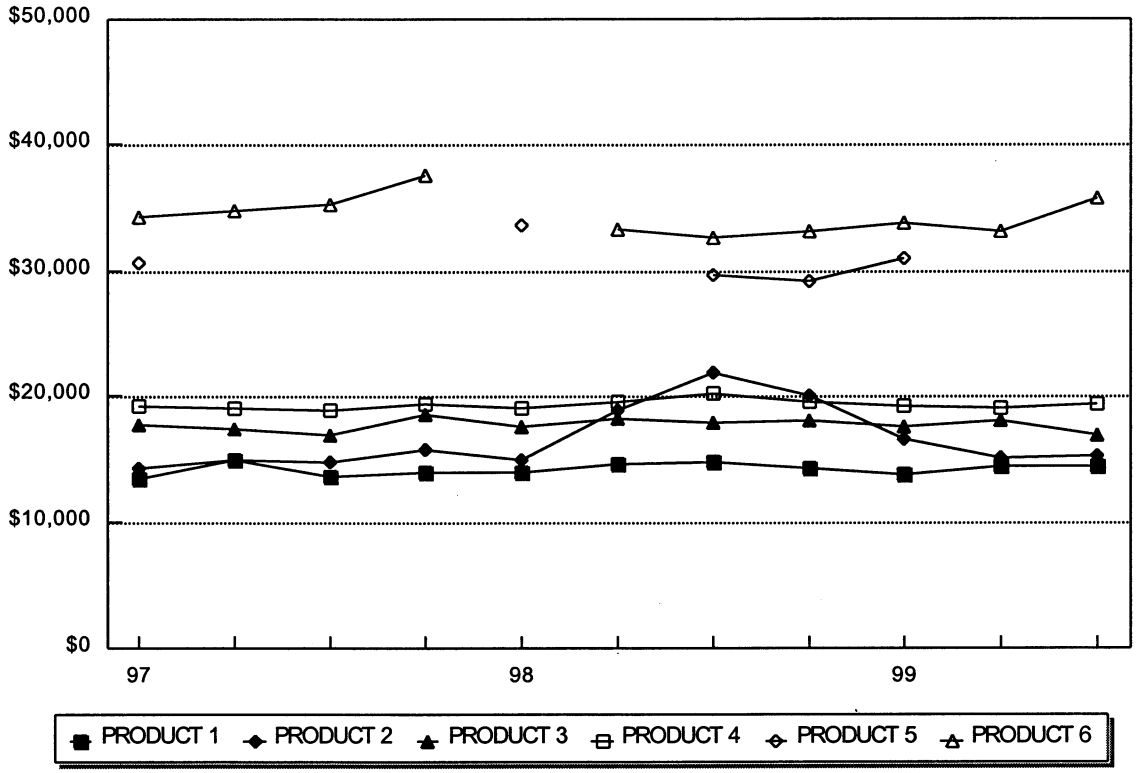
Table F-6
Internal combustion industrial forklift trucks: Weighted-average f.o.b. prices and quantities of domestic product 6,[1] as reported by purchasers, by quarters, January 1997-September 1999

Period	United States	
	Price (*per unit*)	Quantity (*units*)
1997:		
January-March	$34,254	16
April-June	34,731	15
July-September	34,102	14
October-December	37,579	17
1998:		
January-March	***	***
April-June	33,293	34
July-September	32,574	35
October-December	33,064	63
1999:		
January-March	33,827	61
April-June	33,061	34
July-September	35,768	49

[1] Internal combustion engine forklift truck, pneumatic tires, 11,000 pound basic lift capacity, diesel engine.

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

Figure F-1
Weighted-average f.o.b. prices of domestic products 1-6 paid by purchasers



Note.–Business proprietary information for products 5 and 6 have been deleted.

Source: Tables F-1 to F-6