

# **BICYCLE TIRES AND TUBES**

**Report to the President on  
Investigation TA-201-33  
Under Section 201 of the  
Trade Act of 1974**



**USITC PUBLICATION 910  
SEPTEMBER 1978**

# UNITED STATES INTERNATIONAL TRADE COMMISSION

## COMMISSIONERS

Joseph O. Parker, Chairman  
Bill Alberger, Vice Chairman  
George M. Moore  
Catherine Bedell  
Italo H. Ablondi  
Daniel Minchew

---

Kenneth R. Mason, Secretary to the Commission

---

This report was prepared by  
Marion M. Jacks, Investigator

John M. MacHatton, Supervisory Investigator

Address all communications to  
Office of the Secretary  
United States International Trade Commission  
Washington, D.C. 20436



# NEWS

UNITED STATES INTERNATIONAL TRADE COMMISSION • Office of the Secretary • Washington, D.C. 20436

(202) 523-0161

FOR RELEASE  
September 1, 1978

CONTACT: Kenneth R. Mason  
(202) 523-0161

USITC 78-106

## USITC FINDS U.S. INDUSTRY SERIOUSLY INJURED OR THREATENED WITH SERIOUS INJURY BY INCREASED IMPORTS OF BICYCLE TIRES AND TUBES

The United States International Trade Commission today reported to the President its determination by a 4-to-1 vote that the domestic industry is being seriously injured or threatened with serious injury by increased imports of bicycle tires and tubes.

Chairman Joseph O. Parker and Commissioners George M. Moore, Catherine Bedell, and Italo H. Ablondi made the affirmative injury determination, while Vice Chairman Bill Alberger found in the negative. Commissioner Daniel Minchew did not participate in the determination.

To prevent or remedy the serious injury or threat thereof to the domestic industry, three Commissioners--Parker, Moore, and Bedell recommended increased rates of duty on bicycle tires and tubes for a period of 5 years. The new rates of duty, in lieu of the present rates of duty on bicycle tires (except tubular tires), would be 15 percent ad valorem for the first 3 years and 10 percent ad valorem for the fourth and fifth years, and the new rates of duty on bicycle tubes would be 25 percent ad

more

USITC FINDS U.S. INDUSTRY SERIOUSLY INJURED OR THREATENED WITH SERIOUS INJURY  
BY INCREASED IMPORTS OF BICYCLE TIRES AND TUBES

2

valorem for the first 3 years and 20 percent ad valorem for the fourth and fifth years. Commissioner Ablondi recommended trade adjustment assistance as a remedy to the domestic industry. Commissioner Alberger made a recommendation of no remedy. Commissioner Minchew did not participate.

On March 16, 1978, following receipt of a petition from the Carlisle Tire & Rubber Co. of Carlisle, Pa., the USITC instituted an investigation under section 201 of the Trade Act of 1974. A public hearing in connection with the investigation was held on June 6, 1978, in Washington, D.C.

Pneumatic, clincher-type bicycle tires account for 99 percent of U.S. imports and all of U.S. production. The tires are distinguished by size, color of the sidewalls, and tread design. Inner tubes used in bicycle tires fit the diameter and cross-sectional measurements of the tires with which they are used. Tubular tires, consisting of tires with tubes permanently enclosed therein, were exempted for the Commission injury determination and the Commissions' finding and recommendations on remedy; they account for only 1 percent of U.S. imports and are not produced in the United States.

Carlisle Tire & Rubber Co., a subsidiary of Carlisle Corp., is the sole remaining U.S. producer and accounts for all domestic production of bicycle tires and tubes. Two other domestic producers have ceased production: the Uniroyal Tire Co. in 1970 and the Goodyear Tire & Rubber Co. in 1976.

more

USITC FINDS U.S. INDUSTRY SERIOUSLY INJURED OR THREATENED WITH SERIOUS INJURY  
BY INCREASED IMPORTS OF BICYCLE TIRES AND TUBES

3

Imports of bicycle tires and tubes primarily from Taiwan and Korea totaled about \$34.5 million last year, and the two countries accounted for virtually all of the recent increase in imports. In 1973, imports of these products from Taiwan and Korea together amounted to 22 million units, or about 40 percent of total U.S. imports. By 1977, imports from Taiwan and Korea had doubled to about 44 million units, or 89 percent of total U.S. imports.

In 1973, Sweden, Japan, and the Netherlands exported 30 million tires and tubes to the United States, accounting for 54 percent of total U.S. imports of the products. By 1977, however, imports from these countries had fallen to about 4 million tires and tubes, or 7 percent of total U.S. imports, representing a decline of 87 percent.

During 1973-77, U.S. producers' shipments dropped by more than one-half while apparent U.S. consumption fell by less than one-fourth. In 1973, between two-thirds and three-quarters of apparent U.S. consumption of bicycle tires and tubes was accounted for by imports and by 1977, well over three-quarters of consumption was supplied by imports. Both profitability and employment of production and related workers fell significantly during this period.

The Commission's report, Bicycle Tires and Tubes (USITC Publication 910), contains the views of the Commissioners and information developed during the investigation (No. TA-201-33). Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary 701 E Street NW., Washington, D.C. 20436.



## C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Determination, findings, and recommendations of the Commission:	
Determination-----	3
Findings and recommendations-----	4
Affirmative views of Commissioners George M. Moore and Catherine Bedell-----	5
Negative views of Vice Chairman Bill Alberger-----	12
Additional views of Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell with respect to recom- mendations of remedy-----	18
Additional views of Commissioner Italo H. Ablondi with respect to recommendations of remedy-----	19
Additional views of Commissioner Bill Alberger with regard to remedy-----	20
Information obtained in the investigation:	
Summary-----	A-1
Introduction-----	A-10
Description and uses-----	A-11
U.S. tariff treatment-----	A-13
U.S. producers:	
General background-----	A-14
Channels of distribution-----	A-15
The question of increased imports-----	A-17
Ratios of U.S. imports to U.S. producers' shipments and consumption-----	A-24
The Taiwanese and Korean industries:	
Taiwan-----	A-24
Korea-----	A-26
The question of serious injury or threat thereof to the domestic industry-----	A-27
Utilization of production facilities-----	A-27
U.S. production-----	A-29
U.S. producers' shipments-----	A-29
U.S. exports-----	A-30
Inventories-----	A-31
Unemployment or underemployment of the domestic work force-----	A-34
Financial performance of U.S. producers:	
Carlisle Corp.-----	A-36
Operations of the Carlisle Tire and Rubber Co. on bicycle tires and tubes-----	A-42
Goodyear Tire and Rubber Co.-----	A-45
Operations of the Goodyear Tire and Rubber Co. on bicycle tires and tubes-----	A-46
Cost of manufacturing bicycle tires and tubes-----	A-50
Price trends-----	A-56
Efforts of U.S. producers to compete with imports-----	A-64
Lost sales-----	A-65
The question of imports as a substantial cause of serious injury-----	A-65
Apparent consumption and market penetration-----	A-65
Possible causes of serious injury to the domestic industry other than increased imports-----	A-67
Allegations that Carlisle depended too heavily on sales to Schwinn Bicycle Co-----	A-67
Allegations that Carlisle failed to solicit new accounts-----	A-68
Allegations that Carlisle failed to provide adequate service to its customers-----	A-68
Allegations concerning Carlisle's over expansion of capacity-----	A-68
Allegations that Carlisle's bicycle tires and tubes are not price competitive-----	A-68

## CONTENTS

	<u>Page</u>
Appendix A. United States International Trade Commission Notice Investigation and Hearing-----	A-69
Appendix B. Supplemental statistical tables-----	A-73
Appendix C. Probable economic effects of tariff changes under title I and title V of the Trade Act of 1974 for Trade Agreement Digest No. 70216, July 1975-----	A-95
Appendix D. Labor Department memorandum relating to Carlisle's worker petition for trade adjustment assistance and certification of eligibility to apply for trade adjustment assistance-----	A-97
Appendix E. Response by Carlisle Tire & Rubber Co. to the U.S. International Trade Commission's questionnaire regarding the firm's efforts to compete with imports-----	A-109
Appendix F. Bicycle tires and tubes: U.S. producers' shipments, imports for consumption, exports of domestic merchandise and apparent consumption, 1967-72-----	A-117
Appendix G. Capacity utilization data for Carlisle and Goodyear, 1973-77, January-March 1977, and January-March 1978-----	A-119
Appendix H. Bicycle tires and tubes: Imports for consumption and total, by months, April 1977-June 1977-----	A-123
Appendix I. The ten largest importers of bicycle tires and tubes-----	A-127
Appendix J. Carlisle data on production and shipments of reflec- torized tires-----	A-129
Appendix K. Carlisle data on profit and loss, production, shipments, inventories, employment, April-June 1977 and April-June 1978-----	A-131

## Tables

1. Bicycle tires and tubes: U.S. imports for consumption, 1967-77, January-March 1977, and January-March 1978-----	A-74
2. Bicycle tires, 20 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-75
3. Bicycle tires, 20 inches in diameter, having blackwalls, stud-type treads and a cross-sectional dimension of 2.125 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-76
4. Bicycle tires, 20 inches in diameter, moto-cross: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-77
5. Bicycle tires, 26 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-78



## CONTENTS

## Tables--Continued

	<u>Page</u>
6. Bicycle tires, 26 inches in diameter, having gumwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-79
7. Bicycle tubes, 20 inches in diameter, regular, having a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-80
8. Bicycle tubes, 20 inches in diameter, heavy-duty, having a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-81
9. Bicycle tubes, 26 inches in diameter, regular, having a cross-sectional dimension of 1.175 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-82
10. Bicycle tire and tube sets, 20 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-83
11. Bicycle tire and tube sets, 20 inches in diameter, having blackwalls, stud-type treads and a cross-sectional dimension of 1.125 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-84
12. Bicycle tire and tube sets, 26 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-85
13. Bicycle tire and tube sets, 26 inches in diameter, having gumwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978-----	A-86
14. Bicycle tires, 20 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.75 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-87
15. Bicycle tires, 20 inches in diameter, having blackwalls, stud-type treads and a cross-sectional dimension of 2.125 inches: Lowest net delivered prices of Carlisle and median lowest prices of importers, by quarters, January 1973-March 1978-----	A-88

## CONTENTS

## Tables--Continued

	<u>Page</u>
16. Bicycle tires, 20 inches in diameter, moto-cross: Lowest net delivered prices to U.S. customers by Carlisle and median lowest net prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-89
17. Bicycle tires, 26 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest net prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-90
18. Bicycle tires, 26 inches in diameter, having gumwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-91
19. Bicycle tubes, 20 inches in diameter, regular, having a cross-sectional dimension of 1.75 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-92
20. Bicycle tubes, 20 inches in diameter, heavy duty, having a cross-sectional dimension of 1.75 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-93
21. Bicycle tubes, 26 inches in diameter, regular, having a cross-sectional dimension of 1.175 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978-----	A-94

REPORT TO THE PRESIDENT

United States International Trade Commission,  
September 1, 1978

To the President:

In accordance with section 201(d)(1) of the Trade Act of 1974 (88 Stat. 1978), the United States International Trade Commission herein reports the results of an investigation relating to bicycle tires and tubes.

The investigation to which this report relates (No. TA-201-33) was undertaken to determine whether pneumatic bicycle tires provided for in item 772.48 of the Tariff Schedules of the United States (TSUS), or tubes for bicycle tires, provided for in TSUS item 772.57 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.

The Commission instituted the investigation under the authority of section 201(b)(1) of the Trade Act on March 16, 1978, following receipt on March 2, 1978, of a petition filed by the Carlisle Tire and Rubber Co., of Carlisle, Pennsylvania.

Notice of the investigation and hearing were duly given by publishing the original notice in the Federal Register of March 22, 1978 (43 F.R. 11872).

A public hearing in connection with the investigation was conducted on June 6, 1978, in the Commission's Hearing Room in Washington, D.C. All interested persons were afforded the opportunity to be present, to produce evidence, and to be heard. A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation are attached. 1/

---

1/ Attached to the original report sent to the President, and available for inspection at the U.S. International Trade Commission, except for material submitted in confidence.

The information contained in this report was obtained from fieldwork, from questionnaires sent to domestic manufacturers and importers, and from the Commission's files, other Government agencies, and evidence presented at the hearing and in briefs filed by interested parties.

There were no significant imports of pneumatic bicycle tires or tubes for bicycle tires from countries whose imports are presently subject to the rates of duty set forth in column 2 of the TSUS. The import relief recommended herein, therefore, is not addressed to imports from those countries. However, certain recommended relief measures would involve the imposition of rates of duty in column 1 which are higher than the rates set forth in column 2. Should such recommended, or any other, rates of duty higher than the column 2 rates be proclaimed by you it would be necessary for you to proclaim rates for column 2 that are the same as those proclaimed in column 1 in order to avoid being in violation of our international obligations.

DETERMINATION, FINDINGS, AND RECOMMENDATIONS  
OF THE COMMISSION

Determination

On the basis of information developed during the course of investigation No. TA-201-33, the Commission 1/ determines that pneumatic bicycle tires provided for in item 772.48 of the Tariff Schedules of the United States (TSUS), other than tubular tires consisting of tires with tubes permanently enclosed therein; and tubes for bicycle tires, provided for in TSUS item 772.57, 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/ Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell determine in the affirmative for pneumatic bicycle tires, other than tubular tires, and in the affirmative for tubes for bicycle tires; Commissioner Italo H. Ablondi determines in the affirmative for bicycle tires and tubes for bicycle tires; Vice Chairman Bill Alberger determines in the negative for bicycle tires and tubes for bicycle tires. Commissioner Daniel Minchew did not participate in the determination.

# Findings and recommendations

Chairman Parker and Commissioners Moore and Bedell find and recommend that, to prevent or remedy serious injury, or the threat thereof to the domestic industry, it is necessary to impose rates of duty, in lieu of the present rates of duty, with respect to U.S. imports of pneumatic bicycle tires, other than tubular tires consisting of tires with tubes permanently enclosed therein; and tubes for bicycle tires as follows:

Item	Recommended rates of duty				
	1st year	2nd year	3rd year	4th year	5th year
Pneumatic bicycle tires, provided for under TSUS item 772.48, (other than tubular tires consisting of tires with tubes permanently enclosed therein)-----	15% ad val.	15% ad val.	15% ad val.	10% ad val.	10% ad val.
Tubes for bicycle tires, provided for under TSUS item 772.57-----	25% ad val.	25% ad val.	25% ad val.	20% ad val.	20% ad val.

Commissioner Ablondi finds that adjustment assistance under chapters 2, 3, and 4 of title II of the Trade Act of 1974 can effectively remedy or prevent serious injury and recommends the provision of such assistance.

Vice Chairman Alberger having noted the Commission's affirmative determination in investigation No. TA-201-33, and having considered all factors with respect to remedy, recommends no remedy.

STATEMENT OF REASONS OF COMMISSIONERS GEORGE M. MOORE AND CATHERINE BEDELL 1/ 2/

On March 2, 1978, the United States International Trade Commission received a petition filed by the Carlisle Tire and Rubber Co., requesting an investigation under section 201 of the Trade Act of 1974 with respect to imports of bicycle tires and tubes. On March 16, 1978, the Commission instituted an investigation to determine whether bicycle tires and tubes provided for in TSUS items 772.48 and 772.57, respectively, 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 Trade Act of 1974 (Trade Act) requires that each of the following conditions be met before an affirmative determination can be made:

1. There are increased imports of an article into the United States;
2. a domestic industry producing an article like or directly competitive with the imported article is seriously injured, or threatened with serious injury; and
3. such increased imports of an article are 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.

## Determination

On the basis of the evidence developed by the Commission in this investigation, we determine that pneumatic bicycle tires provided for in item 772.48 of the Tariff Schedules of the United States (other than tubular tires consisting of tires with tubes permanently enclosed therein) and tubes for bicycle tires provided for in TSUS item 772.57, 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 like or directly competitive products. 1/ 2/

---

1/ Commissioner Italo H. Ablondi concurs in the result but notes that his affirmative finding applies to all pneumatic bicycle tires provided for in item 772.48 of the TSUS and all tubes for bicycle tires provided for in TSUS item 772.57.

2/ Chairman Joseph O. Parker concurs in the result and notes that his affirmative determination is limited to threat of serious injury and to the statement of reasons relating to threat of serious injury.

Further, we find, pursuant to section 201 (d)(1) of the Trade Act of 1974, that import restrictions as set forth in our findings and recommendations are necessary to remedy such injury.

#### Reasons for Affirmative Determination

##### The domestic industry

In our opinion the domestic industry which is alleged to be seriously injured consists of the facilities in the United States devoted to the production of bicycle tires and tubes. There is no domestic production of tubular tires. Tubular tires, consisting of tires with tubes permanently enclosed therein, are not competitive with the bicycle tires and tubes produced by the U.S. industry; in addition, they account for less than 1 percent of total U.S. imports of bicycle tires and tubes.

##### Increased imports

Imports of bicycle tires and tubes have risen both relative to domestic production and in absolute terms from 1975 through the first quarter of 1978. The following tabulation shows that the ratio of the quantity of imports of bicycle tires and tubes to the quantity of U.S. producers' shipments increased over the period 1974 through 1977.

Bicycle tires and tubes: Index of ratio of the quantity of imports to the quantity of U.S. production, 1974-1977.

<u>Year</u>	<u>Ratio (percent)</u> (1974=100)
1974-----	100.0
1975-----	121.1
1976-----	181.3
1977-----	231.4



Imports also increased in absolute terms from 1975 through 1977 and were also greater in the first quarter of 1978 than in the corresponding period of 1977. In 1975, imports amounted to 23.8 million units; in 1976, they amounted to 44.0 million units; in 1977, they amounted to 49.5 million units; and in the first quarter of 1978, they rose to 13.1 million units in contrast to the 10.7 million units of the corresponding period of 1977.

Having found that imports increased in both actual and relative terms during the period January 1975 through March 1978, we determine that imports have increased within the meaning of section 201 of the Trade Act of 1974.

#### Serious injury

Section 201(b)(2)(A) of the Trade Act provides guidelines with respect to the factors to be considered in determining whether the domestic industry is being seriously injured. The Commission is to consider, among other economic factors, the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry.

Significant idling of productive facilities.--With respect to significant idling of facilities, during the years 1973-77, one firm, Goodyear Tire and Rubber Co., ceased its manufacture of bicycle tires and tubes on August 16, 1976. In addition to the actual exit from the industry of one of the two firms producing bicycle tires and tubes during the period covered by this investigation, data gathered in the investigation indicate a significant underutilization of capacity for the entire industry when measured against actual production. The ratio of production to capacity declined from somewhat more than 50 percent in 1973 to less than 25 percent in 1975; increasing thereafter, but never approaching the 1973

and 1974 ratios. It is very evident, therefore, that the U.S. bicycle tire and tube industry has experienced a significant idling of its productive facilities.

Inability of a significant number of firms to operate at a reasonable level of profit.--Information on profit-and-loss experience was obtained during the course of the investigation from U.S. producers accounting for all sales of domestically produced bicycle tires and tubes. Of the two domestic producers in this industry, one (Goodyear) showed dramatic losses on its sales in 1975 and in 1976, the last year of its bicycle tire and tube production. Carlisle Tire and Rubber Co., the other domestic producer, experienced sharply lower profits on its bicycle tire and tube operations in 1976, 1977 and January-March 1978, than in earlier periods. Carlisle's profits on its bicycle tire and tube operations fell by 12 percent between 1976 and 1977, and the ratio of net profits to net sales fell by 12 percent also.

From the evidence, it is clear that a significant number of domestic firms that produce bicycle tires and tubes are unable to operate at a reasonable level of profit.

Significant unemployment or underemployment in the industry.--The average number of production and related workers employed in the production of bicycle tires and tubes dropped by 41 percent from 1974 to 1975 and dropped again in 1977, to 56 percent of the 1976 level. The average annual person hours worked per worker generally declined from 1973 through 1976. Workers at Carlisle and Goodyear filed separate workers' petitions with the Department of Labor which resulted in determinations in both cases that increases in imports contributed importantly to the total or partial separation of the workers of plants producing bicycle tires and tubes. Fewer than half of the number of the Carlisle workers certified as eligible for adjustment assistance have been reemployed by Carlisle. These data indicate that there is significant unemployment or underemployment in the domestic industry.

### Threat of serious injury

Section 201(b)(2)(B) of the Trade Act states that with respect to threat of serious injury, the Commission is to consider, among other criteria, a decline in sales, a higher and growing inventory, and a downward trend in production, profits, and employment within the industry concerned.

U.S. producers' shipments.--U.S. producers' shipments of bicycle tires and tubes fell by 22 percent from 1976 to 1977. The volume of shipments by U.S. producers in 1977 was the lowest of any year during the period 1973-77, and amounted to less than half of the volume of shipments in 1973 or 1974.

U.S. production.--U.S. production of bicycle tires and tubes fell by 12 percent from 1976 to 1977. Production in 1977 was less than half that in either 1973 or 1974.

U.S. producers' inventories.--The ratio of U.S. producers' inventories of bicycle tires and tubes to U.S. producers' shipments of bicycle tires and tubes increased by 25 percent from 1976 to 1977, and was 33 percent higher in January-March 1978 than it had been during the corresponding period of 1977.

U.S. producers' profits.--Net profits on bicycle tire and tube operations for the remaining U.S. producer of bicycle tires and tubes, and the ratio of net profits to net sales, both declined by more than 10 percent between 1976 and 1977, and in 1977 were less than half the level experienced in 1974.

U.S. producers' employment.--Employment of production and related workers in the domestic production of bicycle tires and tubes declined by nearly half between 1976 and 1977. Such employment in 1977 amounted to less than a third of the employment levels experienced in the domestic industry in 1973 and 1974.

On the basis of the foregoing, we have concluded that there is serious injury or the threat thereof, to the domestic industry.

Substantial cause

The Trade Act contains both a definition of the term "substantial cause" and certain guidelines to be considered by the Commission in determining whether increased imports are a substantial cause of the requisite serious injury. Section 201(b)(4) of the Trade Act defines the term "substantial cause" to mean "a cause which is important and not less than any other cause." The guidelines to be considered by the Commission with regard to substantial cause are contained in section 201(b)(2)(C), which states that in making its determination the Commission is to consider, among other factors, 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.

As previously noted, imports are increasing relative to domestic production. Data also show that there was a definite upward shift in the share of the U.S. market supplied by imports during 1975 through the first quarter of 1978; the import share grew from about 66 percent in 1975 to 76 percent in 1976 to 82 percent in 1977, and further to 85 percent in the first quarter of 1978, with a corresponding decline in the U.S. producers' share of the market from 34 percent in 1975 to 15 percent during January-March 1978.

During the hearing there were some who suggested that there were reasons other than increased imports for any injury to the domestic bicycle tire and tube industry. These include: (1) allegations that the Carlisle Co. depended too heavily on sales to Schwinn Bicycle Co., (2) allegations that Carlisle failed to solicit new accounts, (3) allegations that Carlisle failed to provide adequate service to its customers, (4) allegations concerning Carlisle's overexpansion of capacity, and (5) allegations that Carlisle's bicycle tires and tubes are not price competitive. The evidence developed during the course of the investigation does not

support the contention that any one of these reasons was a more important cause of injury than increased imports. Moreover, the rapid increase in import penetration over a short period of time, especially of Taiwanese and Korean bicycle tires and tubes, has frustrated the domestic industry's response to import competition.

#### Conclusion

On the basis of the foregoing, we find that the necessary criteria for an affirmative finding by the Commission in this investigation have been met.

Reasons for Negative Determination by  
Commissioner Bill Alberger

On the basis of evidence developed by the Commission in this investigation, I determine that bicycle tires and tubes of the type described in the notice, are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industry producing the like or directly competitive products.

Section 201(b)(1) of the Trade Act of 1974 (Trade Act) requires that each of the following conditions be met before an affirmative determination can be made.

- (1) There are increased imports (either actual or relative to domestic production) of an article into the United States;
- (2) A 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 the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

Specifically, I find that the second criterion under Section 201(b)(1), as set forth above, has not been met--the domestic industry defined below is not seriously injured nor is it threatened with serious injury

### The Domestic Industry

In my opinion the domestic industry which is alleged to be seriously injured consists of the facilities in the United States devoted to the production of the clincher-type bicycle tires and bicycle tubes. The domestic industry presently consists of one firm, Carlisle Tire & Rubber Company. Two other firms, Uniroyal Tire Company and Goodyear Tire and Rubber Company, ceased production of bicycle tires and tubes in 1970 and 1976, respectively.

### Increased Imports

While imports experienced a drop in absolute terms during the 1973-1977 period, they have increased relative to domestic production during the same time frame.

In 1973, imports were at a five year high of 55.6 million units before dropping to the low for the period of 23.8 million units in 1975. Since 1975, imports have climbed steadily, reaching a level of nearly 49.5 million units in 1977. If 1978 imports continue at their January through June pace, they will set a new high on an annual basis. The ratio of imports to shipments dropped by 48 percentage points from 1973 to 1975 and then increased by 259 percent during the 1976-77 period. Based on the increase relative to production, I find that the first criterion is met. Imports have increased within the meaning of the statute.

### Serious Injury

The Trade Act does not define the term "serious injury" but does provide guidelines for consideration. Under section 201(b)(2) the Commission is to take into account "all economic factors which it considers relevant, including (but not limited to)--... the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment within the industry..."

We have also considered and analyzed other economic developments in the industry to determine whether injury exists. These include: (1) production, shipment and inventory levels; (2) price levels; and (3) costs of production.

Idle facilities--At the time of highest consumer demand, January 1973 to September 1974, U. S. producers were only able to achieve a production capacity of barely over 50 percent. This was followed by a period of economic recession in 1975 with resultant sharp drops in capacity utilization. During this period of recession and falling demand, Carlisle expanded its capacity for bicycle tire and tube production, further aggravating the declining capacity utilization rates. Utilization rates have recovered slightly since 1975, despite the increase in capacity.



Profits.--In 1973 and 1974, Carlisle Tire and Rubber Company experienced a significant jump in profits from its expanded sales of bicycle tires and tubes. Carlisle's rate of return on this aspect of its operations greatly exceeded the U.S. average for manufacturing firms in 1973 and 1974, and while profits have since declined, they continue to remain at a level consistent with that of other U.S. manufacturers.

Goodyear Tire and Rubber Company experienced profits in its overall operation during the period under investigation, but its bicycle tire and tube division reported only one year (1974) with a profit before it ceased production in August, 1976.

Employment.--The number of production and related workers producing bicycle tires and tubes significantly declined from 1974 to 1977. Part of this decline was due to the exit of Goodyear as a producer. Productivity has also increased during this period. In fact, the number of tires and tubes produced per person-hour has increased by more than 50 percent over 5 years. In 1978, employment and person-hours worked seems to be increasing.

Production, shipments and inventories.--Production declined from 1974 to 1977 but increased by 28 percent in the period January-March 1978 as compared with the corresponding period of 1977. Shipments followed the same pattern and U.S. producers' inventories decreased by 65 percent between December 31, 1975, and December 31, 1977.

Prices.--With some exceptions, most of the bicycle tires, tubes and sets produced in the United States were higher priced than the comparable imported products sold in the U. S. market. Over the period covered by this investigation, prices of U.S. produced tires, tubes and sets exhibited a gradual upward trend.

Costs of production.--The costs of producing bicycle tires and tubes increased for the U.S. producers from 1973-77. These increases were more substantial in the production of tubes than tires with increased costs of materials accounting for a major portion of the upward movement of costs. In general, the domestic industry was able to maintain its prices in proportion to these increased production costs.

Threat of serious injury

Section 201(b)(2) of the Trade Act requires that the Commission consider all economic factors which it considers relevant with respect to the threat of serious injury, including but not limited to "a decline in sales, a higher and growing inventory, and a downward trend in production, profits. . . wages or employment." The question is whether serious injury is imminent if import trends continue unabated.

Examination of these factors shows that, while in general, production, sales, employment, and profits declined during the 1973-77 period, those trends were sharply reversed as production, sales, employment, and profits increased in the first quarter of 1978 compared to the corresponding period of 1977.

Conclusions

While the rate of capacity utilization is somewhat low, the present rate has remained relatively steady over the past five years. Profits for the domestic industry are good and are consistent with the levels of all U.S. manufacturers. Employment has risen in 1978 and productivity has increased over the period of investigation.

Production and shipments, after declining from 1974 to 1977, appear to be on the upswing in 1978 and inventories have decreased since the end of 1975. Prices are steadily increasing and have generally managed to keep pace with increased production costs.

Based on these conclusions, I find that while there may be some injury to the domestic industry, it is clearly not of a sufficient magnitude to constitute "serious injury" as defined by the Trade Act.

Additional Views of Chairman Joseph O. Parker and Commissioners George M. Moore  
and Catherine Bedell With Respect to Recommendations of Remedy

It is our view that relief in the form of increased rates of duty should be granted to the domestic industry which the Commission has found to be injured or threatened with serious injury. Our finding with respect to the specific relief necessary to prevent such injury is set forth in the findings and recommendations appearing on page 4 of this report.

In order to make the imported and domestically produced bicycle tires and tubes price competitive and to permit the U.S. producer to achieve a reasonable level of capacity utilization, it is necessary to add a duty of 10 percent ad valorem to the present rates of duty on bicycle tires (other than tubular tires consisting of tires with tubes permanently enclosed therein) and on tubes for bicycle tires for a period of 3 years. We further recommend that this additional duty be reduced to 5 percent ad valorem during the fourth and fifth years of the 5-year period of relief that we have recommended, so that the domestic industry will have an opportunity to adjust to whatever competitive conditions will exist after the termination of import relief.

Additional Views of Commissioner Italo H. Ablondi With  
Respect to Recommendations of Remedy

Section 201(d)(1) of the Trade Act of 1974 requires that, if the Commission makes an affirmative determination of serious injury or the threat thereof, the Commission must find the amount of import relief necessary to prevent or remedy such injury, or if it finds that adjustment assistance can effectively remedy the injury, it must recommend the provision of such assistance. Pursuant to this section, the remedies which may be recommended are (1) an increase in, or the imposition of, a duty or import restriction, or (2) adjustment assistance. The purpose of such relief, as stated by the Senate Finance Committee in its report on the bill which became the Trade Act, is to give the domestic industry "sufficient time to adjust to freer international competition." 1/

After reviewing all the information received by the Commission during the investigation, I have determined that trade adjustment assistance under title II, chapters 2, 3, and 4 would be effective in providing the means for the domestic industry to adjust to international competition, and, therefore, I recommend the provision of such assistance. The remedy I have chosen will remedy the injury to the domestic industry--in this case one producer--without impacting harshly on the U.S. consumer through price increases on shortages in the marketplace.

---

1/ Trade Reform Act of 1974: Report of the Committee on Finance . . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 119.

Additional Views of Commissioner Bill Alberger  
With Regard to Remedy

While I feel that a negative vote on the issue of injury does not preclude a Commissioner from voting on remedy questions, I believe that it is more proper for me to recommend no remedy in this case.

As I explained in our report to the President on Citizens Band Radio Transceivers, 1/ I feel that our statutory voting procedures allow me to participate in a remedy recommendation. The amendments to our voting procedure laid down in the Tax Reform Act of 1976 2/ were, in my opinion, added to enhance the override options of the Congress, and the fullest possible participation on a remedy is desired.

However, the House Ways & Means Committee Report acknowledges that Commissioners have customarily abstained from voting on remedy where they have found negatively on injury, even though this customary practice has no basis in law. 3/ I conceded in my prior statement on this question that as a matter of policy, not as a matter of law, a remedy vote might occasionally be inappropriate. 4/ In the CB case I found serious injury to the domestic industry, but differed with the Commission as to the substantiality of the cause. 5/ In this case, however, I feel quite strongly that the domestic industry is not suffering serious injury. There is only one firm constituting the domestic industry, and I do not believe it

---

1/ Citizens Band (CB) Radio Transceivers: Report to the President on Investigation No. TA-201-29, USITC Publication 852, February 1978.

2/ PL 94-455 (Title XXIV), amending 19 U.S.C. 1130(d).

3/ U.S. House of Representatives, Report of the Committee on Ways and Means to accompany H.R. 13396, H. Rept. 94-1088 (94th Cong., 2nd session) 1976 at p. 8.

4/ Supra note 1, p. 36.

5/ Id., pp. 29, 37.

is either suffering or threatened with serious injury.

My decision to recommend no remedy in this case parallels my decision in the Stainless Steel Flatware case. 6/ I do not believe there is a compelling policy reason for my participation in the remedy vote in this case.

---

6/ Certain Stainless Steel Flatware: Report to the President on Investigation TA-201-30, USITC Publication 884, May 1978.





## INFORMATION OBTAINED IN THE INVESTIGATION

## Summary

Following receipt of a petition filed on behalf of the Carlisle Tire & Rubber Co., the U.S. International Trade Commission, on March 16, 1978, instituted an investigation under section 201 of the Trade Act of 1974 to determine whether bicycle tires or tubes for bicycle tires 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.

Bicycle tires and tubes are provided for in items 772.48 and 772.57, respectively, of the Tariff Schedules of the United States (TSUS). The Republic of China and the Republic of Korea have accounted for virtually all of the recent increase in imports. In 1973, imports of bicycle tires and tubes from those countries collectively were 22 million units or about 40 percent of total U.S. imports. By 1977, such imports amounted to about 44 million units or 89 percent of total U.S. imports. U.S. imports for consumption, by principal sources, are shown in the following table.

Bicycle tires and tubes (TSUS items 772.48 and 772.57): U.S. imports for consumption, by principal sources, 1973-77, January-March 1977, and January-March 1978

Source	:	:	:	:	:	:	January-March--	
	1973	1974	1975	1976	1977	:		
	:	:	:	:	:	:	1977	1978
Quantity (1,000 units)								
	:	:	:	:	:	:	:	:
Republic of China--	10,747	:14,457	: 9,002	:22,786	:22,341	:	5,118	: 6,098
Republic of Korea--	11,447	:14,645	: 8,414	:15,236	:21,604	:	4,410	: 5,647
Japan-----	20,913	:10,785	: 3,006	: 3,128	: 3,464	:	1,019	: 686
India-----	408	: 370	: 20	: 774	: 1,310	:	60	: 330
Italy-----	180	: 264	: 155	: 104	: 233	:	27	: 27
France-----	371	: 794	: 374	: 194	: 165	:	16	: 38
United Kingdom-----	233	: 284	: 518	: 71	: 100	:	11	: 36
Netherlands-----	2,677	: 750	: 322	: 95	: 64	:	10	: 1
West Germany-----	167	: 8	: 4	: 3	: 55	:	3	: 8
Thailand-----	2	: 0	: 20	: 94	: 37	:	33	: 0
Canada-----	3	: 0	: 57	: 73	: 33	:	-	: -
Sweden-----	6,548	: 6,871	: 1,715	: 1,350	: 31	:	15	: 198
Belgium-----	628	: 466	: 37	: 22	: 15	:	6	: 33
Czechoslovakia-----	14	: 1	: 1/	: 1/	: 1/	:	0	: 1/
Hong Kong-----	28	: 51	: 1	: 9	: 4	:	0	: 0
Spain-----	1/	: 46	: 1/	: 1/	: 1	:	1	: 0
Argentina-----	3	: 2	: 1/	: 0	: 1	:	1/	: 0
Israel-----	0	: 0	: 0	: 5	: 1/	:	1/	: 0
Austria-----	71	: 14	: 14	: 4	: 1/	:	0	: 0
All other-----	1,117	: 713	: 104	: 56	: 0	:	0	: 0
Total-----	55,557	:50,521	:23,763	:44,004	:49,458	:	10,729	: 13,102

See footnotes at end of table.

Bicycle tires and tubes (TSUS items 772.48 and 772.57): U.S. imports for consumption, by principal sources, 1973-77, January-March 1977, and January-March 1978--Continued

Source	1973	1974	1975	1976	1977	January-March--	
						1977	1978
Value (1,000 dollars)							
Republic of China--	4,842	8,666	5,745	14,164	14,331	3,090	3,551
Republic of Korea--	5,271	8,303	5,086	9,510	13,389	2,715	3,577
Japan-----	14,751	9,861	2,965	3,282	3,943	1,059	926
India-----	182	176	27	381	768	69	176
Italy-----	695	1,260	895	736	1,236	180	230
France-----	539	1,017	715	413	434	47	125
United Kingdom-----	280	322	646	66	175	13	62
Netherlands-----	1,620	511	273	102	28	5	1
West Germany-----	80	9	14	20	70	7	40
Thailand-----	1	-	15	72	31	28	-
Canada-----	6	-	79	125	51	-	-
Sweden-----	3,119	4,102	1,262	886	39	15	175
Belgium-----	507	497	47	33	20	8	16
Czechoslovakia-----	21	4	2	2	4	-	2
Hong Kong-----	13	43	1	8	4	-	-
Spain-----	1	57	1	1	5	2	-
Argentina-----	7	9	2	-	5	2	-
Israel-----	-	-	-	4	<u>2/</u>	<u>2/</u>	-
Austria-----	68	17	21	6	<u>2/</u>	-	-
All other-----	657	634	79	42	-	-	-
Total-----	32,659	35,488	17,875	29,853	34,533	7,240	8,881

1/ Less than 500 units.

2/ Less than \$500.

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

Data on U.S. producers' shipments, imports, and apparent consumption of bicycle tires and tubes are shown in the table on the following page.

Bicycle tires and tubes: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1973-77, January-March 1977, and January-March 1978

Period	Pro- ducers' shipments	Imports <sup>1/</sup>	Exports	Apparent consump- tion	Ratio of imports to-- Pro- ducers': shipments	Consump- tion
	<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>	Percent	Percent
Bicycle tires:						
1973-----	***	23,564	***	***	***	***
1974-----	***	21,258	***	***	***	***
1975-----	***	10,086	***	***	***	***
1976-----	***	17,859	***	***	***	***
1977-----	***	20,315	***	***	***	***
Jan.-Mar.--						
1977-----	***	4,116	***	***	***	***
1978-----	***	5,280	***	***	***	***
Bicycle tubes:						
1973-----	***	31,993	***	***	***	***
1974-----	***	29,263	***	***	***	***
1975-----	***	13,677	***	***	***	***
1976-----	***	26,145	***	***	***	***
1977-----	***	29,143	***	***	***	***
Jan.-Mar.--						
1977-----	***	6,613	***	***	***	***
1978-----	***	7,822	***	***	***	***
Bicycle tires and tubes:						
1973-----	***	55,557	***	***	***	***
1974-----	***	50,521	***	***	***	***
1975-----	***	23,763	***	***	***	***
1976-----	***	44,004	***	***	***	***
1977-----	***	49,458	***	***	***	***
Jan.-Mar.--						
1977-----	***	10,729	***	***	***	***
1978-----	***	13,102	***	***	***	***

<sup>1/</sup> Compiled from official statistics of the U.S. Department of Commerce.

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

All domestic production is currently accounted for by the Carlisle Tire & Rubber Co. On August 16, 1976, Goodyear Tire & Rubber Co., which also produced an extensive line of bicycle tires and tubes, announced the termination of production of these products, which had not been produced since April 19, 1976. Uniroyal Tire Co. ceased producing bicycle tires and tubes in 1970, prior to the period covered by this investigation. U.S. capacity, production, and capacity utilization are shown in the following table.

Bicycle tires and tubes: U.S. production, capacity, and capacity utilization, 1973-77, January-March 1977, and January-March 1978

Item	:	:	:	:	:	:	Jan.-Mar.--	
							1977	1978
Bicycle tires:	:	:	:	:	:	:	:	:
Production	:	:	:	:	:	:	:	:
1,000 units--:	***	***	***	***	***	***	***	***
Capacity 1/	:	:	:	:	:	:	:	:
1,000 units--:	***	***	***	***	***	***	***	***
Ratio of production:	:	:	:	:	:	:	:	:
to capacity	:	:	:	:	:	:	:	:
percent--:	***	***	***	***	***	***	***	***
Bicycle tubes:	:	:	:	:	:	:	:	:
Production	:	:	:	:	:	:	:	:
1,000 units--:	***	***	***	***	***	***	***	***
Capacity 1/	:	:	:	:	:	:	:	:
1,000 units--:	***	***	***	***	***	***	***	***
Ratio of production:	:	:	:	:	:	:	:	:
to capacity	:	:	:	:	:	:	:	:
percent--:	***	***	***	***	***	***	***	***
Bicycle tires and tubes:	:	:	:	:	:	:	:	:
Production	:	:	:	:	:	:	:	:
1,000 units--:	***	***	***	***	***	***	***	***
Capacity 1/	:	:	:	:	:	:	:	:
1,000 units--:	***	***	***	***	***	***	***	***
Ratio of production:	:	:	:	:	:	:	:	:
to capacity	:	:	:	:	:	:	:	:
percent--:	***	***	***	***	***	***	***	***

1/ Based on plant operation of 3 shifts a day, 7 days a week, 50 weeks a year.

2/ Goodyear ceased production of bicycle tires and tubes as of Apr. 19, 1976.

3/ Reflects projected full-year capacity for Goodyear.

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

Employment data for Carlisle and Goodyear are shown in the following table.

Bicycle tires and tubes: Average number of workers engaged in the production of bicycle tires and tubes, 1973-77, January-March 1977, and January-March 1978

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Average number of							
production and							
related workers							
producing--							
Bicycle tires-----	***	***	***	***	***	***	***
Bicycle tubes-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***

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

Data on the individual profit-and-loss experience of Carlisle and Goodyear on their bicycle tire and tube operations are shown in the following table.

Profit-and-loss experience of 2 U.S. producers on their bicycle tire and tube operations, 1973-77, January-March 1977, and January-March 1978

Firm and period	Net sales	Cost of goods sold 1/	Net profit or (loss) before taxes	Ratio of net profit or (loss) before taxes to net sales
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>Percent</u>
Carlisle Tire & Rubber Co.				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***
January-March--				
1977-----	***	***	***	***
1978-----	***	***	***	***
Goodyear Tire & Rubber Co.: 2/				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***

1/ Includes general selling and administrative expenses and is adjusted for other income, net.

2/ Goodyear ceased production of bicycle tires and tubes as of Apr. 19, 1976; therefore, no data are available for 1977, January-March 1977, or January-March 1978.

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

Data on the unit values of shipments of bicycle tires, tubes, and sets are presented in the following three tables.

Selected bicycle tires: Average unit values of U.S. shipments of U.S.-produced and imported articles, by type, 1973-77, January-March 1977, and January-March 1978

(Per tire)								
Item	1973	1974	1975	1976	1977	Jan.-Mar.--		
						1977	1978	
20-inch moto-cross:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	\$1.733	2.053	2.298	1.946	2.038	1.770	2.089	
Imports having the lowest reported unit value-----	1.733	2.053	2.036	1.407	1.395	1.393	1.600	
20-inch blackwall, stud-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.289	1.355	1.675	1.641	1.691	1.686	1.614	
Imports having the lowest reported unit value-----	1.125	1.321	1.226	0.954	1.500	1.500	1.000	
20-inch blackwall, rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	.937	1.285	1.283	1.197	1.328	1.310	1.194	
Imports having the lowest reported unit value-----	.794	1.067	1.091	.973	1.012	.998	.990	
26-inch blackwall, rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.150	1.204	1.405	1.283	1.468	1.272	1.428	
Imports having the lowest reported unit value-----	.886	.875	1.257	.541	1.000	1.012	1.039	
27-inch gumwall, rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.567	1.543	2.128	2.065	2.230	3.157	2.144	
Imports having the lowest reported unit value-----	1.308	1.133	1.385	1.219	0.930	1.209	1.000	

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

Selected bicycle tubes: Average unit values of U.S. shipments of U.S.-  
produced and imported articles, by types, 1973-77, January-March 1977, and  
January-March 1978

(Per tire)								
Item	1973	1974	1975	1976	1977	Jan.-Mar.--		
						1977	1978	
20-inch regular:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	.591	.710	.779	.765	.780	.771	.780	
Imports having the lowest reported unit value-----	.551	.657	.600	.579	.594	.599	.585	
20-inch heavy duty:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.463	1.343	1.672	1.696	1.622	1.542	1.622	
Imports having the lowest reported unit value-----	1.125	1.321	1.463	1.195	1.297	1.052	1.164	
26-inch regular:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	.674	.721	.772	.755	.756	.765	.775	
Imports having the lowest reported unit value-----	.571	.690	.652	.588	.609	.612	.615	
27-inch regular:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	.675	.759	.804	.749	.819	.751	.779	
Imports having the lowest reported unit value-----	.523	.680	.613	.587	.601	.607	.607	

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



Selected bicycle tire and tube sets: Average unit values of U.S. shipments of U.S.-produced and imported articles, by types, 1973-77, January-March 1977, and January-March 1978

(Per tire)								
Item	1973	1974	1975	1976	1977	Jan.-Mar.--		
						1977	1978	
20-inch moto-cross:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	2.060	2.250	2.429	2.384	2.329	2.325	3.500	
Imports having the lowest reported unit value-----	2.060	2.250	2.429	2.384	2.329	2.325	3.500	
20-inch blackwall, stud-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	2.000	1.767	2.250	2.167	1.793	1.761	1.680	
Imports having the lowest reported unit value-----	2.000	1.767	2.250	2.167	1.793	1.761	1.680	
20-inch blackwall, rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.462	1.568	1.585	1.609	1.284	1.620	1.659	
Imports having the lowest reported unit value-----	1.462	1.466	1.585	1.609	1.256	1.616	1.659	
26-inch blackwall, rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.531	1.747	1.690	1.689	1.695	1.697	1.745	
Imports having the lowest reported unit value-----	1.531	1.627	1.639	1.689	1.695	1.697	1.745	
27-inch gumwall, rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	2.113	2.599	2.581	2.744	2.489	2.288	2.347	
Imports having the lowest reported unit value-----	2.113	1.708	1.851	1.893	1.916	1.917	1.950	

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

## Introduction

On March 2, 1978, the Carlisle Tire & Rubber Co. filed a petition with the U.S. International Trade Commission for import relief under section 201 of the Trade Act of 1974. On March 16, 1978, the Commission instituted an investigation to determine whether pneumatic bicycle tires provided for in item 772.48 of the Tariff Schedules of the United States (TSUS), or tubes for bicycle tires, provided for in TSUS item 772.57 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.

The petition alleged that imports of bicycle tires and tubes have increased in such quantities as to be a substantial cause of serious injury, or the threat of serious injury, to domestic manufacturers of bicycle tires and tubes. The petitioner requested that the tariff on both bicycle tires and tubes be raised to 25 percent ad valorem. The petitioner further requested that the rate of 25 percent ad valorem be applied during the first 2 years of corrective action and that thereafter such duties be reduced in stages to their present levels (5 percent ad valorem for bicycle tires and 15 percent ad valorem for bicycle tubes) over the succeeding 3 years of a 5-year period. In addition, the petitioner requested that orderly marketing agreements be negotiated with the principal countries exporting bicycle tires and tubes to the United States, namely the Republic of China (Taiwan) and the Republic of Korea (Korea).

A public notice was issued by the Commission on March 17, 1978, regarding the institution of the investigation and the place and time of the public hearing. The notice was posted at the Commission's offices in Washington, D.C., and New York City and was published in the Federal Register of March 22, 1978 (43 F.R. 11872) (app. A). The public hearing, at which all interested parties were given an opportunity to be present, offer evidence, and be heard, was held on June 6, 1978, in Washington, D.C.

The Trade Act of 1974 directs the Commission to complete its investigations under section 201 at the earliest practicable time, but not later than 6 months after the date on which the petition is filed. In this case, the Commission must report to the President by September 5, 1978.

On December 29, 1977, Carlisle Tire & Rubber Co. concurrently filed antidumping complaints under the Antidumping Act, 1921, as amended, and countervailing duty complaints under section 303 of the Tariff Act of 1930, as amended, with respect to imports of bicycle tires and tubes from Taiwan and Korea. These investigations are proceeding and preliminary affirmative determinations in the countervailing duty investigations were published in the Federal Register on July 28, 1978 for both Korea (43 F.R. 32910), and Taiwan (43 F.R. 32912). Preliminary determinations were scheduled to be reached in the antidumping cases by August 23, 1978. However, the preliminary antidumping determinations have been delayed. Final determinations are scheduled

to be made in the antidumping cases by the end of November 1978 and in the countervailing duty cases by the end of December 1978.

The information used in this report was obtained from field visits and interviews with producers, importers, and retailers; from responses to the Commission's questionnaires; from other Federal agencies; from the Commission's files; and from other sources.

### Description and Uses

The imported articles covered by this investigation are bicycle tires and bicycle inner tubes. Unless otherwise specified, the tires discussed in this report are limited to clincher-type tires, which account for more than 99 percent of U.S. imports and all of U.S. production. According to one of the U.S. importers of tubular tires (which are tires with tubes permanently enclosed therein) and the petitioner in the instant investigation, tubular tires are not competitive with the so-called clincher tires. Although both clincher and tubular tires are pneumatic, they differ significantly in their methods of manufacture, retail costs to the consumer, and the types of bicycles to which they are fitted. A very expensive manufacturing process is involved in the production of tubular tires, resulting from the physical properties of the raw material and from the very high cost and skill of the labor required to manufacture them. Many tubular tires reach the consumer at prices ranging from \$20 to \$50 each, while clincher tires retail for no more than \$5 to \$10 each. Tubular tires are used primarily for competitive amateur or professional racing bicycles, whereas clincher tires are fitted for normal bicycle use, whether or not on so-called racing-type bicycles. It is believed that most tubular tires are imported from Italy, France, Germany, and Japan.

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

Bicycle tires are also characterized by the color of the sidewalls, which imparts a particular styling or cosmetic effect to the tires. In 1977, \* \* \* percent of domestically made bicycle tires sold in the United States were blackwalled, and the remaining \* \* \* percent were accounted for by gumwalled and other tires. 1/ For those importers which reported shipments of bicycle

---

1/ Gumwalled tires are those tires having light, flesh-colored sidewalls made from a special compound, developed as a result of customer demand. Other tires in this category are tanwalled and tires having raised white lettering on their sidewalls. Nearly all the nonblackwalled tires are gumwalled, but some tires with colored sidewalls are also marketed by U.S. producers.

tires (other than original-equipment manufacturers (OEM's) of tires on imported bicycles), 73 percent of the shipments of the imported product were blackwalled tires, and 27 percent were gumwalled or other tires.

Bicycle tires are further characterized by tread designs. Most sales for both the domestic and imported product are tires having rib-type treads, accounting for \* \* \* percent of the shipments of U.S.-made tires and 73 percent of shipments of the imported product. Tires having stud-type or knobby treads, including the moto-cross design, are also significant, accounting for \* \* \* percent of the shipments of U.S.-made tires and 26 percent of the shipments of the imported product. These tires are generally heavier and more expensive, owing to the cost of additional rubber used in their manufacture.

Moto-cross tires, characterized by a form of stud- or knobby-type tread, have gained considerable popularity in recent years. Shipments of U.S.-made and imported moto-cross tires have increased sharply since 1973, when virtually no such tires were being sold in the marketplace. By 1977, moto-cross tires accounted for \* \* \* percent of the shipments of both the domestic and imported product. Shipments of both domestic and imported tires with other types of tread (virtually all of which were tires having a slick-type tread) accounted for about \* \* \* percent of U.S.-made tires and less than \* \* \* percent of the imported product.

Inner tubes used in bicycle tires fit the diameter and cross-sectional measurements of the tires with which they will be used; as with tires, most sales occur in the 20-, 26-, and 27-inch categories. Two types of tubes are marketed by U.S. producers and importers--regular and heavy duty; the latter term is sometimes referred to as puncture- or thorn-resistant. The great majority of both U.S.-made and imported tubes sold are of the regular variety (\* \* \* percent and 89 percent, respectively). Heavy-duty tubes (roughly \* \* \* percent of all tubes sold) are used primarily in the Western States, where a thorn-resistant quality is desirable for the protection of the tube. Industry sources estimate that 1 to 2 tubes are used during the life of every tire.

The manufacturing techniques for producing bicycle tires and tubes are basically the same throughout the world. In the manufacture of bicycle tires, layers of fabric (usually nylon) combined with layers of rubber tread are wrapped around two rubberized metal wires (beads) to form the tire carcass; vulcanization completes the process. Unlike motor-vehicle tires, which are manufactured for use with or without tubes, virtually all bicycle tires are designed for use with tubes. 1/

---

1/ The only exceptions are those tires referred to as sew-ups (tubular tires) and semipneumatics, which are not produced domestically and which account for less than 1 percent of total imports.

In the manufacture of tubes, rubber is fed into extruders and formed into a hose, which is then cut to length, spliced, fitted with an air valve, and vulcanized. Most equipment used in the manufacture of bicycle tires and tubes cannot be converted to alternative uses.

#### U.S. Tariff Treatment

Imported bicycle tires and tubes are classified separately for tariff purposes under TSUS items 772.48 and 772.57, respectively. <sup>1/</sup> The overwhelming majority of these tires and tubes is imported at the column 1, or most-favored-nation, rates of duty, which are 5 percent ad valorem for bicycle tires and 15 percent ad valorem for bicycle tubes. Imports of such tires and tubes from Communist countries other than Poland, Romania, and Yugoslavia enter at the column 2, or statutory, rates of duty, which are 10 percent ad valorem for bicycle tires and 30 percent ad valorem for bicycle tubes. Imports from such Communist countries are negligible. The column 1 rates of duty applicable to TSUS items 772.48 and 772.57 were reduced as a result of the Kennedy round of trade agreements, concluded in 1967 and implemented between January 1, 1968, and January 1, 1972, as shown in the following tabulation:

Effective date	Col. 1 rate of duty for--	
	Bicycle tires	Bicycle tubes
	(TSUS item	(TSUS item
	772.48)	772.57)
	Percent	Percent
	ad valorem	ad valorem
Prior to Jan. 1, 1968-----	10	30
Jan. 1, 1968-----	9	27
Jan. 1, 1969-----	8	24
Jan. 1, 1970-----	7	21
Jan. 1, 1971-----	6	18
Jan. 1, 1972-----	5	15

<sup>1/</sup> Bicycle tires and tubes enter separately and as sets (each set includes one bicycle tire, one tube, one valve cap, and one rimstrip). Each component of each set imported is classified under the appropriate TSUS item. Rimstrips are classified under TSUS item 732.36 and are dutiable in col. 1 at 15 percent ad valorem. Valve caps are attached to inner tubes and enter the United States as integral components of the tubes with which they are imported.

TSUS items 772.48 and 772.57, referring to bicycle tires and tubes, were withdrawn in 1975 from the list of articles originally considered as eligible for duty-free treatment under the Generalized System of Preferences.

#### U.S. Producers

##### General background

All domestic production of bicycle tires and tubes is currently accounted for by the Carlisle Tire & Rubber Co. In 1970, two other firms--the Uniroyal Tire Co. and Goodyear Tire & Rubber Co.--were also domestic producers of bicycle tires and tubes; Uniroyal left the market in 1970, and Goodyear ceased production in 1976.

Carlisle Tire & Rubber Co., located in Carlisle, Pa., is a wholly owned subsidiary of Carlisle Corp. The company also manufactures motorcycle and industrial tires, automotive inner tubes, and rubber sheeting. The principal business of the Carlisle Tire & Rubber Co. is the manufacture of recreational tires. This includes, in addition to bicycle tires and tubes, small pneumatic tires and tubes for lawn mowers, garden tractors, boat trailers, motorcycles, mopeds, <sup>1/</sup> and other leisure-time vehicles. Bicycle tires and tubes accounted for about \* \* \* percent of Carlisle's net sales in 1976. Carlisle accounted for \* \* \* percent of all domestically produced tires and tubes in 1975, \* \* \* percent in 1976, and 100 percent in 1977.

On August 16, 1976, Goodyear Tire & Rubber Co., which also produced an extensive line of bicycle tires and tubes, announced the termination of its production of these products. \* \* \*. A factor which may have contributed to Goodyear's decision to cease production of bicycle tires and tubes may have been the strike begun by the United Rubber Workers on April 20, 1976, and continued until late August 1976, when Goodyear announced publicly its decision to cease manufacturing these products.

Goodyear Tire & Rubber Co. transformed an existing textile plant in New Bedford, Mass. into a production facility for bicycle tires and tubes in 1946. The New Bedford plant was the only domestic Goodyear facility used for manufacturing bicycle tires and tubes. While Goodyear's New Bedford plant was still producing bicycle tires and tubes, Goodyear subcontracted sales of bicycle tires and tubes to its wholly owned subsidiary, Kelly-Springfield, located in Cumberland, Md. Goodyear has production facilities for bicycle tires and tubes in India and Indonesia; none of the products of these plants,

---

<sup>1/</sup> Mopeds refer to certain motorized bicycles, tires for which, because of the use to which they are subjected, have substantially greater durability than bicycle tires.

however, were imported into the United States during the period covered by this investigation.

The Uniroyal Tire Co. ceased producing bicycle tires and tubes on January 23, 1970. In February 1970, Uniroyal's bicycle tire and tube equipment was purchased by Carlisle, which acquired the right to use Uniroyal's brand names. Uniroyal manufactured a full line of bicycle tires and tubes at its plant in Indianapolis, Ind.

#### Channels of distribution

Bicycle tires and tubes are distributed principally through (1) direct sales of bicycles to OEM's, and (2) to distributors and jobbers which, in turn, sell to the replacement market. It is believed that a very small number of bicycle tires and tubes move as direct sales from manufacturers to end users.

With respect to the domestic industry, bicycle tires and tubes sold separately by U.S. producers are shipped principally to mass merchandisers and to dealers and distributors. Throughout the period covered by the investigation—January 1973–March 1978—all sets of U.S.-made bicycle tires and tubes were shipped to original-equipment manufacturers.

As shown in the following table, importers' channels of distribution are similar to those of the domestic manufacturers, except that some importers also ship to bicycle shops.

Bicycle tires and tubes: Shipments of U.S.-made and imported bicycle  
tires and tubes, by channels of distribution, 1973-77

(In percent)						
Item	1973	1974	1975	1976	1977	
U.S.-made bicycle tires and tubes						
Tires:						
OEM's-----	***	***	***	***	***	***
Mass merchandisers-----	***	***	***	***	***	***
Retail stores-----	***	***	***	***	***	***
Bicycle shops-----	***	***	***	***	***	***
All other <u>2</u> /-----	***	***	***	***	***	***
Total-----	100	100	100	100	100	100
Tubes:						
OEM's-----	***	***	***	***	***	***
Mass merchandisers-----	***	***	***	***	***	***
Retail stores-----	***	***	***	***	***	***
Bicycle shops-----	***	***	***	***	***	***
All other <u>2</u> /-----	***	***	***	***	***	***
Total-----	100	100	100	100	100	100
Sets:						
OEM's-----	***	***	***	***	***	***
Total-----	100	100	100	100	100	100
Imported bicycle tires and tubes						
Tires:						
OEM's-----	***	***	***	***	***	***
Mass merchandisers-----	***	***	***	***	***	***
Retail stores-----	***	***	***	***	***	***
Bicycle shops-----	***	***	***	***	***	***
All other <u>2</u> /-----	***	***	***	***	***	***
Total-----	100	100	100	100	100	100
Tubes:						
OEM's-----	***	***	***	***	***	***
Mass merchandisers-----	***	***	***	***	***	***
Retail stores-----	***	***	***	***	***	***
Bicycle shops-----	***	***	***	***	***	***
All other <u>2</u> /-----	***	***	***	***	***	***
Total-----	100	100	100	100	100	100
Sets:						
OEM's-----	***	***	***	***	***	***
Bicycle shops-----	***	***	***	***	***	***
All other <u>2</u> /-----	***	***	***	***	***	***
Total-----	100	100	100	100	100	100

1/ Less than 0.5 percent.

2/ Shipments to "All other" refers principally to sales to dealers and distributors.

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



## The Question of Increased Imports

During the "bicycle boom" of the early 1970's, imports of bicycle tires and tubes increased sharply from their previous levels. For import data from 1967-77, see table 1 in appendix B. Demand began to decline in 1974 and imports of both bicycle tires and tubes decreased about 10 percent from 1973 levels, as shown in the following table. With the deepening of the general economic recession in 1975, imports of bicycle tires and tubes dramatically declined by 53 percent from their 1974 levels. When demand for bicycles increased in 1976, the quantity of imports of both bicycle tires and tubes again moved upwards--77 percent for bicycle tires and 91 percent for bicycle tubes. In 1977, imports of both bicycle tires and tubes increased by an additional 13 percent. Tires and tubes entered on imported bicycles are not classified separately and are not included in the import statistics shown in the following table.

Bicycle tires and tubes: U.S. imports for consumption, 1973-77,  
January-March 1977, and January-March 1978

Period	: Bicycle : tires	: Bicycle : tubes	: Bicycle tires : and tubes
	Quantity (1,000 units)		
1973-----	23,564	31,993	55,557
1974-----	21,258	29,263	50,521
1975-----	10,086	13,677	23,763
1976-----	17,859	26,145	44,004
1977-----	20,315	29,143	49,458
January-March--			
1977-----	4,116	6,613	10,729
1978-----	5,280	7,822	13,102
	Value (1,000 dollars)		
1973-----	19,787	12,872	32,659
1974-----	21,345	14,143	35,488
1975-----	11,324	6,551	17,875
1976-----	17,989	11,864	29,853
1977-----	20,962	13,571	34,533
January-March--			
1977-----	4,158	3,082	7,240
1978-----	5,303	3,578	8,881

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

Imports of bicycles, each of which has two tires and two tubes, enter the United States under TSUS items 732.02-732.26, inclusive. The majority of imported bicycles enter under TSUS item 732.18 as bicycles, having both wheels over 25 inches in diameter and valued over \$16.66 each; they are dutiable at 5.5 percent ad valorem. In an effort to examine the effects of total imports of bicycle tires and tubes, including those entering on bicycles, the following trade table is provided.

Bicycle tires and tubes: U.S. producers' shipments, imports, exports, and apparent consumption, adjusted to reflect tires and tubes incorporated in U.S. imports and exports of bicycles, 1973-77

Product and year	Pro-			Apparent	Ratio of imports	
	ducers'	Imports	Exports	consump-	to--	
	shipments:			tion	Pro-	Consump-
					ducers'	tion
					shipments:	
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>		
	<u>units</u>	<u>units</u>	<u>units</u>	<u>units</u>	<u>Percent</u>	<u>Percent</u>
Bicycle tires:						
1973-----	***	33,874	***	***	***	***
1974-----	***	29,216	***	***	***	***
1975-----	***	13,530	***	***	***	***
1976-----	***	21,195	***	***	***	***
1977-----	***	24,251	***	***	***	***
Bicycle tubes:						
1973-----	***	42,303	***	***	***	***
1974-----	***	37,221	***	***	***	***
1975-----	***	17,121	***	***	***	***
1976-----	***	29,481	***	***	***	***
1977-----	***	33,079	***	***	***	***
Bicycle tires and tubes:						
1973-----	***	76,177	***	***	***	***
1974-----	***	66,437	***	***	***	***
1975-----	***	30,651	***	***	***	***
1976-----	***	50,676	***	***	***	***
1977-----	***	57,330	***	***	***	***

Source: Compiled from data presented in the table on p. A-25 and from official statistics of the U.S. Department of Commerce.

The following trade table reflects information concerning bicycles. Apparent consumption of bicycles peaked during the boom year of 1973 and declined to its lowest point during 1975 in the midst of the economic recession. The bicycle tire and tube market follows a very similar pattern to that of the bicycle market.

Bicycles: U.S. producers' shipments, imports, exports, and apparent consumption, 1973-77

Year	Pro-	Imports	Exports	Apparent	Ratio of imports to--	
	ducers'			consump-	Pro-	Consump-
	shipments:			tion	ducers'	tion
	1,000	1,000	1,000	1,000		
	units	units	units	units	Percent	Percent
1973-----	10,072	5,155	17	15,210	51	34
1974-----	10,161	3,979	34	14,106	39	28
1975-----	5,606	1,722	36	7,292	31	24
1976-----	6,466	1,668	41	8,093	26	21
1977-----	7,484	1,968	39	9,413	26	21

Source: Data concerning imports and exports compiled from official statistics of the Department of Commerce; data concerning producers' shipments compiled from information supplied by the Bicycle Manufacturers Association.

Taiwan and Korea accounted for virtually all of the recent increase in imports of bicycle tires and tubes. Imports from these two countries increased in both absolute and relative terms. In 1973, imports of bicycle tires and tubes from Taiwan and Korea collectively were 22 million units, or about 40 percent of total U.S. imports, and by 1977, imports amounted to about 44 million units, or 89 percent of total U.S. imports. In 1973, Sweden, Japan, and the Netherlands exported 30 million tires and tubes to the United States, accounting for 54 percent of total U.S. imports of the products, by 1977, however, exports from these three countries had declined to about 4 million tires and tubes (or 7 percent of total U.S. imports), which represents an 88 percent decline. Data on imports from 1973-77, by country of origin, can be seen in the following three tables.

Respondents to the Commission's questionnaires accounted for 73 percent of total imports of bicycle tires and 74 percent of total imports of bicycle tubes. Average unit values of imports, by country of origin, were obtained from questionnaire responses, as shown on page A-23.

Bicycle tires (TSUS item 772.48): U.S. imports for consumption, by principal sources, 1973-77, January-March 1977, and January-March 1978

Source	1973	1974	1975	1976	1977	Jan.-Mar. 1977	Jan.-Mar. 1978
Quantity (1,000 tires)							
Taiwan-----	4,014	5,178	3,924	9,458	9,058	1,908	2,318
Korea-----	4,626	5,734	2,640	5,221	8,256	1,636	2,234
Japan-----	8,479	4,488	1,563	1,691	1,797	445	361
India-----	203	179	0	387	656	31	165
Italy-----	163	249	155	100	216	25	27
France-----	270	343	199	130	112	12	28
United Kingdom-----	182	116	270	6	67	3	26
Germany-----	109	6	4	2	31	3	3
Thailand-----	2	0	20	94	37	33	0
Canada-----	3	0	57	73	33	0	0
Sweden-----	3,602	3,926	1,011	610	29	14	109
Netherlands-----	1,184	346	167	55	11	3	1
Belgium-----	316	237	20	13	7	3	3
Czechoslovakia-----	14	1	1/	1/	1/	0	1/
Hong Kong-----	13	21	1	6	3	0	0
Spain-----	1/	46	1/	1/	1	1	0
Argentina-----	3	2	1/	0	1	1/	0
Israel-----	0	0	0	5	1/	1/	0
Austria-----	71	14	14	4	1/	0	0
All other-----	310	372	41	4	0	0	0
Total-----	23,564	21,258	10,086	17,859	20,315	4,116	5,280
Value (1,000 dollars)							
Taiwan-----	2,506	4,339	3,576	8,259	8,242	1,679	1,884
Korea-----	3,052	4,569	2,502	5,024	7,393	1,475	2,013
Japan-----	8,709	6,206	2,109	2,426	2,877	665	693
India-----	125	119	-	252	532	50	122
Italy-----	684	1,230	895	724	1,173	179	230
France-----	475	737	562	347	378	43	114
United Kingdom-----	249	204	462	14	147	6	53
Germany-----	58	8	14	20	60	7	40
Thailand-----	1	-	15	72	31	28	-
Canada-----	6	-	79	125	51	-	-
Sweden-----	2,085	2,633	315	570	38	14	146
Netherlands-----	1,002	331	195	36	11	3	1
Belgium-----	356	358	38	24	12	5	5
Czechoslovakia-----	14	4	2	2	4	-	2
Hong Kong-----	8	30	1	7	3	-	-
Spain-----	1	57	1	1	5	2	-
Argentina-----	7	9	2	-	5	2	-
Israel-----	-	-	-	4	2/	2/	-
Austria-----	68	17	21	6	2/	-	-
All other-----	274	444	35	16	-	-	-
Total-----	19,787	21,345	11,324	17,989	20,962	4,158	5,303

1/ Less than 500 units.

2/ Less than \$500.

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

Bicycle tubes (TSUS item 772.57): U.S. imports for consumption, by principal sources, 1973-77, January-March 1977, and January-March 1978

Source	1973	1974	1975	1976	1977	Jan.-Mar. 1977	Jan.-Mar. 1978
Quantity (1,000 tubes)							
Korea-----	6,821	8,911	5,774	10,015	13,348	2,774	3,413
Taiwan-----	6,733	9,279	5,078	13,328	13,283	3,211	3,780
Japan-----	12,434	6,297	1,443	1,437	1,667	574	325
India-----	205	191	20	387	654	29	165
Netherlands-----	1,493	404	155	40	53	7	0
France-----	101	451	175	64	53	4	10
United Kingdom-----	51	168	248	65	33	8	10
West Germany-----	58	2	0	1	24	0	0
Italy-----	17	15	0	4	17	2	0
Belgium-----	312	229	17	9	8	3	30
Sweden-----	2,946	2,945	704	740	2	1	89
Hong Kong-----	15	30	0	3	1	0	0
All other-----	807	431	63	52	0	0	0
Total-----	31,993	29,263	13,677	26,145	29,143	6,613	7,822
Value (1,000 dollars)							
Korea-----	2,219	3,734	2,584	4,486	5,996	1,240	1,564
Taiwan-----	2,235	4,327	2,169	5,905	6,089	1,411	1,667
Japan-----	6,042	3,655	856	856	1,066	394	233
India-----	57	57	27	119	236	19	54
Netherlands-----	618	180	78	16	17	2	-
France-----	64	280	153	66	56	4	11
United Kingdom-----	31	118	184	52	28	7	9
West Germany-----	22	1	-	1/	10	-	-
Italy-----	11	30	-	12	63	1	-
Belgium-----	151	139	9	9	8	3	11
Sweden-----	1,034	1,419	447	316	1	1	29
Hong Kong-----	5	13	-	1	1	-	-
All other-----	383	190	44	26	-	-	-
Total-----	12,872	14,143	6,551	11,864	13,571	3,082	3,578

1/ Less than \$500.

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

Bicycle tires and tubes (TSUS items 772.48 and 772.57): U.S. imports for consumption, by principal sources, 1973-77, January-March 1977, and January-March 1978

Source	1973	1974	1975	1976	1977	Jan.-Mar. 1977	Jan.-Mar. 1978
Quantity (1,000 units)							
Taiwan-----	10,747	14,457	9,002	22,786	22,341	5,118	6,098
Korea-----	11,447	14,645	8,414	15,236	21,604	4,410	5,647
Japan-----	20,913	10,785	3,006	3,128	3,464	1,019	686
India-----	408	370	20	774	1,310	60	330
Italy-----	180	264	155	104	233	27	27
France-----	371	794	374	194	165	16	38
United Kingdom-----	233	284	518	71	100	11	36
Netherlands-----	2,677	750	322	95	64	10	1
Germany-----	167	8	4	3	55	3	8
Thailand-----	2	0	20	94	37	33	0
Canada-----	3	0	57	73	33	0	0
Sweden-----	6,548	6,871	1,715	1,350	31	15	198
Belgium-----	628	466	37	22	15	6	33
Czechoslovakia-----	14	1	1/	1/	1/	0	1/
Hong Kong-----	28	51	1	9	4	0	0
Spain-----	1/	46	1/	1/	1	1	0
Argentina-----	3	2	1/	0	1	1/	0
Israel-----	0	0	0	5	1/	1/	0
Austria-----	71	14	14	4	1/	0	0
All other-----	1,117	713	104	56	0	0	0
Total-----	55,557	50,521	23,763	44,004	49,458	10,729	13,102
Value (1,000 dollars)							
Taiwan-----	4,842	8,666	5,745	14,164	14,331	3,090	3,551
Korea-----	5,271	8,303	5,086	9,510	13,389	2,715	3,577
Japan-----	14,751	9,861	2,965	3,282	3,943	1,059	926
India-----	182	176	27	381	768	69	176
Italy-----	695	1,260	895	736	1,236	180	230
France-----	539	1,017	715	413	434	47	125
United Kingdom-----	280	322	646	66	175	13	62
Germany-----	80	9	14	20	70	7	40
Netherlands-----	1,620	511	273	102	28	5	1
Thailand-----	1	-	15	72	31	28	-
Canada-----	6	-	79	125	51	-	-
Sweden-----	3,119	4,102	1,262	886	39	15	175
Belgium-----	507	497	47	33	20	8	16
Czechoslovakia-----	21	4	2	2	4	-	2
Hong Kong-----	13	43	1	8	4	-	-
Spain-----	1	57	1	1	5	2	-
Argentina-----	7	9	2	-	5	2	-
Israel-----	-	-	-	4	2/	2/	-
Austria-----	68	17	21	6	2/	-	-
All other-----	657	634	79	42	-	-	-
Total-----	32,659	35,488	17,875	29,853	34,533	7,240	8,881

1/ Less than 500 units.

2/ Less than \$500.

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

Bicycle tires and tubes: Average unit values of imported pneumatic bicycle tires and tubes by specified sources, 1973-77, January-March 1977, and January-March 1978

Source	1973	1974	1975	1976	1977	January-March--	
						1977	1978
F.o.b. port of export							
Tires:							
Taiwan-----	\$0.88	\$1.12	\$1.08	\$1.05	\$1.06	\$1.09	\$1.02
Korea-----	.62	.74	.87	.99	.95	.98	.87
Japan-----	1.01	1.17	1.25	1.33	1.41	1.34	1.56
All other sources-----	.98	1.38	1.68	1.52	1.68	1.12	2.06
Average-----	.89	1.11	1.16	1.14	1.14	1.15	1.11
Tubes:							
Taiwan-----	.34	.43	.46	.46	.49	.47	.48
Korea-----	.31	.31	.55	.48	.48	.48	.47
Japan-----	.47	.55	.42	.55	.61	.60	.71
All other sources-----	.47	.53	.61	.93	.83	.74	.76
Average-----	.39	.45	.49	.48	.50	.50	.49
Sets:							
Taiwan-----	.73	1.20	1.26	1.26	1.26	1.32	1.34
Korea-----	.99	1.16	1.43	1.38	1.29	1.28	1.32
Japan-----	1.49	2.30	1.98	2.07	2.10	2.05	2.32
All other sources-----	1.39	1.77	1.82	1.60	1.12	1.13	1.13
Average-----	1.30	1.62	1.50	1.41	1.29	1.29	1.30
Delivered cost							
Tires:							
Taiwan-----	\$1.12	\$1.44	\$1.50	\$1.38	\$1.37	\$1.40	\$1.31
Korea-----	.79	.98	1.14	1.27	1.23	1.30	1.10
Japan-----	1.06	1.50	1.74	1.75	1.87	1.66	2.10
All other sources-----	1.10	1.58	1.90	1.80	2.00	1.45	2.42
Average-----	1.04	1.41	1.54	1.48	1.47	1.46	1.43
Tubes:							
Taiwan-----	.42	.53	.57	.61	.62	.60	.60
Korea-----	.37	.40	.72	.62	.61	.59	.59
Japan-----	.61	.69	.55	.71	.80	.73	.95
All other sources-----	.53	.61	.71	1.10	.97	.87	1.03
Average-----	.49	.55	.63	.63	.64	.62	.62
Sets:							
Taiwan-----	.95	1.55	1.64	1.62	1.63	1.72	1.75
Korea-----	1.27	1.49	1.81	1.75	1.64	1.60	1.65
Japan-----	1.91	2.90	2.47	2.53	2.64	2.58	2.88
All other sources-----	1.53	2.00	2.11	1.85	1.45	1.46	1.45
Average-----	1.57	1.96	1.87	1.76	1.66	1.64	1.64

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

Ratios of U.S. imports to U.S. producers'  
shipments and consumption

The ratio of imports to domestic shipments of bicycle tires and tubes dropped from \* \* \* percent in 1973 to \* \* \* percent in 1975, followed by a substantial increase to \* \* \* percent in 1976, to \* \* \* percent in 1977, and to \* \* \* percent in the first quarter of 1978. This pattern was generally repeated for the ratio of imports of bicycle tires to U.S. producers' shipments, and for the ratios of imports of bicycle tubes to U.S. producers' shipments.

The ratio of imports of bicycle tires and tubes to apparent U.S. consumption declined from \* \* \* percent in 1973 to \* \* \* percent in 1975, and then increased to \* \* \* percent in 1977 and \* \* \* percent in January-March 1978. In 1974 and 1975, U.S. producers held about \* \* \* percent of the bicycle tire and tube market. The market share declined to \* \* \* percent for bicycle tires, and \* \* \* percent for bicycle tubes in 1976; it declined further to \* \* \* percent for bicycle tires, and \* \* \* percent for bicycle tubes in the first quarter of 1978. The ratios of U.S. imports of bicycle tires and tubes to U.S. shipments and apparent consumption during 1973-77, January-March 1977, and January-March 1978 can be seen in the following table.

The Taiwanese and Korean industries

Taiwan.--Eleven manufacturers of bicycle tires and tubes in Taiwan export to the United States; they account for about 45 percent of total annual U.S. imports of these products. Industry sources believe that five of these foreign producers account for approximately 70 percent of total Taiwanese production of bicycle tires and tubes. Counsel representing virtually all Taiwanese producers of bicycle tires and tubes provided the Commission with



Bicycle tires and tubes: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1973-77, January-March 1977, and January-March 1978

Period	Producers' shipments	Imports 1/	Exports	Apparent consumption	Ratio of imports to-- Producers' shipments : Consumption	
	<u>1,000 units</u>	<u>1,000 units</u>	<u>1,000 units</u>	<u>1,000 units</u>	<u>Percent</u>	<u>Percent</u>
Bicycle tires:						
1973-----	***	23,564	***	***	***	***
1974-----	***	21,258	***	***	***	***
1975-----	***	10,086	***	***	***	***
1976-----	***	17,859	***	***	***	***
1977-----	***	20,315	***	***	***	***
Jan.-Mar.--						
1977-----	***	4,116	***	***	***	***
1978-----	***	5,280	***	***	***	***
Bicycle tubes:						
1973-----	***	31,993	***	***	***	***
1974-----	***	29,263	***	***	***	***
1975-----	***	13,677	***	***	***	***
1976-----	***	26,145	***	***	***	***
1977-----	***	29,143	***	***	***	***
Jan.-Mar.--						
1977-----	***	6,613	***	***	***	***
1978-----	***	7,822	***	***	***	***
Bicycle tires and tubes:						
1973-----	***	55,557	***	***	***	***
1974-----	***	50,521	***	***	***	***
1975-----	***	23,763	***	***	***	***
1976-----	***	44,004	***	***	***	***
1977-----	***	49,458	***	***	***	***
Jan.-Mar.--						
1977-----	***	10,729	***	***	***	***
1978-----	***	13,102	***	***	***	***

1/ Import data were compiled from official statistics of the U.S. Department of Commerce.

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

the following information for three Taiwanese firms in 1977, which indicates that nearly \* \* \* of the production by the three firms is destined for the export market with a potential for increased exports to the United States:

Item	Hwa Fong		Cheng Shin		Kenda Rubber		Total tires and tubes
	Rubber		Rubber		Industrial		
	Industrial		Industrial		Co., Ltd.		
	Co., Ltd.		Co., Ltd.		Co., Ltd.		
	Tires	Tubes	Tires	Tubes	Tires	Tubes	
Production:	:	:	:	:	:	:	:
Quantity	:	:	:	:	:	:	:
1,000 units--	***	***	***	***	***	***	***
Domestic shipments	:	:	:	:	:	:	:
1,000 units--	***	***	***	***	***	***	***
Domestic shipments	:	:	:	:	:	:	:
as a percent of	:	:	:	:	:	:	:
production	:	:	:	:	:	:	:
percent--	***	***	***	***	***	***	***
	:	:	:	:	:	:	:

Overall, production of bicycle tires and tubes in Taiwan is reported to have increased dramatically from 1973 through 1976. Reportedly, exports from Taiwan increased in line with Taiwan's increasing production, with approximately \* \* \* to \* \* \* percent of total Taiwanese production of bicycle tires and tubes exported. The bulk of Taiwanese exports is directed to the U.S. market. In 1977, Taiwanese exports of bicycle tires and tubes accounted for 45 percent of total U.S. imports of bicycle tires and 46 percent of total imports of bicycle tubes.

Korea.--In 1977, Korean exports accounted for 41 percent of total U.S. imports of bicycle tires and 46 percent of total U.S. imports of bicycle tubes. Industry sources indicated that there are three manufacturers of bicycle tires and tubes in Korea. They believe that approximately 80 percent of Korea's production of bicycle tires and tubes is exported, of which about one-third is directed to the United States. Counsel representing two Korean firms--Dae Yung Commercial Co., Ltd. and Hung-A Industrial Co., Ltd., that accounted for \* \* \* percent of U.S. imports of bicycle tires and tubes from Korea in 1977--provided the Commission with the following information concerning production and exports of these two firms in 1977:

Item	Dae Yung		Hung-A		Total tires and tubes
	Tires	Tubes	Tires	Tubes	
Production:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Total exports:					
Quantity-----1,000 units--:	***	***	***	***	***
Value 1,000 dollars--:	***	***	***	***	***
Total exports as a percent of production:					
In terms of quantity--percent--:	***	***	***	***	***
In terms of value-----do-----:	***	***	***	***	***
Exports to U.S.:					
Quantity-----1,000 units--:	***	***	***	***	***
Value-----1,000 dollars--:	***	***	***	***	***
Exports to U.S. as a percent of total exports:					
In terms of quantity--percent--:	***	***	***	***	***
In terms of value-----do-----:	***	***	***	***	***

#### The Question of Serious Injury or Threat Thereof to the Domestic Industry

The petition alleges, among other things, that the domestic industry is being seriously injured and is threatened with serious injury. In determining whether the domestic industry is suffering the requisite injury or threat thereof, the Commission has considered all relevant economic factors, including but not limited to plant utilization; profitability; employment; shipments; production; inventories; distribution and marketing; prices; capital and research and development expenditures; and industry efforts to compete with imports.

#### Utilization of production facilities

There was significant idling of productive facilities over the period covered by the investigation. Capacity utilization fell to its lowest point during the recession of 1975 coincident with the completion, in September 1975, of Carlisle's new plant, which was constructed in stages beginning in 1969. At the Commission's hearing, legal counsel for the petitioner indicated that as capacity increased, Carlisle's ability to increase shipments decreased because imports were taking an increasingly large share of the market (see

transcript, pp. 115-116). Almost 1 year later, Goodyear ceased entirely its production of bicycle tires and tubes, as shown in the following table. Capacity utilization has not returned to its 1973-74 levels and has persisted, despite an upward trend, at relatively low levels through the first quarter of 1978.

Bicycle tires and tubes: U.S. production, capacity, and capacity utilization, 1973-77, January-March 1977, and January-March 1978

Item	:	1973	:	1974	:	1975	:	1976	:	1977	:	Jan.-Mar.--	
												1977	1978
Bicycle tires:	:		:		:		:		:		:		
Production	:		:		:		:		:		:		
1,000 units--	:	***	:	***	:	***	:	***	:	***	:	***	***
Capacity 2/	:		:		:		:		:		:		
1,000 units--	:	***	:	***	:	***	:	***	:	***	:	***	***
Ratio of production:	:		:		:		:		:		:		
to capacity	:		:		:		:		:		:		
percent--	:	***	:	***	:	***	:	***	:	***	:	***	***
Bicycle tubes:	:		:		:		:		:		:		
Production	:		:		:		:		:		:		
1,000 units--	:	***	:	***	:	***	:	***	:	***	:	***	***
Capacity 2/	:		:		:		:		:		:		
1,000 units--	:	***	:	***	:	***	:	***	:	***	:	***	***
Ratio of production:	:		:		:		:		:		:		
to capacity	:		:		:		:		:		:		
percent--	:	***	:	***	:	***	:	***	:	***	:	***	***
Bicycle tires and	:		:		:		:		:		:		
tubes:	:		:		:		:		:		:		
Production	:		:		:		:		:		:		
1,000 units--	:	***	:	***	:	***	:	***	:	***	:	***	***
Capacity 2/	:		:		:		:		:		:		
1,000 units--	:	***	:	***	:	***	:	***	:	***	:	***	***
Ratio of production:	:		:		:		:		:		:		
to capacity	:		:		:		:		:		:		
percent--	:	***	:	***	:	***	:	***	:	***	:	***	***

1/ Goodyear ceased production of bicycle tires and tubes after April 16, 1976.

2/ Based on operation of the plant 3 shifts a day, 7 days a week, 50 weeks a year.

3/ Capacity figures shown for 1976 reflect projected full-year capacity for Goodyear.

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

U.S. production

Carlisle and Goodyear reported that no sew-up (tubular) or semi-pneumatic tires were produced in the United States during the period covered by this investigation. The production of bicycle tires and tubes increased from \* \* \* units in 1973 to \* \* \* units in 1974. Carlisle reported a severe drop in daily production in 1974 from a high of \* \* \* bicycle tires in earlier months to a low of \* \* \* tires after October. Similarly, daily production of bicycle tubes declined from a high of \* \* \* tubes prior to October 1974 to a low of \* \* \* tubes subsequently. In 1975, production by both firms fell \* \* \* percent from the 1974 level to \* \* \* tires and tubes, and subsequently rose \* \* \* percent to about \* \* \* tires and tubes in 1976, the year that Goodyear left the industry. There was a slight decline in production in 1977, to \* \* \* units, followed by a \* \* \* percent increase in January-March 1978 compared with January-March 1977, as shown in the following tabulation:

(1,000 units)								
Item	1973	1974	1975	1976	1977	Jan.-Mar.--		
						1977	1978	
Tires-----	***	***	***	***	***	***	***	***
Tubes-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***

U.S. producers' shipments

U.S. producers' shipments of bicycle tires and tubes decreased \* \* \* percent, dropping from \* \* \* units in 1974 to \* \* \* units in 1975, and then increased in 1976 to \* \* \* units followed by a decline in 1977 to \* \* \*, and a negligible increase in the first quarter of 1978 compared with the first quarter of 1977.

As shown in the following table, the average unit value for bicycle tires increased steadily throughout the period covered by the investigation, starting at \* \* \* per tire in 1973 and rising to \* \* \* per tire during January-March 1978. The average unit value for bicycle tubes increased from \* \* \* per tube in 1973, to \* \* \* in 1975 and fell to \* \* \* in 1976 before jumping to \* \* \* in 1977. A negligible increase in the average unit value of tubes occurred in January-March 1978 when compared with January-March 1977. More variance occurred during the period covered for the average unit value of sets than for tires and tubes sold separately. The average unit value for

sets increased from \* \* \* per set in 1973 to \* \* \* in 1975, declined to \* \* \* in 1976, and was followed by a slight decline to \* \* \* in 1977. The average unit value in the first quarter of 1978 was slightly lower than that of the corresponding period of 1977.

Bicycle tires and tubes: U.S. producers' shipments, 1973-77,  
January-March 1977, and January-March 1978

Item	1973	1974	1975	1976	1977	Jan.-Mar.--		
						1977	1978	
	Quantity (1,000 units)							
Tires-----	***	***	***	***	***	***	***	
Tubes-----	***	***	***	***	***	***	***	
Sets-----	***	***	***	***	***	***	***	
Total tires 1/-----	***	***	***	***	***	***	***	
Total tubes 1/-----	***	***	***	***	***	***	***	
Total tires and tubes-----	***	***	***	***	***	***	***	
	Value (1,000 dollars)							
Tires-----	***	***	***	***	***	***	***	
Tubes-----	***	***	***	***	***	***	***	
Sets-----	***	***	***	***	***	***	***	
Total-----	***	***	***	***	***	***	***	
	Average unit value (per unit)							
Tires-----	***	***	***	***	***	***	***	
Tubes-----	***	***	***	***	***	***	***	
Sets-----	***	***	***	***	***	***	***	
Average-----	***	***	***	***	***	***	***	

1/ Total tires and total tubes include tires and tubes sold separately and those tires and tubes sold in sets.

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

#### U.S. exports

Over the period covered by this investigation, exports of bicycle tires and tubes have been negligible, as shown in the following table. Exports are small because (1) there are very few standard sizes of tires and tubes which

are used throughout the world, and (2) domestically made bicycle tires and tubes are reportedly not priced competitively in foreign markets.

Bicycle tires and tubes: U.S. exports of U.S. merchandise, 1973-77,  
January-March 1977, and January-March 1978

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Quantity (1,000 units)							
Tires-----	***	***	***	***	***	***	***
Tubes-----	***	***	***	***	***	***	***
Sets-----	***	***	***	***	***	***	***
Total, tires and tubes-----	***	***	***	***	***	***	***
Value (1,000 dollars)							
Tires-----	***	***	***	***	***	***	***
Tubes-----	***	***	***	***	***	***	***
Sets-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***

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

### Inventories

Inventories held by both domestic manufacturers and importers were at the highest level of the 1973-77 period on December 31, 1974, coincident with the decline in demand for bicycles, which was partially caused by the recession. Inventories of bicycle tires and tubes declined after 1974 although there was an increase of unsold goods held during the first quarter of 1978 compared with the corresponding period of 1977, as shown in the following table.

Bicycle tires and tubes: Inventories held by U.S. producers and importers,  
by specified dates, Dec. 31, 1972-77, Mar. 31, 1977, and Mar. 31, 1978

(In thousands of units)

Date	U.S. producers				Importers			
	Tires	Tubes	Sets	Total	Tires	Tubes	Sets	Total
Dec. 31--	:	:	:	:	:	:	:	:
1972-----	***	***	***	***	3,633	1,803	406	6,248
1973-----	***	***	***	***	3,952	4,202	389	8,932
1974-----	***	***	***	***	3,397	3,707	1,753	10,610
1975-----	***	***	***	***	2,818	2,943	363	6,487
1976-----	***	***	***	***	1,891	2,508	802	6,003
1977-----	***	***	***	***	1,245	1,944	540	4,269
Mar. 31--	:	:	:	:	:	:	:	:
1977-----	***	***	***	***	1,705	2,933	470	5,578
1978-----	***	***	***	***	1,612	2,897	1,779	8,067
	:	:	:	:	:	:	:	:

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

Note.--Data on the number of sets in inventory during 1972-75 may be understated, since Goodyear was unable to provide data in the form requested.

As shown in the following table, the ratio of U.S. produced tires and tubes held in inventory by U.S. producers to U.S. production increased during the first quarter of 1978 as compared with the first quarter of 1977. They, however, did not return to the relatively high levels experienced in the recession year of 1975. The ratio of inventories of imported tires and tubes held by importers to imports tend to be generally \* \* \* than the ratio of U.S. producers' inventories to production throughout the period of the investigation.



Bicycle tires and tubes: U.S. producers' inventories, production, shipments, and U.S. importers' inventories, imports, and shipments, 1973-77, January-March 1977 and January-March 1978

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
U.S. producers--							
Inventories as of last day of							
period--1,000 tires and tubes---	***	***	***	***	***	***	***
Production-----do-----	***	***	***	***	***	***	***
Shipments-----do-----	***	***	***	***	***	***	***
Ratio of inventories to production:							
percent--	***	***	***	***	***	***	***
Ratio of inventories to shipments:							
percent--	***	***	***	***	***	***	***
U.S. importers--							
Inventories as of last day of							
period-----1,000 units--	8,932	10,610	6,487	6,003	4,269	5,578	8,067
Imports-----do-----	55,557	50,521	23,763	44,004	49,458	10,729	13,102
Ratio of inventories to imports:							
percent--	16	21	27	14	9	1/ 13.0	1/ 15.4

1/ On an annual basis.

Source: Import data, compiled from official statistics of the U.S. Department of Commerce; all other data, compiled from responses to questionnaires of the U.S. International Trade Commission.

Note.--Data on import shipments are not available.

Unemployment or underemployment of the  
domestic work force

In 1975, the domestic industry reduced the number of production workers engaged in the manufacture of bicycle tires and tubes by \* \* \* and \* \* \* percent, respectively. The firm claimed that this occurred as a result of increased imports coupled with the firm's severe underutilization of capacity and its declining sales. This sharp decline in Carlisle's work force prompted workers at the firm to file a workers' petition with the Department of Labor on July 30, 1975. On September 30, 1975, the Department of Labor determined that increases of imports like or directly competitive with bicycle tires and tubes produced at Carlisle contributed importantly to the total or partial separation of the workers of that plant (see app. D). Fewer than half of the number of workers certified as eligible for adjustment assistance have been reemployed by Carlisle (see transcript, p. 25). The total industry's average employment of bicycle tire and tube production workers generally rose in 1976 but fell dramatically in 1977 to a level much lower than that experienced during 1975. This sharp decline is largely attributable to the exit of Goodyear from the industry in 1976. In January-March 1978, average employment increased. The number of person-hours worked by production and related workers engaged in the production of bicycle tires and tubes followed the same pattern, as shown in the following table. The general decline in the number of person-hours worked in 1976 reflects the effects of a workers' strike at Goodyear that began on April 20, 1976 and ended in late August 1976, when Goodyear announced that it had ceased its production of bicycle tires and tubes.

Bicycle tires and tubes: Average number of employees and related workers engaged in the production of bicycle tires and tubes, and person-hours worked in the production of bicycle tires and tubes, 1973-77, January-March 1977, and January-March 1978

Item	:	:	:	:	:	:	Jan.-Mar.---	
							:	:
		1973	1974	1975	1976	1977	1977	1978
Average number of all employees-----	:	***	***	***	***	***	***	***
Average number of production and related workers producing:	:	:	:	:	:	:	:	:
Bicycle tires-----number--	:	***	***	***	***	***	***	***
Bicycle tubes-----do----	:	***	***	***	***	***	***	***
Person-hours worked by production and related workers producing:	:	:	:	:	:	:	:	:
Bicycle tires	:	:	:	:	:	:	:	:
1,000 person-hours--	:	***	***	***	***	***	***	***
Bicycle tubes-----do----	:	***	***	***	***	***	***	***

Source: Compiled from responses to the questionnaires of the U.S. International Trade Commission.

The average annual person-hours worked per worker generally declined from 1973 through 1976, but climbed higher in 1977 than it was in 1975, as shown in the following tabulation:

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Person-hours worked							
by production and							
related workers in:							
Bicycle tires-----	***	***	***	***	***	***	***
Bicycle tubes-----	***	***	***	***	***	***	***

Productivity per person-hour in the manufacture of bicycle tires and tubes increased substantially during 1973-77, except for the sharp decline in productivity in 1975 experienced as a result of sharply reduced production. The departure of Goodyear in 1976, and the completion of Carlisle's new bicycle tire and tube facility in 1975 were probably responsible for this increased worker productivity. The rise in the production of bicycle tires and tubes between 1973-77, January-March 1977, and January-March 1978, is shown in the following tabulation:

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Number of bicycle tires or							
tubes produced per person-							
hour worked:							
Tires-----	***	***	***	***	***	***	***
Tubes-----	***	***	***	***	***	***	***

On April 9, 1976, the United Rubber Workers of America, on behalf of workers and former workers producing bicycle tires and tubes at Goodyear, filed a workers petition with the Department of Labor. This petition resulted in a determination of eligibility for adjustment assistance.

Prior to the period covered by this investigation, the International United Rubber, Cork, Linoleum, and Plastic Workers of America (AFL-CIO, CLC) filed a workers petition with the U.S. International Trade Commission, then known as the U.S. Tariff Commission, on behalf of certain production and maintenance workers formerly employed by the Uniroyal Tire Co. The Commission unanimously found that bicycle tires and tubes were not being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of that company. However, the Commission did find that imports of bicycle tires and tubes increased and that a significant number of the workers concerned became unemployed. The Commission found that Uniroyal had discontinued its production of bicycle tires and tubes because it had become so unprofitable that the company decided to rationalize its production and to release cash for more profitable activities (TC Publication 325, p. 5).

#### Financial performance of U.S. producers

Carlisle Corp.--Carlisle Corp. currently accounts for 100 percent of U.S. production of bicycle tires and tubes. Prior to 1975, when Goodyear Tire & Rubber Co. sharply curtailed production, Carlisle Corp. accounted for \* \* \* to \* \* \* percent of U.S. production. Carlisle Corp. produces bicycle tires and tubes through its wholly owned subsidiary, the Carlisle Tire & Rubber Co. Carlisle also produces motorcycle and moped tires and tubes; and tires for such vehicles as riding lawn mowers, garden tractors, and the like. In addition it produces inner tubes and radiator hoses for automobiles, trucks, and buses, and flexible rubber pipe, rubberized roofing systems, reservoir covers, and so forth, for general industry.

In its other subsidiary companies--Continental Plastics Co., Geauga Industries Co., Geauga Plastics Co., Graham Magnetics, Inc., Indus Wheel Co., International Wire Products Co., Kraft Systems, Inc., Malsbury Manufacturing Co., Molded Materials Co., and Tensolite Co.--Carlisle Corp. produces a wide variety of other products for automotive, data communications, aerospace, electronic, and general industry applications.

Carlisle Corp., according to its annual report, increased its overall net sales by nearly a quarter between 1973 and 1974, from \$123 million to \$151 million, but profits increased only by 4.8 percent, or from \$12.4 million to \$13.0 million. The ratio of net profit to net sales declined from 10.0 percent to 8.6 percent. The decline in the ratio of net profit to net sales would not have occurred, however, had the firm kept its 1973 method of inventory valuation. In 1973, 87 percent of the firm's inventories were valued on a first-in-first-out (FIFO) basis, and in 1974 all of the inventories were based on a last-in-first-out (LIFO) basis. The net effect of the change was to charge a higher cost of inventory to sales, as the last-in inventories of raw materials were subject to rapidly escalating costs because of the severe material shortage in 1973 and 1974. The higher cost inventories charged to sales reduced the profit by \$2.2 million or from \$15.2 million (10.0 percent of net sales) in 1974 under the FIFO system of accounting to the \$13 million (8.6 percent of net sales) in 1974 under the LIFO system, as reported in the Carlisle Corp. annual report. The net profit of the corporation, under a constant FIFO accounting system actually increased by 23 percent, and the ratio of net profit to net sales held constant at 10.1 percent.

In 1975, net sales and profits of the Carlisle Corp. fell sharply, decreasing to \$115 million and \$4 million respectively, and the ratio of net profits to net sales dropped to 3.5 percent. By 1977, however, the corporation's net sales had increased to \$186 million, its net profit amounted to \$18 million, and the ratio of net profit to net sales had increased to 9.4 percent. Carlisle Corp.'s financial experience is shown in tables on pages A-38, A-39, A-40, and A-41.

Selected financial data on Carlisle Corp's overall operations, and operations on bicycle tires and tubes, 1973-77, January-March 1977 and January-March 1978

Operation and period	Net sales	Cost of goods sold	Net earnings before taxes	Ratio of net earnings before taxes to net sales
	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>Percent</u>
Carlisle Corp.:				
All operations of firms: 1/				
1973-----	123,189	110,842	12,347	10.0
1974-----	150,998	138,016	12,982	8.6
1975-----	115,006	110,928	4,078	3.5
1976-----	146,047	135,387	10,660	7.3
1977-----	185,762	168,232	17,530	9.4
All operations of firm except operations by establishments in which bicycle tires and tubes are produced:				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***
All operations of establishments in which bicycle tires and tubes are produced:				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***
1978 (January-March)-----	***	***	***	***
Operations on bicycle tires and tubes:				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***
January-March:				
1977-----	***	***	***	***
1978-----	***	***	***	***

Selected financial data on Carlisle Corp's overall operations, and operations on bicycle tires and tubes, 1973-77, January-March 1977 and January-March 1978--Continued

Operation and period	Net sales	Cost of goods sold	Net earnings before taxes	Ratio of net earnings before taxes to net sales
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>Percent</u>
Carlisle Corp.--Continued				
Operations on bicycle tires:				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***
1978 (January-March)-----	***	***	***	***
Operations on bicycle tubes:				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***
1978 (January-March)-----	***	***	***	***
All operations of establishments in which bicycle tires and tubes are produced except operations on bicycle tires and tubes:				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***
1977-----	***	***	***	***

1/ All operations of firms for January-March 1978, not available.

2/ Compiled from data submitted by Carlisle Tire and Rubber Co., in connection with the public hearing, June 6, 1978.

Source: Compiled from the annual reports of Carlisle Corp. and data submitted in response by Carlisle Tire & Rubber Co. to questionnaire of the U.S. International Trade Commission, except as noted.

Note.--In 1974, Carlisle Corp. switched from the first-in-first-out (FIFO) system of inventory valuation to the last-in-first-out (LIFO) system, for the vast bulk of its inventories. The earnings reported for 1974 above, reflect the revised accounting procedures. Had the earlier system (FIFO) been continued for 1974, the earnings reported would have been \$15.2 million (10.0 percent of net sales) instead of the \$13.0 million (8.6 percent of net sales) actually reported under the LIFO system. Likewise, earnings and ratios reported for the subsidiary operations of Carlisle Corp. would have been higher in 1974 than those reported in the table.

Carlisle Tire and Rubber Co.: Net profit, book value, original cost, and replacement cost of net assets employed in the production of all articles produced in establishments that produce bicycle tires and tubes, and of bicycle tires and bicycle tubes independently, 1973-77, and January-March 1978

Item and period	Net profit	Value of net assets employed in the named operations			Ratio of net profit to net assets employed in the named operations		
		Book value	Original cost	Replacement cost	Book value	Original cost	Replacement cost
All operations of the establishments in which bicycle tires and tubes are produced:	<u>1,000</u> :dollars	<u>1,000</u> :dollars	<u>1,000</u> :dollars	<u>1,000</u> :dollars	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***
1978 (January-March)-----	***	***	***	***	<u>1/</u> ***	<u>1/</u> ***	<u>1/</u> ***
Bicycle tires:							
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***
1978 (January-March)-----	***	***	***	***	<u>1/</u> ***	<u>1/</u> ***	<u>1/</u> ***
Bicycle tubes:							
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***
1978 (January-March)-----	***	***	***	***	<u>1/</u> ***	<u>1/</u> ***	<u>1/</u> ***

1/ Ratios are annualized on the basis of data for January-March 1978.

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



Carlisle Tire and Rubber Co.: Selected financial cost data for all operations of establishments in which bicycle tires and tubes are produced, and for operations on bicycle tires and bicycle tubes individually, 1973-77

Item and year	Raw materials	Direct labor	Other direct costs	Direct cost of goods sold	Administrative expenses	Selling expenses	Total
Value (1,000 dollars)							
All operations of establishments in which bicycle tires and tubes are produced:							
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***
Operations on bicycle tires:							
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***
Operations on bicycle tubes:							
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
1977-----	***	***	***	***	***	***	***
Percentage distribution of major costs of production							
All operations of establishments in which bicycle tires and tubes are produced:							
1973-----	***	***	***	***	***	***	100.0
1974-----	***	*	***	***	***	***	100.0
1975-----	***	***	***	***	***	***	100.0
1976-----	***	***	***	***	***	***	100.0
1977-----	***	***	***	***	***	***	100.0
Operations on bicycle tires:							
1973-----	***	***	***	***	***	***	100.0
1974-----	***	***	***	***	***	***	100.0
1975-----	***	***	***	***	***	***	100.0
1976-----	***	***	***	***	***	***	100.0
1977-----	***	***	***	***	***	***	100.0
Operations on bicycle tubes:							
1973-----	***	***	***	***	***	***	100.0
1974-----	***	***	***	***	***	***	100.0
1975-----	***	***	***	***	***	***	100.0
1976-----	***	***	***	***	***	***	100.0
1977-----	***	***	***	***	***	***	100.0

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

Operations of the Carlisle Tire and Rubber Co. on bicycle tires and tubes.--Carlisle Tire and Rubber Co.'s net sales of bicycle tires and tubes accounted for \* \* \* percent of Carlisle Corp.'s net sales of all products in 1973 and 1974, \* \* \* percent in 1975, \* \* \* percent in 1976, and \* \* \* percent in 1977. Carlisle's net sales of bicycle tires and tubes expanded sharply--by \* \* \* percent for tires and by \* \* \* percent for tubes--between 1973 and 1974 as OEM's increased their bicycle purchases (at sharply higher prices) during January-September 1974. When anticipated bicycle demand did not materialize during October-December 1974, OEM purchases dropped off sharply and did not begin to increase again until 1976, resulting in sharply lower levels of sales and profits in 1975.

The profit on sales of bicycle tires and tubes increased more dramatically than sales between 1973 and 1974. Profits increased from \* \* \* (\* \* \* percent of net sales) in 1973, despite the changeover in inventory valuation from FIFO to LIFO which served to reduce the reported profit somewhat. The sharp increase in profit between 1973 and 1974 was the result of the increased sales (especially to OEM's) coupled with sharply higher prices for those sales and only a moderate increase in the costs of goods sold. After falling to \* \* \* (\* \* \* percent of net sales) in 1975, profits on bicycle tires and tubes increased to \* \* \* (\* \* \* percent of net sales) in 1976, and fell slightly to \* \* \* (\* \* \* percent of net sales) in 1977. Carlisle's profits on its bicycle tire and tube operations amounted to \* \* \* percent of the corporation's overall profits on all operations in 1973, \* \* \* percent in 1974, \* \* \* percent in 1975, \* \* \* percent in 1976, and \* \* \* percent in 1977.

Carlisle's profit on its bicycle tire and tube operations was generally \* \* \* in comparison to net sales than were profits on Carlisle's other operations, except in 1977, when the ratio of net profits to net sales for bicycle tires and tubes was \* \* \* than the corresponding ratio for all of Carlisle's operations. During 1976 and 1977, the profit margin on Carlisle's bicycle tire and tube operations was, however, \* \* \* than the profit margins on other products produced in the establishments in which bicycle tires and tubes are produced, as shown in tables on pages A-38, A-39, and A-40.

Carlisle Corp.'s capital and research and development (R. & D.) expenditures during 1973-77 declined from \* \* \* and \* \* \* respectively in 1973 and 1974 to \* \* \* in 1975, increased sharply to \* \* \* in 1976, before declining again to \* \* \* in 1977, as shown in the following table. The high level of such expenditures in 1973 and 1974 reflect the latter stages of the construction and initial operation of the new bicycle tire and tube facilities in Carlisle, Pa. in those years. The high level of expenditure in 1976 reflects an increase in research and development and most of these expenditures were incurred in developing new chemical formulas for tires and tubes and new cost-saving methods for their manufacture.

Carlisle Tire and Rubber Co.: Capital expenditures for facilities and research development expenditures on bicycle tires and tubes, 1973-77, January-March 1977, and January-March 1978.

(In thousands of dollars)

Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
Capital expenditures:							
Land and land improvements-----	***	***	***	***	***	***	***
Buildings and leasehold improvements-----	***	***	***	***	***	***	***
Machinery, equipment, and fixtures:							
New-----	***	***	***	***	***	***	***
Used-----	***	***	***	***	***	***	***
Other-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Research and development expenditures:							
On bicycle tires---	***	***	***	***	***	***	***
On bicycle tubes---	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Total--Capital and research and development expenditures-----	***	***	***	***	***	***	***

1/ \* \* \*

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

The following table provides additional data on the financial health of Carlisle Corp. These data indicate that Carlisle Corp. experienced an increasing current ratio from 1973 through 1975 and that it has declined by nearly half since then, to 1.99. While Carlisle's current ratio was nearly double the current ratio for all manufacturers in 1975, by 1977, it had returned to the national average of about 2.0. Carlisle Tire & Rubber Co., on the other hand, experienced increasing current ratios from 1973 through 1977, and in 1977 had a current ratio of 3.79, or nearly double the national average for all manufacturers. It should be noted that Carlisle Corp.'s acid test or

"quick" ratio declined from 1.64 in 1975 to 0.91 in 1977, or from substantially above the optimum 1.0 ratio in 1975, to below it in 1977.

Carlisle Corp. experienced a declining debt/equity ratio from 1974 through 1977, ending the period with a debt/equity ratio of 0.29. Carlisle's debt/equity ratio was consistently below the national average for all manufacturers (0.41-0.43) throughout the 1973-77 period. In addition, Carlisle Corp., despite a reduction in earnings in 1974 and 1975, has improved its return on shareholders' equity and total capital to the levels enjoyed in 1973. The 1977 return on shareholders' equity was 16 percent, and the 1977 return on total capital was 11 percent. During 1973-77, Carlisle's return on shareholders equity and total capital was higher than those of all manufacturers. Only in 1 year--1975--were Carlisle's returns on shareholders' equity or total capital below the national average for all manufacturers.

## Selected financial data for Carlisle Corp., 1973-77

Item	: 1973	: 1974	: 1975	: 1976	: 1977
Current ratio:	:	:	:	:	:
Current assets----1,000 dollars--:	40,303	49,135	41,637	49,671	60,863
Current liabilities-----do-----:	16,368	14,337	10,473	15,822	30,609
Current ratio-----1/ 2.46 :1/ 3.43 :1/ 3.98 :1/ 3.14 :1/ 1.99					
Ratio for all manufacturers-----:	1.97	1.95	2.02	2.01	1.98
Acid test or "quick" ratio:	:	:	:	:	:
Cash plus accounts receivable	:	:	:	:	:
1,000 dollars--:	20,057	20,639	17,160	22,709	27,908
Current liabilities-----do-----:	16,368	14,337	10,473	15,822	30,609
Acid test or "quick" ratio-----:	1.23	1.44	1.64	1.44	.91
Ratio for all manufacturers-----:	1.45	.92	.99	1.01	.99
Debt/equity ratio:	:	:	:	:	:
Long term debt----1,000 dollars--:	18,022	26,315	24,839	23,355	23,008
Stockholders' equity-----do-----:	39,280	44,447	44,730	48,372	55,288
Debt/equity ratio-----:	0.31	0.37	0.36	0.33	0.29
Ratio for all manufacturers-----:	0.41	0.41	0.43	0.43	0.43
Return on shareholders' equity:	:	:	:	:	:
Net income after tax	:	:	:	:	:
1,000 dollars--:	6,381	6,864	2,199	5,558	8,878
Stockholders' equity-----do-----:	39,280	44,447	44,730	48,372	55,288
Return on equity-----:	0.16	0.15	0.05	0.11	0.16
Ratio for all manufacturers-----:	0.12	0.14	0.11	0.13	0.14
Return on total capital:	:	:	:	:	:
Net income after tax	:	:	:	:	:
1,000 dollars--:	6,381	6,864	2,199	5,558	8,878
Stockholders' equity plus long	:	:	:	:	:
term debt-----1,000 dollars--:	57,302	70,712	69,569	71,727	78,296
Return on capital-----:	0.11	0.10	0.03	0.08	0.11
Ratio for all manufacturers-----:	0.07	0.08	0.06	0.07	0.07

1/ The current ratios for Carlisle Tire and Rubber Co., a wholly owned subsidiary of Carlisle Corp. were as follows: 1.78 in 1973; 1.78 in 1974; 3.39 in 1975; 3.49 in 1976; and 3.79 in 1977.

Source: Compiled from annual reports and 10K reports of the Carlisle Corp., and Carlisle Tire & Rubber Co.

Goodyear Tire & Rubber Co.--Goodyear Tire & Rubber Co. is a diversified manufacturer of tires and other transportation related products. It is the largest tire producer in the United States and accounted for an estimated 34 percent of the OEM domestic tire market in 1977. In addition to production

of tires and tubes for automobiles, trucks, buses, airplanes, and other vehicles, the company manufactures belts and hosing for industrial use; rubberized fabric products for use in the aerospace industry; wheels, rims, hubs, and other metal products; vinyl flooring; "Neolite" heels and other shoe products; as well as chemicals used in rubber and plastics processing. Goodyear operates 56 domestic plants and has 51 wholly owned subsidiaries worldwide. Goodyear produced bicycle tires and tubes until 1976. Prior to 1975, when Goodyear sharply curtailed production prior to terminating its bicycle tire and tube operations, the company accounted for \* \* \* to \* \* \* percent of U.S. production of bicycle tires and tubes.

According to its annual report, Goodyear Tire & Rubber Co. increased its overall net sales between 1973 and 1974 by over 10 percent, from \$4,755 million to \$5,256 million (see table on p. A-47). Profits, however, decreased from \$340 million to \$284 million before taxes. The ratio of net profit before taxes to net sales declined from 7.28 percent in 1973 to 5.41 percent in 1974. This decline reflects a change in Goodyear's method of valuing inventories from average cost to the last-in-first-out method. This shift took place so that the company could better match current costs against current revenues and to minimize the effects of inflation. Without this change, net income after taxes would have been \$200.2 million, or 3.8 percent of sales instead of \$144.4 million, or 2.7 percent of sales. Earnings for 1974 also reflect retroactive changes in accounting methods for foreign currency translations of gains and losses on long term debt. In 1974, the Financial Accounting Standards Board (FASB) issued Statement No. 8 stating that these gains and losses should be included as current income or expense rather than amortized over the term of the debt. Had this change not been made, 1974 net income after taxes would have been \$157.5 million (3.0 percent of sales) instead of \$144.4 million (2.7 percent of sales); and 1975 net income would have been \$160.5 million (2.9 percent of sales) instead of \$141.6 million (3.0 percent of sales).

In 1975, net profits increased to \$317 million before taxes, or 5.81 percent of net sales. Sales continued to increase, rising from \$5,462 million in 1975 to \$5,791 million in 1976, although profits dropped to \$260 million before taxes or 4.49 percent of sales. This decline reflects the effect on operations of a 4-month strike. In 1977, profits increased substantially to \$388 million before taxes on sales of \$6,628 million (5.86 percent of sales). Goodyear's financial experience is presented in the following tables.

Operations of the Goodyear Tire & Rubber Company on bicycle tires and tubes.--Goodyear's bicycle tire and tube operations did not constitute a significant portion of the company's overall production from 1973 to 1977. Sales of bicycle tires and tubes comprised only \* \* \* percent of overall sales in 1973, \* \* \* percent in 1974, and declined to less than \* \* \* thereafter. The company ceased production of bicycle tires and tubes in 1976.

Goodyear experienced \* \* \* in 3 of the 4 years in which it continued bicycle tire and tube operations. \* \* \*

Goodyear Tire & Rubber Co.: Selected financial data on Goodyear Tire & Rubber Co.'s overall operations and operations on bicycle tire and tubes, 1973-77 and January-March 1978

Item	Net sales	Cost of goods sold 1/	Net earnings before taxes	Ratio of net earnings before taxes to net sales
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>Percent</u>
All operations of firm:				
1973 2/-----	4,675,265	3,498,255	340,228	7.28
1974 3/-----	5,256,247	4,015,682	284,246	5.41
1975 4/-----	5,452,473	4,204,243	316,866	5.81
1976 5/-----	5,791,494	4,539,447	260,253	4.49
1977-----	6,627,818	4,931,002	388,348	5.86
1978 (January-March)-----	1,660,300	1,254,700	64,700	3.90
Bicycle tires and tubes: 6/				
1973-----	***	***	***	***
1974-----	***	***	***	***
1975-----	***	***	***	***
1976-----	***	***	***	***

1/ Includes general selling and administrative expenses and is adjusted for other income (expense) net.

2/ 1973 earnings have been restated to reflect a Financial Accounting Standards Board ruling that research and development expenditures be excluded as a cost element for pricing inventories. Had these expenditures been included, 1973 net income after taxes would have been \$184.02 million (3.9 percent of sales) instead \$184.76 million (4.0 percent of sales).

3/ In 1974, Goodyear Tire & Rubber Company changed from the average cost method of inventory valuation to the last-in-first-out (LIFO) method for a sizable portion of its inventories (about 47 percent of its consolidated inventories). Had the earlier method been continued in 1974, net income after taxes would have been \$200.15 million (3.8 percent of sales) instead of \$144.36 million (2.7 percent of sales). In addition, earnings have been restated to reflect the ruling of FASB Statement No. 8 (1975) that foreign currency gains and losses on long term debt be included as current income or expense rather than annualized over the terms of the debt. Had prior procedures been used, 1974 net income would have been 157.46 million (3.0 percent of sales). The earnings reported for 1974 above reflect these changes in accounting procedures.

4/ Earnings have been restated to reflect the changes in accounting procedures with regard to foreign currency translations as mandated by FASB Statement No. 8. Had earlier methods been used, 1975 net income would have been \$160.50 million (2.9 percent of sales) instead of \$161.61 million (3.0 percent of sales).

5/ Earnings reflect the effect of a 4-month strike.

6/ Data pertaining to Goodyear's operations on bicycle tires and tubes for 1977 and January-March 1978 are not available, because Goodyear ceased production of these products in 1976.

Source: Compiled from annual report data of Goodyear Tire & Rubber Co. as reported in Moody's Industrial Manual, 1977 and data submitted in response to questionnaires of the U.S. International Trade Commission.

Goodyear Tire & Rubber Co.: Net profit, book value, original cost, and replacement cost employed in the production of bicycle tires and tubes, 1973-77 and January-March 1978

Period	Net profit or (loss)	Value of net assets employed in bicycle tire and tube operations				Ratio of net profit or (loss) assets employed in bicycle tire and tube operations		
		Book value	Original cost	Replacement cost		Book value	Original cost	Replacement cost
		: 1,000 : : dollars :	: 1,000 : : dollars :	: 1,000 : : dollars :	: 1,000 : : dollars :	: Percent :	: Percent :	: Percent :
1973-----	***	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***	***

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

Note.--Data pertaining to Goodyear's financial experience in 1977 and January-March 1978 are not available, since Goodyear ceased production of these products in 1976.



Goodyear Tire & Rubber Co.: Selected financial cost data for operations on  
bicycle tires and tubes, 1973-77 1/

Period	Raw materials	Direct cost	Other direct factory costs	Direct cost of goods sold	Administrative expenses	Selling expenses	Total
Value (1,000 dollars)							
1973-----	***	***	***	***	***	***	***
1974-----	***	***	***	***	***	***	***
1975-----	***	***	***	***	***	***	***
1976-----	***	***	***	***	***	***	***
Percentage distribution of major costs of production							
1973-----	***	***	***	***	***	***	100.0
1974-----	***	***	***	***	***	***	100.0
1975-----	***	***	***	***	***	***	100.0
1976-----	***	***	***	***	***	***	100.0

1/ Data pertaining to Goodyear's financial operations on bicycle tires and tubes in 1977 are not available because Goodyear ceased production of these products in 1976.

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

It is not clear when Goodyear made the decision to cease its production of bicycle tires and tubes. As indicated above, such tires and tubes constituted an insignificant portion of the company's overall sales in 1973 and 1974, and this share dropped even more beginning in 1975. Goodyear was using rather old equipment to manufacture bicycle tires and tubes. The book value of this equipment was less than \* \* \* percent of its original cost. In addition, (see table on page A-51), the company's capital and research and development expenditures dropped off in 1975 to \* \* \* from their 1974 level of \* \* \*. However, the latter represented a sizable increase over 1973 R. & D. expenditures of only \* \* \*.

#### Cost of manufacturing bicycle tires and tubes

The Commission obtained specific data from Carlisle Tire & Rubber Co. and Goodyear Tire & Rubber Co. regarding the cost of producing two types of bicycle tires and two types of bicycle tubes during 1973-77. As shown in the following tables on pages A-52 through A-55, Carlisle's cost of direct factory labor in the manufacture of bicycle tires remained relatively constant after 1973, despite rapidly increasing prices and costs in other areas of the economy. The direct factory labor expense has generally declined as a proportion of the overall cost of producing bicycle tires and tubes--from about \* \* \* percent in 1973 to about \* \* \* percent in 1977, but in the manufacture of tubes, it has increased only slightly from about \* \* \* percent of the total in 1973 to \* \* \* percent in 1977 (see table on p. A-54 ). The labor component of the cost of producing bicycle tires increased by \* \* \* percent during 1973-77, and the labor component of the cost of producing bicycle tubes increased by

Goodyear Tire & Rubber Co.: Capital expenditures for facilities used primarily in the production of bicycle tires and tubes and research and development expenditures incurred in operations on bicycle tires and tubes, 1973-76 1/

(In thousands of dollars)

Item	1973	1974	1975	1976
Capital expenditures:				
New machinery, equipment, and fixtures-----	***	***	***	***
Total-----	***	***	***	***
Research and development expenditures:				
On bicycle tires-----	***	***	***	***
On bicycle tubes-----	***	***	***	***
Total-----	***	***	***	***
Total--Capital and research and development expenditures-----	***	***	***	***

1/ Data pertaining to Goodyear expenditures are not available for 1977, January-March 1977, and January-March 1978, because Goodyear ceased production of bicycle tires and tubes in 1976.

Source: Compiled from Goodyear's responses to the questionnaire of the U.S. International Trade Commission.

Note.--\* \* \*.

Bicycle tires and tubes: Carlisle Tire and Rubber Co.'s cost to manufacture selected items, by types of expenses, and selling prices, 1973-77

(In cents per tire or tube)

Commodity and type of expense	1973	1974	1975	1976	1977
Tires having blackwalls and rib-type treads:					
20 inches in diameter and 1.75 inches in cross-sectional measurement:					
Direct factory labor-----	***	***	***	***	***
Material:					
Rubber and chemicals-----	***	***	***	***	***
Fabric-----	***	***	***	***	***
Metal bead-----	***	***	***	***	***
Total material expense-----	***	***	***	***	***
Total, labor and material-----	***	***	***	***	***
Direct (variable) overhead costs----	***	***	***	***	***
Indirect (fixed) overhead costs----	***	***	***	***	***
Total, all costs-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***
26 inches in diameter and 1.75 inches in cross-sectional measurement:					
Direct factory labor-----	***	***	***	***	***
Material:					
Rubber and chemicals-----	***	***	***	***	***
Fabric-----	***	***	***	***	***
Metal bead-----	***	***	***	***	***
Total material expense-----	***	***	***	***	***
Total, materials and labor-----	***	***	***	***	***
Direct (variable) overhead costs----	***	***	***	***	***
Indirect (fixed) overhead costs----	***	***	***	***	***
Total, all costs-----	***	***	***	***	***
Average unit selling price-----	***	***	***	***	***

Bicycle tires and tubes: Carlisle Tire and Rubber Co.'s cost to manufacture selected items, by types of expenses, and selling prices, 1973-77-Continued

(In cents per tire or tube)

Commodity and type of expense	1973	1974	1975	1976	1977
Tubes, regular:					
20 inches in diameter and 1.75 inches					
in cross-sectional measurement:					
Direct factory labor-----	***	***	***	***	***
Material:					
Rubber and chemicals-----	***	***	***	***	***
Valve-----	***	***	***	***	***
Other-----	***	***	***	***	***
Total material expense-----	***	***	***	***	***
Total labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs-----	***	***	***	***	***
Indirect (fixed) overhead costs-----	***	***	***	***	***
Total, all costs-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***
26 inches in diameter and 1.375 inches:					
in cross-sectional measurements:					
Direct factory labor-----	***	***	***	***	***
Material:					
Rubber and chemicals-----	***	***	***	***	***
Valve-----	***	***	***	***	***
Other-----	***	***	***	***	***
Total material expense-----	***	***	***	***	***
Total labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs-----	***	***	***	***	***
Indirect (fixed) overhead costs-----	***	***	***	***	***
Total, all costs-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***

Source: Compiled from data submitted by Carlisle Tire and Rubber Company in response to questionnaires of the U.S. International Trade Commission.

Bicycle tires and tubes: Percentage distribution of Carlisle Tire & Rubber Co.'s costs to manufacture selected items, 1973-77

(In percent)

Commodity and type of expense	1973	1974	1975	1976	1977
Tires having blackwalls and rib-type treads:					
20 inches in diameter and 1.75 inches in cross-sectional measurement:					
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs----	***	***	***	***	***
Indirect (fixed) overhead costs----	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0
26 inches in diameter and 1.75 inches in cross-sectional measurement:					
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs----	***	***	***	***	***
Indirect (fixed) overhead costs----	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0
Tubes, regular:					
20 inches in diameter and 1.75 inches in cross-sectional measurement:					
Direct factory labors-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs----	***	***	***	***	***
Indirect (fixed) overhead costs----	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0
26 inches in diameter and 1.375 inches in cross-sectional measurement:					
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs----	***	***	***	***	***
Indirect (fixed) overhead costs----	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted by Carlisle Tire and Rubber Company in response to questionnaires of the U.S. International Trade Commission.

Bicycle tires and tubes: Annual percentage change in Carlisle Tire & Rubber Co.'s costs to manufacture selected items and its selling prices, 1973-77

(In percent)

Commodity and types of expenses	: 1974	: 1974	: 1975	: 1976	: 1973
	: from	: from	: from	: from	: from
	: 1973	: 1975	: 1976	: 1977	: 1977
Tires having blackwalls and rib-type treads:	:	:	:	:	:
20 inches in diameter and 1.75 inches in cross-sectional measurement:	:	:	:	:	:
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs---	***	***	***	***	***
Indirect (fixed) overhead costs---	***	***	***	***	***
Total-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***
26 inches in diameter and 1.75 inches in cross-sectional measurement:	:	:	:	:	:
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs---	***	***	***	***	***
Indirect (fixed) overhead costs---	***	***	***	***	***
Total-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***
Tubes, regular:	:	:	:	:	:
20 inches in diameter and 1.75 inches in cross-sectional measurement:	:	:	:	:	:
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs---	***	***	***	***	***
Indirect (fixed) overhead costs---	***	***	***	***	***
Total-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***
26 inches in diameter and 1.75 inches in cross-sectional measurement:	:	:	:	:	:
Direct factory labor-----	***	***	***	***	***
Materials-----	***	***	***	***	***
Total, labor and materials-----	***	***	***	***	***
Direct (variable) overhead costs---	***	***	***	***	***
Indirect (fixed) overhead costs---	***	***	***	***	***
Total-----	***	***	***	***	***
Average selling price-----	***	***	***	***	***

Source: Compiled from data submitted by Carlisle Tire & Rubber Co. in response to questionnaires of the U.S. International Trade Commission.

over \* \* \* percent during the same period. The difference between the increase in labor costs for tires as compared with the cost for tubes may be due to problems in allocating labor to each function for the purpose of the Commission's questionnaire. The cost of materials for the production of tires increased about \* \* \* percent, and for tubes the increase amounted to about \* \* \* percent during 1973-77. Overall, the cost of producing bicycle tires increased about \* \* \* percent between 1973 and 1977, but the cost of producing bicycle tubes increased more than \* \* \* percent. During 1973-76, the average unit value of shipments of the types of tires and tubes covered by the cost information increased considerably more slowly than did the costs of production, as shown in the table on pages A-55.

Data received from Goodyear indicate that Goodyear's cost of production in nearly all areas was considerably higher than that of Carlisle and, in the last 2 years that Goodyear produced and sold bicycle tires and tubes, the cost was much higher than the selling price. Data on Goodyear's cost of manufacturing bicycle tires and tubes are shown in the tables on pages A-57 through A-59.

The Commission also received cost of production data for two Korean producers of bicycle tires and tubes, Dae Yung and Hung A. \* \* \*. As shown in the table on page A-60, the overall costs of producing bicycle tires and tubes in Korea in 1977 were as much as \* \* \* percent \* \* \* the costs of Carlisle. \* \* \*. No information about the costs of production in Taiwan has yet been obtained by the Commission.

#### Price trends

The Commission attempted to analyze pricing data for tires, tubes, and sets using three approaches. In the first approach, an analysis was done of the average unit value of shipments of specific U.S.-made and imported bicycle tires, tubes, and sets (see the tables on pages A-61 through A-63). The second approach involves a determination of the f.o.b. prices received by domestic producers and importers and the lowest net delivered cost to customers for certain tires, tubes, and sets (tables 2 through 13). The third approach involves a comparison of the lowest net delivered price to U.S. customers by Carlisle and the median lowest price to U.S. customers by importers (tables 14 through 21). The findings of these three approaches are that U.S.-made tires, tubes, and sets were generally higher in price than comparable imported products sold in the U.S. marketplace. There were, however, certain exceptions that reversed this relationship.

As shown in the table on page A-61, prices of U.S.-made 20- and 26-inch blackwalled tires were almost always higher than those of imported tires with the same specifications. However, an examination of the 27-inch gumwalled tire shows that the price of the imported tire was actually higher in the first quarters of 1977 and 1978, than those of the corresponding U.S.-made product.



Bicycle tires and tubes: Goodyear Tire & Rubber Co. cost to manufacture  
selected items, by types of expenses and selling prices, 1973-76

(In cents per tire or tube)

Commodity and type of expense	1973	1974	1975	1976
Tires having blackwalls and rib-type threads:				
20 inches in diameter and 1.75 inches in cross-sectional measurement:				
Direct factory labor-----	***	***	***	***
Material:				
Rubber and chemicals-----	***	***	***	***
Fabric-----	***	***	***	***
Metal bead-----	***	***	***	***
Total material expense-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total, all costs-----	***	***	***	***
Average selling price-----	***	***	***	***
26 inches in diameter and 1.375 inches in cross-sectional measurement:				
Direct factory labor-----	***	***	***	***
Material:				
Rubber and chemicals-----	***	***	***	***
Fabric-----	***	***	***	***
Metal bead-----	***	***	***	***
Total material expense-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total, all costs-----	***	***	***	***
Average unit selling price-----	***	***	***	***

See footnote at end of table.

Bicycle tires and tubes: Goodyear Tire & Rubber Co. cost to manufacture selected items, by types of expenses and selling prices, 1973-76--Continued

(In cents per tire or tube)

Commodity and type of expense	1973	1974	1975	1976
Tubes, regular:				
20 inches in diameter and 1.75 inches in cross-sectional measurement:				
Direct factory labor-----	***	***	***	***
Material:				
Rubber and chemicals-----	***	***	***	***
Valve-----	***	***	***	***
Total material expense-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total, all costs-----	***	***	***	***
Average selling price-----	***	***	***	***
26 inches in diameter and 1.375 inches in cross-sectional measurement:				
Direct factory labor-----	***	***	***	***
Material:				
Rubber and chemicals-----	***	***	***	***
Valve-----	***	***	***	***
Total material expense-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total, all costs-----	***	***	***	***
Average selling price-----	***	***	***	***

1/ Not available.

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

Bicycle tires and tubes: Percentage distribution of Goodyear Tire & Rubber Co.'s costs to manufacture selected items, 1973-76

(In percent)

Commodity and type of expense	1973	1974	1975	1976
Tires having blackwalls and rib-type threads:				
20 inches in diameter and 1.75 inches in cross-sectional measurement:				
Direct factory labor-----	***	***	***	***
Materials-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total-----	100.0	***	***	***
26 inches in diameter and 1.75 inches in cross-sectional measurement:				
Direct factory labor-----	**8	***	***	***
Materials-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total-----	100.0	100.0	100.0	100.0
Tubes, regular: 2/				
20 inches in diameter and 1.75 inches in cross-sectional measurement:				
Direct factory labor-----	***	***	***	***
Materials-----	***	***	***	***
Total, labor and materials-----	***	***	***	***
Direct and (indirect) overhead costs-----	***	***	***	***
Total-----	100.0	100.0	100.0	100.0

1/ Not available.

2/ Data not available for regular tubes, 26 inches in diameter and 1.375 inches in cross-sectional measurement.

Source: Compiled from data submitted by Goodyear Tire and Rubber Co. in response to questionnaires of the U.S. International Trade Commission.

Bicycle tires and tubes: Cost to manufacture selected items, by types of expenses and by selected firms, 1977

Commodity and type of expense	Actual cost				Percentage distribution of costs			
	Carlisle (U.S.)	Goodyear (U.S.)	Dae Yung (Korea)	Hung A (Korea)	Carlisle (U.S.)	Goodyear (U.S.)	Dae Yung (Korea)	Hung A (Korea)
	Cents per unit	Cents per unit	Cents per unit	Cents per unit	Percent	Percent	Percent	Percent
Tires having blackwalls and rib- type treads:								
20 inches in diameter and 1.75 inches in cross-sectional measurement:								
Direct factory labor-----	*** : 1/	*** :	*** :	*** :	*** : 1/	*** :	*** :	*** :
Materials-----	*** : 1/	*** :	*** :	*** :	*** : 1/	*** :	*** :	*** :
Total, labor and materials--	*** : 1/	*** :	*** :	*** :	*** : 1/	*** :	*** :	*** :
Overhead costs-----	*** : 1/	*** :	*** :	*** :	*** : 1/	*** :	*** :	*** :
Total-----	*** : 1/	*** :	*** :	*** :	*** : 1/	*** :	*** :	*** :
26 inches in diameter and 1.75 inches in cross-sectional measurement:								
Direct factory labor-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Materials-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Total, labor and materials--	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Overhead costs-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Total-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Tubes, regular:								
20 inches in diameter and 1.75 inches in cross-sectional measurement:								
Direct factory labor-----	*** : 3/	*** :	*** :	*** :	*** : 3/	*** :	*** :	*** :
Materials-----	*** : 3/	*** :	*** :	*** :	*** : 3/	*** :	*** :	*** :
Total, labor and materials--	*** : 3/	*** :	*** :	*** :	*** : 3/	*** :	*** :	*** :
Overhead costs-----	*** : 3/	*** :	*** :	*** :	*** : 3/	*** :	*** :	*** :
Total-----	*** : 3/	*** :	*** :	*** :	*** : 3/	*** :	*** :	*** :
26 inches in diameter and 1.75 inches in cross-sectional measurement:								
Direct factory labor-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Materials-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Total, labor and materials--	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Overhead costs-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :
Total-----	*** : 2/	*** :	*** :	*** :	*** : 2/	*** :	*** :	*** :

1/ Based on costs in 1973, the most recent year available.

2/ Based on costs in 1976, the most recent year available.

3/ Based on costs in 1975, the most recent year available.

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

Selected bicycle tires: Average unit values of U.S. shipments of U.S.-produced and imported articles, by types, 1973-77, January-March 1977, and January-March 1978

(Per tire)								
Item	1973	1974	1975	1976	1977	Jan.-Mar.--		
						1977	1978	
20-inch moto-cross:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	\$1.733	2.053	2.298	1.946	2.038	1.770	2.089	
Imports having the								
lowest reported								
unit value-----	1.733	2.053	2.036	1.407	1.395	1.393	1.600	
20-inch blackwall,								
stud-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.289	1.355	1.675	1.641	1.691	1.686	1.614	
Imports having the								
lowest reported								
unit value-----	1.125	1.321	1.226	.954	1.500	1.500	1.000	
20-inch blackwall,								
rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	.937	1.285	1.283	1.197	1.328	1.310	1.194	
Imports having the								
lowest reported								
unit value-----	.794	1.067	1.091	.973	1.012	.998	.990	
26-inch blackwall								
rib-type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.150	1.204	1.405	1.283	1.468	1.272	1.428	
Imports having the								
lowest reported								
unit value-----	.886	.875	1.257	.541	1.000	1.012	1.039	
27-inch gumwall, rib-								
type:								
Carlisle-----	***	***	***	***	***	***	***	***
All imports-----	1.567	1.543	2.128	2.065	2.230	3.157	2.144	
Imports having the								
lowest reported								
unit value-----	1.308	1.133	1.385	1.133	1.219	1.209	1.000	

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

Selected bicycle tubes: Average unit values of U.S. shipments of U.S.-produced and imported articles, by types, 1973-77, January-March 1977, and January-March 1978

(Per tube)							
Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
20-inch regular:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	.591	.710	.779	.765	.780	.771	.780
Imports having the							
lowest reported							
unit value-----	.551	.657	.600	.579	.594	.599	.585
20-inch heavy-duty:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	1.463	1.343	1.672	1.696	1.622	1.542	1.622
Imports having the							
lowest reported							
unit value-----	1.125	1.321	1.463	1.195	1.297	1.052	1.164
26-inch regular:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	.674	.721	.772	.755	.756	.765	.775
Imports having the							
lowest reported							
unit value-----	.571	.690	.652	.588	.609	.612	.615
27-inch regular:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	.675	.759	.804	.749	.819	.751	.779
Imports having the							
lowest reported							
unit value-----	.523	.680	.613	.587	.601	.607	.607

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

Selected bicycle tire and tube sets: Average unit values of U.S. shipments of U.S.-produced and imported articles, by types, 1973-77, January-March 1977, and January-March 1978

(Per set)							
Item	1973	1974	1975	1976	1977	Jan.-Mar.--	
						1977	1978
20-inch moto-crosse:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	2.060	2.250	2.515	2.408	2.329	2.323	3.500
Imports having the lowest reported unit value-----	2.060	2.250	2.429	2.384	1.300	1.300	3.500
20-inch blackwall, stud-type:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	2.000	1.730	2.247	2.167	1.793	1.761	1.680
Imports having the lowest reported unit value-----	2.000	1.618	2.020	2.070	1.793	1.761	1.680
20-inch blackwall rib-type:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	1.373	1.650	1.806	1.760	1.284	1.620	1.659
Imports having the lowest reported unit value-----	1.370	1.466	1.585	1.609	1.256	1.616	1.659
26-inch blackwall rib-type:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	1.855	1.783	1.863	1.803	1.697	1.703	1.735
Imports having the lowest reported unit value-----	1.531	1.627	1.639	1.689	1.695	1.697	1.700
27-inch gumwall, rib-type:							
Carlisle-----	***	***	***	***	***	***	***
All imports-----	2.115	2.590	2.571	2.718	2.489	2.288	2.347
Imports having the lowest reported unit value-----	2.113	1.708	1.851	1.893	1.916	1.917	1.950

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

Specifically, during the period January 1973-March 1977, the unit value of the imported moto-cross tire was \* \* \* percent below the unit value of the domestic product. For 20-inch blackwalled tires with stud-type treads, the corresponding ratio of underselling was \* \* \* percent; for 20-inch blackwalls with rib-type treads, \* \* \* percent; and for 26-inch blackwalls with rib-type treads, and 26-inch gumwalls with rib-type treads, \* \* \* percent.

This pattern is generally repeated for tubes. U.S.-made 20-, 26-, and 27-inch regular tubes are higher in price than the imported products with the same specifications. As shown in the table on page A-62, the exception to this trend is the 20-inch heavy-duty tube for which the imported product is shipped at a higher price than the corresponding U.S.-made tube. Specifically, the imported regular tubes undersold the domestic product by \* \* \* to \* \* \* percent during January 1973-March 1977, and the imported 20-inch heavy-duty tubes were higher in value than the domestic products by \* \* \* percent. The table on page A-63 shows that there is considerable variance in the price of shipments of U.S.-made sets versus imported sets. Imported sets having 20-inch blackwalled tires with stud-type treads were valued at less than the corresponding domestic product, and the imported sets having 26-inch blackwalled tires with rib-type treads were valued at \* \* \* percent lower per unit than the U.S. product. The unit values for shipments of sets for wheels having 20-inch moto-cross tires, 20-inch blackwalled tires with rib-type treads, and the 27-inch gumwalled tires vacillate considerably with prices of U.S.-made sets; higher than imports in some years and lower in others. During January 1973-March 1977, however, imported moto-cross sets were valued \* \* \* percent lower than the domestic product and the imported sets having tires 20 inches in diameter, blackwalls, and rib-type treads were \* \* \* percent below the U.S. product. Only the imported 27-inch gumwalled was higher in value than the U.S. product; the price difference in that instance was \* \* \* percent.

As tables 2 through 13 indicate, the lowest net delivered prices of U.S.-made bicycle tires, tubes, and sets were higher than the corresponding imported products. Tables 14 through 21 also indicate significant underselling by most median low priced imported tires and tubes when compared with Carlisle's lowest prices for corresponding products. For a few imported tires and tubes, however, such as 20-inch blackwalls, 1.75 inches in cross-sectional measurement having rib-type treads, 20-inch moto-cross tires and 20-inch heavy-duty tubes, the imports were generally higher in price than the domestic product.

#### Efforts of U.S. producers to compete with imports

The domestic industry was asked to describe its recent efforts to compete more effectively with imports in the U.S. market. Firms reported that they had done the following: (1) conducted extensive research and development work, (2) introduced the latest state-of-the art mass assembly techniques such as centrifugal-molding and injection-molding of tires, (3) investigated new materials normally not used in the production of bicycle tires such as polyurethane and polyethylene, (4) reviewed and improved bicycle tire design,



(5) engineered the product to meet service requirements of customers, (6) developed lower cost methods of production, and (7) reduced costs of packaging (see app. E).

#### Lost sales

Carlisle Tire & Rubber Co. allegedly lost sales to \* \* \* firms. The Commission staff learned that of these \* \* \* firms, \* \* \* reported having increased purchases of imported bicycle tires and tubes while decreasing purchases of the domestic product. Reasons given by officials of these firms always included price considerations. \* \* \* of these \* \* \* firms added that other reasons had contributed to the switch and that these reasons were at least as important as price. These considerations were: Carlisle's inability to meet their delivery schedules; Carlisle's capacity limitation leading to an inability to ship the quantities required; and/or Carlisle's failure to offer the newest and most popular designs in tires. Of the remaining \* \* \* firms that were contacted, \* \* \* firms indicated that they were unable to recall any particular instance when they purchased imported bicycle tires and tubes in lieu of the domestic product. \* \* \*.

#### The Question of Imports as a Substantial Cause of Serious Injury

The petitioner claims that the alleged increased imports are a substantial cause of the serious injury which the industry is suffering, and the threat of additional serious injury. Section 201(b)(4) of the Trade Act of 1974 defines the term "substantial cause" to be a cause which is important and not less than any other cause. Section 201(b)(2) of the Trade Act further states that, in determining whether increased imports are a substantial cause of injury, the Commission should consider all relevant economic factors, including, 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 the domestic producers. This section sets forth and analyzes various possible causes of any injury or threat thereof.

#### Apparent consumption and market penetration

In 1973, the apparent consumption of bicycle tires and tubes reached a high point of \* \* \* bicycle tires and tubes, followed by a sharp decline to \* \* \* units in 1975, as shown in the following tabulation:

Apparent  
consumption  
(1,000 units)

1973-----	***
1974-----	***
1975-----	***
1976-----	***
1977-----	***
January-March--	
1977-----	***
1978-----	***

Apparent consumption increased to \* \* \* units in 1976 and 60,386 units in 1977, and was followed by another increase (\* \* \* percent) in the first quarter of 1978 compared with the corresponding period of 1977. For a separate breakout of apparent consumption of bicycle tires and bicycle tubes, see table on page A-25.

The ratio of imports to apparent domestic consumption was lowest in 1975 when the amounts of domestic shipments and imports were at their lowest levels. The import penetration ratio increased from \* \* \* percent in 1975 to \* \* \* percent in 1976 and then increased further to \* \* \* percent in 1977. A \* \* \* percent increase followed in January-March 1978, when compared with the corresponding period of 1977, as seen in the following table.

Bicycle tires and tubes: Ratios of imports to production and apparent consumption, 1973-77, January-March 1977, and January-March 1978

(In percent)

Period	Ratio of imports to--	
	Production	consumption
1973-----	***	***
1974-----	***	***
1975-----	***	***
1976-----	***	***
1977-----	***	***
January-March--		
1977-----	***	***
1978-----	***	***

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

Allegations were made during the course of the investigation by opponents to the petition that increased imports were at least as important as any other cause for any injury that may have been experienced by the domestic bicycle tire and tube industry. Counsel for the opposition to the petition alleged that certain other factors were not more important than imports in causing serious injury to the domestic industry. Among these causes were alleged poor management decision by Carlisle and Carlisle's alleged poor customer service.

Allegations that Carlisle depended too heavily on sales to Schwinn Bicycle Co.--Counsel for the opposition to the petition alleged that any injury suffered by Carlisle is due in large part to declining sales to Schwinn Bicycle Co., Carlisle's largest customer. Information available to the Commission indicates that, despite a sharp drop in sales to Schwinn in 1975, accounted for by a sharp drop in Schwinn's production in that year, Carlisle's sales to Schwinn have recovered to about \* \* \* percent below the 1974 level, while Schwinn's bicycle production remains \* \* \* percent below the 1974 level. Slightly more than \* \* \* of the 1975-77 increase in sales to Schwinn were accounted for by sales to Schwinn's replacement market. Carlisle's sales to Schwinn during January-March 1978 were \* \* \* percent higher than during January-March 1977, while Schwinn's bicycle production is up by \* \* \* percent (see following table).

Bicycle tires and tubes: Schwinn Bicycle Co. purchases of bicycle tires and tubes produced by Carlisle Tire & Rubber Co., 1973-77, January-March 1977, and January-March 1978

Period	: Carlisle's sales to Schwinn's replacement market:	: Carlisle's sales: to Schwinn's OEM market	: Total Carlisle's sales to Schwinn:	: Schwinn's production of bicycles
				<u>Units</u>
1973-----:	*** :	*** :	*** :	***
1974-----:	*** :	*** :	*** :	***
1975-----:	*** :	*** :	*** :	***
1976-----:	*** :	*** :	*** :	***
1977-----:	*** :	*** :	*** :	***
Jan.-Mar.: :	:	:	:	:
1977-----:	*** :	1/ *** :	*** :	***
1978-----:	*** :	1/ *** :	*** :	***
:	:	:	:	:

1/ Data represents period of January-June 1977 and January-June 1978.

Source: Compiled from data supplied to the U.S. International Trade Commission by Schwinn Bicycle Co.

Allegations that Carlisle failed to solicit new accounts.--Allegations were made that Carlisle failed to solicit new accounts and the firm failed to be represented at trade shows. Confidential information submitted by the petitioner indicates that, in fact, Carlisle has participated in numerous local and national trade shows. \* \* \*

Allegations that Carlisle failed to provide adequate service to its customers.--Opponents to the petition alleged that any possible injury suffered by the petitioner is caused by inadequate service provided by the petitioner. They allege poor delivery service, and an inadequate supply of separate molds for each model of each size of tire for each purchaser.

In responding to the allegations of poor service, Carlisle states that the firm alleging poor service from Carlisle (Tr. p. 169) \* \* \*. Counsel for Carlisle argues that, in fact, this firm received \* \* \* percent of its spot orders without delay (post hearing brief, Carlisle, p. 78). Carlisle also contended that it keeps on hand at least as many tire molds as one of its major foreign competitors, Dae Yung. In 1977, Carlisle had on hand \*\*\* molds while Dae Yung had on hand only \* \* \* molds.

Allegations concerning Carlisle's over expansion of capacity.--Carlisle completed the final stage of its plant expansion and consolidation in September 1975 in the midst of the economic recession. At that time, Carlisle was confronted by a dramatic decline in total U.S. consumption of bicycle tires and tubes and a significant increase in automated plant capacity, which allegedly caused Carlisle's underutilization of capacity. Testimony at the Commission's hearing revealed that one of the reasons Carlisle expanded its capacity was to produce reflective tires, believing that such tires would be mandated equipment on all bicycles.

In Carlisle's response to the Commission's questionnaire, \* \* \*. This Federal regulation also permitted the alternative of high quality reflective devices on bicycle wheels in lieu of reflective bicycle tires. Unfortunately all of the bicycle manufacturers elected to use the reflector (which fastens to the wheel of a bicycle) instead of the reflective tire. Thus, that regulation essentially nullified all of Carlisle's efforts in the development of this tire.

Allegations that Carlisle's bicycle tires and tubes are not price competitive

Allegations have been made that Carlisle's prices for bicycle tires and tubes are too high to compete successfully in the U.S. marketplace. One leading mass merchandiser, \* \* \*, reported that Carlisle uses \* \* \* to \* \* \* percent more raw material in its production of bicycle tires than the comparable Taiwanese or Korean tire. According to officials at \* \* \*, this over specification is not perceived by the consumer and does not justify a higher retail price.

APPENDIX A

UNITED STATES INTERNATIONAL TRADE COMMISSION  
NOTICE OF INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

## BICYCLE TIRES AND TUBES

[TA-201-33]

## Notice of Investigation and Hearing


Investigation instituted. . Following receipt of a petition on March 2, 1978, filed on behalf of Carlisle Tire and Rubber Co., Division of Carlisle Corp., Carlisle, Pa., the United States International Trade Commission on March 16, 1978, instituted an investigation under section 201(b) of the Trade Act of 1974 to determine whether pneumatic bicycle tires, provided for in item 772.48 of the Tariff Schedules of the United States (TSUS), or tubes for bicycle tires, provided for in TSUS item 772.57, 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.

Public hearing ordered. A public hearing in connection with this investigation will be held in Washington, D.C., at 9:30 a.m., E.D.T., on Tuesday, June 6, 1978, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. Requests for appearances at the hearing should be received in writing by the Secretary of the Commission at his office in Washington not later than noon, Wednesday, May 31, 1978.

There will be a prehearing conference in connection with this investigation which will be held in Washington, D.C., at 9:30 a.m., E.D.T., on Wednesday, May 31, 1978, in Room 117, U.S. International Trade Commission Building, 701 E Street, NW.

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, and at the New York City Office of the U.S. International Trade Commission, located at 6 World Trade Center.

By order of the Commission:



Kenneth R. Mason  
Secretary

Issued: March 17, 1978

11872

## NOTICES

These petitions are being considered under the authority of section 201(g) of the Act and 39 CFR 700.12 of the rules and regulations of the Office of Surface Mining Reclamation and Enforcement.

It should also be understood, however, that the opportunity to submit and comment on petitions does not affect or defer the finality of the rules or their amendments during the petitioning process.

Comments should include relevant data for affected mines and should be addressed to the specific issues raised. At the close of the comment period, a determination will be made regarding the necessity of conducting a further investigation or holding a public hearing. However, it is anticipated that the comments will provide a sufficient basis for a final decision on these petitions, which will be made shortly after the close of the comment period.

Dated: March 20, 1978.

WALTER N. HEINE,  
Director, Office of Surface  
Mining Reclamation and En-  
forcement.

[FR Doc. 78-7787 Filed 3-21-78; 10:06 am]

[7020-02]

# INTERNATIONAL TRADE COMMISSION

(ITA-201-33)

## BICYCLE TIRES AND TUBES

### Investigation and Hearing

**Investigation instituted.** Following receipt of a petition of March 2, 1978, filed on behalf of Carlisle Tire and Rubber Co., Division of Carlisle Corp., Carlisle, Pa., the United States International Trade Commission on March 16, 1978, instituted an investigation under section 201(b) of the Trade Act of 1974 to determine whether pneumatic bicycle tires, provided for in item 772.48 of the Tariff Schedules of the United States (TSUS), or tubes for bicycle tires, provided for in TSUS item 772.57, 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.

**Public hearing ordered.** A public hearing in connection with this investigation will be held in Washington, D.C., at 9:30 a.m., e.d.t., on Tuesday, June 6, 1978, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. Requests for appearances at the hearing should be received in writing by the Secretary of the Commission at his office in Washington not later than noon, Wednesday, May 31, 1978.

There will be a prehearing conference in connection with this investigation which will be held in Washington, D.C., at 9:30 a.m., e.d.t., on Wednesday, May 31, 1978, in Room 117, U.S. International Trade Commission Building, 701 E Street, NW.

**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, and at the New York City Office of the U.S. International Trade Commission, located at 6 World Trade Center.

Issued: March 17, 1978.

By order of the Commission:

KENNETH R. MASON,  
Secretary.

[FR Doc. 78-7589 Filed 3-21-78; 8:45 am]

[7020-02]

(Investigation No. 337-TA-45)

## CERTAIN COMBINATION LOCKS

### Continuance of Preliminary Conference

Notice is hereby given that the Preliminary Conference in this matter previously scheduled for March 14, 1978 is continued until March 30, 1978 at 10 a.m., in the ALJ Hearing Room, Room 610, Bicentennial Building, 600 E Street NW., Washington, D.C. Notice of this Preliminary Conference was first made in the Notice of Consolidated Preliminary Conference issued March 3, 1978 and published in the FEDERAL REGISTER at 43 FR 9541. The purpose of this preliminary conference is to establish a discovery schedule, to discuss the procedures to be followed in pursuing such discovery, to set the dates for the Prehearing Conference and Temporary Relief Hearing, and to resolve any other matters necessary to the conduct of this investigation.

If any questions should arise not covered by these instructions, the parties or their counsel shall call the chambers of the undersigned Presiding Officer.

The Secretary shall serve a copy of this notice upon parties of record and shall publish this notice in the FEDERAL REGISTER.

Issued: March 17, 1978.

JUDGE DONALD K. DUVALL,  
Presiding Officer.

[FR Doc. 78-7587 Filed 3-21-78; 8:45 am]

[7020-02]

(337-TA-35)

## CERTAIN MOLDED GOLF BALLS

### Notice and Order Concerning Procedure for Commission Action

Notice is hereby given that on February 10, 1978, the Presiding Officer in

investigation No. 337-TA-35 (Certain Molded Golf Balls), an investigation being conducted by the United States International Trade Commission under the authority of section 337 of the Tariff Act of 1930, issued his recommended determination that:

1. The Commission determine that there is a violation of section 337 in the importation or sale in the United States of certain molded golf balls meeting the claims of U.S. Letters Patent 3,313,545; and, further

2. The Commission grant complainant's and the investigative staff's motion for summary determination (Motion Docket No. 35-3) under Commission rule 210.50 on all issues; and, further

3. The Commission dismiss certain enumerated respondents in the investigation for the reason that they have not been shown to be involved in the manufacture, importation or sale of infringing products.

An addendum to the recommended determination removing certain respondents, who had inadvertently been included with other enumerated respondents not shown to be involved in the manufacture, importation or sale of molded golf balls in violation of section 337, was issued by the Presiding Officer on February 23, 1978. The Presiding Officer has certified the evidentiary record to the Commission for its consideration. Copies of the Presiding Officer's recommended determination and the addendum to the recommended determination may be obtained by interested persons by contacting the Office of the Secretary to the Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0161.

**Requests for oral argument and oral presentation.** At present, no oral argument is planned with respect to the recommended determination of the presiding officer concerning whether, in this matter, there is a violation of section 337 of the Tariff Act of 1930. Similarly, no oral presentation is planned with respect to the subject matter of section 210.14(a) of the Commission's Rules of Practice and Procedure (19 CFR §210.14(a)) concerning relief, bonding and the public interest factors set forth in sections 337(d) and (f) of the Tariff Act of 1930, as amended (19 U.S.C. 1337), which the Commission is to consider in the event it determines that there should be relief. However, the Commission will consider requests for an oral argument or an oral presentation if received by the Secretary of the Commission not later than April 21, 1978.

Written submissions from the parties, other interested persons, Government agencies and departments, Governments or the public with respect to the recommended determination and



APPENDIX B  
SUPPLEMENTAL STATISTICAL TABLES

Table 1.--Bicycle tires and tubes: U.S. imports for consumption,  
1967-77, January-March 1977, and January-March 1978

Period	Bicycle tires	Bicycle tubes	Bicycle tires and tubes
	Quantity (1,000 units)		
1967-----	8,298	9,020	17,318
1968-----	11,933	13,527	25,460
1969-----	10,560	12,388	22,948
1970-----	10,612	12,844	23,456
1971-----	13,776	17,009	30,785
1972-----	24,807	27,916	52,723
1973-----	23,564	31,993	55,557
1974-----	21,258	29,263	50,521
1975-----	10,086	13,677	23,763
1976-----	17,859	26,145	44,004
1977-----	20,315	29,143	49,458
January-March--			
1977-----	4,116	6,613	10,729
1978-----	5,280	7,822	13,102
	Value (1,000 dollars)		
1967-----	5,487	2,709	8,196
1968-----	7,944	3,975	11,919
1969-----	7,002	3,747	10,749
1970-----	7,168	3,919	11,087
1971-----	9,104	5,134	14,238
1972-----	18,661	10,013	18,674
1973-----	19,787	12,872	32,659
1974-----	21,345	14,143	35,488
1975-----	11,324	6,551	17,875
1976-----	17,989	11,864	29,853
1977-----	20,962	13,571	34,533
January-March--			
1977-----	4,158	3,082	7,240
1978-----	5,303	3,578	8,881

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

Table 2.--Bicycle tires, 20 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Per tire)						
Period	Lowest f.o.b. price received by--			Lowest net delivered cost to customers purchased from--		
	Carlisle	Good- year	Import- ers	U.S. producers	Importers	
1973:						
January-March-----	***	***	\$0.76	***		\$0.76
April-June-----	***	***	.80	***		.76
July-September-----	***	***	.80	***		.76
October-December-----	***	***	.80	***		.77
1974:						
January-March-----	***	***	0.99	***		1.05
April-June-----	***	***	1.10	***		.78
July-September-----	***	***	1.10	***		.98
October-December-----	***	***	1.10	***		.98
1975:						
January-March-----	***	***	1.10	***		.90
April-June-----	***	***	1.10	***		.97
July-September-----	***	***	1.10	***		.97
October-December-----	***	***	1.10	**2		.91
1976:						
January-March-----	***	***	1.00	**9		.81
April-June-----	***	***	1.00	***		.73
July-September-----	***	***	1.00	***		.81
October-December-----	***	***	1.00	***		.83
1977:						
January-March-----	***	-	1.11	***		.83
April-June-----	***	-	1.13	***		.86
July-September-----	***	-	1.15	***		.84
October-December-----	***	-	1.15	***		.92
1978:						
January-March-----	***	-	1.17	***		.84

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

Table 3.--Bicycle tires, 20 inches in diameter, having blackwalls, stud-type treads and a cross-sectional dimension of 2.125 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

Period	(Per tire)				
	Lowest f.o.b. price received by--		Lowest net delivered cost to customers purchased from--		
	Carlisle	Good- year	Import- ers	U.S. producers	Importers
1973:					
January-March-----	***	***	\$1.32	***	\$1.15
April-June-----	***	***	1.42	***	1.15
July-September-----	***	***	1.42	***	1.69
October-December-----	***	***	1.42	***	1.15
1974:					
January-March-----	***	***	1.44	***	1.45
April-June-----	***	***	1.65	***	1.45
July-September-----	***	***	1.65	***	1.45
October-December-----	***	***	1.65	***	1.45
1975:					
January-March-----	***	***	1.65	***	1.31
April-June-----	***	***	1.65	***	1.31
July-September-----	***	***	1.65	***	1.31
October-December-----	***	***	1.65	***	1.31
1976:					
January-March-----	***	***	1.45	***	1.19
April-June-----	***	***	1.45	***	1.04
July-September-----	***	***	1.45	***	1.19
October-December-----	***	***	1.45	***	1.38
1977:					
January-March-----	***	***	1.50	***	1.36
April-June-----	***	***	1.50	***	1.38
July-September-----	***	***	1.50	***	1.38
October-December-----	***	***	1.50	***	1.35
1978:					
January-March-----	***	***	1.80	***	1.38

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

Table 4.--Bicycle tires, 20 inches in diameter, moto-cross: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January-1973-March 1978

(Per tire)						
Period	Lowest f.o.b. price received by--			Lowest net delivered cost to customers purchased from--		
	Carlisle	Good- year	Import- ers	U.S. producers	Importers	
1973:						
January-March-----	***	***	\$2.14	***		-
April-June-----	***	***	2.14	***		-
July-September-----	***	***	2.14	***		-
October-December-----	***	***	2.14	***		-
1974:						
January-March-----	***	***	2.14	***		-
April-June-----	***	***	2.14	***		-
July-September-----	***	***	2.14	***		-
October-December-----	***	***	2.14	***		-
1975:						
January-March-----	***	***	2.38	***		1.63
April-June-----	***	***	2.38	***		1.19
July-September-----	***	***	2.38	***		1.19
October-December-----	***	***	2.38	***		1.19
1976:						
January-March-----	***	***	1.60	***		1.03
April-June-----	***	***	1.60	***		1.03
July-September-----	***	***	1.60	***		1.03
October-December-----	***	***	1.60	***		1.35
1977:						
January-March-----	***	***	1.26	***		1.15
April-June-----	***	***	1.44	***		1.15
July-September-----	***	***	1.44	***		1.14
October-December-----	***	***	1.44	***		1.35
1978:						
January-March-----	***	***	1.44	***		1.27

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

Table 5.--Bicycle tires, 26 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Per tire)						
Period	Lowest f.o.b. price received by--			Lowest net delivered cost to customers purchased from--		
	Carlisle	Good-year	Import-ers	U.S. producers	Importers	
1973:						
January-March-----	***	***	\$0.86	***		\$0.79
April-June-----	***	***	0.94	***		.79
July-September-----	***	***	0.94	***		.79
October-December-----	***	***	0.94	***		.76
1974:						
January-March-----	***	***	1.13	***		.76
April-June-----	***	***	1.13	***		.93
July-September-----	***	***	1.13	***		1.01
October-December-----	***	***	1.13	***		1.01
1975:						
January-March-----	***	***	1.19	***		1.04
April-June-----	***	***	1.19	***		.90
July-September-----	***	***	1.16	***		1.00
October-December-----	***	***	1.16	***		.86
1976:						
January-March-----	***	***	1.00	***		.87
April-June-----	***	***	1.00	***		.76
July-September-----	***	***	1.00	***		.83
October-December-----	***	***	1.00	***		.97
1977:						
January-March-----	***	***	1.00	***		.96
April-June-----	***	***	1.00	***		.87
July-September-----	***	***	1.00	***		.85
October-December-----	***	***	1.00	***		.97
1978:						
January-March-----	***	***	1.22	***		.84

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

Table 6.--Bicycle tires, 26 inches in diameter, having gumwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarter, January 1973-March 1978

Period	(Per tire)				
	Lowest f.o.b. prices received by--			Lowest net delivered cost to customers purchased from--	
	Carlisle	Goodyear	Importers	U.S.-producers	Importers
1973:	:	:	:	:	:
January-March-----	***	***	\$1.16	***	\$0.96
April-June-----	***	***	1.16	***	.96
July-September-----	***	***	1.16	***	.96
October-December-----	***	***	1.16	***	.96
1974:	:	:	:	:	:
January-March-----	***	***	1.16	***	1.30
April-June-----	***	***	1.35	***	1.09
July-September-----	***	***	1.35	***	1.30
October-December-----	***	***	1.35	***	1.30
1975:	:	:	:	:	:
January-March-----	***	***	1.35	***	1.24
April-June-----	***	***	1.35	***	1.24
July-September-----	***	***	1.35	***	1.24
October-December-----	***	***	1.35	***	1.01
1976:	:	:	:	:	:
January-March-----	***	***	1.42	***	1.01
April-June-----	***	***	1.42	***	.90
July-September-----	***	***	1.42	***	.98
October-December-----	***	***	1.42	***	1.17
1977:	:	:	:	:	:
January-March-----	***	***	1.33	***	1.05
April-June-----	***	***	1.33	***	1.05
July-September-----	***	***	1.46	***	1.02
October-December-----	***	***	1.46	***	1.15
1978:	:	:	:	:	:
January-March-----	***	***	1.46	***	1.02

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

Table 7.--Bicycle tubes, 20 inches in diameter, regular, having a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(In cents per tube)						
Period	Lowest f.o.b. prices received by--			Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	Importers	U.S.-producers	Importers	
1973:	:	:	:	:	:	:
January-March-----	***	***	49	***	:	40
April-June-----	***	***	53	***	:	40
July-September-----	***	***	53	***	:	40
October-December-----	***	***	53	***	:	40
1974:	:	:	:	:	:	:
January-March-----	***	***	53	***	:	46
April-June-----	***	***	63	***	:	46
July-September-----	***	***	63	***	:	46
October-December-----	***	***	63	***	:	46
1975:	:	:	:	:	:	:
January-March-----	***	***	68	***	:	53
April-June-----	***	***	68	***	:	53
July-September-----	***	***	68	***	:	57
October-December-----	***	***	56	***	:	50
1976:	:	:	:	:	:	:
January--March-----	***	***	56	***	:	50
April-June-----	***	***	56	***	:	43
July-September-----	***	***	60	***	:	48
October-December-----	***	***	60	***	:	48
1977:	:	:	:	:	:	:
January-March-----	***	***	60	***	:	47
April-June-----	***	***	60	***	:	50
July-September-----	***	***	60	***	:	48
October-December-----	***	***	60	***	:	51
1978:	:	:	:	:	:	:
January-March-----	***	***	65	***	:	48

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



Table 8.--Bicycle tubes, 20 inches in diameter, heavy-duty, having a cross-sectional dimension of 1.75 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Per tire)						
Period	Lowest f.o.b. prices received by--			Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	Importers	U.S.-producers	Importers	
1973:						
January-March-----	***	***	\$1.37	***		\$0.79
April-June-----	***	***	1.37	***		.79
July-September-----	***	***	1.37	***		.79
October-December-----	***	***	1.37	***		.79
1974:						
January-March-----	***	***	1.28	***		.96
April-June-----	***	***	1.28	***		.96
July-September-----	***	***	1.28	***		.96
October-December-----	***	***	1.28	***		.96
1975:						
January-March-----	***	***	1.47	***		1.76
April-June-----	***	***	1.47	***		1.11
July-September-----	***	***	1.47	***		1.76
October-December-----	***	***	1.47	***		1.13
1976:						
January-March-----	***	***	1.47	***		.94
April-June-----	***	***	1.47	***		.90
July-September-----	***	***	1.47	***		.94
October-December-----	***	***	1.47	***		.94
1977:						
January-March-----	***	***	1.41	***		.94
April-June-----	***	***	1.41	***		.93
July-September-----	***	***	1.41	***		.92
October-December-----	***	***	1.41	***		.86
1978:						
January-March-----	***	***	1.41	***		.52

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

Table 9.--Bicycle tubes, 26 inches in diameter, regular, having a cross-sectional dimension of 1.175 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Cents per tube)						
Period	Lowest f.o.b. prices received by--			Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	Importers	U.S.-producers	Importers	
1973:						
January-March-----	***	***	55	***		40
April-June-----	***	***	59	***		40
July-September-----	***	***	59	***		40
October-December-----	***	***	59	***		40
1974:						
January-March-----	***	***	59	***		62
April-June-----	***	***	68	***		56
July-September-----	***	***	68	***		61
October-December-----	***	***	68	***		61
1975:						
January-March-----	***	***	68	***		55
April-June-----	***	***	68	***		52
July-September-----	***	***	67	***		52
October-December-----	***	***	38	***		60
1976:						
January-March-----	***	***	56	***		50
April-June-----	***	***	56	***		49
July-September-----	***	***	60	***		49
October-December-----	***	***	68	***		50
1977:						
January-March-----	***	***	60	***		49
April-June-----	***	***	60	***		50
July-September-----	***	***	60	***		48
October-December-----	***	***	60	***		52
1978:						
January-March-----	***	***	65	***		48

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

Table 10.--Bicycle tire and tube sets, 20 inches in diameter, having black-walls, rib-type treads and a cross-sectional dimension of 1.75 inches:  
Lowest net prices to U.S. customers by U.S. producers and importers, by  
quarters, January 1973-March 1978

(Per set)					
Period	Lowest f.o.b. prices received by 1/--		Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	U.S.- producers	Importers	
1973:					
January-March-----	***	***	***		\$1.13
April-June-----	***	***	***		1.13
July-September-----	***	***	***		1.13
October-December-----	***	***	***		1.13
1974:					
January-March-----	***	***	***		1.13
April-June-----	***	***	***		1.13
July-September-----	***	***	***		1.13
October-December-----	***	***	***		1.13
1975:					
January-March-----	***	***	***		1.43
April-June-----	***	***	***		1.43
July-September-----	***	***	***		1.43
October-December-----	***	***	***		1.43
1976:					
January-March-----	***	***	***		1.26
April-June-----	***	***	***		1.26
July-September-----	***	***	***		1.26
October-December-----	***	***	***		1.26
1977:					
January-March-----	***	***	***		1.43
April-June-----	***	***	***		1.43
July-September-----	***	***	***		1.43
October-December-----	***	***	***		1.43
1978:					
January-March-----	***	***	***		1.43

1/ There were no lowest f.o.b. price data reported by importers for the period covered in this table.

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

Table 11.--Bicycle tire and tube sets, 20 inches in diameter, having black-walls, stud-type treads and a cross-sectional dimension of 1.125 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Per set)					
Period	Lowest f.o.b. prices received by 1/--		Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	U.S.-producers	Importers	
1973:					
January-March-----	***	***	***		\$1.26
April-June-----	***	***	***		1.26
July-September-----	***	***	***		1.26
October-December-----	***	***	***		1.26
1974:					
January-March-----	***	***	***		1.43
April-June-----	***	***	***		1.43
July-September-----	***	***	***		1.43
October-December-----	***	***	***		1.43
1975:					
January-March-----	***	***	***		1.43
April-June-----	***	***	***		1.43
July-September-----	***	***	***		1.43
October-December-----	***	***	***		1.43
1976:					
January-March-----	***	***	***		1.43
April-June-----	***	***	***		1.43
July-September-----	***	***	***		1.43
October-December-----	***	***	***		1.43
1977:					
January-March-----	***	***	***		1.48
April-June-----	***	***	***		1.48
July-September-----	***	***	***		1.49
October-December-----	***	***	***		1.49
1978:					
January-March-----	***	***	***		1.53

1/ There were no lowest f.o.b. price data reported by importers for the period covered in this table.

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

Table 12.--Bicycle tire and tube sets, 26 inches in diameter, having black-walls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Per set)					
Period	Lowest f.o.b. prices received by 1/--		Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	U.S.-producers	Importers	
1973:					
January-March-----	***	***	***		\$1.18
April-June-----	***	***	***		1.18
July-September-----	***	***	***		1.18
October-December-----	***	***	***		1.18
1974:					
January-March-----	***	***	***		1.40
April-June-----	***	***	***		1.40
July-September-----	***	***	***		1.40
October-December-----	***	***	***		1.40
1975:					
January-March-----	***	***	***		1.51
April-June-----	***	***	***		1.51
July-September-----	***	***	***		1.51
October-December-----	***	***	***		1.51
1976:					
January-March-----	***	***	***		1.31
April-June-----	***	***	***		1.31
July-September-----	***	***	***		1.31
October-December-----	***	***	***		1.31
1977:					
January-March-----	***	***	***		1.43
April-June-----	***	***	***		1.43
July-September-----	***	***	***		1.43
October-December-----	***	***	***		1.43
1978:					
January-March-----	***	***	***		1.43

1/ There were no lowest f.o.b. price data reported by importers for the period covered in this table.

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

Table 13.--Bicycle tire and tube sets, 26 inches in diameter, having gumwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net prices to U.S. customers by U.S. producers and importers, by quarters, January 1973-March 1978

(Per set)					
Period	Lowest f.o.b. prices received by 1/--		Lowest net delivered cost to customers purchased from--		
	Carlisle	Goodyear	U.S.- producers	Importers	
1973:					
January-March-----	***	***	***		\$1.50
April-June-----	***	***	***		1.50
July-September-----	***	***	***		1.50
October-December-----	***	***	***		1.50
1974:					
January-March-----	***	***	***		1.69
April-June-----	***	***	***		1.69
July-September-----	***	***	***		1.69
October-December-----	***	***	***		1.69
1975:					
January-March-----	***	***	***		1.71
April-June-----	***	***	***		1.71
July-September-----	***	***	***		1.71
October-December-----	***	***	***		1.71
1976:					
January-March-----	***	***	***		1.70
April-June-----	***	***	***		1.55
July-September-----	***	***	***		1.55
October-December-----	***	***	***		1.55
1977:					
January-March-----	***	***	***		1.58
April-June-----	***	***	***		1.58
July-September-----	***	***	***		1.58
October-December-----	***	***	***		1.66
1978:					
January-March-----	***	***	***		1.66

1/ There were no lowest f.o.b. price data reported by importers for the period covered in this table.

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

Table 14.--Bicycle tires, 20 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.75 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978

(Per tire)		
Period	Lowest Carlisle price	Median low importers' price
1973:		
January-March-----	***	\$1.12
April-June-----	***	1.12
July-September-----	***	1.12
October-December-----	***	1.12
1974:		
January-March-----	***	1.18
April-June-----	***	1.18
July-September-----	***	1.32
October-December-----	***	1.32
1975:		
January-March-----	***	1.38
April-June-----	***	1.38
July-September-----	***	1.38
October-December-----	***	1.37
1976:		
January-March-----	***	1.28
April-June-----	***	1.31
July-September-----	***	1.28
October-December-----	***	1.28
1977:		
January-March-----	***	1.33
April-June-----	***	1.33
July-September-----	***	1.34
October-December-----	***	1.33
1978:		
January-March-----	***	1.40

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

Table 15.--Bicycle tires, 20 inches in diameter, having blackwalls, stud-type treads and a cross-sectional dimension of 2.125 inches: Lowest net delivered prices of Carlisle and median lowest prices of importers, by quarters, January 1973-March 1978

(Per tire)		
Period	Lowest Carlisle price	Median low importers' price
1973:		
January-March-----	***	\$1.83
April-June-----	***	1.83
July-September-----	***	1.83
October-December-----	***	1.83
1974:		
January-March-----	***	1.74
April-June-----	***	1.75
July-September-----	***	1.75
October-December-----	***	1.75
1975:		
January-March-----	***	1.81
April-June-----	***	1.81
July-September-----	***	1.81
October-December-----	***	1.81
1976:		
January-March-----	***	1.84
April-June-----	***	1.84
July-September-----	***	1.86
October-December-----	***	1.84
1977:		
January-March-----	***	1.80
April-June-----	***	1.80
July-September-----	***	1.80
October-December-----	***	1.80
1978:		
January-March-----	***	1.94

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



Table 16.--Bicycle tires, 20 inches in diameter, moto-cross: Lowest net delivered prices to U.S. customers by Carlisle and median lowest net prices to U.S. customers by importers, by quarters, January 1973-March 1978

(Per tire)			
Period	Lowest Carlisle price	Median low importers' price	
1973:			
January-March-----	***		\$2.14
April-June-----	***		2.14
July-September-----	***		2.14
October-December-----	***		2.14
1974:			
January-March-----	***		2.47
April-June-----	***		2.47
July-September-----	***		2.47
October-December-----	***		2.47
1975:			
January-March-----	***		2.80
April-June-----	***		2.80
July-September-----	***		2.60
October-December-----	***		2.60
1976:			
January-March-----	***		2.40
April-June-----	***		2.40
July-September-----	***		2.40
October-December-----	***		2.12
1977:			
January-March-----	***		1.99
April-June-----	***		2.03
July-September-----	***		2.03
October-December-----	***		2.03
1978:			
January-March-----	***		2.11

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

Table 17.--Bicycle tires, 26 inches in diameter, having blackwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest net prices to U.S. customers by importers, by quarters, January 1973-March 1978

(Per tire)		
Period	Lowest Carlisle price	Median low importers' price
1973:		
January-March-----	***	\$1.25
April-June-----	***	1.25
July-September-----	***	1.25
October-December-----	***	1.25
1974:		
January-March-----	***	1.21
April-June-----	***	1.21
July-September-----	***	1.21
October-December-----	***	1.21
1975:		
January-March-----	***	1.45
April-June-----	***	1.45
July-September-----	***	1.45
October-December-----	***	1.43
1976:		
January-March-----	***	1.35
April-June-----	***	1.35
July-September-----	***	1.35
October-December-----	***	1.30
1977:		
January-March-----	***	1.32
April-June-----	***	1.32
July-September-----	***	1.35
October-December-----	***	1.35
1978:		
January-March-----	***	1.43

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

Table 18.--Bicycle tires, 26 inches in diameter, having gumwalls, rib-type treads and a cross-sectional dimension of 1.375 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978

(Per tire)		
Period	Lowest Carlisle price	Median low importers' price
1973:		
January-March-----	***	\$1.35
April-June-----	***	1.35
July-September-----	***	1.35
October-December-----	***	1.35
1974:		
January-March-----	***	1.44
April-June-----	***	1.75
July-September-----	***	1.75
October-December-----	***	1.75
1975:		
January-March-----	***	1.65
April-June-----	***	1.65
July-September-----	***	1.65
October-December-----	***	1.60
1976:		
January-March-----	***	1.65
April-June-----	***	1.68
July-September-----	***	1.68
October-December-----	***	1.64
1977:		
January-March-----	***	1.61
April-June-----	***	1.65
July-September-----	***	1.68
October-December-----	***	1.68
1978:		
January-March-----	***	1.69

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

Table 19.--Bicycle tubes, 20 inches in diameter, regular, having a cross-sectional dimension of 1.75 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978

(In cents per tube)

Period	Lowest Carlisle price	Median low importers' price
1973:		
January-March-----	***	66
April-June-----	***	66
July-September-----	***	66
October-December-----	***	66
1974:		
January-March-----	***	69
April-June-----	***	69
July-September-----	***	72
October-December-----	***	72
1975:		
January-March-----	***	80
April-June-----	***	80
July-September-----	***	79
October-December-----	***	77
1976:		
January-March-----	***	75
April-June-----	***	75
July-September-----	***	78
October-December-----	***	78
1977:		
January-March-----	***	78
April-June-----	***	78
July-September-----	***	78
October-December-----	***	78
1978:		
January-March-----	***	79

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

Table 20.--Bicycle tubes, 20 inches in diameter, heavy duty, having a cross-sectional dimension of 1.75 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978

(Per tube)			
Period	Lowest Carlisle price	Median low importers' price	
1973:			
January-March-----	***		\$1.42
April-June-----	***		1.42
July-September-----	***		1.42
October-December-----	***		1.42
1974:			
January-March-----	***		1.41
April-June-----	***		1.41
July-September-----	***		1.41
October-December-----	***		1.41
1975:			
January-March-----	***		1.67
April-June-----	***		1.67
July-September-----	***		1.67
October-December-----	***		1.67
1976:			
January-March-----	***		1.74
April-June-----	***		1.74
July-September-----	***		1.74
October-December-----	***		1.74
1977:			
January-March-----	***		1.64
April-June-----	***		1.64
July-September-----	***		1.64
October-December-----	***		1.64
1978:			
January-March-----	***		1.65

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

Table 21.--Bicycle tubes, 26 inches in diameter, regular, having a cross-sectional dimension of 1.175 inches: Lowest net delivered prices to U.S. customers by Carlisle and median lowest prices to U.S. customers by importers, by quarters, January 1973-March 1978

(In cents per tube)		
Period	Lowest Carlisle price	Median low importers' price
1973:		
January-March-----	***	70
April-June-----	***	70
July-September-----	***	70
October-December-----	***	70
1974:		
January-March-----	***	76
April-June-----	***	76
July-September-----	***	78
October-December-----	***	78
1975:		
January-March-----	***	79
April-June-----	***	79
July-September-----	***	77
October-December-----	***	76
1976:		
January-March-----	***	80
April-June-----	***	79
July-September-----	***	79
October-December-----	***	79
1977:		
January-March-----	***	78
April-June-----	***	78
July-September-----	***	78
October-December-----	***	78
1978:		
January-March-----	***	80

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

APPENDIX C

PROBABLE ECONOMIC EFFECTS OF TARIFF CHANGES UNDER TITLE I AND  
TITLE V OF THE TRADE ACT OF 1974 FOR TRADE AGREEMENT DIGEST  
NO. 70216, July 1975

\*

\*

\*

\*

\*

\*

\*



APPENDIX D

LABOR DEPARTMENT MEMORANDUM RELATING TO CARLISLE WORKER PETITION FOR TRADE  
ADJUSTMENT ASSISTANCE AND CERTIFICATION OF ELIGIBILITY TO APPLY FOR TRADE  
ADJUSTMENT ASSISTANCE

\* \* \* \* \*

DEPARTMENT OF LABOR

Office of the Secretary

TA-W-98

CARLISLE TIRE AND RUBBER COMPANY  
CARLISLE, PENNSYLVANIA

Certification Regarding Eligibility to Apply for  
Worker Adjustment Assistance

In accordance with Section 223 of the Trade Act of 1974 the Department of Labor herein presents the results of TA-W-98; investigation regarding certification of eligibility to apply for worker adjustment assistance as prescribed in Section 222 of the Act.

The investigation was initiated on July 30, 1975 in response to a worker petition received on July 30, 1975 which was filed by workers formerly producing bicycle tires and tubes at the Carlisle Tire and Rubber Company, Carlisle, Pennsylvania.

The notice of investigation was published in the Federal Register (40 FR 33084) on August 6, 1975. No public hearing was requested and none was held.

The information upon which the determination was made was obtained principally from officials of Carlisle Tire and Rubber Company, its customers, U. S. Department of Commerce, U. S. International Trade Commission, industry analysts, and Department files.

In order to make an affirmative determination and issue a certification of eligibility to apply for adjustment assistance, each of the group eligibility requirements of Section 222 of the Trade Act of 1974 must be met:

- (1) that a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated,
- (2) that sales or production, or both, of such firm or subdivision have decreased absolutely, and
- (3) that increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production.

For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

#### Significant Total or Partial Separations

The average number of production workers declined 28 percent in the first half of 1975 compared to the like period in 1974. Average weekly hours declined 12 percent in the first half of 1975 compared to the like period in 1974.

#### Sales or Production, or Both, Have Decreased Absolutely

Production of tires at Carlisle Tire and Rubber Company declined 58 percent in the first half of 1975 compared to the first half of 1974. Production of tubes declined 61 percent in the first half of 1975 compared to the first half of 1974.

Sales of tires declined 57 percent in the first half of 1975 compared to the first half of 1974. Sales of tubes declined 56 percent in the first half of 1975 compared to the first half of 1974.

#### Increased Imports Contributed Importantly

Imports of articles like directly competitive with tires produced at Carlisle Tire and Rubber Company increased from 10.6 million units in 1970 to 21.2 million units valued at \$21,345,000 in 1974. The ratios of imports to domestic consumption and production increased from 57.5 percent and 135.2 percent, respectively in the first half of 1974 to 68.8 percent and 220.8 percent in the first half of 1975.

Imports of articles like or directly competitive with tubes produced at Carlisle increased from 12.8 million units in 1970 to 29.2 million units valued at \$14,143.000 in 1974. The ratios of imports to domestic consumption and production increased from 57.9 percent and 137.3 percent, respectively in the first half of 1974 to 69.9 percent and 232.0 percent in the first half of 1975.

The evidence developed by the Department's investigation indicates that the separation of workers engaged in employment related to the production of bicycle tires and tubes at Carlisle Tire and Rubber Company was caused by the increase of competitive imports.

Customers favored imports which were of comparable quality but less expensive than domestically produced bicycle tires and tubes. Reduced sales led to production cutbacks and, in turn, separations of employees,

#### Conclusion

After careful review of the facts obtained in the investigation, I conclude that increases of imports like or directly competitive with bicycle tires and tubes produced at Carlisle Tire and Rubber Company contributed importantly to the total or partial separation of the workers of that plant.

APPENDIX E

RESPONSE BY CARLISLE TIRE & RUBBER CO. TO THE U.S. INTERNATIONAL  
TRADE COMMISSION'S QUESTIONNAIRE REGARDING THE FIRM'S EFFORTS  
TO COMPETE WITH IMPORTS

A-110 through A-115

\*

\*

\*

\*

\*

\*

\*





APPENDIX F

BICYCLE TIRES AND TUBES: U.S. PRODUCERS' SHIPMENTS, IMPORTS FOR CONSUMPTION,  
EXPORTS OF DOMESTIC MERCHANDISE AND APPARENT CONSUMPTION, 1967-72

Bicycle tires and tubes: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1967-72

Product and year	Producers' shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Producers' shipments	Consumption
	<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>	<u>Percent</u>	<u>Percent</u>
Bicycle tires:						
1967-----	10,410	8,298	14	18,694	80	44
1968-----	10,922	11,933	18	22,837	109	52
1969-----	8,262	10,560	17	18,805	128	56
1970-----	7,677	10,612	9	18,280	138	58
1971-----	9,344	13,776	1	23,119	147	60
1972-----	10,816	24,807	1	35,622	229	70
Bicycle tubes:						
1967-----	12,208	9,020	14	21,214	74	43
1968-----	13,163	13,527	18	26,672	103	51
1969-----	9,932	12,388	15	22,305	125	56
1970-----	9,740	12,844	11	22,573	132	57
1971-----	12,260	17,009	3	29,266	139	58
1972-----	14,204	27,916	6	42,114	197	66
Bicycle tires and tubes:						
1967-----	22,618	17,318	28	39,908	77	43
1968-----	24,085	25,460	36	49,509	106	51
1969-----	18,194	22,948	32	41,110	126	56
1970-----	17,417	23,456	20	40,853	135	57
1971-----	21,604	30,785	4	52,385	143	59
1972-----	25,020	52,723	7	77,736	211	68

Source: U.S. producers' shipments and exports, compiled from reports of the Rubber Manufacturers Association; imports, compiled from official statistics of the U.S. Department of Commerce.

APPENDIX G

CAPACITY UTILIZATION DATA FOR CARLISLE AND GOODYEAR, 1973-77, JANUARY-MARCH  
1977, AND JANUARY-MARCH 1978

Bicycle tires and tubes: Production, capacity, and capacity utilization of Carlisle Tire & Rubber Co., 1973-77, January-March 1977, and January-March 1978

Item	1973	1974	1975	1976	1977	Jan.-Mar.---	
						1977	1978
Bicycle tires:							
Production							
1,000 units--	***	***	***	***	***	***	***
Capacity 1/							
1,000 units--	***	***	***	***	***	***	***
Ratio of production							
to capacity							
percent--	***	***	***	***	***	***	***
Bicycle tubes:							
Production							
1,000 units--	***	***	***	***	***	***	***
Capacity 1/							
1,000 units--	***	***	***	***	***	***	***
Ratio of production							
to capacity							
percent--	***	***	***	***	***	***	***
Bicycle tires and tubes::							
Production							
1,000 units--	***	***	***	***	***	***	***
Capacity 1/							
1,000 units--	***	***	***	***	***	***	***
Ratio of production							
to capacity							
percent--	***	***	***	***	***	***	***

1/ Based on operation of the plant 3 shifts a day, 7 days a week, 50 weeks a year.

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

Bicycle tires and tubes: Production, capacity, and capacity utilization of  
Goodyear Tire & Rubber Co., 1973-76 1/

Item	1973	1974	1975	1976
Bicycle tires:				
Production-----1,000 units--:	***	***	***	2/ ***
Capacity <u>3/</u> -----do-----:	***	***	***	<u>4/</u> ***
Ratio of production to capacity				
percent--:	***	***	***	***
Bicycle tubes:				
Production-----1,000 units--:	***	***	***	2/ ***
Capacity <u>3/</u> -----do-----:	***	***	***	<u>4/</u> ***
Ratio of production to capacity				
percent--:	***	***	***	***
Bicycle tires and tubes:				
Production----- 1,000 units--:	***	***	***	2/ ***
Capacity-----do-----:	***	***	***	<u>4/</u> ***
Ratio of production to capacity				
percent--:	***	***	***	***

1/ Data pertaining to production, capacity, and capacity utilization for Goodyear Tire & Rubber Co. are not available for 1977, January-March 1977, and January-March 1978.

2/ Goodyear ceased production of bicycle tires and tubes after Apr. 19, 1976.

3/ Based on operation of the plant 3 shifts a day, 7 days a week, 50 weeks a year.

4/ Capacity figures shown for 1976 reflect projected full-year capacity for Goodyear.

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

A-122

APPENDIX H

BICYCLE TIRES AND TUBES: IMPORTS FOR CONSUMPTION AND TOTAL, BY MONTHS,  
APRIL 1977-JUNE 1977

Bicycle tires (TSUS 772.48): Imports for consumption and total,  
by months, April-June 1978

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

Country	April 1978		May 1978		June 1978		Total	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Japan-----	135	288	148	306	95	198	378	792
China (T)-----	785	687	897	786	898	773	2,580	2,246
Korea-----	759	696	680	591	828	733	2,267	2,020
India-----	230	170	117	87	15	11	362	268
Italy-----	7	48	20	171	11	82	38	301
France-----	13	40	5	22	5	27	23	89
United Kingdom--	16	27	35	69	7	14	58	110
Germany-----	1/	1	0	-	1/	5	1/	6
Thailand-----	0	-	0	-	0	-	0	-
Canada-----	0	-	0	-	0	-	0	-
Sweden-----	38	50	77	103	38	50	153	203
Netherlands-----	0	-	0	-	0	-	0	-
Belgium-----	1	1	0	-	0	-	1	1
Czechoslovakia--	0	-	1/	1	0	-	1/	1
Hong Kong-----	0	-	0	-	0	-	0	-
Spain-----	0	-	0	-	0	-	0	-
Argentina-----	0	-	0	-	0	-	0	-
Israel-----	0	-	0	-	0	-	0	-
Austria-----	0	-	0	-	0	-	0	-
All others-----	0	-	2	4	2	6	4	10
Total-----	1,984	2,008	1,981	2,140	1,899	1,899	5,864	6,047

1/ Less than 500 units.

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



Bicycle tubes (TSUS 772.57): Imports for consumption and total,  
April-June 1978

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

Country	April 1978		May 1978		June 1978		Total	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Korea-----	1,010	449	1,181	554	1,521	707	3,712	1,710
China (T)-----	1,230	569	1,637	772	1,516	681	4,383	2,022
Japan-----	63	59	80	52	41	32	184	143
India-----	230	76	117	38	15	5	362	119
Netherlands-----	-	-	0	-	0	-	0	-
France-----	12	11	7	10	7	7	26	28
United Kingdom--	7	7	32	27	18	15	57	49
West Germany---	-	-	0	-	0	-	0	-
Italy-----	0	-	0	-	0	-	0	-
Belgium-----	1	1	0	-	0	-	1	1
Sweden-----	0	-	78	26	39	13	117	39
Hong Kong-----	0	-	0	-	0	-	0	-
All other-----	0	-	0	-	0	-	0	-
Total-----	2,553	1,172	3,132	1,479	3,157	1,460	8,842	4,111

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

Bicycle tires and tubes (TSUS 772.48 and 772.57): Imports for consumption  
and total, April-June 1978

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

Country	April 1978		May 1978		June 1978		Total	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Japan-----	2,015	1,256	2,534	1,558	2,414	1,454	6,963	4,268
China (T)-----	1,769	1,145	1,861	1,145	2,349	1,440	5,979	3,730
Korea-----	198	347	228	358	136	230	562	935
India-----	460	246	234	125	30	16	724	387
Italy-----	7	48	20	171	11	82	38	301
France-----	25	51	12	32	12	34	49	117
United Kingdom--	23	34	67	96	25	29	115	159
Germany-----	1/	1	0	-	1/	5	1/	6
Netherlands-----	0	-	0	-	0	-	0	-
Thailand-----	0	-	0	-	0	-	0	-
Canada-----	0	-	0	-	0	-	0	-
Sweden-----	38	50	155	129	77	63	270	242
Belgium-----	2	2	0	-	0	-	2	2
Czechoslovakia--	0	-	1/	1	0	-	1/	1
Hong Kong-----	0	-	0	-	0	-	0	-
Spain-----	0	-	0	-	0	-	0	-
Argentina-----	0	-	0	-	0	-	0	-
Israel-----	0	-	0	-	0	-	0	-
Austria-----	0	-	0	-	0	-	0	-
All others-----	0	-	2	4	2	6	4	10
Total-----	4,537	3,180	5,113	3,619	5,056	3,359	14,706	10,158

1/ Less than 500 units.

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

APPENDIX I

THE TEN LARGEST IMPORTERS OF BICYCLE TIRES AND TUBES

The ten largest importers of bicycle tires and tubes in alphabetical order are:

\*

\*

\*

\*

\*

\*

\*

APPENDIX J

CARLISLE DATA ON PRODUCTION AND SHIPMENTS OF REFLECTORIZED TIRES

Officials at Carlisle indicated that the production and sales of reflectorized tires began in 1973. It was in 1977, however, that reflectorized tires were sold at distressed prices. The volume of such tires sold at distressed prices was estimated at \* \* \*. A history of Carlisle production and sales of reflectorized tires is presented below:

Period	Sales	Production
1973-----	***	***
1974-----	***	***
1975-----	***	***
1976-----	***	***
1977-----	***	***
1978-----	***	***

APPENDIX K

CARLISLE DATA ON PROFIT AND LOSS, PRODUCTION, SHIPMENTS, INVENTORIES,  
EMPLOYMENT, APRIL-JUNE 1977 AND APRIL-JUNE 1978

\* \* \* \* \*



Library Cataloging Data

U.S. International Trade Commission.

Bicycle tires and tubes. Report to the President on Investigation TA-201-33 under section 201 of the Trade act of 1974. Washington, 1978.

21, A-132 p. illus. 28 cm. (USITC Publication 910)

1. Bicycles and tricycles. 2. Bicycles and tricycles--U.S. 3. Bicycles and tricycles--Prices. 4. Bicycles and tricycles--Tariff. I. Title.

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

OFFICIAL BUSINESS

Postage And Fees Paid  
U.S. International Trade Commission



ADDRESS CORRECTION REQUESTED

**ADDRESS CHANGE**

- ☐ Remove from List  
☐ Change as Shown  
Please detach address  
label and mail to address  
shown above.