

TUBELESS TIRE VALVES

**Report to the President on
Investigation No. TA-201-46
Under Section 201 of the
Trade Act of 1974**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT
ON INVESTIGATION NO. TA-201-46

Tubeless-Tire Valves

UNITED STATES INTERNATIONAL TRADE COMMISSION
September 20, 1982

Determination

On the basis of the information developed in the course of investigation No. TA-201-46, the Commission 1/ determined that tubeless-tire valves provided for in items 692.32 and 692.33 of the Tariff Schedules of the United States (TSUS), are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

Background

The Commission instituted the present investigation, No. TA-201-46, on April 29, 1982, following the receipt, on April 16, 1982, of a petition for import relief filed by three U.S. manufacturers of tubeless-tire valves. The investigation was instituted pursuant to section 201(b) of the Trade Act of 1974 (19 U.S.C. 2251(b)(1)) in order to determine whether tubeless-tire valves provided for in items 692.32 and 692.33 of the TSUS are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

1/ Commissioners Calhoun and Frank not participating.

Notice of the institution of the Commission's investigation and of a public hearing was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. and by publishing the notice in the Federal Register of May 5, 1982 (47 F.R. 19492).

A public hearing in this investigation was held in the hearing room of the U.S. International Trade Commission Building in Washington, D.C., on Wednesday, July 14, 1982. All interested parties were afforded an opportunity to be present, to present evidence, and to be heard. 1/

This report is being furnished to the President in accordance with section 201(d)(1) of the Trade Act. The information in the report was obtained from fieldwork and interviews by members of the Commission's staff, and from other Federal agencies, responses to Commission questionnaires, information presented at the public hearing, briefs submitted by interested parties, the Commission's files, and other sources.

1/ A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation were attached to the original report sent to the President. Copies are available for inspection at the U.S. International Trade Commission, except for material submitted in confidence.

VIEWS OF CHAIRMAN ALFRED ECKES, COMMISSIONERS PAULA STERN AND VERONICA HAGGART

On the basis of the information obtained in this investigation, we have determined that tubeless tire valves provided for in items 692.32 and 692.33 of the Tariff Schedules of the United States are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

In order to make an affirmative determination in an investigation under section 201 of the Trade Act of 1974, the Commission must find that three criteria are satisfied:

- (1) There are increased imports (either actual or relative to domestic production) of an article into the United States;
- (2) The domestic industry producing an article like or directly competitive with the imported article is being seriously injured, or threatened with serious injury; and
- (3) Such increased imports of an article are a substantial cause of serious injury, or threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

Domestic industry

Before discussing the statutory criteria, it is first necessary to determine what is "the domestic industry" which may be suffering the requisite injury. The Trade Act of 1974 states that the domestic industry consists of the domestic producers of "an article like or directly competitive with the

imported article." The Senate Finance Committee Report defines "like" articles as those which are "substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.)." 1/

The imported articles which are the subject of this investigation are tubeless tire valves (TTVs) for use with tubeless tires on passenger-automobile and light-truck wheels. Two types of TTVs, snap-in and clamp-on, suitable for passenger-automobiles and light-truck tires have been imported into the United States. 2/ Both types of valves are inserted into a hole on the rim of the wheel and are designed to control the flow of air into and out of the tire. Both types incorporate two basic components--a spring-activated plunger (core) and a metal tube (stem) in which the plunger is encased. When depressed, the plunger allows the transmission of air in either direction through the valve. 3/

1/ S. Rep. No. 1298, 93d Cong., 2d Sess. 121-122 (1974).

2/ Petitioner has argued that this investigation should be based on a two-industry approach based on market destination: the original equipment manufacturer market (OEM) and the replacement market. The OEM market (U.S. auto companies) is served exclusively by U.S. producers. The replacement market (establishments such as retail tire and service centers, gasoline stations, and auto repair shops) is served by both foreign and domestic producers.

The TTVs produced for both these markets are virtually identical and are produced in the same establishments and on the same production lines. The only distinction is in the final packaging of the valves. Therefore, the Commission considers the OEM and replacement markets as one industry for the purpose of this investigation.

Commissioners Stern and Haggart note that this definition of industry does not preclude an analysis of developments in each market in considering the causation issue.

3/ Confidential Report, p. A-3.

The domestically produced clamp-on and snap-in valves 4/ are made from the same material and have the same components and appearance as imported valves. That is, they are substantially identical to imported valves in inherent or intrinsic characteristics.

We have concluded that, for the purposes of this investigation, the domestic industry consists of producers of snap-in and clamp-on tubless tire valves. 5/ 6/

Imports in increased quantities

The first of the three criteria for an affirmative determination is that the imported articles are being imported in "increased quantities." 7/ The statute provides that imports are in increased quantities when the increase is in actual or absolute terms, or when the increase is "relative to domestic production." 8/

U.S. imports of TTVs increased minimally, 1.4 percent, from 1977 to 1981, reaching a peak in 1979 and declining thereafter. 9/ 10/ This downward trend

4/ Snap-in valves constitute nearly all of domestic production and consumption.

5/ Imports of clamp-on valves have been negligible or nil since 1980.

6/ There are characteristics that distinguish clamp-on valves from snap-in valves, see Report at A-3, which might arguably support a finding that there are two domestic industries. Such a finding, however, would have no significant impact on our analysis since there have been virtually no imports of the clamp-on variety since 1979, and it constituted a miniscule portion of domestic production (less than 1.61 percent) and consumption (***) percent) in 1981.

7/ Sec. 201(b)(1), 19 U.S.C. 2251(b)(1).

8/ Sec. 201(b)(2)(C), 19 U.S.C. 2251(b)(2)(C).

9/ Nearly all the imports were supplied by just one manufacturer in West Germany so the import data are confidential and therefore may be discussed in general terms.

10/ Commissioner Haggart notes that imports reached a higher level in 1981 than any other year except the peak year of 1979. Confidential Report, p. A-14.

continued through the first 4 months of 1982. There have been no imports of clamp-on valves in 1980 or January-April 1982 and imports of that type valve were negligible in 1981. 11/

The ratio of imported TTVs to total U.S. production of TTVs increased irregularly from 1977 to 1981, peaking in 1980. In 1981 the ratio was the same as in 1979 but was up by 1.6 percent from the ratio in 1977. 12/

Because imports increased over the past 5 years, although minimally, we will consider whether the remaining statutory criteria have been met.

Serious injury

The second criterion for an affirmative determination is that the domestic industry be seriously injured or threatened with serious injury. 13/ While the statute does not define the term "serious injury", it directs the Commission to consider certain economic factors in its analysis of the injury issue and to take into account all economic factors which it considers relevant. These include, but are not limited to, significant unemployment or underemployment within the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and the significant idling of productive facilities in the industry. 14/

As with increased imports, the data on injury only marginally satisfies the statutory criteria. 15/ Serious injury is evident in the declines in the

11/ Confidential Report, pp. A-13-A-15.

12/ Confidential Report, p. A-13.

13/ Sec. 201(b)(1). 19 U.S.C. 2251(b)(1)

14/ Sec. 201(b)(2)(A). 19 U.S.C. 2251(b)(2)(A)

15/ Commissioner Stern, having found no substantial causal link between the imports and the condition of the U.S. industry, has assumed for the sake of argument that the statutory criteria of increased imports and serious injury have been met.

economic indicators between 1977 and 1980 and, since that time, particularly in the continued decline in industry profitability. But the tentative nature of this showing of serious injury is apparent. In 1981 nearly all economic indicators recovered substantially from the 1980 low point. Throughout the entire period of this investigation capacity has been growing.

From 1977 through 1980 domestic production fell from 170 million units to 127 million units; 16/ shipments dropped from 162 million units to 124 million units 17/ and employment of production and related workers fell from 467 workers to 337 workers. 18/ 19/ In 1981, however, each of these indicators showed a substantial increase over the 1980 level. Production rose to 143 million units, shipments to 141 million units and employment to 414 workers. 20/ Domestic shipments to the replacement market recovered to roughly the same level as in 1977, 1978 and 1979. 21/

The financial data for U.S. producers of TTVs shows a steady decline for the entire period of this investigation. Operating income dropped from a profit of \$1.4 million in 1977 to a loss of \$.7 million in 1981. 22/ Operating income as a percent of net sales dropped from 7.1 percent in 1977 to a loss of 3.3 percent in 1981. The 1982 data show a further deterioration.

16/ Confidential Report, p. A-13-A-19.

17/ Confidential Report, p. A-21-A-25.

18/ Capacity utilization also dropped dramatically during the period, from 75.7 percent to 46.1 percent. This drop, however, must be evaluated in light of the substantial increase in capacity during the same period.

19/ Confidential Report, p. A-33.

20/ For the first four months of 1982 each of these indicators delined somewhat. We note, however, that shipments to the replacement market continued to increase during this period.

21/ Imports compete only in the replacement market.

22/ The 1979 data is for four firms which account for 93 percent of U.S. production; the 1980 data is for five firms which account for 94 percent of U.S. production.

In 1980 and 1981, four of the five reporting firms showed losses on their TTV operations and during January-April 1982, all five firms reported losses. 23/

Despite the industry's deteriorating profitability, producers have been increasing capacity. Capacity rose from 219 million units in 1977 to 269 million units in 1981. In 1979 Schrader opened a new plant, substantially increasing that company's capacity. In 1980 Eaton substantially increased its capacity, and in 1981 Nylo-Flex increased its capacity. * * *.

* * *. 24/ 25/

Substantial cause of serious injury

The statute requires that for an affirmative finding imports must be a "substantial cause of serious injury, or threat thereof." 26/ The term "substantial cause" is defined in the statute as "a cause which is important and not less than any other cause." 27/ Thus, for increased imports to be a substantial cause of injury, they must pass a dual test. They must be an "important" cause of injury and a cause "not less than any other cause" of injury. 28/

The statute directs the Commission, in determining substantial cause, to take into account all economic factors which it considers relevant, including

23/ Confidential Report, p. A-40.

24/ Confidential Report, p. A-19.

25/ Commissioner Haggart has assumed for the sake of argument that the statutory criterion of serious injury has been met in this particular case but does not make an affirmative determination since she finds that increased imports are not a substantial cause of any injury that is being suffered.

26/ Sec. 201(b)(1), 19 U.S.C. 2251(b)(1).

27/ Sec. 201(b)(4), 19 U.S.C. 2251(b)(4).

28/ S. Rep. No. 1298, 93d Cong., 2d Sess. 120 (1974).

but not limited to, an increase in imports, either actual or relative to domestic production, and a decline in the proportion of the domestic market supplied by domestic producers.

We find that the imports under consideration here do not meet either of the two statutory causation requirements. They are neither an "important" cause of serious injury to the domestic TTV industry nor a cause "not less than any other cause."

As previously noted, imports of TTVs have barely increased over the last five years and as a percent of production they have remained essentially steady since 1979. 29/ From 1977 to 1981 the import to production ratio rose only 1.6 percentage points, while the market share of U.S. producers declined but by less than 2 percent.

The injury sustained by the tubeless tire valve industry can best be explained by two developments: 30/ the 1980 decline in consumption of TTVs in the replacement market; and increased domestic competition from OEM producers 31/ in the replacement market due to the decline in OEM consumption. These two causes are more important causes of injury to the TTV industry than increasing imports.

In 1980, apparent consumption in the replacement market dropped by 17 percent from the 1979 level. 32/ Testimony at the hearing attributed the 1980 decline primarily to the increasing popularity of radial tires, which have a

29/ Confidential Report, p. A-17.

30/ Injury caused by the OEM market decline cannot be attributed to imports since imports do not compete in that market.

31/ Only the largest U.S. TTV manufacturers serve the OEM market.

32/ The import/production ratio in the market increased only 0.2 percent from 1979-1980.

longer lifespan than other tires; the substantial drop in automobile usage (miles driven) in that year; and the trend toward smaller cars which, because of their lighter weight, tend to reduce tire wear. 33/ The precipitous drop in demand in the replacement market in 1980 is an important explanation of the particularly sharp drop in the economic indicators for this industry in 1980. 34/

The serious decline in sales of new automobiles in the past few years has resulted in a concomitant decline in demand by original equipment manufacturers for TTVs. The OEM share of U.S. TTV consumption fell steadily from about 45 percent by quantity in 1977 to about 35 percent in 1981. Shipments to the OEM market declined nearly 31 percent between 1977 and 1981. Unlike the situation in the replacement market, shipments to the OEM market increased only slightly in 1981, and in January-April 1982, they again declined from the corresponding period in 1981. 35/

At the same time that demand was declining in the replacement market, the largest U.S. producers of TTVs (Bridgeport, Eaton and Schrader) intensified their efforts to sell in that market to offset their declining OEM sales. The increased competition in the replacement market resulted in a decline in the market share of small firms and also of imports. 36/ Data available to the Commission show that increased shipments to the replacement market by two of the large domestic producers had a greater effect on the smaller producers than did imports. 37/

33/ Confidential Report, p. A-64. Hearing Transcript p. 112.

34/ Replacement market consumption recovered in 1981 but remained about 5 percent below the 1979 peak.

35/ Confidential Report, pp. A-24-A-26.

36/ Confidential Report, p. A-65.

37/ Confidential Report, p. A-65.

Analysis of data from questionnaires show that from 1979, the peak year for sales of both domestic and imported valves, to 1981, shipments to the replacement market by the larger domestic producers rose two percent while imports declined 18 percent and shipments by the smaller producers declined 16 percent. From 1980-1981, total shipments to the replacement market by the three largest firms increased by an average of 22 percent, while imports increased by three percent, and shipments by the smaller firms in that market increased by two percent. 38/

In sum, the decline in consumption since 1979 and the increased competition in the replacement market between U.S. producers far outweighed the imports as causes of injury to the domestic TTVs industry.

Substantial Cause of Threat of Serious Injury

The Senate Finance Committee Report states that: "[T]he threat of serious injury exists when serious injury, although not yet existing, is clearly imminent if import trends continue unabated." 39/

Imports have been decreasing since 1979, and evidence received by the Commission indicates that exports to the United States from West Germany, traditionally the principal supplier of imported TTV, are not likely to increase significantly in the near future.

The State Department has reported that Turkish production and exports may increase greatly and that all of Turkish production is likely to be exported to the United States. 40/ Actual imports from Turkey to date have been well

38/ Confidential Report, p. A-25.

39/ S. Rep. No. 1298, 93d Cong., 2d Sess. 121 (1974).

40/ Confidential Report, p. A-10.

below State Department predictions, and no firm commitments to increase production for export to the United States have been disclosed. It would be conjectural to assume that serious injury is clearly imminent as a result of increased imports from Turkey.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On April 29, 1982, the United States International Trade Commission instituted an investigation (No. TA-201-46) under section 201(b) of the Trade Act of 1974 to determine whether tubeless-tire valves, provided for in items 692.32 and 692.33 of the Tariff Schedules of the United States (TSUS), are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. The investigation was instituted following receipt of a petition filed on April 16, 1982, by three manufacturers of tubeless-tire valves. 1/ The petitioners requested that the rate of duty applicable to imported tubeless-tire valves be increased to make the cost of the imported products the same as the cost of those produced by the most efficient domestic company.

Notice of the institution of the investigation and the scheduling of a public hearing in connection with the investigation was given by posting copies of the notice in the office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of May 5, 1982 (47 F.R. 19492). 2/ A prehearing conference was held on July 7, 1982, and the public hearing was held on July 14, 1982. 3/ The Commission vote on this case was held in public session on August 31, 1982.

The Trade Act of 1974 directs the Commission to complete its investigation under section 201 at the earliest practicable time, but not later than 6 months after the date on which the petition was filed. In view of the fact that the Commission had some data on tubeless-tire valves in its records as a result of a prior investigation (No. 731-TA-41 (Preliminary), May 1981) and because the petitioners requested an expedited investigation, the Commission set September 20, 1982, as an administrative deadline for completion of this investigation. The statutory deadline is October 16, 1982.

On May 19, 1981, the Commission reported to the Department of Commerce that it had determined, as a result of investigation No. 731-TA-41 (Preliminary), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from the Federal Republic of Germany (West Germany) of tubeless-tire valves suitable for use with passenger-automobile and light-truck wheels which are allegedly sold in the United States at less than fair value (LTFV). As a result of that determination by the Commission, Commerce continued its investigation to determine whether tubeless-tire valves from the Federal Republic of Germany

1/ The petition was filed by Nylo-Flex Manufacturing Co., Schrader Automotive Products Division of Scoville Manufacturing Co., and Eaton Corp. Those firms accounted for more than *** percent of U.S. tubeless-tire-valve production in 1981.

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

3/ A calendar of witnesses who appeared at the public hearing is presented in app. B.

were being sold in the United States at LTFV. On November 30, 1981, Commerce published in the Federal Register (46 F.R. 68133) its final determination that tubeless-tire valves from the Federal Republic of Germany were not being sold in the United States at LTFV. 1/

Description and Uses

The imported articles which are the subject of this investigation are tubeless-tire valves suitable for use with tubeless tires on passenger-automobile and light-truck wheels. The valve is inserted into a hole on the rim of the wheel and is designed to control the flow of air into and out of the tire.

Two types of tubeless-tire valves suitable for passenger-automobile and light-truck tires are imported into the United States: (1) snap-in, which constitutes nearly all of the imports, and (2) clamp-in. Both types incorporate two basic components--a spring-activated plunger (core), the only working mechanism of the valve, and a metal tube (stem) in which the plunger is encased. When depressed, the plunger allows the transmission of air in either direction through the valve. The two types are distinguished by the means which they are attached to the wheel. The snap-in variety is encased in molded rubber with a bulbous base that "snaps" into the wheel-rim hole, whereas the clamp-in variety is held to the wheel rim by means of a large washer-type base attached to the stem and a nut through which the stem is threaded. This provides the clamp-in valve with greater strength, but at greater expense. Both types are usually provided with a cap which prevents the accidental discharge of air from the tire and protects the working part of the valve from foreign matter. Although in all cases the clamp-in variety may be substituted for the snap-in variety, the snap-in variety may not in all cases be substituted for the clamp-in valve. Because of the clamp-in valve's stronger construction, it is required or recommended for certain custom wheels, when higher than normal tire pressures are needed, and/or when high-performance driving is intended. In most other instances, the snap-in variety is preferred because of its lower price. 2/ U.S. production, as with imports, is heavily concentrated in the snap-in variety. Of the U.S.-produced valves sold for use with passenger-automobile and light-truck tires, the clamp-in variety currently accounts for less than 3 percent of total consumption, and this percentage has been decreasing since 1977. The two types of valves are produced in the same establishments but with different operations.

Since 1977, snap-in type tubeless-tire valves suitable for use on passenger-automobile and light-truck wheels have been sold domestically in seven models, differentiated only by size. Five models, ranging in length from 0.88 inch to 2.50 inches, are sold with a diameter of 0.453 inch at the base; and 2 models, of 1.25-inch and 2.00 inch lengths, are sold with a

1/ During the period covered by Commerce's investigation only 1 sale was found at margin (1.23 percent). The weighted average margin for all sales investigated was 0.0006 percent which was considered to be de minimis.

2/ Some clamp-in valves are chrome-plated so they may be preferred for aesthetic reasons.

diameter of 0.625 inch in the base. (Diameters of clamp-in valves are comparable, but they have somewhat shorter stems.) The model designations for snap-in valves, which are used throughout the industry, and their respective dimensions are as follows:

<u>Model</u>	<u>Diameter of base</u> <u>(inches)</u>	<u>Length of stem</u> <u>(inches)</u>
TR 412-----	0.453	0.88
TR 413-----	.453	1.25
TR 414-----	.453	1.50
TR 418-----	.453	2.00
TR 423-----	.453	2.50
TR 415-----	.625	1.25
TR 425-----	.625	2.00

The varying lengths are required due to differing configurations of the hubcap or wheel cover through which the stem must extend, and the two diameters are produced to accommodate the two standard-size wheel-rim holes. Extensions are available for extra length. Since 1977, all seven sizes have been produced in the United States and imported, although model TR 412 has not been imported since 1978. Two models--the TR 413 and the TR 418--account for approximately 75 percent of U.S. production and imports.

According to trade sources, both imported and domestically produced tubeless-tire valves conform to the design standards of the Tire and Rim Association and the performance standards and test procedures of the Society of Automotive Engineers. There is no significant product differentiation.

For the smaller producers of the snap-in variety, the manufacturing process primarily consists of modifying and assembling components purchased from either domestic or foreign manufacturers. Metal tubing is cut to size and threaded at one end to form the stem, and bulk rubber is melted and mixed with resin. The rubber is then molded to the stem and a premade core is inserted. Unlike the smaller producers, the larger producers manufacture the metal tubing from solid metal rods and manufacture and/or assemble the components of the core. Only one domestic producer manufactures the caps, and only the larger producers manufacture the clamp-in variety valves.

No other article is known to be a substitute for the tubeless-tire valves described above, either by design or by application. Tubeless-tire valves manufactured for passenger automobiles and light trucks are not interchangeable with those manufactured for medium and heavy trucks or with valves which are integral to a tire tube.

U.S. Tariff Treatment

Imported tubeless-tire valves are classified under the provisions for chassis, bodies (including cabs), and parts of certain motor vehicles in TSUS item 692.32, a residual "basket" category in which many different types of motor-vehicle parts are encompassed. However, if such valves are Canadian^{A-3} articles and original motor-vehicle equipment they are classified under TSUS

item 692.33 and enter the United States free of duty. 1/ The current column 1 or most-favored-nation (MFN) rate of duty on item 692.32 is 3.7 percent ad valorem. 2/ From January 1, 1972, when the concessions granted in the Kennedy round of negotiations became effective, to January 1, 1980, the MFN rate of duty was 4 percent ad valorem. Presidential Proclamation No. 4707 of December 11, 1979, implementing the agreements negotiated during the Tokyo round of Multilateral Trade Negotiations (MTN), provided for a gradual duty reduction of 0.8 percentage points for imports under this item to be effectuated in eight annual stages beginning January 1, 1980. The current rate of duty represents the third of those stages as shown in the following tabulation, which will become effective January 1 of each specified year:

	Rate of duty (percent ad valorem)
1980-----	3.9
1981-----	3.8
1982-----	3.7
1983-----	3.6
1984-----	3.4
1985-----	3.3
1986-----	3.2
1987-----	3.1

The current rate of duty on this item for products of least developed developing countries (LDDC's) is 3.1 percent ad valorem. 3/ Imports of articles under this item from beneficiary countries other than Mexico and Brazil are eligible for duty-free entry under the (GSP). 4/ The column 2 rate of duty for item 692.32 is 25 percent ad valorem.

1/ This item resulted from the Automotive Products Act of 1965, Public Law 89-283 of Oct. 21, 1965, 19 U.S.C. 2011 et seq., enacted following an agreement with Canada.

2/ The rates of duty in rate of duty column numbered 1 are most-favored-nation (MFN) rates, and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates would not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

3/ The rates of duty in rate of duty column "LDDC" are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) and are applicable to products of the least developed developing countries designated in general headnote 3(d) of the TSUS. If no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided in column numbered 1 applies.

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

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

U.S. Producers

Seven firms produced tubeless-tire valves in the United States in 1981 and eight firms produced them in 1980. Their names, plant locations, and relative shares of U.S. tubeless-tire valve production in 1980 and 1981 are shown in the following tabulation:

Firm	Plant location	Share of U.S. production of tubeless-tire valves	
		1980	1981
		-----Percent-----	
Schrader Automotive Products (Schrader) (Division of Scoville, Inc., Waterbury, Conn.).	Nashville, Tenn. Monroe, N.C.	***	***
Eaton Corporation, Cleveland, Ohio (Air Controls Division).	Roxboro, N.C.	***	***
Bridgeport Brass Co. (Division of National Distillers and Chemical Corporation, New York, N.Y.).	Altavista, Va.	***	***
Nylo-Flex Manufacturing Co-----	Mobile, Ala.	***	***
Cupples Co-----	St. Louis, Mo.	***	***
'31' Inc-----	Newcomertown, Ohio	***	***
Milton Industries, Inc-----	Chicago, Ill.	***	***
Acme Tire Hardware-----	Hackensack, N.J.	***	<u>1/</u>

1/ Ceased production in June 1980.

Acme Tire Hardware, formerly a manufacturer of tubeless-tire valves located in Hackensack, N.J., ceased production in June 1980. The three largest U.S. producers--Schrader, Eaton, and Bridgeport--account for over 85 percent of the tubeless-tire valves manufactured in the United States, and, unlike the smaller producers, manufacture both the snap-in and clamp-in varieties. Schrader, Eaton, and Bridgeport also manufacture tubeless-tire valves in several other countries; however, none of these valves are exported to the United States. Although none of the U.S. producers import assembled tubeless-tire valves, some of the smaller ones import major tubeless-tire valve components, including the core and metal tubing. As a share of the overall sales of the establishments in which tubeless-tire valves are produced, sales of tubeless-tire valves range from less than *** percent for Cupples to about *** percent for Nylo-Flex.

The Foreign Industry

The U.S. State Department, at the request of the Commission, sent cables seeking information from each of the countries alleged in the petition to have exported tubeless-tire valves to the United States. The information requested was tubeless-tire valve production, production capacity, capacity utilization, total exports, and exports to the United States. The period covered by the request was 1979-81, but projections for 1982 and 1983 were also requested, as well as plans for any future investment in production facilities. The information that was received is summarized for the following countries:

West Germany

Four firms produce tubeless-tire valves in West Germany but only one, EHA, exports them to the United States. ^{1/} Total production of tubeless-tire valves in West Germany in 1981 was approximately *** million units, of which *** million were exported to countries other than the United States. EHA exported *** to the United States in 1981. EHA's annual capacity to produce tubeless-tire valves (based on 3 shifts per day, 5 days per week) is *** million units; capacity utilization at EHA during 1979-81 has been stable at about *** percent. EHA reports that, in view of the worldwide decline in the production of automobiles and the decreased demand for tires, its production of tubeless-tire valves can be expected to decline. EHA further reports that it has no plans to invest in additional facilities for producing tubeless-tire valves in the next few years.

Japan

Four firms produce tubeless tire valves in Japan, but only one firm, ***, exported them to the United States. Data for total production of tubeless-tire valves were not available. Although no official information is available, individual manufacturers estimate that total production of tire valves in Japan increased slightly in 1980, before declining to approximately the 1979 level in 1981. *** estimates that its average monthly production in 1981 was *** to *** (or *** to *** annually) and projects for 1982 that it will remain at about that same level. In 1981, *** exported *** to *** (** percent of its annual production) mainly to southeast Asian Countries. *** estimates exports to the United States in 1981 at *** and reports that its shipments to the United States in 1982 will decline if the United States imposes any import restrictions as a result of this investigation. Without an import restraint, *** expects shipments to the United States in 1982 to remain about the same as they were in 1981.

Romania

One firm in Romania, * * *, manufactures tubeless-tire valves. The State Department was informed that valves are produced for all types of tires

^{1/} Eaton Corp. is a minority stockholder in Alligator, a West German producer that does not export tubeless-tire valves to the United States.

but generally are not exported separately. They are exported as parts of a tire set, with small quantities sometimes supplied as spare parts. No distinction was made between valves for regular tires and valves for tubeless tires. In 1981, no imports from Romania were reported in official U.S. import statistics for any of the products classified under the "basket provision" (TSUS item 692.32) which includes tubeless-tire valves.

Turkey

Only one firm in Turkey *** produces tubeless-tire valves and that firm only commenced production in 1981. *** production (*** units in 1981) represents *** percent of its capacity. All *** units were exported to the United States. 1/ Projected changes for 1982 are to increase capacity to *** per month (*** annually) with ***-percent capacity utilization. For 1983, capacity is expected to increase to *** units per month (*** annually) and *** expects to continue exporting its entire production to the United States. *** is a joint-stock corporation established in 1968 to produce valves for inner tubes, under license to a West German firm. The State Department reports that exports by *** to the United States continued to increase in 1982 until the section 201 petition was filed with the Commission. At that time, exports to the United States were suspended.

U.S. Importers

There are at least 10 U.S. importers of passenger-automobile and light-truck tubeless-tire valves manufactured by EHA in West Germany, but 3---***; ***; and ***, accounted for over *** percent of EHA's exports of these items to the United States in 1980. ***, accounts for all of the imports from Italy. None of the importers is related to either of the foreign manufacturers. All of the imports from West Germany enter the United States through ***. With the exception of those valves sold to ***, ***, and *** all of the imports from West Germany are marketed by a single unrelated firm. Imports of tubeless tire valves from Turkey are entered by one importer, ***. Imports of tubeless-tire valves account for a relatively small share of most importers' overall sales, and no value is added to the imported product.

U.S. Market and Channels of Distribution

The U.S. market for tubeless-tire valves consists of two major segments: original equipment manufacturers (OEM's), i.e., the U.S. auto companies, which are served exclusively by U.S. producers; and the replacement market, consisting mostly of establishments such as retail tire and service centers, gasoline stations, and auto repair shops, where replacement tires are usually installed. Serving the replacement market are small distributors or wagon jobbers and large warehouse distributors, such as the three major importers,

1/ Price data provided in response to the Commission's questionnaire showed sales in the United States of *** valves in 1981. This apparent discrepancy in the quantity of exports has not been explained.

which are supplied by both U.S. and foreign manufacturers. Though still large, the OEM's share of the U.S. market steadily declined from about 40 percent, by quantity, in 1978 to about 35 percent in 1981. Further declines in the OEM share can be expected in 1982 owing to declining sales of new automobiles.

During the Commission's antidumping investigation (No. 731-TA-41 (Preliminary)) an effort was made to ascertain why the OEM market is served exclusively by U.S. producers. In that connection, the Commission's staff contacted representatives of both General Motors Corp. and the Ford Motor Co. According to representatives of both firms, they have neither sought foreign valves nor been solicited by foreign suppliers of tubeless-tire valves, although there is no company policy prohibiting the purchase of these items from other than U.S. manufacturers. Both added that they considered the price offered by U.S. manufacturers to be competitive and that they are satisfied with the U.S. manufacturers in all other respects. Only Schrader, Eaton, and Bridgeport sell to the OEM market.

The three U.S. producers of valves for the OEM market do not distinguish between such valves and those produced for the replacement market. Representatives of Schrader and Eaton confirmed to the Commission staff that all snap-in valves are manufactured on the same production line. No differences occur until the valves are packaged. OEM valves are generally packaged in unmarked boxes of 1,000 or 2,000 valves, whereas replacement valves are most often packed in marked boxes of 500 valves. Certain customers ask for smaller boxes or blister packs. Only small quantities are inventoried for the OEM's, depending on anticipated production schedules.

The consumption of tubeless-tire valves declined precipitously in 1980 as a result of the decline in tire sales. This decline was the result of at least four factors: the decline in new automobile production; a decline in overall miles driven; an increase in the consumption of radial-ply tires, which have longer life spans than other types; and a trend toward smaller cars, which, because of their lower weight, tend to reduce tire wear. In the replacement market the sale of a tire valve usually coincides with the sale of the tire. An estimated 70 percent of replacement tires sold receive a new valve. OEM and replacement market tubeless-tire valve sales are shown in the following tabulation (in thousands of units):

	<u>OEM</u>	<u>Replacement</u>
1977-----	71,069	87,340
1978-----	72,368	91,870
1979-----	70,232	92,595
1980-----	45,975	72,269
1981-----	49,128	90,510

The Question of Increased Imports

U.S. imports

U.S. imports of tubeless-tire valves increased from *** in 1977, to *** in 1979, or by *** percent. Imports declined

thereafter, and in 1981 totaled ***, representing a decline of *** percent from imports in the peak year of 1979 and an increase of *** percent from the level of imports in 1977. Taiwan began exporting tubeless-tire valves to the United States in 1980, and in 1981, two additional countries, Japan and Turkey, entered the U.S. market. West Germany was by far the principal supplier of imported tubeless-tire valves, followed by Italy. Such imports from Italy were substantially below the level of imports from West Germany but were significantly higher than imports from all the other sources (table 1).

Table 1.--Snap-in tubeless-tire valves: U.S. imports for consumption, by sources, 1977-81, January-April 1981, and January-April 1982

* * * * *

Imported clamp-in valves were supplied only by West Germany, increasing from *** units in 1977 to *** units in 1978, but declining thereafter to *** units in 1981. As shown in the following tabulation, there were no imports of clamp-in valves in 1980, January-April 1981, or January-April 1982:

<u>Period</u>	<u>Quantity</u> (1,000 units)	<u>Value</u> (1,000 dollars)	<u>Unit value</u> (cents each)
1977	***	***	***
1978	***	***	***
1979	***	***	***
1980	***	***	***
1981	***	***	***
January-April--			
1981	***	***	***
1982	***	***	***

Ratio of imports to total production

The ratio of imported snap-in tubeless tire valves to total U.S. production of those products ranged from a low of *** percent in 1978 to a high of *** percent in 1980. For January-April 1982, the imports to production ratio was *** percent, up slightly from an estimated *** percent during January-April 1981, as shown in the following tabulation:

<u>Period</u>	<u>Production</u> (1,000 units)	<u>Imports</u> (1,000 units)	<u>Ratio of imports to production</u> (percent)
1977	166,200	***	***
1978	172,142	***	***
1979	171,432	***	***
1980	124,975	***	***
1981	140,906	***	***
January-April--			
1981	49,801	***	***
1982	46,273	***	***

Ratio of imports to replacement market production

Since most OEM sales result from a contract negotiated in advance, and since normally very few tubeless-tire valves are held in inventory for the OEM market, production not sold to OEM's can be assumed to be for the replacement market. To obtain production for the replacement market so that the impact of imports could be measured, total U.S. production was reduced by the number of units sold to the OEM market.

Using the method described above, the ratio of imports to estimated replacement market production of tubeless-tire valves ranged from a low of *** percent in 1978 to a high of *** percent in 1980. The ratio of imports to production during January-April 1982 was *** percent, down from an estimated *** percent during January-April 1981, as shown in the following tabulation:

<u>Period</u>	<u>Replacement market production (1,000 units)</u>	<u>Imports (1,000 units)</u>	<u>Ratio of imports to production (percent)</u>
1977	95,131	***	***
1978	99,774	***	***
1979	101,200	***	***
1980	79,100	***	***
1981	91,778	***	***
January-April--			
1981	31,261	***	***
1982	33,346	***	***

Ratio of imports to production

The ratio of imported clamp-in valves to U.S. production increased from *** percent in 1977 to *** percent in 1978, but declined to *** percent in 1981. There were no imports of clamp-in valves in 1980, January-April 1981, or in January-April 1982, as shown in the following tabulation:

<u>Period</u>	<u>Production (1,000 units)</u>	<u>Imports (1,000 units)</u>	<u>Ratio of imports to production (percent)</u>
1977	4,269	***	***
1978	3,958	***	***
1979	3,078	***	***
1980	1,676	***	***
1981	2,251	***	***
January-April--			
1981	681	***	***
1982	649	***	***

The Question of Serious Injury or Threat Thereof

U.S. production

Production of snap-in valves.--U.S. production of snap-in tubeless-tire valves increased from 166 million units in 1977 to 172 million units in 1978 and declined irregularly thereafter to 141 million units in 1981, falling 15

percent below the level of production in 1977 and 18 percent below the peak production reported for 1978. During January-April 1982, production totaled 46 million units, down 7 percent from the 50 million units produced in January-April 1981 (table 2).

Table 2.--Snap-in tubeless-tire valves: U.S. production, by firms, 1977-81, January-April 1981, and January-April 1982

In thousands of units								
Firm	:	:	:	:	:	:	Jan.-Apr.--	
							1981	1982
Schrader-----	:	:	:	:	:	:	:	:
Eaton-----	:	:	:	:	:	:	:	:
Bridgeport-----	:	:	:	:	:	:	:	:
Nylo-Flex-----	:	:	:	:	:	:	:	:
Cupples-----	:	:	:	:	:	:	:	:
'31' Inc-----	:	:	:	:	:	:	:	:
Milton-----	:	:	:	:	:	:	:	:
Acme 2/-----	:	:	:	:	:	:	:	:
Total-----	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:

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

Most of the domestic manufacturers provided the Commission with data on their production by size of snap-in tubeless-tire valves. During 1977-81, slightly more than half (51 percent) of U.S. production consisted of TR 413 valves. TR-418 valves accounted for 23 percent of production during that period, and the remaining 26 percent consisted of sizes TR 412, TR 414, TR 415, TR 423, and TR 425. Table 3 shows U.S. production of tubeless-tire valves by principal sizes.

Table 3.--Snap-in tubeless-tire valves: U.S. production by sizes, 1977-81, January-April 1981, and January-April 1982

In thousands of units							
Size	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Assembled rubber							
snap-in							
types:							
TR 413-----	90,909	90,503	82,850	62,610	63,936	22,916	19,571
TR 418-----	34,607	37,511	36,836	29,846	36,263	12,036	13,514
All others <u>1/</u> --	39,784	39,828	47,346	28,519	37,707	13,709	11,738
Total-----	165,300	167,842	167,032	120,975	137,906	48,661	44,823

1/ Principally includes sizes TR 412, TR 414, TR 415, TR 423, and TR 425.

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

Note.--The data shown above understate production somewhat, since not all firms could provide a breakdown of production by size of tubeless-tire valves. However, over 95 percent of total production (shown above) is accounted for by firms stating production by size of valve.

Production of clamp-in valves.--The three largest U.S. producers, Schrader, Bridgeport, and Eaton, produced clamp-in valves in the United States during the period January 1, 1977, to April 30, 1982. The smaller firms did not produce clamp-in valves. Production of clamp-in valves declined annually from 4.3 million units in 1977, to 1.7 million units (or by 61 percent) in 1980, then increased in 1981 to 2.3 million units. Production during January-April 1982, was 649,000 units, down 5 percent from the 681,000 units produced during the corresponding period of 1981 (table 4).

Table 4.--Clamp-in valves: U.S. production, by firms, 1977-81,
January-April 1981, and January-April 1982

In thousands of units									
Firm	:	:	:	:	:	:	:	Jan.-Apr.--	
	1977	1978	1979	1980	1981	:	1981	:	1982
	:	:	:	:	:	:	:	:	:
Schrader-----	:	:	:	:	:	:	:	:	:
Bridgeport-----	:	:	:	:	:	:	:	:	:
Eaton-----	:	:	:	:	:	:	:	:	:
Total-----	:	:	:	:	:	:	:	:	:
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Table 5.--Tubeless-tire valves: U.S. productive capacity and capacity utilization, by firms, 1977-81, January-April 1981, and January-April 1982

Firm	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Capacity (1,000 units)							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***	***
'31' Inc. 1/-----	***	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***	***
Acme-----	***	***	***	***	***	***	***
Total-----	219,470	227,970	246,970	270,970	269,110	88,903	89,236
Capacity utilization (percent)							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***	***
'31' Inc.-----	***	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***	***
Acme-----	***	***	***	***	***	***	***
Total-----	75.7	75.5	69.4	46.1	52.4	56.0	51.9

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

U.S. manufacturers' purchases and production of parts

Six firms supplied data on their purchases and production of cores and machined brass stems used in their tubeless-tire-valve production (table 6). Two firms (***) supplied parts for their tubeless-tire valves entirely from in-house production. Three firms (***) reported that they imported parts during the period covered by the Commission questionnaire. Valve cores were supplied principally by Japan and West Germany and the machined brass stems came principally from Austria. One firm (***) imported cores in only one year (***) and produced the balance of their requirements in-house. *** also produced machined brass stems in-house in addition to imports of those products. One firm (***) also reported purchases of parts from domestic sources in addition to imports.

Table 6.--Parts for tubeless-tire valves: U.S. manufacturers' purchases and in-house production of parts used in the production of tubeless-tire valves, 1977-81, January-April 1981, and January-April 1982

Item	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
	Quantity (1,000 units)						
Imported parts: <u>1/</u>							
Cores-----	14,050	13,370	16,511	13,861	15,651	4,883	4,900
Machined brass stems-----	2,665	5,615	8,271	6,111	6,397	2,296	2,044
Purchased from domestic sources:							
Cores-----	0	0	0	0	0	0	0
Machined brass stems-----	835	1,230	2,925	825	1,824	608	264
Produced in-house:							
Cores-----	196,071	197,266	195,155	156,562	166,116	61,997	50,578
Machined brass stems-----	168,908	169,770	166,449	122,632	137,951	49,889	44,732
	Value (1,000 dollars)						
Imported parts: <u>1/</u>							
Cores-----	<u>2/</u> 355	<u>2/</u> 338	<u>2/</u> 432	487	555	172	161
Machined brass stems-----	<u>2/</u> 59	<u>2/</u> 130	<u>2/</u> 195	237	267	95	90
Purchased from domestic sources:							
Cores-----	-	-	-	-	-	-	-
Machined brass stems-----	38	53	118	36	84	28	16
Produced in-house:							
Cores-----	5,063	5,548	5,843	5,129	5,874	2,106	1,979
Machined brass stems-----	4,479	4,509	5,041	3,865	4,563	1,573	1,561

1/ Imported by the U.S. manufacturer or for its account.

2/ Data are understated because 1 manufacturer could not provide data on the value of imports.

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

U.S. producers' shipments

Snap-in tubeless-tire valves.--Shipments of snap-in valves by domestic producers increased from 158.4 million units in 1977 to 164.2 million units in 1978, but declined irregularly thereafter to 139.6 million units in 1981. Shipments by U.S. producers continued to decline during January-April 1982, dropping 6 percent from shipments in January-April 1981 (table 7).

Shipments of snap-in tubeless-tire valves to OEM's ranged between 70 million units and 72 million units during 1977-79, but declined by 35 percent in 1980, to 46 million units. Shipments to OEM's increased in 1981 from the level of shipments in 1980 but were 30 percent lower than shipments in 1979. During January-April 1982, shipments to OEM's were down 30 percent from shipments in January-April 1981 (table 8).

Table 7.--Snap-in tubeless tire valves : U.S. producers' shipments, by firms, 1977-81, January-April 1981, and January-April 1982

Firm	1977	1978	1979	1980	1981	Jan.-Apr.--		
						1981	1982	
Quantity (1,000 units)								
Schrader-----	***	***	***	***	***	***	***	
Eaton-----	***	***	***	***	***	***	***	
Bridgeport-----	***	***	***	***	***	***	***	
Nylo-Flex-----	***	***	***	***	***	***	***	
Cupples-----	***	***	***	***	***	***	***	
'31' Inc-----	***	***	***	***	***	***	***	
Milton-----	***	***	***	***	***	***	***	
Acme-----	***	***	***	***	***	***	***	
Total-----	158,409	164,238	162,827	123,244	139,638	46,096	43,248	
Value (1,000 dollars)								
Schrader-----	***	***	***	***	***	***	***	
Eaton-----	***	***	***	***	***	***	***	
Bridgeport-----	***	***	***	***	***	***	***	
Nylo-Flex-----	***	***	***	***	***	***	***	
Cupples-----	***	***	***	***	***	***	***	
'31' Inc-----	***	***	***	***	***	***	***	
Milton-----	***	***	***	***	***	***	***	
Acme-----	***	***	***	***	***	***	***	
Total-----	18,194	19,479	20,075	16,670	19,813	6,326	6,280	
Unit value (cents each)								
Schrader-----	***	***	***	***	***	***	***	
Eaton-----	***	***	***	***	***	***	***	
Bridgeport-----	***	***	***	***	***	***	***	
Nylo-Flex-----	***	***	***	***	***	***	***	
Cupples-----	***	***	***	***	***	***	***	
'31' Inc-----	***	***	***	***	***	***	***	
Milton-----	***	***	***	***	***	***	***	
Acme-----	***	***	***	***	***	***	***	
Average-----	11.5	11.9	12.3	13.5	14.2	13.7	14.5	

1/ Estimated.

2/ Not available.

3/ Acme ceased production in June 1980.

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

As shown in table 8, producers' shipments of snap-in valves to the replacement market increased from 87.3 million units in 1977 to 92.6 million units in 1979, then declined substantially in 1980 to 77.3 million units. Industry sources indicate that this decline was largely the effect of fewer tire sales in that year as radial tires replaced less durable designs. In 1981, shipments by producers to the replacement market increased to 90.5 million units, up 7 percent from shipments to that market in 1977.

Table 8.--Tubeless-tire valves: U.S. producers' shipments to OEM's and to the replacement market, 1977-81, January-April 1981, and January-April 1982

Market	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Quantity (1,000 units)							
OEM-----	71,069	72,368	70,232	45,975	49,128	18,540	12,928
Replacement-----	87,340	91,870	92,595	77,269	90,510	27,556	30,321
Total-----	158,409	164,238	162,827	123,244	139,638	46,096	43,249
Value (1,000 dollars)							
OEM-----	7,069	7,402	7,488	5,417	6,260	2,167	1,746
Replacement-----	11,125	12,077	12,587	11,253	13,553	4,159	4,534
Total-----	18,194	19,479	20,075	16,670	19,813	6,326	6,280
Unit value (cents each)							
OEM-----	10.0	10.2	10.7	11.8	12.7	11.7	13.5
Replacement-----	13.4	13.1	13.6	14.6	15.0	15.1	15.0
Average-----	11.5	11.9	12.3	13.5	14.2	13.7	14.5

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

During January-April 1982, shipments to the replacement market by U.S. producers were up 10 percent from shipments in January-April 1981. The table in appendix C shows producers' shipments to OEM's and to the replacement market by firm for the period under consideration, and the following tabulation shows the total quantity of snap-in tubeless-tire valves sold by U.S. producers to the OEM market and to the replacement market (in percent):

<u>Period</u>	<u>OEM market</u>	<u>Replacement market</u>	<u>Total</u>
1977-----	45	55	100
1978-----	44	56	100
1979-----	43	57	100
1980-----	37	63	100
1981-----	35	65	100
January-April--			
1980-----	40	60	100
1981-----	30	70	100

In order to determine the effect on the smaller firms of the reportedly increased efforts by the three largest producers (Schrader, Eaton, and Bridgeport) to improve their sales to the replacement market because of the decline in OEM market sales, 1/ a comparison was made on changes in the volume of sales (based on quantity) for selected years. Shipments to the replacement market by the three largest firms were compared with shipments by the smaller firms and with imports, both of which were sold only to the replacement market.

In 1981, total shipments to the replacement market by the three largest firms were up 4 percent from shipments in 1977, shipments by the smaller firms were up 1 percent, and imports were up *** percent. If a comparison is made between 1979, which was the peak year for both the domestic and imported valves, and 1981, shipments to the replacement market by the larger producers in 1981 were up 2 percent, shipments by the smaller producers declined 16 percent, and imports declined *** percent. Finally, if a comparison is made between the last 2 full years for which data are available (1980-1981), total shipments to the replacement market by the three largest firms increased by an average of 22 percent, 2/ shipments by the smaller firms in that market increased by 2 percent, and imports increased by *** percent. The following tabulation shows total shipments by the largest firms, the smaller firms, and imports, and table 9 shows (in index form) shipments to the replacement market by individual firms:

1/ Transcript of hearing, p. 97.

2/ ***.

<u>Period</u>	<u>3 largest</u> <u>Producers</u> <u>1/</u>	<u>All</u> <u>others</u>	<u>Total U.S.</u> <u>Producers</u>	<u>Imports</u>
	<u>(1,000</u> <u>units)</u>	<u>(1,000</u> <u>units)</u>	<u>(1,000</u> <u>units)</u>	<u>(1,000</u> <u>units)</u>
1977	***	***	87,340	***
1978	***	***	91,870	***
1979	***	***	92,595	***
1980	***	***	77,269	***
1981	***	***	90,510	***
January-April--				
1981	***	***	27,556	***
1982	***	***	30,321	***

1/ Includes data for Schrader, Eaton, and Bridgeport.

Table 9.--Snap-in tubeless-tire valves: Index, based on quantity of shipments of domestic and imported products to the U.S. replacement market, 1977-82

(1977=100)													
Item	:	1977	:	1978	:	1979	:	1980	:	1981	:	1982	<u>1/</u>
Domestic valves:	:	:	:	:	:	:	:	:	:	:	:	:	:
Schrader-----	:	100	:	***	:	***	:	***	:	***	:	***	***
Eaton-----	:	100	:	***	:	***	:	***	:	***	:	***	***
Bridgeport-----	:	100	:	***	:	***	:	***	:	***	:	***	***
Nylo-Flex-----	:	100	:	***	:	***	:	***	:	***	:	***	***
Cupples-----	:	100	:	***	:	***	:	***	:	***	:	***	***
'31' Inc. <u>2/</u> -----	:	100	:	***	:	***	:	***	:	***	:	***	***
Milton-----	:	100	:	***	:	***	:	***	:	***	:	***	***
Acme <u>3/</u> -----	:	100	:	***	:	***	:	***	:	***	:	***	***
Average-----	:	100	:	105	:	106	:	88	:	104	:	104	
Imported valves-----	:	100	:	97	:	124	:	102	:	101	:	77	
	:	:	:	:	:	:	:	:	:	:	:	:	:

1/ Data for January-April annualized.

2/ Estimated by '31' Inc. for all years based on the value of sales.

3/ Data are not available for 1977; 1978=100.

4/ Acme ceased production in June 1980.

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

Clamp-in tubeless-tire valves.--

* * * * * *

Shipments of clamp-in valves to the replacement market by U.S. producers declined irregularly from 1.1 million units in 1977 to 826,000 units in 1981. Shipments during January-April 1982 were up slightly (1 percent) from shipments in the the corresponding period of 1981 (table 11).

Table 10.--Clamp-in tubeless-tire valves: U.S. producers' shipments to the OEM market, by firm, 1977-81, January-April 1981, and January-April 1982

* * * * * *

Table 11.--Clamp-in tubeless-tire valves: U.S. producers' shipments to the replacement market, by firm, 1977-81, January-April 1981, and January-April 1982

Firm	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Quantity (1,000 units)							
Schrader-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Total-----	1,070	935	1,054	724	826	210	212
Value (1,000 dollars)							
Schrader-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Total-----	526	487	557	382	472	139	132
Unit value (cents each)							
Schrader-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Average-----	49.2	52.1	53.0	52.8	57.1	66.2	62.3

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

U.S. exports

* * * * *

Table 12.--Tubeless-tire valves: U.S. exports by sizes, 1977-81,
January-April 1981, and January-April 1982

* * * * *

U.S. producers' inventories

U.S. producers inventories of tubeless-tire valves increased from 17.8 million units in 1977 to 20.8 million units in 1978, then declined irregularly thereafter to 18.1 million units in 1981. The ratio of inventories to producers' shipments ranged from a low of 10.2 percent in 1980 to a high of 13.0 percent in 1981 (table 13). Schrader and Eaton informed Commission staff that only minimal inventory is kept for OEM sales.

Table 13.--Snap-in tubeless-tire valves: Inventories held by U.S. producers, by firms, as of Dec. 31, 1977-81

Item and firm	As of Dec. 31--					
	1977	1978	1979	1980	1981	
	Quantity (1,000 units)					
Schrader-----	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***
'31' Inc.-----	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***
Total-----	17,830	20,827	19,810	12,576	18,109	
	Ratio of inventories to producers'					
	shipments (percent)					
Schrader-----	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***
'31' Inc.-----	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***
Average-----	11.3	12.9	12.3	10.2	13.0	

1/ Not available.

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

Note.--Inventory data for Acme are not available.

Employment

Employment data were obtained from five firms that accounted for 96 percent of U.S. production in 1981 ^{1/}. The total number of persons employed by those firms in establishments where tubeless-tire valves were produced increased from 2,324 in 1977 to 2,571 in 1979, or by 11 percent, and declined irregularly thereafter to 2,307 in 1981. During January-April 1982, total employment was down 11 percent from the employment level of January-April 1981.

The number of production and related workers employed in the manufacture of tubeless-tire valves at the responding firms fell annually from 467 workers in 1977 to 337 in 1980, representing a decline of 130 employees (or 28 percent). The number of production and related workers increased by 77 employees (or 23 percent) in 1981 from employment in 1980, but for January-April 1982, employment was down 16 percent from the level reported in January-April 1981 (table 14). The three firms which produce for both the OEM and replacement markets state that all snap-in valves are produced on the same production lines and that the same workers produce for both markets.

Annual hours worked by each production and related worker on tubeless-tire valves increased irregularly from an average of 1,567 hours per year in 1977 to 1,668 hours per year in 1980, but declined to 1,558 hours in 1981. Hourly wages paid to production and related workers increased annually from an average of \$4.17 per hour in 1977 to \$5.54 per hour in 1981 and in January-April 1982, averaged \$5.71 per hour. Table 15 shows U.S. employment of production and related workers, hours worked on tubeless-tire valves, and output per hour, for specified firms.

^{1/} Employment data were obtained from Bridgeport, Eaton, Schrader, Nylo-Flex, and '31' Inc.

Table 14.--Employment: Average number of employees in U.S. establishments producing tubeless-tire valves, total and production and related workers engaged in the production of tubeless-tire valves, hours worked by production and related workers on tubeless-tire valves, and wages paid to them, 1977-81, January-April 1981, and January-April 1982

Item	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Average employment in U.S. establishments producing tubeless-tire valves:							
All persons-----number--	2,324	2,449	2,571	2,129	2,307	2,289	2,033
Production and related workers producing tubeless-tire valves							
number--	467	464	438	337	414	399	334
Hours worked by production and related workers on tubeless-tire valves							
1,000 hours--	732	768	722	562	645	205	177
Wages paid to production and related workers on tubeless-tire valves							
1,000 dollars--	3,049	3,411	3,419	2,830	3,572	1,410	1,010

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

Table 15.--Tubeless-tire valves: Employment of production and related workers, hours worked by them, and output of tubeless-tire valves per hour, by specified firm, 1977-81, January-April 1981, and January-April 1982

Item	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Number of production and related workers							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
'31' Inc.-----	***	***	***	***	***	***	***
Total-----	465	462	436	335	412	397	332
Hours worked (1,000 hours)							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
'31' Inc.-----	***	***	***	***	***	***	***
Total-----	729	765	718	559	642	204	176
Output per hour (number of units)							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
'31' Inc.-----	***	***	***	***	***	***	***
Average-----	216	209	221	206	210	234	252

1/ Data not available.

2/ Estimated.

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

Financial experience of U.S. producers

Usable financial data, on an establishment basis and for tubeless-tire valves alone, were received from five U.S. firms which accounted for about 94 percent of the value of total U.S. shipments of such valves in 1981. Four of the five firms also furnished usable financial data relative to their manufacture of tubeless-tire valves for the replacement market.

Overall establishment operations

The five producers' overall establishment net sales rose from \$63.9 million in 1977 to \$80.0 million in 1979, dropped to \$67.4 million in 1980, and then rose to \$75.7 million in 1981 (table 16). Overall, net sales increased \$11.7 million, or 18 percent during 1977-81. The five firms reported aggregate net sales of \$25.0 million and \$23.9 million, respectively, for the 4-month periods ended April 30, 1981, and April 30, 1982.

In the aggregate, the five firms derived between 26 percent (1979 and 1980) and 30 percent (1977) of their overall sales revenue from the sale of tubeless-tire valves in each year during 1977-81.

In total, U.S. producers' establishments operated profitably during 1977-81, although, profits declined sharply in 1980 and 1981. Aggregate operating income ranged from a high of \$9.6 million, or 13.0 percent, of net sales in 1978 down to \$3.6 million, or 5.4 percent of net sales in 1980. Operating income fell sharply to \$104,000 (0.4 percent of net sales) during the 4-month period ended April 30, 1982, compared with \$1.6 million (6.4 percent of net sales) for the corresponding period of 1981. Net income before income taxes and its relationship to net sales is almost identical to that of operating income. 1/

Cash flow generated from U.S. producers overall establishment operations are also shown in table 16. Cash flow from overall operations ranged from a low of \$5.6 million in 1980 to a high of \$11.0 million in 1978. Depreciation and amortization expense increased yearly during 1977-81, ranging from \$1.1 million to \$2.1 million.

Manufacturing costs (cost of goods sold) and general, selling, and administrative expenses increased at a faster rate than net sales revenue during 1977-81 (table 16). As a share of net sales, cost of goods sold increased irregularly from 75.2 percent in 1977 to 78.8 percent in 1981, and general, selling, and administrative expenses increased irregularly from 13.3 percent of net sales in 1977 to 15.1 percent in 1981.

Individual company financial data, on an establishment basis, are shown in table 17. An analyses of data on this table reveal that *** share of aggregate net sales declined *** percent during 1977-81. *** profit declined

1/ Operating income and net income approximate each other in all incidents of this section. Hence, only data applicable to operating income will be discussed hereafter.

dramatically during 1977-81, whereas those of *** peaked in 1979, declined sharply in 1980, and then recovered in 1981. *** suffered a loss in 1977, but earned profit ranging from *** percent to *** percent of net sales in all other years during 1977-81.

Operations on tubeless-tire valves

Net sales of tubeless-tire valves (including both OEM and replacement market sales) rose from \$18.9 million in 1977 to \$20.9 million in 1979, fell to \$17.5 million in 1980, and then rose to \$20.8 million in 1981 (table 18). Net sales were \$6.6 million during January-April 1982, down from \$6.9 million for the corresponding period of 1981.

Table 16.--Income-and-loss experience of 5 U.S. producers on the overall operation of their establishments within which tubeless-tire valves are produced, 1977-81, January-April 1981, and January-April 1982

Item	1977 ^{1/}	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Net sales-----1,000 dollars--:	63,916	73,928	79,976	67,363	75,654	25,021	23,897
Cost of goods sold-----do----:	48,037	54,400	60,445	52,393	59,583	19,424	19,716
Gross income-----do-----:	15,879	19,528	19,531	14,970	16,071	5,597	4,181
General, selling, and admin-:							
istrative expenses-----do----:	8,512	9,944	10,721	11,324	11,467	4,010	4,077
Operating income or (loss) :							
1,000 dollars--:	7,367	9,584	8,810	3,646	4,604	1,587	104
Other income or (expense) net :							
1,000 dollars--:	62	10	(37)	(60)	89	(73)	(98)
Net income before income							
taxes-----1,000 dollars--:	7,429	9,594	8,773	3,586	4,693	1,514	6
Depreciation and amortization :							
expense-----1,000 dollars--:	1,089	1,407	1,877	2,027	2,139	761	754
Cash flow from operations							
1,000 dollars--:	8,518	11,001	10,650	5,613	6,832	2,275	760
Ratio to net sales:							
Gross income-----Percent--:	24.8	26.4	24.4	22.2	21.2	22.4	17.5
Operating income-----do----:	11.5	13.0	11.0	5.4	6.1	6.4	.4
Net income before income							
taxes-----Percent--:	11.6	13.0	11.0	5.3	6.2	6.1	2/
Cost of goods sold----do----:	75.2	73.6	75.6	77.8	78.8	77.6	82.5
General, selling, and							
administrative expenses							
Percent--:	13.3	13.4	13.4	16.8	15.1	16.0	17.1
Number of firms reporting							
operating losses-----:	1	-	-	-	2	-	1
Number of firms reporting							
net losses-----:	1	-	-	-	1	-	1
Ratio of tubeless-tire-valve							
sales to total establish-							
ment sales-----:	29.6	27.5	26.1	25.9	27.5	27.4	27.5

^{1/} Data are for 4 firms.

^{2/} Less than 0.05 percent.

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

Table 17.--Income-and-loss experience of 5 U.S. producers on the overall operation of the establishments within which tubeless-tire valves are produced, by firm, 1977-81, January-April 1981, and January-April 1982

Item	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Net sales:							
Schrader----1,000 dollars--:	***	***	***	***	***	***	***
Eaton-----do-----:	***	***	***	***	***	***	***
Bridgeport-----do-----:	***	***	***	***	***	***	***
Nylo-Flex-----do-----:	***	***	***	***	***	***	***
'31' Inc-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	63,916	73,928	79,976	67,363	75,654	25,021	23,897
Cost of goods sold:							
Schrader----1,000 dollars--:	***	***	***	***	***	***	***
Eaton-----do-----:	***	***	***	***	***	***	***
Bridgeport-----do-----:	***	***	***	***	***	***	***
Nylo-Flex-----do-----:	***	***	***	***	***	***	***
'31' Inc-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	48,037	54,400	60,445	52,393	59,583	19,424	19,716
Gross income:							
Schrader----1,000 dollars--:	***	***	***	***	***	***	***
Eaton-----do-----:	***	***	***	***	***	***	***
Bridgeport-----do-----:	***	***	***	***	***	***	***
Nylo-Flex-----do-----:	***	***	***	***	***	***	***
'31' Inc-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	15,879	19,528	19,531	14,970	16,071	5,597	4,181
General, selling, and administrative expenses:							
Schrader----1,000 dollars--:	***	***	***	***	***	***	***
Eaton-----do-----:	***	***	***	***	***	***	***
Bridgeport-----do-----:	***	***	***	***	***	***	***
Nylo-Flex-----do-----:	***	***	***	***	***	***	***
'31' Inc-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	8,512	9,944	10,721	11,324	11,467	4,010	4,077
Operating income or (loss):							
Schrader----1,000 dollars--:	***	***	***	***	***	***	***
Eaton-----do-----:	***	***	***	***	***	***	***
Bridgeport-----do-----:	***	***	***	***	***	***	***
Nylo-Flex-----do-----:	***	***	***	***	***	***	***
'31' Inc-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	7,367	9,584	8,810	3,646	4,604	1,587	104

Table 17.--Income-and-loss experience of 5 U.S. producers on the overall operation of the establishments within which tubeless-tires valves are produced, by firm's, 1977-81, January-April 1981, and January-April 1982--Continued

Item	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Other income or (expense):							
Schrader-----1,000 dollars--	***	***	***	***	***	***	***
Eaton-----do-----	***	***	***	***	***	***	***
Bridgeport-----do-----	***	***	***	***	***	***	***
Nylo-Flex-----do-----	***	***	***	***	***	***	***
'31' Inc-----do-----	***	***	***	***	***	***	***
Total-----do-----	62	10	(37)	(60)	89	(73)	(98)
Net income or (loss) before							
income taxes:							
Schrader-----1,000 dollars--	***	***	***	***	***	***	***
Eaton-----do-----	***	***	***	***	***	***	***
Bridgeport-----do-----	***	***	***	***	***	***	***
Nylo-Flex-----do-----	***	***	***	***	***	***	***
'31' Inc-----do-----	***	***	***	***	***	***	***
Total-----do-----	7,429	9,594	8,773	3,586	4,693	1,514	6
Ratio of operating income or							
(loss) to net sales:							
Schrader-----Percent-----	***	***	***	***	***	***	***
Eaton-----do-----	***	***	***	***	***	***	***
Bridgeport-----do-----	***	***	***	***	***	***	***
Nylo-Flex-----do-----	***	***	***	***	***	***	***
'31' Inc-----do-----	***	***	***	***	***	***	***
Average-----do-----	11.5	13.0	11.0	5.4	6.1	6.3	0.4
Ratio of net income or (loss)							
before income taxes to							
net sales:							
Schrader-----Percent-----	***	***	***	***	***	***	***
Eaton-----do-----	***	***	***	***	***	***	***
Bridgeport-----do-----	***	***	***	***	***	***	***
Nylo-Flex-----do-----	***	***	***	***	***	***	***
'31' Inc-----do-----	***	***	***	***	***	***	***
Average-----do-----	11.6	13.0	11.0	5.3	6.2	6.1	<u>2/</u>

1/ Data are not available.

2/ Less than 0.05 percent.

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

The five firms aggregate tubeless-tire valve operation was profitable in each of the years during the 1977-79 period and unprofitable in each of the other reporting periods. Operating profit, however, declined substantially during 1977-79, ranging from \$1.4 million, or 7.1 percent, of net sales in 1977, down to \$382,000, or 1.8 percent, of net sales in 1979. The five firms sustained aggregate operating losses of \$311,000 (1.8 percent of net sales) and \$684,000 (3.3 percent of net sales), respectively, in 1980 and 1981. The five firms reported an aggregate operating loss of \$733,000 or 11.1 percent of net sales during January-April 1982, compared to an operating loss at \$79,000 or 1.2 percent of net sales during the corresponding period of 1981. In 1980 and 1981, four of the five firms reported losses on their tubeless-tire valve operation and during January-April 1982, all five firms reported losses.

As a share of net sales, manufacturing costs (cost of goods sold) rose yearly, from 79.3 percent of net sales in 1977 to 87.1 percent of net sales in 1981, and general, selling, and administrative expenses rose irregularly from 13.6 percent of net sales to 16.2 percent of net sales during this period, indicating that selling prices and/or sales volume did not keep pace with rising costs and expenses during 1977-81.

Cash flow generated from U.S. producers' tubeless-tire-valve operations declined yearly during 1977-81, from \$1.7 million in 1977 to \$59,000 in 1981 (table 18). The five firms reported a negative cash flow of \$495,000 for January-April 1982, compared with a positive cash flow of \$146,000 for the corresponding period of 1981.

Table 18.--Income-and-loss experience of 5 U.S. producers on their tubeless-tire valve operation, 1977-81, January-April 1981, and January-April 1982

Item	1977 ^{1/}	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Net sales-----1,000 dollars--:	18,923	20,335	20,850	17,473	20,819	6,854	6,571
Cost of goods sold-----do----:	15,001	16,251	17,524	14,786	18,135	5,761	6,098
Gross income-----do-----:	3,922	4,084	3,326	2,687	2,684	1,093	473
General, selling, and administrative expenses	:	:	:	:	:	:	:
1,000 dollars--:	2,572	2,847	2,944	2,998	3,368	1,172	1,206
Operating income or (loss)	:	:	:	:	:	:	:
1,000 dollars--:	1,350	1,237	382	(311)	(684)	(79)	(733)
Other income or (expense) net	:	:	:	:	:	:	:
1,000 dollars--:	6	0	(8)	(15)	6	(13)	(16)
Net income before income taxes-----1,000 dollars--:	1,356	1,237	374	(326)	(678)	(92)	(749)
Depreciation and amortization expense-----1,000 dollars--:	379	433	504	622	737	238	254
Cash flow from operations	:	:	:	:	:	:	:
1,000 dollars--:	1,735	1,670	878	296	59	146	(495)
Ratio to net sales:	:	:	:	:	:	:	:
Gross income-----Percent--:	20.7	20.1	16.0	15.4	12.9	15.9	7.2
Operating income or (loss)	:	:	:	:	:	:	:
Percent--:	7.1	6.1	1.8	(1.8)	(3.3)	(1.2)	(11.1)
Net income or (loss) before income taxes-----Percent--:	7.2	6.1	1.8	(1.9)	(3.3)	(1.3)	(11.4)
Cost of goods sold---do-----:	79.3	79.9	84.0	84.6	87.1	84.1	92.8
General, selling, and administrative expenses	:	:	:	:	:	:	:
Percent--:	13.6	14.0	14.2	17.2	16.2	17.1	18.3
Number of firms reporting operating losses-----:	-	1	2	4	4	4	5
Number of firms reporting net losses-----:	-	2	2	4	4	4	5

^{1/} Data are for 4 firms.

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

Individual company financial data relative to the five firms' tubeless-tire-valve operations are presented in table 19.

* * * * *

Operations on tubeless-tire valves for the replacement market

* * * * *

Table 19.--Income-and-loss experience of 5 U.S. producers on their tubeless-tire valve operations by firms, 1977-81, January-April 1981, and January-April 1982

* * * * *

Table 19.--Income-and-loss experience of 5 U.S. producers on their tubeless-tire valve operation, by firm, 1977-81, January-April 1981, and January-April 1982--Continued

* * * * *

Table 20.--Income-and-loss experience of 4 U.S. producers on their tubeless-tire-valve operations for the replacement market only, 1977-81, and January-April 1982

* * * * *

Table 21.--Income-and-loss experience of 4 U.S. producers on their tubeless-tire valve operations for the replacement market only, by firm, 1977-81, January-April 1981, and January-April 1982

* * * * *

Table 21.--Income-and-loss experience of 4 U.S. producers on their tubeless-tire valve operations for the replacement market only, by firm, 1977-81, January-April 1981, and January-April 1982--Continued

* * * * *

Cash flow generated from U.S. producers' tubeless-tire-valve replacement market declined yearly during 1977-81, from \$1.1 million in 1977 to \$243,000 in 1981 (table 20). The four firms reported a negative cash flow of \$234,000 for January-April 1982, compared with a positive cash flow of \$181,000 for the corresponding period of 1981.

Individual company financial data relative to the four firms' tubeless-tire-valve operations for the replacement market are shown in table 21.

* * * * *

Investment in productive facilities

Five firms supplied data relative to their investment in productive facilities used in the manufacture of tubeless-tire valves during 1977-81. The five firms investment in such facilities, valued at cost, increased by \$998,000 during 1977-81. The book value and the replacement value of such assets increased \$497,000 and \$2.9 million, respectively, during 1977-81 (table 22).

Table 22.--Investment in productive facilities by 5 U.S. producer's of tubeless-tire valves, as of the end of accounting years 1977-81

Item	: 1977 <u>1/</u>	: 1978	: 1979	: 1980	: 1981
Original cost--1,000 dollars--:	11,852	11,806	12,022	12,873	12,850
Book value-----do-----:	7,351	7,722	8,926	9,234	7,848
Replacement-----do-----:	21,636	21,710	21,145	24,945	24,572
Ratio of operating profit or (loss) to--:					
Net sales-----percent--:	7.1	6.1	1.8	(1.8)	(3.3)
Original cost-----do-----:	11.4	10.5	3.2	(2.4)	(5.3)
Book value-----do-----:	18.4	16.0	4.3	(3.4)	(8.7)
Replacement value----do-----:	6.2	5.7	1.8	(1.2)	(2.8)

1/ Data are for 4 producers.

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

Capital expenditures

* * * * *

* * * * *

The Question of Imports as a Substantial Cause of Serious Injury

U.S. Consumption

Snap-in tubeless-tire valves.--Apparent U.S. consumption of tubeless-tire valves increased from *** million units in 1977 to *** million units in 1979, and declined thereafter to *** million units in 1981. During 1977-81, the share of U. S. consumption supplied by imports ranged from a low of *** percent in 1978 to a high of *** percent in 1980 (table 23). 1/

U.S. consumption of snap-in valves in the replacement market increased from *** million units in 1977, to *** million units in 1979, and declined irregularly thereafter, to *** million units in 1981. In 1981, replacement market consumption of snap-in valves was *** percent above the level of consumption in 1977. U.S. producer's shipments in 1981 were up 4 percent from what they were in 1977, and imports were up 2 percent. The ratio of imports to consumption ranged from a low of *** percent in 1978, to a high of *** percent in 1979 (table 24).

Clamp-in valves.--U.S. consumption of clamp-in valves declined irregularly from *** million units in 1977 to *** million units in 1981, representing a decline of *** percent. The ratio of imports to consumption ranged from a low of *** percent in 1981 to a high of *** percent in 1978. In 1980, and in the January-April 1982 period, there were no imports of clamp-in valves so U.S. consumption was supplied entirely from U.S. production (table 25).

1/ As stated earlier in this report, importers reported no sales to OEMs.

Table 23.--Snap-in tubeless tire valves: U.S. production, producer's shipments, imports for consumption, and apparent consumption, 1977-81, January-April 1981, and January-April 1982

Period	Production	Producers' shipments	Imports	Apparent consumption	Ratio of imports to--	
					Production	Consumption
	1,000 units				Percent	
1977-----	166,200	158,409	***	***	***	***
1978-----	172,142	164,238	***	***	***	***
1979-----	171,432	162,827	***	***	***	***
1980-----	124,975	123,244	***	***	***	***
1981-----	140,906	139,638	***	***	***	***
Jan.-Apr.--				***	***	***
1981-----	49,801	46,096	***	***	***	***
1982-----	46,273	43,248	***	***	***	***

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

Table 24.--Snap-in tubeless tire valves: U.S. producers' shipments, imports for consumption, and apparent consumption in the replacement market, 1977-81, January-April 1981, and January-April 1982

Period	Pro- duction ^{1/}	Producers' shipments	Imports	Apparent consumption	Ratio of imports to-- Production: Consumption	
			1,000 units		Percent	
1977-----	95,131	87,340	***	***	***	***
1978-----	99,774	91,870	***	***	***	***
1979-----	101,200	92,595	***	***	***	***
1980-----	79,000	77,269	***	***	***	***
1981-----	91,778	90,510	***	***	***	***
Jan.-Apr.--						
1981-----	31,261	27,536	***	***	***	***
1982-----	33,346	30,321	***	***	***	***

^{1/} Estimated.

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

Table 25.--Clamp-in tubeless tire valves: U.S. production, producer's shipments, imports for consumption, and apparent consumption, 1977-81, January-April 1981, and January-April 1982

Period	Production	Producers' shipments	Imports <u>1/</u>	Apparent consumption	Ratio of imports to--	
					Production	Consumption
	-----1,000 units-----				-----Percent-----	
1977-----	4,269	3,593	***	***	***	***
1978-----	3,958	3,062	***	***	***	***
1979-----	3,078	2,533	***	***	***	***
1980-----	1,676	1,393	***	***	***	***
1981-----	2,251	1,608	***	***	***	***
Jan.-Apr.--						
1981-----	681	469	***	***	***	***
1982-----	649	419	***	***	***	***

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

Prices

Producers and retailers generally agree that tubeless-tire valves of a comparable size are fungible products, and there has been little effort to differentiate the product by appearance or claims of better quality. All valves meet performance standards set by the Society of Automotive Engineers (SAE) and dimension standards set by the Tire and Rim Association, so that valves produced by different manufacturers are interchangeable. The final consumer (the automobile owner) generally has little interest in the brand used. In this market, competition is based primarily on price, with availability and multiple sources of supply also considerations. As indicated earlier, the tubeless-tire-valve market comprises the original equipment manufacturers (OEM) market, which is served exclusively by three U.S. producers, and the replacement market (or aftermarket).

OEM market.--Tubeless-tire valves sold in the OEM market are for use on new vehicle wheels and are sold almost exclusively to the U.S. automobile manufacturers. From 1978 to 1981, this market accounted for between 35 and 40 percent of all tubeless-tire-valve sales. Production and sales of new automobiles have declined significantly since 1980. Thus, the OEM market accounted for a declining share of total valve sales in 1980, 1981, and again in January-April 1982.

Schrader, Bridgeport, and Eaton, the three largest valve producers, supply all of the auto industry's needs. Contracts are negotiated annually between the automobile and valve manufacturers; a valve manufacturer winning a contract is awarded a share of the auto producer's purchases for a model year at a set price for each type of valve. Generally, auto manufacturers do not purchase from only one valve manufacturer; Ford and GM, for example, each have contracts with Schrader, Bridgeport, and Eaton. The valves sold in this market are generally unbranded and are usually packaged 1,000 to 2,000 to a box. Producers report that OEM purchasers provide transportation services for valves and other products. The U.S. auto manufacturers do not buy imported tubeless-tire valves, and have indicated that foreign valve manufacturers have made little or no effort to penetrate this market.

OEM market prices were requested from Schrader, Eaton, and Bridgeport for the TR-413 and TR-418 type tubeless tire valves. Price data for the TR-418 valve were not sufficient for price comparisons. Schrader provided OEM price data for the TR-418 valve to one customer; other producers provided no comparable data. Valve manufacturers indicated that auto producers purchase a very high proportion of TR-413 valves for passenger vehicle and light truck wheels and that TR-418 valve sales in this market are very small; one manufacturer reported that this valve accounted for only about *** percent of its OEM sales.

U.S. producers' annual weighted average prices to the OEM market, f.o.b. producers' plant, net of all discounts and allowances, for the TR-413 valve are presented in the following tabulation. Average prices increased from 10.91 cents per valve in 1979 to 12.98 cents in 1981, or by 19 percent. Average prices increased by 5 percent in January-March 1982 to 13.68 cents. Valve producers' prices to the auto manufacturers were very uniform, the difference between their prices did not exceed *** cents per valve in any 1 year covered by the investigation. ***.

Period	Schrader	Eaton	Bridgeport
	(Cents per unit)		
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
1982 January-March----	***	***	***

Replacement market.--Price lists published by the valve manufacturers differentiate prices according to volume, packaging (by the number of valves per box), and terms of sale; there is generally no price distinction by class of customer. Most producers, including the German producer, EHA, quote prices on a delivered basis. Although some sales are made at list price, industry sources have indicated that transaction prices are usually a function of market forces and may deviate significantly from the list price. One manufacturer indicated that discounting practices vary among geographic regions and customers. ^{1/} Some producers stated that in a soft market small volume purchasers may obtain a price as favorable as that to large volume purchasers. Some customers based purchasing decisions on comparisons of price quotations from several sources, and others indicated preference for domestic valves regardless of the imported product's price. Large-volume purchasers indicate that they generally prefer to buy from several producers and are willing to tolerate a slightly higher price from a particular source.

Availability was also cited as an important purchasing criterion. Some of the smaller U.S. producers stated during investigation No. 731-TA-41 (Preliminary) (May 1981) that they do not have the capacity to supply the larger distributors in this market and have limited their sales efforts to smaller accounts. EHA stated that its longer delivery time puts it at a disadvantage, a claim supported by their major customer, ***. ***.

The Commission requested delivered price and sales volume data for 1979-81, and January-March 1982, by quarters, for sales of U.S.-produced and U.S.-imported TR-413 and TR-418 type valves to each firm's three largest customers in the replacement market. ^{2/} Price data were obtained from six U.S. manufacturers accounting for about 98 percent of total U.S. production in 1981. Tables 26 and 27 present weighted averages of these prices for the TR-413 and the TR-418 valves, respectively.

As indicated previously, ***, and *** are EHA's largest customers in the United States and are also among the largest customers of some domestic

^{1/} Submissions and testimony by EHA indicate that discounts may be in the form of liberal payment terms or free merchandise, as well as actual price reductions. See e.g., Transcript p.102.

^{2/} Data were also requested on sales of snap-in tubeless-tire valves to jobbers. No such sales were reported by either importers or major producers. In addition, data were requested on sales of other types of valves. These data showed prices significantly above snap-in valve prices but changes in product mix made analysis of the data meaningless.

producers. Sales to ***, *** accounted for more than *** of EHA's U.S. business in 1979-81, but the domestic producers' sales to these customers accounted for only about *** percent of their total aftermarket sales in the same period. No sales were reported to these customers by the four smaller producers 1/ during the period for which price data were requested. These purchasers distribute valves to branches of their own organization, as well as to smaller distributors and jobbers, at a markup of ***. Data provided by ***, for example, show that it makes a gross profit of about *** cents per valve on sales to its own branches which, in turn, are expected to be profitable on their sales of valves.

Price data provided by EHA indicate that its prices to ***, and *** are not substantially different from its prices to other customers. However, the U.S. producers state that, in order to compete with EHA, they charge a substantially lower price to these three large accounts than to other warehouse distributors. 2/ Such lower prices appeared in the data reported for 1979 and 1980, but the differential between prices to other customers and those to the three importer-distributors largely disappeared during 1981 and January-March 1982. This narrowing of the price gap may be the result of increased competition for sales to the other customers rather than changes in competition for the three large accounts.

Price trends.--The domestic producers' prices for the TR-413 and TR-418 valves increased irregularly from 1979 through January-March 1982. The weighted average price of the TR-413 valve increased 22.4 percent during the period, and the price of the TR-418 valve increased 18.2 percent. However, these increases did not keep pace with reported increases in production costs. The unit cost of producing valves sold to the replacement market, derived from the cost of goods sold shown in table 26, increased by 22.7 percent during the period covered by the price data. By comparison, the price of valves sold to the OEM market rose 25.5 percent and the cost of their production rose 45.3 percent during the same period.

Domestic manufacturer's weighted average prices to the replacement market for the TR-413-type valve increased from 11.74 cents in January-March 1979 to 14.58 cents in January-March 1981, representing an increase of 2.84 cents per valve, or 24.2 percent. Prices then declined irregularly through January-March 1982 to an average of 14.3 cents. A decline of 1.07 cents in October-December 1981 primarily reflects a large quantity, low-price sale by ***. In general, prices reported by the three major producers were above those reported by the smaller U.S. producers. This differential was particularly large in July-September 1980 and in January-March 1981. This differential occurred despite the fact that the customers of the major producers generally purchase valves in quantities several times larger than the customers of the smaller producers, and often reflect continuing contractual relationships. It is possible, therefore, that some large volume purchasers do not consider the price of valves to be of overriding importance in their purchase. 3/

1/ Cupples, Milton, Nylo-Flex, and 31 Products.

2/ ***.

3/ ***.

* * * * *

Domestic prices for the TR-418 valve increased from 14.21 cents in January-March 1979 to 16.87 cents in January-March 1981, representing an increase of 2.66 cents, or 18.7 percent. Prices declined during 1981, dropping to 15.89 cents per valve in July-September as a result of a large volume, low-price sale by one producer before recovering to 16.79 cents per valve in January-March 1982. The increase during the entire period covered by the data was 2.58 cents per valve, or 18.2 percent. Prices reported by the smaller producers show no discernible pattern relative to those of the major producers. Unlike the pricing pattern reported for TR-413 valves, small producers' prices for the TR-418 generally exceeded those of their larger competitors, but occasionally dropped below them.

* * * * *

Table 26.--Tubeless-tire valves, size TR-413: U.S. producers' and importers' weighted average delivered prices to largest customers in the replacement market, by quarters, 1979-81, and January-March 1982

Period	U.S. producers' prices			Importers' prices			Margin of underselling
	Major	Other	weighted average	West	Turkey	weighted average	
	produ- cers 1/	produ- cers 2/		Germany			
	Cents per unit						Percent
1979:							
Jan.-Mar---	11.80	11.54	11.74	***	***	***	***
Apr.-June--	12.32	12.46	12.35	***	***	***	***
July-Sept--	12.23	12.07	12.19	***	***	***	***
Oct.-Dec---	12.69	12.51	12.65	***	***	***	***
1980:							
Jan.-Mar---	13.34	12.30	13.11	***	***	***	***
Apr.-June--	13.64	12.47	13.38	***	***	***	***
July-Sept--	13.74	13.06	13.59	***	***	***	***
Oct.-Dec---	13.64	13.23	13.55	***	***	***	***
1981:							
Jan.-Mar---	14.89	13.31	14.58	***	***	***	***
Apr.-June--	14.25	13.47	14.10	***	***	***	***
July-Sept--	14.65	13.61	14.45	***	***	***	***
Oct.-Dec---	13.31	13.63	13.38	***	***	***	***
1982 Jan.-							
Mar-----	14.64	13.44	14.37	***	***	***	***

1/ Schrader, Eaton (Dill), and Bridgeport.

2/ Nylo-Flex, Cupples, and 31 Products.

3/ No prices reported.

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

Table 27.--Tubeless-tire valves, size TR-418: U.S. producers' and importers' weighted average delivered prices to largest customers in the replacement market, by quarter, 1979-81, and January-March 1982

Period	U.S. producers' prices			Imports from West Germany	Margin of underselling
	Major produ- cers 1/	Other produ- cers 2/	weighted average		
	Cents per unit				Percent
1979:					
January-March----	14.23	14.14	14.21	***	***
April-June-----	14.41	15.08	14.55	***	***
July-September---	14.51	15.01	14.62	***	***
October-December--	14.56	15.31	14.73	***	***
1980:					
January-March----	15.57	15.61	15.58	***	***
April-June-----	15.78	15.55	15.73	***	***
July-September---	15.34	16.41	15.58	***	***
October-December--	16.20	15.95	16.14	***	***
1981:					
January-March----	17.10	15.81	16.87	***	***
April-June-----	16.68	16.71	16.69	***	***
July-September---	15.75	16.45	15.89	***	***
October-December--	16.30	16.43	16.33	***	***
1982:					
January-March----	16.98	16.13	16.79	***	***

1/ Schrader, Eaton (Dill), and Bridgeport.

2/ Nylo-Flex, Cupples, and 31 Products.

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

Adverse effects of price competition

U.S. producers were requested to report details of any substantial price reductions made by their firms in order to make sales as a result of price reductions on imported tubeless-tire valves. Three firms responded to that request and their remarks are summarized as follows:

Eaton.--

* * * * *

Schrader.--

* * * * *

Nylo-Flex.--

* * * * *

Efforts by U.S. producers to compete with imports

U.S. producers were asked to describe efforts made by their firms and/or their workers to compete more effectively in the U.S. market with imported tubeless-tire valves. Responses were received from four firms and are summarized as follows:

Eaton.--

* * * * *

Schrader.--

* * * * *

Nyl or Flex.--

* * * * *

'31' Inc.--

* * * * *

Possible causes of injury to the domestic industry
other than increased imports

Certain factors other than competition from imports have affected the domestic industry producing tubeless-tire valves. As stated earlier in this report, the OEM's share of the U.S. market declined from about 45 percent of the total quantity of sales in 1977 to about 35 percent in 1981 and a further decline in the OEM share of the market can be expected in 1982, owing to the continued decline in sales of new automobiles. Also, consumption of tubeless-tire valves declined precipitously in 1980 as the result of a decline in tire sales. The decline in tire sales resulted from at least four factors: the decline in new car sales, a decline in the number of overall miles driven, an increase in the consumption of radial tires, which have a longer lifespan than other tires, and finally, a trend toward smaller cars, which, because of their lower weight, tend to reduce tire wear. 1/

Increased penetration of the replacement market by two of the larger U.S. producers (***) probably had a greater effect on the smaller producers than did imports. Sales in the replacement market by those two firms, increased significantly as total shipments by the other U.S. producers declined and imports remained at about the same level throughout the period.

The tabulation below (1977=100) shows only percentage changes in shipments; actual unit changes in 1981 as compared with 1977 were as follows: Shipments to the replacement market by *** and *** in 1981 were up *** from shipments in 1977, shipments by all other producers declined by ***, and imports in 1981 were up by *** from 1977.

* * * * * *

1/ Many small vehicles have front-wheel drive which is believed to increase front-tire wear. The net effect of these influences is uncertain.

Possible Threat of Serious Injury

According to information obtained by the U.S. State Department, the capacity to produce tubeless-tire valves in Turkey is projected to increase from the *** units produced in 1981 to approximately *** in 1983. The factory that manufactures tubeless-tire valves in Turkey is operating at *** percent of capacity and is expected to operate at the same level after its capacity is increased. All production of tubeless-tire valves in Turkey is destined for export to the United States. The State Department further reported that exports of tubeless-tire valves from Turkey to the United States continued to increase until the petition for this investigation was filed with the Commission in April 1982. If import restrictions are not imposed as a result of this investigation, and if production continued in Turkey after the suspension of its exports, it is possible that the resultant inventory of tubeless-tire valves now in Turkey will be exported to the United States.

APPENDIX A

Commission's Notice of Investigation

public. Derogations ought to be exceptional in nature and few in number.

If, as the Court has suggested, individual determinations are required in regional industry cases, most of the conferences and hearings now open would have to be closed to the public. Commission reports would contain substantial amounts of confidential data. Commission opinions would be equally limited. Such a circumstance would be contrary to the United States position in our trade negotiations with foreign countries in which the executive branch has been advocating greater transparency in the decisionmaking process. Closing the decisionmaking process would also be inconsistent with Congressional intent. We cannot believe that Congress could have intended such a result without specifying more clearly the changes in Commission practice it desired.

Views of Commissioner Paula Stern

In response to the December 28, 1981, order of the United States Court of International Trade,²⁸ I have determined that as of March 6, 1980, the Revere Sugar Corporation was materially injured by reason of the importation of sugars and sirups from Canada sold, or likely to be sold, at less than fair value.

I also reiterate my earlier conclusion that circumstances are not appropriate for the consideration of the Northeastern geographic area as a separate and isolated region.²⁹ Accordingly, I reaffirm my previous determination that an industry in the United States was not materially injured or threatened with material injury by reason of the importation of sugars and sirups from Canada.

Revere Sugar Corporation is Materially Injured

On December 28, 1981, the Court of International Trade ordered the Commission to determine whether as of March 6, 1980, the Revere Sugar Corporation was materially injured by reason of Canadian imports of sugars and sirups. I determine that Revere was materially injured. I have fully joined the majority analysis on this finding and will not repeat it here. I also concur in the "Additional views on regional industry analysis" of the majority.³⁰

Reaffirmation of Previous Determination

In my October 1981 decision, I determined that the Northeastern area was not a separate and isolated regional market and therefore, went on to examine the entire nation's sugar production as a whole. In that opinion, I stated:

A careful reexamination of the regional industry issue in light of the corrected data has been primarily responsible for my negative determination in the remanded case. Because U.S. producers in the Northeastern states area are not sufficiently separate or isolated to constitute a regional industry, the relevant domestic industry should encompass the entire nation and not the region found by the Commission in the original case or the majority in the present one.³¹

I have found that no natural or commercial reasons *outside* the control of the sugar producers themselves severely limit the quantities of sugar that can flow between geographical areas. Rather, the pattern of supply seems to reflect the historical distribution practice which in and of itself is not a sufficient basis to find that the market is isolated or separate as required by law. (Emphasis in original.)³²

In his December 28 opinion, however Judge Watson did not determine that the Northeastern states are a separate and isolated region. Rather, he determined that the majority's finding of a region was supported by substantial evidence and not at variance with the law. Therefore, my original finding on regionality was not at variance with the Court's order.

Under section 771(4)(C) the application of a regional industry definition is discretionary. The language of the section provides that "In appropriate circumstances * * * the producers within each market each market *may* be treated as if they were a separate industry * * *." (emphasis added). The Commission does not have a statutory obligation to make a regional industry finding even in cases where "appropriate circumstances" for such a finding exist. As I noted in my October 1981 determination, I do not believe appropriate circumstances for regional industry treatment exist in this case where the sole basis for the geographic distribution of supply is historical marketing practices.

Accordingly, my analysis of injury and causation have once again been made on a national basis. The national data have not changed in any significant fashion. (Corrections to the data primarily affected only the results for the Northeastern states geographic

area.) Therefore, the analysis I made in the two prior determinations remains intact: although the raw sugar processing industry was injured, Canadian imports were not a cause of material injury to the nationwide domestic industry, as I continue to believe that industry is most appropriately defined.

(FR Doc. 82-12282 Filed 5-4-82; 8:45 am)
BILLING CODE 7020-02-M

[TA-201-46]

Tubeless-Tire Valves; Investigation and Hearing

AGENCY: International Trade Commission.

ACTION: Following receipt of a petition on April 16, 1982, filed on behalf of three U.S. manufacturers of tubeless-tire valves, the U.S. International Trade Commission on April 29, 1982, instituted an investigation (No. TA-201-46) under section 201(b) of the Trade Act of 1974 (19 U.S.C. 2251(b)) to determine whether tubeless-tire valves, provided for in items 692.32 and 692.33 of the Tariff Schedules of the United States, are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

EFFECTIVE DATE: April 16, 1982.

FOR FURTHER INFORMATION CONTACT: John MacHatton, Supervisory Investigator, U.S. International Trade Commission, Washington, D.C. 20436 (202-523-0439).

SUPPLEMENTARY INFORMATION:

Public hearing ordered. A public hearing in connection with this investigation will be held in Washington, D.C., at 10 a.m. on Wednesday, July 14, 1982, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission at his office in Washington no later than the close of business Friday, July 2, 1982.

Prehearing procedures. To facilitate the hearing process, it is requested that persons wishing to appear at the hearing submit prehearing briefs enumerating and discussing the issues which they wish to raise at the hearing. An original and fourteen copies of such prehearing briefs should be submitted to the Secretary no later than the close of business Wednesday, July 7, 1982. Copies of any prehearing briefs

²⁸ Atlantic Sugar, Inc. v. United States, Slip Op. 81-119, Dec. 28, 1981.

²⁹ See Sugar and Sirups from Canada, Inv. No. 731-TA-3 (Final), October 1981. Views of Commissioner Stern (hereinafter cited as October 1981 decision) at 18.

³⁰ See "Views of the Commission" at pp. 3-5 and pp. 9-14.

³¹ October 1981 decision at 18.

³² *Id.* at 19.

submitted will be made available for public inspection in the Office of the Secretary. Any prepared statements submitted will be made a part of the transcript. Oral presentations at the hearing should, to the extent possible, be limited to issues raised in the prehearing briefs.

A prehearing conference will be held on Wednesday, July 7, 1982, at 10 a.m., in Room 117 of the U.S. International Trade Commission Building.

Persons not represented by counsel or public officials who have relevant matters to present may give testimony without regard to the suggested prehearing procedures outlined above.

Other written submissions. Other written submissions, except for posthearing briefs, should be filed with the Secretary to the Commission prior to the public hearing. Commercial or financial data which are confidential should be clearly marked "Confidential Business Information" and should be submitted in accordance with the requirements of § 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8). Submissions should also conform to the general requirements of § 201.8 of the Commission's rules (19 CFR 201.8).

Inspection of petition. The petition filed in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

By order of the Commission.

Issued: April 30, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-12263 Filed 5-4-82; 8:45 am]

BILLING CODE 7020-02-M

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Manufacturer of Controlled Substances; Notice of Registration

By Notice dated December 22, 1981, and published in the Federal Register on December 31, 1981 (46 FR 63409), Aerojet Strategic Propulsion Company, Highway 50 at Hazel Avenue, P.O. Box 15699C, Sacramento, California 95813, made application to the Drug Enforcement Administration to be registered as a bulk manufacturer of Tetrahydrocannabinol (7370), a basic class of controlled substance listed in Schedule I.

No comments or objections having been received and pursuant to Section 303 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 and Title 21, Code of Federal Regulations § 1301.54(e), the Acting Administrator

hereby orders that the application submitted by the above firm for registration as a bulk manufacturer of the basic class of controlled substance listed above is granted.

Dated: April 28, 1982.

Francis M. Mullen, Jr.,
Acting Administrator, Drug Enforcement Administration.

[FR Doc. 82-12149 Filed 5-4-82; 8:45 am]

BILLING CODE 4410-09-M

National Institute of Justice

Research on the Utilization of Forensic Evidence in Courts; Grant Solicitation

The National Institute of Justice announces a competitive grant solicitation for research on the utilization of forensic evidence in courts. This research will investigate the use and impact of physical evidence for prosecutors, defense counsels, and courts. The research results are needed to guide law enforcement and criminal justice practitioners on their decisions regarding the use of crime laboratories and physical evidence on criminal cases.

The solicitation requests submission of proposals which will then be considered by a peer review panel. In order to be considered, proposals must be postmarked no later than June 18, 1982. A total of \$200,000 has been allocated for this research.

Additional information and copies of the solicitation may be obtained by contacting: Police Division, National Institute of Justice, 633 Indiana Avenue, NW., Washington, D.C. 20531, 202/724-2953.

Please enclose a self-addressed mailing label.

Dated: April 29, 1982.

James L. Underwood,
Acting Director, National Institute of Justice.

[FR Doc. 82-12275 Filed 5-4-82; 8:45 am]

BILLING CODE 4410-18-M

NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES

Music Advisory Panel Composers; Meeting

Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463), as amended, notice is hereby given that a meeting of the Music Advisory Panel (Composers) to the National Council on the Arts will be held on May 25-27, 1982, from 9:30 a.m.-5:30 p.m. in room 1428 of the Columbia Plaza Office Complex, 2401 E Street, NW., Washington, D.C. 20506.

A portion of this meeting will be open to the public on May 26, 1982, from 4:00 p.m.-5:30 p.m. to discuss policy.

The remaining sessions of this meeting on May 25th from 9:30 a.m.-5:30 p.m., May 26th from 9:30 a.m.-4:00 p.m. and on May 27th from 9:30 a.m.-5:30 p.m. are for the purpose of Panel review discussion, evaluation, and recommendation on applications for financial assistance under the National Foundation on the Arts and the Humanities Act of 1965, as amended, including discussion of information given in confidence to the agency by grant applicants. In accordance with the determination of the Chairman published in the Federal Register of February 13, 1980, these sessions will be closed to the public pursuant to subsections (c) (4), (6) and 9(b) of section 552b of Title 5, United States Code.

Further information with reference to this meeting can be obtained from Mr. John H. Clark, Advisory Committee Management Officer, National Endowment for the Arts, Washington, D.C. 20506, or call (202) 634-6070.

John H. Clark,

Director, Office of Council and Panel Operations, National Endowment for the Arts.

[FR Doc. 82-12278 Filed 5-4-82; 8:45 am]

BILLING CODE 7537-01-M

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

White House Science Council Panel on Future Military Technologies; Meeting

Notice is hereby given that the panel named above will meet at 9:00 a.m. on May 19, 1982, in the Pentagon, Washington, D.C.

The panel will discuss research and development of future military programs.

The meeting will be closed to the public pursuant to 5 U.S.C. 552b(c)(1): All material under discussion is classified defense information. Authority for closing: Director, Office of Science and Technology Policy.

Contact: Dr. Alf L. Andreassen, Office of Science and Technology Policy, 728 Jackson Place NW., Washington, D.C. 20500, Phone: (202) 395-5684.

Robert D. Linder,

Executive Director, Office of Science and Technology Policy, A-61

[FR Doc. 82-12151 Filed 4-30-82; 2:20 pm]

BILLING CODE 3170-01-M

APPENDIX B

Calendar of Witnesses

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Tubeless-Tire Valves

Inv. No. : TA-201-46

Date and time : July 14, 1982 - 10:00 a.m., e.d.t.

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

In support of the petition:

Nylo-Flex Manufacturing Company, Mobile, Alabama

Howard S. Hochman, President

Wayne Baldwin, Controller

In opposition to the petition:

Barnes, Richardson & Colburn--Counsel
Washington, D.C.
on behalf of

EHA Ventilfabrik, Muhlheim (Main) West Germany

Gunter von Conrad)
Matthew T. McGrath)--OF COUNSEL

APPENDIX C
Statistical Table

Snap-in tubeless-tire valves: U.S. producer's shipments to OEM's and to the replacement market, by firms, 1977-81, January-April 1981, and January-April 1982

Market and firm	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
Quantity (1,000 units)							
OEM market:							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Total-----	71,069	72,378	70,232	45,975	49,128	18,540	12,927
Replacement market:							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***	***
'31' Inc-----	***	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***	***
Acme-----	***	***	***	***	***	***	***
Total-----	87,340	91,870	92,595	77,269	90,510	27,556	30,321
Value (1,000 dollars)							
OEM market:							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Total-----	7,069	7,402	7,488	5,417	6,260	2,167	1,746
Replacement market:							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***	***
'31' Inc-----	***	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***	***
Acme-----	***	***	***	***	***	***	***
Total-----	11,125	12,077	12,587	11,253	13,553	4,159	4,534

See footnotes at end of table.

Snap-in tubeless-tire valves: U.S. producer's shipments to OEM's and to the replacement market, by firms, 1977-81, January-April 1981, and January-April 1982--Continued

Market and firm	1977	1978	1979	1980	1981	Jan.-Apr.--	
						1981	1982
	Unit value (cents each)						
OEM market:							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Average-----	9.9	10.2	10.7	11.8	12.7	11.7	13.5
Replacement market:							
Schrader-----	***	***	***	***	***	***	***
Eaton-----	***	***	***	***	***	***	***
Bridgeport-----	***	***	***	***	***	***	***
Nylo-Flex-----	***	***	***	***	***	***	***
Cupples-----	***	***	***	***	***	***	***
'31' Inc-----	***	***	***	***	***	***	***
Milton-----	***	***	***	***	***	***	***
Acme-----	***	***	***	***	***	***	***
Average-----	12.7	13.1	13.6	14.6	15.0	15.1	15.0

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

