

ELECTRIC SHAVERS AND PARTS THEREOF

**Report to the President
in Investigation No. TA-201-57
Under Section 201 of the
Trade Act of 1974**



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Data which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report.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

REPORT TO THE PRESIDENT
ON INVESTIGATION NO. TA-201-57
ELECTRIC SHAVERS AND PARTS THEREOF

UNITED STATES INTERNATIONAL TRADE COMMISSION
March 27, 1986

Determination

On the basis of the information developed in the course of investigation No. TA-201-57, the Commission has determined that electric shavers and parts thereof, provided for in items 650.77 and 683.50 of the Tariff Schedules of the United States (TSUS), are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

Background

On October 8, 1985, the United States International Trade Commission instituted investigation No. TA-201-57, under section 201(b)(1) of the Trade Act of 1974 (19 U.S.C. 2251(b)(1)), in order to determine whether electric shavers and parts thereof 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 investigation was instituted following the receipt of a petition for import relief filed on behalf of Remington Products, Inc., a domestic producer of electric shavers.

Notice of the institution of the Commission's investigation, the scheduling of a public hearing held in connection therewith, and expansion of the scope of investigation was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Register of October 23, 1985 (50 F.R. 43009) and December 4, 1985 (50 F.R. 49776). The hearing was held in

Washington DC on January 14-15, 1986, at which time all persons were afforded the opportunity to appear in person, present evidence, and be heard.

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

VIEWS OF THE COMMISSION

We determine that electric shavers and parts thereof ^{1/} are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic electric shaver industry. Therefore, we do not make any remedy recommendation to the President.

The purpose of section 201 of the Trade Act of 1974 ^{2/} is to prevent or remedy serious injury to domestic productive resources ^{3/} that is substantially caused by increased imports in order for the domestic industry to have time to adjust to the import competition. ^{4/} Before we can make an affirmative determination, we must find that each of the following conditions exists—

(1) imports of the article(s) subject to the investigation are entering the United States in increased quantities;

(2) the domestic industry producing an article like or directly competitive with the imported article is being seriously injured or threatened with serious injury; and

(3) such increased imports are a substantial cause of the serious injury or threat thereof to the domestic industry.

^{1/} Electric shavers with self-contained electric motors, and parts thereof, are provided for in item 683.50 of the Tariff Schedules of the United States, and blades and cutting heads for electric shavers are provided for in item 650.77.

^{2/} 19 U.S.C. § 2251.

^{3/} H.R. Rep. No. 571, 93rd Cong., 1st Sess. 46 (1973).

^{4/} S. Rep. No. 1298, 93rd Cong., 2d Sess. 119 (1974).

In the present case, we find that imports are increasing but that the domestic industry, while experiencing some difficulties, is not seriously injured or threatened with serious injury. Therefore, we make a negative determination.

Domestic industry

Under section 201, the domestic industry is defined as the producers of the article like or directly competitive with the imported article. The terms "like" and "directly competitive" are not defined in the statute. However, according to the legislative history:

"like" articles are those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.) and "directly competitive" articles are those which, although not substantially identical in their inherent or intrinsic characteristics, are substantially equivalent for commercial purposes, that is, are adapted to the same uses and are essentially interchangeable therefore. ^{5/}

In this case, several importers argued that various imported articles covered by the relevant TSUS item headings, such as the wet/dry shaver, light-weight battery powered shavers, and "bikini shavers," should not be subject to an affirmative determination because the domestic electric shaver industry does not produce an article like or directly competitive with them. We find, however, that the domestic electric shaver industry produces articles like or directly competitive with the subject imported articles, except for clipper-type appliances, such as the "bikini shaver." ^{6/}

^{5/} S. Rep. No. 1298, 93d Cong., 2d Sess. at 122 (1974).

^{6/} Clippers use a scissor-cutting action such as that used by barbers' hair clippers. Clippers are intended for use on longer, softer hair and in areas that should not be shaved too closely. We note that the levels of the imports of clippers and the other disputed articles are sufficiently limited that including or excluding any or all of them would not have affected the other portions of our determination in this investigation.

With respect to defining the domestic industry, several importers argued that the industry should include, in addition to domestic producers of electric shavers, domestic producers of razors for wet shaving. They reasoned that electric shavers and razors are used for the same purpose, i.e., to remove hair, and therefore are directly competitive. However, products with the same general end use are directly competitive only if they are "substantially equivalent for commercial purposes." We find that electric shavers and razors are not substantially equivalent for commercial purposes. Shavers and razors have different physical characteristics, and shavers are vastly more expensive than razors. Moreover, most users have a definite preference for one system. Because of these considerations there is little price competition between the products. In addition, razors and shavers are marketed differently. Razors are sold predominantly through grocery and drug stores, while electric shavers are sold mainly through discount stores and catalogue showrooms. This is because razors (or blades) are purchased on a continuing basis, whereas electric shavers are purchased every several years at most. The important marketing differences highlight the commercial distinctions between the products. Therefore, we have concluded that facilities producing wet shaving razors are not part of the domestic industry producing an article like or directly competitive with the imported electric shavers. ^{7/} ^{8/}

^{7/} Because we find razors and shavers not to be "directly competitive," we need not reach the issue of whether the domestic producers of the respective products should constitute one or two domestic industries.

^{8/} This is distinct from our finding that domestic electric shavers are directly competitive with imported wet/dry electric shavers.

A second definitional issue is whether to include domestically produced parts in the industry. ^{9/} Congress has directed the Commission to consider the impact of imports on domestic productive resources (e.g. employees, physical facilities, and capital), ¹⁰ and the Commission has traditionally defined the industry to include all the facilities involved in the production of an article, including the various stages that might be involved in such production. ^{11/} The productive facilities producing assembled shavers necessarily include the facilities producing parts and subassemblies. Therefore, the domestic electric shaver industry consists of one company, Remington Products, Inc., ^{12/} producing both parts and completed shavers.

Increased imports

The first statutory requirement is that of increased imports. The increase

^{9/} Another issue is whether the Commission should separately consider the effect of imported parts. In this investigation it is not appropriate to do so. Among other reasons, we note that since parts for shavers are not generally interchangeable, it would appear that imported and domestically produced parts do not compete.

^{10/} H.R. Rep. No. 571, 93d Cong., 1st Sess. 46 (1973).

^{11/} See Certain Canned Tuna, Inv. No. TA-201-53, USITC Pub. No. 1558 at 5-6 (Views of Commissioners Eckes, Lodwick and Rohr and, concurring on this issue, Vice Chairman Liebeler) (1984); Unwrought Copper, Inv. No. TA-201-51, USITC Pub. No. 1549 at 7-8 (Views of Commissioners Eckes, Lodwick and Rohr and, concurring on this issue, Vice Chairman Liebeler). Compare Mushrooms, Inv. No. TA-201-43, USITC Pub. No. 1089 (1980), where the Commission found separate industries producing fresh and canned mushrooms, because, among other things, there was an independent market for fresh mushrooms accounting for more than 50 percent of consumption.

^{12/} Because there is one domestic producer most of the data obtained by the Commission are confidential. Therefore, much of the discussion is necessarily general.

can be either actual or relative to domestic production. ^{13/} ^{14/} ¹⁵ In actual terms, imports of electric shavers increased over the whole period of investigation, moving from 3.2 million units in 1980 to 6.9 million units in 1985. ^{16/} In relative terms, the ratio of electric shaver imports to U.S. production declined from 1980 to 1983 but then increased through 1985. ^{17/} Thus, we find that imports are increasing.

^{13/} 19 U.S.C. § 2251(b)(2)(c). Though this paragraph deals explicitly with causation, it states that the Commission should for causation purposes look at increasing imports "either actual or relative to domestic production" (emphasis added). Since this is expressed in the disjunctive—that actual or relative increases in imports can cause injury—it follows that the "increased imports" step of section 201 analysis can be met by a showing of relative increase in imports. See Carbon and Certain Alloy Steel Products, Inv. No. TA-201-51, USITC Pub. No. 1553 at 24-28 (1984) (Views of Chairwoman Stern, Commissioner Eckes, Commissioner Lodwick and Commissioner Rohr).

^{14/} Vice Chairman Liebeler believes that the threshold question in section 201 cases is limited to whether imports have increased in absolute amount (in appropriate cases the requirement may be satisfied by an absolute increase in value of imports). The clear language of the statute requires the Commission to "determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof . . ." 19 U.S.C. 2251(b)(1) (emphasis added). When Congress wanted the Commission to consider the relative share of imports, it used precise language to convey its intent:

(C) with respect to substantial cause, 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. 19 U.S.C. 2251(b)(2)(C) (emphasis added).

Once an absolute increase in imports has been found, the Commission can examine both the absolute and relative amounts of the increase to determine whether the increased quantity of imports has been a substantial cause of serious injury. For example, a given absolute increase will normally have a larger impact in a shrinking market than in a growing market.

^{15/} Since imports of electric shavers have increased both in actual terms and relative to domestic production, Commissioner Brunsdale finds it unnecessary in this case to decide whether a relative increase by itself is sufficient.

^{16/} Report at A-13.

^{17/} Report at A-15.

Serious injury or threat thereof

The second criterion of section 201 requires a finding that the domestic industry is suffering "serious injury, or the threat thereof." These terms are not expressly defined in the statute, but the statute does direct us to consider all economic factors we believe to be relevant in assessing the condition of the domestic industry. These factors include, but are not limited to:

with respect to serious injury, 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;

with respect to threat of serious injury, a decline in sales, a higher and growing inventory, and a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned. . . . 18/

"Serious injury" has been defined in past investigations as "an important, crippling, or mortal injury, one having permanent or lasting consequences"; 19/ and "threat of serious injury" has required findings that the threat is "real rather than speculative" and that serious injury is "highly probable in the foreseeable future." 20/ In the present investigation, we are unable to find injury to the domestic industry that can be characterized as important, crippling, or mortal. Also, in light of the

18/ 19 U.S.C. § 2251(b)(2).

19/ See e.g., Bolts, Nuts and Screws of Iron or Steel, Inv. No. TA-201-2, USITC Pub. No. 747 at 19 (1975) (Views of Commissioner George Moore). Vice Chairman Liebeler views this definition as consistent with "major contraction of a domestic industry or its extinction." See Nonrubber Footwear, Inv. No. TA-201-55, USITC Pub. No. 1717 at 32 (1985) (Views of Vice Chairman Liebeler).

20/ Nonrubber Footwear, Inv. No. TA-201-50, USITC Pub. No. 1545 at 19 (1984).

trends evident in the market, particularly in the last quarter of 1985, we think it improbable that any of the industry's current problems will in the foreseeable future become so exacerbated as to amount to serious injury.

Remington urged the Commission to view this investigation as different from "typical" section 201 investigations. ^{21/} It argued that, unlike most section 201 petitioners, it had come to the Commission while there was still a real chance for the domestic industry to recover. ^{22/} It added that, even though the market for electric shavers had expanded rapidly since 1980 ^{23/} and probably would continue to expand, Remington soon would be unable to compete if it did not obtain, through import relief, the time needed to transform its operations. We have considered petitioner's characterization of 1985 as a poor year and a harbinger of more serious problems; however, the actual trends in shipments, profits, wages, and employment do not support petitioner's conclusion or an affirmative determination.

The Commission has on occasion found serious injury, or the threat thereof, based on a poor market performance of short duration. It has done so, however, only where the downturn has been sharp and accompanied by other factors indicating that the injury was not a temporary phenomenon. ^{24/} That is not the case in this investigation.

The performance of Remington, the sole company in the domestic electric shaver industry, was quite remarkable following its takeover in 1979 by present management. Production and shipments rose dramatically through 1984. Employment and wages increased significantly. Prices were steady in nominal

^{21/} Transcript of the hearing (Tr.) at 44, 336.

^{22/} Tr. at 82, 337.

^{23/} Report at A-6-7.

^{24/} See, e.g., Nonrubber Footwear, Inv. No. TA-201-55, USITC Pub. No. 1717 (1985).

terms. The company was profitable, generally enjoying increasing sales and operating income. However, in 1984 indications of a slowdown appeared. Profits were down, even with record shipments. Then for the first three quarters of 1985, growth stalled and most indicators declined. The fourth quarter, however, showed enough stability, not to mention indications of upward movement relative to the first three quarters of 1985, to lead us to find no serious injury or threat of serious injury.

There are several reasons why the fourth quarter statistics are particularly significant in this case. After a downturn of such short duration (three quarters), an improvement in the most recent period makes it difficult to establish an overall downward trend. Second, the shaver industry is very seasonal, with a disproportionate amount of sales occurring in the fourth quarter. When that quarter's indicators show steadiness or even increases, there is reason to doubt the significance of the earlier downturn. Full-year figures are important, if not crucial, to a proper assessment of the condition of a seasonal industry. Third, there is general agreement that retailers overpurchased in the fourth quarter of 1984. As a result, producers' fourth quarter 1984 shipments overstated actual end-user demand for shavers. Further, the overpurchasing caused excess inventories to accumulate, and the working off of such inventories in the early part of 1985 reduced producers' shipments during that period. However, by the fourth quarter of 1985, Remington's domestic shipments had recovered to a level comparable to the fourth quarter of 1984. This occurred despite a shorter Christmas selling season in 1985 than in 1984.

When dealing with relatively short periods of alleged serious injury,

there is another factor that makes it hard to distinguish real trends from aberrations. Specifically, lead times for shipments differ for domestic and foreign producers, so that the domestic industry can generally react more promptly to changes in the market place. That appears to have been the case here. Remington quickly slowed its production in early 1985 while the foreign producers continued their earlier shipment trends. This is reflected generally in the inventory levels of the various suppliers, Remington's having returned to a more normal level by late 1985. ^{25/} In the fourth quarter of 1985, Remington was able to increase its shipment levels and its market share. It is clear, therefore, that in this case full-year data are required to assess the domestic industry's actual market share and shipment levels. On the basis of the above considerations, we conclude that the domestic industry was not suffering serious injury or the threat thereof.

Causation ^{26/}

Because we have found that the domestic industry is not seriously injured or threatened with serious injury, we need not make a determination as to whether the increasing imports were a substantial cause of serious injury, or threat thereof.

^{25/} Tr. at 104; Report at A-17.

^{26/} See additional views of Commissioner David B. Rohr.

ADDITIONAL VIEWS OF COMMISSIONER DAVID B. ROHR

I have joined with my colleagues in this investigation in concluding that the domestic industry is not currently experiencing material injury and is not threatened with material injury. However, in considering the record in this investigation, I was impressed by the valuable insights that it provides into the issue of causation under Section 201. Recently, it has increasingly been argued that the Commission should analyze causation in terms of supply and demand curves. I believe it important to explain the limitations on such analysis illustrated by this investigation.

In concluding that the domestic electric shaver industry is not experiencing material injury, I have not ignored the fact that there have been recent downturns in a number of the indicators of the performance of this industry. 1/ My conclusion is that these downturns are not sufficient to be characterized as "serious injury" under the statute, and neither are they indicative of a trend which would support a "threat" finding.

1/ I concur with my colleagues that, as a result of fourth quarter performance, these downturns for the full year 1985 were less pronounced than it appeared they would be based upon data for the first three quarters. Nevertheless, it is appropriate to characterize what has occurred, particularly with regard to financial performance, as a downturn.

While these findings alone are sufficient to fulfill the Commission's statutory mandate under section 201, the information gathered during this investigation supports a further conclusion. It is clear that imports are not as important a cause of the downturns in this industry's performance as certain other causes. Specifically, the declining sales performance of certain domestic models of electric shavers, relative to their imported competition, appears to be a direct function of the design age of these products. The decision to delay introduction of new models of shavers, whether or not justified at the time, is a more important cause of the recent downturn in the domestic industry's performance than imports.

Our ability to identify this precise cause of the downturn in the performance of the industry highlights the limitations on attempts to analyze causation in section 201 investigations simply on the basis of demand and supply curves. Such an analysis is premised on the theory that there are only three possible causes of injury to a domestic industry: a decline in demand, a decline in domestic supply, or an increase in import supply, all of which can be seen on graphs of prices and quantities. 2/ According to the theory, the recent changes in economic performance, even if they do not amount to the required statutory level of injury, should be explainable by these graphs and curves.

2/ See Prehearing Brief by the Federal Trade Commission, Electric Shavers and Parts Thereof, Investigation No. TA-201-51, 4, January 1986.

However, in fact, the graphs do not explain the data. First, it is clear that demand has increased, even in the most recent time periods. Obviously, then, a "decline in demand" does not explain what has happened. The second explanation which this theory advances would be a change in domestic supply. However, the undisputed evidence gathered during the investigation is that there have been, at most, insignificant changes in the domestic unit costs of producing electric shavers. Shifts in domestic supply therefore do not explain what the data show.

If declines in demand or domestic supply do not explain the data, it would seem that the theory requires the explanation be found in import supply. We would be required to find that imports are the cause of the declines in the performance of the domestic industry. The difficulty with such an explanation is that it is not true. The actual information indicates that, unless one uses unreliable indicators, such as average unit values, there was no decrease in import prices to support the theoretical shift in the import supply curve. ^{3/}

More importantly, the mechanistic shifting of supply and demand curves is simply too gross a tool to use to establish the causal relationships that are required in a proper analysis of section 201. One cannot fine tune a piano with a sledgehammer. The analysis does not answer the crucial

^{3/} Average unit values are unreliable in this case because of the many different models and prices that exist and because of the many new models that were introduced throughout the period of investigation at many different price points. ¹⁴

question of why the various indicators perform as they do. It is precisely the question of "why" that Congress directed the Commission to consider when it specifically listed factors such as "poor management", "plant obsolescence", and "changes in technology" as relevant to section 201 analysis. 4/ To abstract these factors to the level of supply and demand curves eliminates precisely the degree of discrimination that Congress required.

Each case must be assessed on its own facts. No simple mechanistic model will suffice. Congress stated with absolute clarity, "It is not intended that a mathematical test be applied by the Commission." 5/ I believe that this investigation exemplifies the reasons for Congress's rejection of mathematical tests. It is not that such tests make it easier or more difficult to meet the statutory requirements. It is that they do not answer the questions Congress has asked.

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

5/ Id. at 120.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On October 8, 1985, the U.S. International Trade Commission instituted investigation No. TA-201-57 under section 201(b) of the Trade Act of 1974, to determine whether electric shavers with self-contained electric motors, and parts thereof, provided for in item 683.50 of the Tariff Schedules of the United States (TSUS) are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

This investigation resulted from a petition filed with the Commission on September 27, 1985, on behalf of Remington Products, Inc., a U.S. producer of electric shavers. On November 26, 1985, the Commission, at the request of the petitioner, expanded the scope of the investigation to cover certain articles classified under TSUS item 650.77--specifically, nonelectric shavers, and blades and cutting heads therefor and for electric shavers.

Notice of the institution of the investigation, scheduling of a hearing, and expansion of the scope of the investigation was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notices in the Federal Register of October 23, 1985 (50 F.R. 43009) and December 4, 1985 (50 F.R. 49776). 1/ The public hearing was held in Washington, DC, on January 14-15, 1986 and the briefing and vote was held on February 20, 1986.

The Product

Description and uses

Electric shavers are electro-mechanical devices used to remove hair from the surface of the skin. Each shaver consists of a motor, cutting blades, and cutting blade guards (together called cutting heads) assembled into a compact housing. The motor either oscillates or rotates the cutting blade or blades, and the blade guards prevent the skin from being cut while shaving. Some shavers include a built-in trimmer mechanism that consists of a stationary and a movable (sliding) cutting blade usually mounted adjacent to the cutting head that is used primarily to trim sideburns and mustaches.

Electric shavers may be classified into three types, depending upon the source of power utilized in their operation. In the most common type (cord), the source of power is house current, supplied to the shaver through an electric cord connected to a power outlet. Another type (cordless or rechargeable) is supplied with a rechargeable power unit, located in a small cube on the line-cord plug. The power unit is usually equipped with two batteries (often nickel-cadmium) that can normally be recharged through an electric cord connected to a household outlet. Some rechargeable shavers are equipped with a cord and can be operated either by house current or by self-contained nickel-cadmium batteries. A third type (battery-operated) uses ordinary disposable dry cell batteries as the power source.

1/ Copies of the Federal Register notices are presented in app. A.

Within the three classifications of shavers, there are three distinct cutting head designs which are as follows:

- (a) Slot--A cutting head that is equipped with at least three rows of narrow, flat, cutting guards under which cutter blades move rapidly back and forth in slots;
- (b) Rotary--A cutting head that is equipped with two or three spring-mounted disc guards covering blades that spin underneath; and
- (c) Foil--A cutting head that is designed with one or two thin, flexible perforated guards over vibrating cutters that shuttle underneath.

Domestic and imported shavers are similar in appearance and operation; however, the U.S. produced electric shaver heads are either foil or slot design, whereas the imported electric shavers have foil, slot, or rotary design heads.

Generally, electric shavers designed for women (introduced on the market in the 1950's) are available in cord, rechargeable, and battery models and are smaller and less expensive than those designed for men.

The parts of electric shavers covered in this investigation include cutting heads, cutting head guards, and cutting blades, as well as components solely or chiefly used in the manufacture of electric shavers that are not specifically provided for elsewhere in the TSUS, such as electric motors.

Manufacturing process 1/

In the production of electric shavers, * * *.

* * * * *

1/ The information on the manufacturing process is based on information provided by Remington on its process.

2/ The manufacturing process for the head assembly outlined here applies to that for foil and slot shavers. The production of rotary heads would be somewhat different.

* * * * *
* * * * *
* * * * *

Remington produces many of the parts for its electric shavers itself, including * * *. It purchases the * * * from U.S. suppliers. It purchases the * * * from a U.S. supplier that imports them from * * *. The precise percentage of U.S. content differs from model to model. However, Remington states that the U.S. content in some of its shaver models is as high as *** percent.

Technological changes

Recent technological developments in the electric shaver market have been primarily in the form of refinements to existing features, such as the dual voltage circuitry (110/220) offered on some shavers. This improvement (over the standard single voltage circuitry) permits travelers to switch between domestic and foreign voltages without damage to the shaver. Another innovation is the use of a micro-thin foil in the shaving treads. These perforated ultra-thin guards provide the user with a much closer shave. In an effort to woo consumers who normally use wet shavers (razor blades), a Japanese manufacturer of electric shavers (Matsushita-Panasonic) has introduced to the U.S. market a unique electric shaver that can be used either with soap and water to lubricate the beard or just as a dry shaver. Because the shaver is waterproof, it can be conveniently cleaned under running water.

U.S. tariff treatment

Electric shavers and parts are classified under TSUS item 683.50, and cutting blades and cutting heads for electric shavers fall under item 650.77. Presidential Proclamation No. 4707 of December 11, 1979, implementing concessions negotiated during the Tokyo Round of Multilateral Trade Negotiations, provided for gradual duty reductions for imports under these tariff items to be effected in eight annual stages beginning January 1, 1980. The 1980 rate, the current rate and the final rate of duty applicable to imports entitled to most-favored-nation treatment for each of the TSUS items are as follows (in percent ad valorem):

<u>TSUS item</u>	<u>Jan. 1, 1980</u>	<u>Jan. 1, 1985</u>	<u>Jan. 1, 1987</u>
683.50	6.2	4.9	4.4
650.77	4.4	3.7	3.4

Imports from Communist countries enumerated in TSUS general headnote 3(d) are dutiable at rates of 27.5 percent ad valorem under item 650.77 and 35 percent ad valorem under item 683.50.

Title V of the Trade Act of 1974 authorizes the establishment of a U.S. Generalized System of Preferences (GSP) for eligible articles imported from beneficiary developing countries. The President has designated the articles in both of the subject TSUS items as eligible for duty-free treatment under the provisions of the GSP.

Title II of Public Law 98-67, implemented by Presidential Proclamation No. 5133 of November 30, 1983, enacted the Caribbean Basin Economic Recovery Act (CBERA) providing preferences for eligible articles imported from designated beneficiary countries. The President has designated the articles in both of the above TSUS items as eligible for duty-free entry under CBERA.

Preferential tariff treatment, in the form of rates of duty of "free," is applicable to imports entered under the above TSUS items from Israel granted under the United States-Israel Free Trade Area Implementation Act of 1985, as provided in general headnote 3(e)(viii) of the TSUS.

The U.S. Market

Channels of distribution

Electric shavers are predominantly sold directly to large retail stores. According to questionnaire responses, during January-September 1985, *** percent of shipments made by the U.S. producer and the importers were made to unrelated retail stores for sale to endusers (table 1). An additional *** percent were made to related retail stores, namely by Remington to its retail

Table 1.--Electric shavers: U.S. producer's and importers' shipments, by market, January-September 1985

(In percent)

Company	Distributors		Retailers		Other	
	Related	Unrelated	Related	Unrelated	Related	Unrelated
Remington-----	***	***	***	***	***	***
Braun-----	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***
Norelco-----	***	***	***	***	***	***
Panasonic-----	***	***	***	***	***	***
Ronson-----	***	***	***	***	***	***
Sanyo-----	***	***	***	***	***	***
Schick-----	***	***	***	***	***	***
Average-----	***	***	***	***	<u>1/</u> ***	***

1/ * * *.

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

stores and by * * *. Approximately *** percent of shipments during January-September 1985 were made to unrelated distributors and approximately *** percent were made to others--namely, by * * * through direct catalogue sales and as promotions through banks, car rental agencies, etc., and by * * * to a related company.

Distributors generally sell the shavers through small retail outlets, such as drugstores. There are basically four types of large retail outlets, discount stores, catalogue showrooms, department stores, and drugstore chains. Based on information contained in the Flynn reports, 1/ an independent marketing study, approximately *** percent of sales in 1985 were made through discount stores, *** percent through catalogue showrooms, *** percent through department stores, and *** percent through large drugstore chains.

Factors affecting demand

Advertising is considered a major factor in stimulating consumer demand for electric shavers; and both Remington and Norelco, as well as Braun and Ronson, have national television advertising campaigns to create consumer recognition of their brand names. The sales of shavers also tend to be cyclical with two peak periods for sales every year--namely, right before Father's Day and Christmas. Therefore, advertising is heaviest during those two periods. During the period under investigation, Remington's advertising expenditures * * * from *** in 1980 to *** in 1984.

1/ Flynn Audits, Inc., National Electric Appliance Store Audit, Electric Shavers, Bi-Monthly report, period ending Aug. 31, 1985.

Table 2.--Electric shavers: U.S. producer's and importers' domestic shipments by brand name, 1980-84, January-September 1984, and January-September 1985

Item	1980	1981	1982	1983	1984	January-September--	
						1984	1985
Quantity (1,000 units)							
Remington----	***	***	***	***	***	***	***
Norelco-----	***	***	***	***	***	***	***
Schick-----	***	***	***	***	***	***	***
Total Norelco: and Schick--	***	***	***	***	***	***	***
Sears-----	***	***	***	***	***	***	***
Ronson-----	***	***	***	***	***	***	***
Panasonic----	***	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***	***
Sanyo-----	***	***	***	***	***	***	***
Braun-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Percent of total							
Remington----	***	***	***	***	***	***	***
Norelco-----	***	***	***	***	***	***	***
Schick-----	***	***	***	***	***	***	***
Total Norelco: and Schick--	***	***	***	***	***	***	***
Sears-----	***	***	***	***	***	***	***
Ronson-----	***	***	***	***	***	***	***
Panasonic----	***	***	***	***	***	***	***
Hitachi-----	***	***	***	***	***	***	***
Sanyo-----	***	***	***	***	***	***	***
Braun-----	***	***	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ * * *

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

During this same time period, Remington's market share *** from *** percent in 1980 to *** percent in 1983, before *** to *** percent in 1984 (table 2).

Apparent U.S. consumption

U.S. consumption of electric shavers has increased steadily throughout the period, rising from *** million units in 1980 to *** million units in 1985, representing an increase of *** percent (table 3). The share of consumption held by imports declined from *** percent in 1980 to *** percent in 1983, then increased to *** percent in 1985. U.S. producers' domestic shipments accounted for *** percent of consumption in 1985 compared with *** percent in 1984.

Table 3.--Electric shavers: Apparent U.S. consumption, 1980-85

Item	1980	1981	1982	1983	1984	1985
Quantity (1,000 units)						
Imports-----	3,216	3,503	4,010	4,009	5,366	6,893
U.S. producer's domestic shipments <u>1/</u> -----	***	***	***	***	***	***
Apparent consumption-----	***	***	***	***	***	***
Percent of total						
Imports-----	***	***	***	***	***	***
U.S. producer's domestic shipments <u>1/</u> -----	***	***	***	***	***	***
Apparent consumption-----	100.0	100.0	100.0	100.0	100.0	100.0

1/ Shipments are those of Remington only; Sunbeam also produced in 1980 and part of 1981. It is estimated that Sunbeam shipped approximately *** units in 1980 and *** units in 1981.

Source: U.S. producers' shipments, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Parts.--U.S. consumption of parts (for replacement) of electric shavers, when measured in terms of value, increased throughout the period from *** in 1980 to *** in 1984, representing an increase of *** percent. There was a continued increase of *** percent during January-September 1985 compared with the corresponding period of 1984, as shown in the following tabulation:

Item	1980	1981	1982	1983	1984	January-September-- 1984	1985
Value (1,000 dollars)							
U.S. producer's shipments-----	***	***	***	***	***	***	***
Imports-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Percent of total							
U.S. producer's shipments-----	***	***	***	***	***	***	***
Imports-----	***	***	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Remington's share of the consumption of replacement parts increased from *** percent in 1980 to *** percent in 1983, then dropped to *** percent in 1984. Remington accounted for *** percent of the consumption of parts during January-September 1985 compared with *** percent in the corresponding period of 1984.

The parts that are being imported are replacement parts for shavers and are for use with a specific brand of shaver; therefore, the imported parts are not interchangeable with parts for the U.S. produced Remington shavers. The only exception would be any parts which Remington imports for its own use in manufacturing shavers.

U.S. Producers

There have been approximately 25 producers of electric shavers in the United States since the device was first introduced in 1931. Through the years, most of these producers have left the industry or moved their operations to other countries. Currently there is only one firm, Remington, Products Inc., producing electric shavers in the United States. The following electric shaver companies have ceased operations or moved production offshore since the mid 1970's:

<u>Company</u>	<u>Year production ceased</u>
Ronson-----	<u>1/</u>
Schick, Inc-----	1978
Sunbeam, Co-----	1981

1/ This company ceased operating during the mid-1970's.

Remington shavers were produced by the Remington-Rand Corp. and its successor company, the Sperry Rand Corp., from 1938 to 1979. In 1979, Sperry Rand Corp. sold the electric shaver division to Victor K. Kiam. Remington Products, Inc. (Remington) is now an independent company operated and owned principally by Mr. Kiam.

Remington produces almost all of its electric shavers and parts in a plant in Bridgeport, CT. However, it * * *. In addition to these facilities, Remington has retail stores throughout the United States as well as marketing operations in * * *.

Remington's retail stores sell Remington shavers as well as many other major brands of shavers, including Norelco and Eltron (a shaver produced in West Germany by Braun). They also operate as service and repair centers for Remington and other shavers and sell replacement parts for all the shavers they sell. In addition, these stores serve as retail outlets for other products that Remington sells under its own name but which it does not produce, such as Remington knives, shaving accessories, air purifiers, travel clocks, pool alarms, and haircutters.

In addition to Remington, the Wahl Clipper Corp. of Sterling, IL has recently introduced new clipper-type shavers, the "Lady Wahl Wet 'n Dry," and the "What a Shaver," designed for black men. The Lady Wahl Wet 'n Dry is a battery-operated shaver with a dual-function head for use on longer hairs, as well as a screen foil for close shaving. The "What a Shaver" is also a battery-operated shaver designed for cutting curly hair as well as for trimming around beards, mustaches, sideburns, and necklines. The Wahl Corp. is reportedly the world's largest manufacturer of electric hair clippers. The clipper-type shavers described above were introduced into the market in late 1985; data on shipments, and so forth are not included in this report.

U.S. Importers

The largest importer of electric shavers in the United States is the North American Philips Corp. (NAPC) of New York, NY, through its Consumer Product Division in Stamford, CT. NAPC is a publicly owned corporation with approximately * * *. * * *. NAPC imports the Norelco brand shaver, and in 1984 was responsible for *** the imports from the Netherlands, as well as approximately *** percent of imports from *** and *** percent of imports from ***. The quantity of NAPC's imports of electric shavers from the three countries are presented in the following tabulation (in thousands of units):

Item	: 1980	: 1981	: 1982	: 1983	: 1984	: 1985
* * *	***	***	***	***	***	***
* * *	***	***	***	***	***	***
* * *	***	***	***	***	***	***
Total	***	***	***	***	***	***

Norelco shavers have rotary blades and are available in both men's and women's models, as well as with the different power sources--cord, rechargeable, and battery. Norelco has a wide variety of models available in these categories. In 1985, it carried * * *. Information on Norelco's shipments by type is presented in table 4.

Norelco not only carries a wide variety of shaver models but also constantly introduces new models and discontinues older models. For example, 10 of the men's cord shavers being sold in 1985 had been added to its product line in 1983 or later, while of the six models of men's cord shavers available in 1980 three were discontinued by 1983 and the other three models are being phased out in 1985.

Table 4.--Electric shavers: Norelco's shipments, by type, 1980-84, January-September 1984, and January-September 1985

(In percent)

Item	:	:	:	:	:	January-		
						September--		
	:	1980	1981	1982	1983	1984	1984	1985
Men's cord-----	:	***	***	***	***	***	***	***
Men's rechargeable----	:	***	***	***	***	***	***	***
Men's battery-----	:	***	***	***	***	***	***	***
Subtotal-----	:	***	***	***	***	***	***	***
Women's cord-----	:	***	***	***	***	***	***	***
Women's rechargeable----	:	***	***	***	***	***	***	***
Women's battery-----	:	***	***	***	***	***	***	***
Subtotal-----	:	***	***	***	***	***	***	***
Total <u>1/</u> -----	:	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Because of rounding, figures may not add to the totals shown.

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

Norelco's largest selling men's shavers in 1984 were the * * *, * * * that accounted for *** percent of shipments; the * * *, * * * that accounted for *** percent of shipments; the * * *, * * * that accounted for *** percent of shipments; and the * * *, * * * that accounted for *** percent of shipments.

Another large importer of electric shavers is U.S. Appliances Corp. of America, a wholly owned subsidiary of NAPC. U.S. Appliances Corp. sells its shavers under the brand name Schick and imports these shavers from Austria. Both the Schick and the Norelco shavers imported from Austria are produced by NAPC. NAPC * * *. In 1982, the first year for which it provided information in response to the Commission's questionnaires, U.S. Appliances Corp. imported *** Schick shavers; * * *.

Schick shavers are foil or slot shavers and are available in a variety of models; however, Schick has fewer models than does Norelco. In 1985, Schick had * * * available in the United States. In addition, it offered * * *.

There are several importers of electric shavers from Japan in addition to * * *. The largest of these, based on questionnaire responses, was * * *, of * * *, which has shavers produced * * * by * * * in Japan. In 1980, * * * imported *** units from Japan; these imports * * * to *** units in 1984. * * * imports from Japan * * * by *** percent during January-September 1985 compared with those in the corresponding period of 1984. In addition to importing from Japan, * * * also imports electric shavers from * * * and * * *. * * * imports of electric shavers from the various sources are presented in the following tabulation (in units):

	<u>Japan</u>	<u>Austria</u>	<u>France</u>	<u>Total</u>
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
1983-----	***	***	***	***
1984-----	***	***	***	***
January-September				
1984-----	***	***	***	***
1985-----	***	***	***	***

Another large importer of electric shavers from Japan is Matsushita Appliance Co. (MAC), a division of Matsushita Electric Corp. of America (MECA), of Secaucus, NJ. MECA is * * *. The Japanese producer is Matsushita Electrical Works (MEW), which began producing electric shavers in 1955. MAC imports electric shavers under the brand name Panasonic. Prior to March 1, 1984, these shavers were imported by Panasonic Co. (PC), which is also a division of MECA. In 1980, Panasonic accounted for *** percent of imports of electric shavers from Japan, *** percent in 1981, *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** percent during January-September 1985.

Sanyo Electric, Inc. (SEI), of Little Ferry, NJ, is another importer of electric shavers from Japan. SEI imports Sanyo shavers and is owned by * * * (* * *) and * * * of Japan (* * *). SEI accounted for *** percent of imports of electric shavers from Japan in 1980, *** percent in 1981, *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** percent during January-September 1985.

Hitachi Sales Corp. of America, another importer of electric shavers from Japan, is *** percent owned by * * * of Tokyo, Japan. It imports electric shavers with the Hitachi brand name. This company had * * * in 1980, but accounted for *** percent of such imports in 1981, *** percent in 1982, *** percent in 1983, *** percent in 1984, and *** percent during January-September 1985.

Ronson Electric Products, a division of Windmere Corp. of Hialeah, FL, is another importer of electric shavers. Ronson, which did not enter the electric shaver business until the spring of 1984, imports electric shavers from Japan and Austria. Imports of these shavers are shown in the following tabulation (in units):

	<u>Austria</u>	<u>Japan</u>	<u>Total</u>
1984 <u>1</u> /-----	***	***	***
1985-----	***	***	***
January-September--			
1984-----	***	***	***
1985-----	***	***	***
October-December--			
1984-----	***	***	***
1985-----	***	***	***

1/ Ronson did not begin importing until June 1984.

Ronson's imports of electric shavers * * * during January-September 1985 when compared with such imports in the corresponding period of 1984; however these imports * * * during October-December 1985 compared with imports during October-December 1984. Because of this * * *, Ronson's imports in full year 1985 were *** units or *** than in 1984.

Braun, Inc., of Lynnfield, MA, a wholly owned subsidiary of the Gillette Co. of Boston, MA, imports the Braun shavers from Braun AG of West Germany, which is also a subsidiary of the Gillette Co. Braun, Inc., was incorporated in March of 1985 and began importing Braun electric shavers and parts in June of 1985. Prior to July of 1984, Braun AG was precluded from marketing electric shavers in the United States under the Braun brand name. 1/ During June-September 1985, Braun, Inc., imported *** shavers into the United States from West Germany.

In addition to these importers, the Helen of Troy Corp. of El Paso, TX, and Clairol of New York, NY, reported that they are importing products called "Bikini Shavers," which are produced in Japan. These companies argue that the "Bikini Shavers" are designed to remove hair from the bikini line area and are not intended for shaving legs and underarms. Both these companies began importing these products in 1985. Helen of Troy reported importing approximately *** units in that year and Clairol reported importing *** units.

The Question of Increased Imports

U.S. imports

Total U.S. imports of electric shavers increased from 3.2 million units in 1980 to 6.9 million units in 1985, representing an increase of 114.3 percent over the 6-year period (table 5). The largest sources of imports in 1985 were the Netherlands, accounting for 51 percent of the total quantity, followed by Japan with 28 percent and Austria with 15 percent.

Imports of electric shavers from the Netherlands have accounted for a declining share of imports into the U.S. market. In 1980, these imports accounted for 82.7 percent of imports; by 1985, however, they accounted for 51.1 percent of imports. In absolute numbers, imports of electric shavers from the Netherlands increased from 2.7 million units in 1980 to 3.5 million units in 1985, representing an increase of 33 percent. The value of these imports increased from \$47.1 million in 1980 to \$59.0 million in 1985, representing an increase of 25.1 percent. The unit value of imports from the Netherlands declined sharply from \$17.73 in 1980 to \$13.68 in 1981 and then increased to \$16.73 in 1985.

1/ Braun was prevented from importing shavers into the United States as part of a settlement agreement in an antitrust case.

Table 5.--Electric shavers: U.S. imports for consumption, by selected sources, 1980-85

Source	1980	1981	1982	1983	1984	1985
Quantity (1,000 units)						
Austria-----	252	240	426	552	788	1,024
Japan-----	137	397	349	550	1,314	1,910
Korea-----	1	1/	10	5	15	4
Netherlands-----	2,658	2,723	2,807	2,634	3,143	3,515
United Kingdom-----	15	-	-	1/	19	2
West Germany-----	91	60	129	85	51	332
All other countries-----	62	82	289	150	35	96
Total-----	3,216	3,503	4,010	4,010	5,366	6,893
Value (1,000 dollars)						
Austria-----	2,590	2,558	4,665	5,731	7,328	9,670
Japan-----	1,741	4,950	5,337	7,396	15,333	18,168
Korea-----	4	1	43	34	148	25
Netherlands-----	47,132	37,259	45,446	43,062	51,708	58,977
United Kingdom-----	262	0	0	1	207	26
West Germany-----	844	816	1,453	1,415	957	5,428
All other countries-----	450	628	2,516	1,325	305	1,317
Total-----	53,023	46,212	59,460	58,964	75,987	93,611
Unit value						
Austria-----	\$10.30	\$10.65	\$10.94	\$10.38	\$9.29	\$9.45
Japan-----	12.74	12.47	15.29	13.43	11.67	9.51
Korea-----	4.15	4.70	3.94	6.84	7.63	5.99
Netherlands-----	17.73	13.68	16.19	16.35	16.45	16.73
United Kingdom-----	16.93	-	-	20.71	10.66	11.78
West Germany-----	9.26	13.68	11.24	16.75	18.78	16.36
All other countries-----	7.31	7.62	8.74	7.24	8.74	9.80
Average-----	16.49	13.19	14.83	14.71	14.16	13.58
Percent of total quantity						
Austria-----	7.8	6.9	10.6	13.8	14.7	14.9
Japan-----	4.3	11.3	8.7	13.7	24.5	27.7
Korea-----	2/	2/	.3	.1	.3	.1
Netherlands-----	82.7	77.7	70.0	65.7	58.6	51.1
United Kingdom-----	.5	-	-	2/ -	.4	2/
West Germany-----	2.8	1.7	3.2	2.1	.9	4.8
All other countries-----	1.9	2.4	7.2	4.6	.7	1.4
Total-----	100.0	100.0	100.0	100.0	100.0	100.0

1/ Less than 500 units.

2/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce. A-13

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

Imports of electric shavers from Japan have accounted for an increasing share of electric shaver imports. In 1980, such imports constituted 4.3 percent of total imports, whereas, in 1985, they accounted for 27.7 percent.

In absolute numbers, the United States imported 136,666 shavers from Japan in 1980; by 1985, these imports had increased to 1.9 million shavers, or by twelve-fold. The value of these imports increased throughout the period as well, from \$1.7 million in 1980 to \$18.2 million in 1985. The unit value of imports from Japan increased from \$12.74 in 1980 to \$15.29 in 1982 then dropped to \$9.51 in 1985.

The third major source of imports of electric shavers was Austria. In 1980, imports from Austria accounted for 7.8 percent of imports of electric shavers, and in 1985, it accounted for 14.9 percent of such imports. Imports from Austria totaled 252 units in 1980. They increased to 1.0 million shavers in 1984, representing an increase of more than 300 percent. The value of these imports increased from \$2.6 million in 1980 to \$9.7 million in 1985, representing an increase of 273.4 percent. The unit values of these imports declined slightly, dropping from \$10.30 in 1980 to \$9.45 in 1985.

Parts.--Imports of parts of electric shavers classified under TSUSA item 683.5040, parts of shavers, and TSUS 650.7700, nonelectric shavers, and blades and cutting heads therefor and for electric shavers, are provided in terms of value only. Imports of parts of electric shavers entered under both numbers are largely replacement parts for the various imported shavers. Generally, replacement parts are specific to a particular brand of shaver and there is little if any competition in the sale of parts. Information on the value of imports of parts of electric shavers is presented in the following tabulation (in thousands of dollars):

<u>TSUSA item</u> <u>number</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
683.5040-----	1,817	1,967	1,997	2,764	4,678	6,250
650.7700 <u>1/</u> -----	<u>7,948</u>	<u>6,253</u>	<u>6,565</u>	<u>5,352</u>	<u>6,940</u>	<u>6,121</u>
Total-----	9,765	8,220	8,562	8,116	11,618	12,371

1/ Includes items other than those within the scope of the investigation.

The value of parts of shavers declined from \$9.8 million in 1980 to \$8.1 million in 1983, and then increased to \$12.4 million in 1985.

U.S. imports relative to U.S. production

The ratio of imports to U.S. production * * * from *** percent in 1980 to *** percent in 1983, then * * * to *** percent in 1985 (table 6).

Table 6.--Electric shavers: U.S. imports, production, and ratio of imports to production, 1980-85

Item	1980	1981	1982	1983	1984	1985
Imports-----1,000 units--	3,216	3,503	4,010	4,010	5,366	6,893
Production-----do-----	***	***	***	***	***	***
Ratio of imports to production :	:	:	:	:	:	:
percent--	***	***	***	***	***	***

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

Information on U.S. imports relative to consumption is contained in the U.S. market section of this report.

The Question of Serious Injury

Remington has argued throughout this investigation that the serious injury that it is alleging is of recent origin. From 1980 to 1984, it acknowledges that its economic and financial indicators were trending upward. Remington alleges however that it was seriously injured in 1985 and furthermore that it is being threatened with continued serious injury, based on the trends exhibited through the end of that year.

The information in this report is based primarily on questionnaire data that covered the years 1980 through 1984, as well as the partial periods January-September 1984 and January-September 1985. In order to evaluate Remington's claims of a continuing trend of injury, the Commission requested Remington, at the hearing, to supply information for the last quarter of 1985. When possible, this information is incorporated into the tables to provide 6 full years of data; otherwise the information for October-December 1985, compared with the corresponding period of 1984, is presented in a separate tabulation, or is discussed in the text.

U.S. plant closings

The only U.S. producer to close a plant for producing shavers in the United States during the period of investigation was Sunbeam, which ceased producing in the United States in 1981 and moved its operations to Mexico.

U.S. production, capacity, and capacity utilization

Remington produces all of its electric shavers for both domestic and export consumption in its Bridgeport, CT, facility. Shavers intended for domestic consumption are produced to operate at 110 volts; those for export are produced to operate at 110/220 volts. The electric shavers, whether offered for sale in the domestic or export markets, are produced on the same equipment by the same workers. The total capacity of the Remington plant has at *** units annually (table 7). This is based on the number of units that can be produced by the employees in a normal work pattern 1/ given the physical limitations of the plant.

Production of electric shavers was *** million units in 1980. This increased steadily to *** million units in 1984, representing an increase of *** percent, then declined by *** percent to *** million units in 1985.

Table 7.--Electric shavers and parts thereof: U.S. production, capacity, and capacity utilization, 1980-85

Item	: 1980	: 1981	: 1982	: 1983	: 1984	: 1985
Production-----1,000 units----	***	***	***	***	***	***
Capacity-----do-----	***	***	***	***	***	***
Capacity utilization	:	:	:	:	:	:
in percent----	***	***	***	***	***	***

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

The capacity utilization rate increased steadily from *** percent in 1980 to *** percent in 1984, but declined to *** percent in 1985.

Remington produces cord shavers and rechargeable shavers, in both men's and women's models. Although some of the models have changed throughout the period, Remington has generally produced *** to *** models of men's cord shavers. The number of men's rechargeable models produced has increased from *** in 1980 to *** in 1985; Remington also produced * * *. (* * *.) In addition, Remington produced *** model(s) of women's cord shavers and *** model(s) of women's rechargeable shavers.

1/ * * *. * * *.

U.S. producer's imports and purchases

Remington reported purchasing non-Remington shavers from U.S. importers for sale in its retail stores. In 1981, the first year of such purchases, Remington purchased *** shavers; in 1984, its purchases had * * * to *** shavers. During January-September 1985, these purchases * * * to *** shavers, representing an *** percent * * * over the *** it purchased in the corresponding period of 1984.

Remington has also reported purchasing imports of * * * shavers that are produced in Japan under the Remington brand name. These purchases totaled *** in 1982, *** in 1983, and *** units during January-September 1985. These shavers had a unit value of approximately *** in * * * in which they were imported.

U.S. producer's shipments

Remington's domestic shipments of electric shavers * * * from *** units in 1980 to *** units in 1984, then * * * by *** percent in 1985 to *** units. Remington's domestic shipments were *** units or *** percent * * * during October-December 1985 than they were during October-December 1984 (table 8).

The value of domestic shipments * * * throughout the period, from *** in 1980 to *** in 1985. The unit value of domestic shipments * * * from *** in 1980 to *** in 1985.

Remington's domestic shipments were *** units or *** percent * * * during October-December 1985 than they had been in the corresponding period of 1984. Domestic shipments for full year 1985 were *** units, *** units or *** percent * * * than they had been in 1984.

There have been some significant shifts in the product mix of shavers sold by Remington (table 9). In 1980, *** percent of the shavers were men's shavers. By 1984, men's shavers had * * * to *** percent of total shipments and sales of women's shavers accounted for *** percent. In addition to an * * *, within the men's shaver market there was a * * * in the percent of sales of rechargeable shavers and a * * * in the percent of sales of cord shavers. In 1980, cord shavers were *** percent of men's shavers sold by Remington, rechargeable shavers constituted *** percent, and men's battery shavers *** percent. In 1984, sales of cord shavers were *** percent of men's shavers sold and rechargeable were *** percent. Men's battery shavers were *** percent of men's shavers sold.

During January-September 1985, cord shavers were *** percent of all men's shavers sold by Remington, a * * * the *** percent sold during January-September 1984. Men's rechargeable shavers accounted for *** percent of sales of shavers during January-September 1985 compared with *** percent in the corresponding period of 1984.

Table 8.--Electric shavers: U.S. producer's domestic shipments, 1980-85

Item	1980	1981	1982	1983	1984	1985
Quantity (1,000 units)						
Domestic shipments-----	***	***	***	***	***	***
Export shipments-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
Value (1,000 dollars)						
Domestic shipments-----	***	***	***	***	***	***
Export shipments-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***
Unit value						
Domestic shipments-----	***	***	***	***	***	***
Export shipments-----	***	***	***	***	***	***
Average-----	***	***	***	***	***	***

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

In 1980, *** percent of the shipments of women's shavers produced by Remington were cord shavers, and *** percent were rechargeable. In 1982, *** percent of women's shavers were cord shavers and *** percent were rechargeable; by 1984, however, *** percent of women's shavers produced and sold by Remington were cord shavers and *** percent were rechargeable.

Table 9.--Electric shavers: Remington's shipments by type, 1980-84, January-September 1984, and January-September 1985

Source	(In percent)						Jan.-Sept.-	
	1980	1981	1982	1983	1984	1984	1985	
Men's cord-----	***	***	***	***	***	***	***	
Men's rechargeable-----	***	***	***	***	***	***	***	
Men's battery-----	***	***	***	***	***	***	***	
Subtotal-----	***	***	***	***	***	***	***	
Women's cord-----	***	***	***	***	***	***	***	
Women's rechargeable-----	***	***	***	***	***	***	***	
Women's battery-----	***	***	***	***	***	***	***	
Subtotal-----	***	***	***	***	***	***	***	
Total 1/-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

1/ Because of rounding, figures may not add to the totals shown.

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

In addition to shipments of shavers that Remington produced itself, it shipped one model of women's battery shaver, the * * *, which was * * *. Remington shipped *** of these shavers in 1982; *** in 1983; and *** in 1984. During January-September 1985, Remington shipped *** units compared with *** during January-September 1984.

Remington's largest selling men's shavers in 1984 were the * * *, a * * * that accounted for *** percent of shipments; the * * *, a * * * that accounted for *** percent of shipments; the * * *, a * * * that accounted for *** percent of shipments; and the * * *, a * * * shaver that accounted for *** percent of shipments. The top selling women's shaver in 1984 was the * * *, a * * * that accounted for *** percent of shipments, and the * * *, a * * * shaver that accounted for *** percent of shipments.

In 1980, Remington exported *** shavers, representing approximately *** percent of its total shipments. Although the actual quantity of exports * * * to * * * in 1984, this accounted for a * * * of total company shipments.

Remington exports its electric shavers principally * * *. * * *.

Remington reported shipments of replacement parts for its electric shavers, including blades, screen cutters, and others. The value of shipments of these parts is shown in the following tabulation (in thousands of dollars):

	<u>Value</u>
1980-----	***
1981-----	***
1982-----	***
1983-----	***
1984-----	***
January-September--	
1984-----	***
1985-----	***

U.S. producer's inventories

Remington reported total end-of-period inventories in 1980 of *** units (table 10). These * * * steadily to *** units in 1983, then * * * to *** units in 1984. As a share of shipments, inventories * * * from *** percent in 1980 to *** percent in 1983, then * * * to *** percent in 1984.

End-of-period inventories as of September 30 were generally higher than the yearend figures, because of the inventory buildup before one of the two peak selling seasons for shavers--the December holidays. (The other peak period for electric shaver sales is just before Father's Day.)

Inventories of electric shavers for domestic consumption at yearend 1985 were *** units, which is *** percent * * * than inventories at yearend 1984. As a percent of shipments in 1985, inventories were *** percent.

Table 10.--Electric shavers: U.S. producer's end-of-period inventories, 1980-84, January-September 1984, and January-September 1985

Item	1980	1981	1982	1983	1984	Jan.-Sept.--	
						1984	1985
Quantity (1,000 units)							
Inventories for:							
Domestic consumption----	***	***	***	***	***	***	***
Foreign consumption----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Percent of shipments							
Ratio of inventories to shipments for:							
Domestic consumption----	***	***	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Foreign consumption----	***	***	***	***	***	<u>1/</u> ***	<u>1/</u> ***
Total-----	***	***	***	***	***	<u>1/</u> ***	<u>1/</u> ***

1/ Based on annualized shipment data.

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

Employment and wages

In 1980, Remington employed *** workers, *** percent of whom were production and related workers producing electric shavers (table 11). The number of all people employed * * * to *** in 1984, representing a * * * of *** percent. During January-September 1985, the number of all persons employed at Remington had * * * to ***, representing * * * of *** percent compared with the number of persons employed in the corresponding period of 1984.

The number of production and related workers * * * from *** in 1980 to *** in 1984, or by *** percent. During January-September 1985 the number of production and related workers * * * by *** percent to *** workers compared with *** in the corresponding period of 1984.

The hours worked by production and related workers * * * from *** in 1980 to *** hours in 1984, representing a * * * of *** percent. However, hours worked * * * during January-September 1985 to ***, or by *** percent, compared with *** hours in the corresponding period of 1984. Output per hour * * * from *** units in 1980 to *** units in 1984. Output per hour continued to * * * during January-September 1985 to *** units per hour, compared with *** units in the corresponding period of 1984.

For all of 1985 Remington reported that the average number of production and related workers was ***. The number of hours worked by these workers was ***. Output per hour for all of 1985 was *** units per hour.

* * *. * * *.

Traditionally, Remington has had two periods of shutdown, one in the summer and one beginning in late December and running into early January. For example, in * * *.

Wages paid to production and related workers * * * by *** percent from 1980 to 1984 and then * * * during the interim periods by *** percent (table 12). The average hourly wage * * * from *** an hour in 1980 to *** in 1984. Average hourly wages * * * to *** during January-September 1985 compared with *** in the corresponding period of 1984.

Total compensation followed the same pattern as wages, * * * by *** percent from *** in 1980 to *** in 1984 and then * * * by *** percent in January-September 1985. Average hourly compensation * * * from *** in 1980 to *** in 1984. It * * * to *** during January-September 1985 compared with the corresponding period of 1984. Labor cost per unit * * * from *** in 1980 to *** in 1984 and then * * * to *** during January-September 1985 compared with *** in January-September 1984.

Total compensation paid to production and related workers for all of 1985 was ***. The average hourly compensation for the year was *** and the unit labor cost was ***.

Remington has various work incentive and profit-sharing programs. The profit-sharing program was initiated in February 1980 as a way of letting employees share in any success of the firm as well as to provide a form of retirement plan. Nearly everyone in the company is eligible for some type of incentive program that rewards exceptional performance. Nonsales professionals have a discretionary bonus plan that makes cash awards of *** to ***. Office employees have a performance fund to reward employees for exceptional work. Sales employees work on a commission basis. Production and related workers have an incentive pay system that pays extra, either on a group or individual basis (depending on the operation), for output exceeding the norm. * * *. Remington employees are not represented by a union.

Table 11.--Average number of workers employed in the production of electric shavers and parts thereof, 1980-84, January-September 1984, and January-September 1985

Item	1980	1981	1982	1983	1984	January-September--	
						1984	1985
Employment:							
All persons-----	***	***	***	***	***	***	***
Production and related workers producing electric shavers-----	***	***	***	***	***	***	***
Hours worked by production and related workers 1,000 hours--	***	***	***	***	***	***	***
Output per hour-----	***	***	***	***	***	***	***

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

Table 12.--Wages paid to production and related workers producing electric shavers and parts thereof, 1980-84, January-September 1984, and January-September 1985

Item	1980	1981	1982	1983	1984	January-September--	
						1984	1985
Wages paid to production and related workers producing electric shavers 1,000 dollars--	***	***	***	***	***	***	***
Total compensation paid: to production and related workers producing electric shavers 1,000 dollars--	***	***	***	***	***	***	***
Average hourly wages---	***	***	***	***	***	***	***
Average hourly compensation-----	***	***	***	***	***	***	***
Labor cost per unit produced-----	***	***	***	***	***	***	***

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

Financial experience of the U.S. producer

Remington Products, Inc., is the only U.S. producer of electric shavers and parts. The company produces no other products, although it resells other products like pool alarms, hair trimmers, lite scent and refills, lighters, air purifiers and filters, clocks, and so forth. These other products accounted for *** to *** percent of total company sales during the 1980-85 period. The company exported its products through its domestic subsidiary, a Domestic International Sales Corporation (DISC), until December 31, 1984. This subsidiary discontinued its operations on December 31, 1984, and was liquidated in June 1985 in accordance with the Economic Recovery Act of 1984. Remington made an election of Subchapter S status for Federal income tax purposes effective March 1, 1984. Under Subchapter S status, Federal income taxes on net income are payable personally by the stockholder rather than by the corporation. Remington Products, Inc., currently holds a *** percent ownership interest in its foreign subsidiaries in * * *. Prior to March 1, 1984, Remington owned *** percent ownership interest in all of its foreign subsidiaries.

In 1984, Remington changed its accounting year from ending on the last day of February to the last day of September. The company supplied data for March-September 1984 and 1985, as well as for its first new fiscal year, the 12-month-period ending on September 30, 1985. These data are presented in table 13. * * *

Operations on electric shavers and parts thereof.--Net sales of electric shavers in the U.S. market * * * each year from *** in 1980 to *** in 1984, or by *** percent. Net sales of parts for electric shavers in the U.S. market * * * each year from *** in 1980 to *** in 1984, representing a * * * of *** percent. The domestic sales of parts * * * from *** during March-September 1984 to *** in the corresponding period of 1985, or by *** percent. Domestic sales of electric shavers * * * by *** percent from *** during March-September 1984 to *** during March-September 1985 (table 13).

Net export sales of electric shavers to unrelated parties * * * from *** in 1980 to *** in 1981, * * * to *** in 1983 and then * * * to *** in 1984. Net export sales * * * by *** percent from *** during March-September 1984 to *** in March-September 1985. Exports of electric shavers ranged from a * * * Of *** percent of total net sales in 1980 to a * * * of *** percent in 1984. * * *. Such exports * * * from *** in 1980 to *** in 1982 and then * * * to *** in 1983 and *** in 1984. During March-September 1985, intercompany sales * * * by *** percent to *** compared with *** in the corresponding period of 1984. As a percent of total net sales, such sales * * * from *** percent in 1980 to *** percent during 1984 and were *** percent in March-September 1985 compared with *** percent in the corresponding period of 1984.

Operating income on the sales of electric shavers and parts * * * than sales, * * * from *** in 1980 to *** in 1984. Such income * * * by *** percent to *** during March-September 1985, compared with *** in the corresponding period of 1984. The ratio of operating income to net sales * * * from *** percent in 1980 to *** percent in 1981 then * * * to *** percent in 1982. Thereafter, operating income margins * * * to *** percent in 1983 and *** percent in 1984. This margin * * * again to *** percent during March-September 1985, compared with *** percent in the corresponding period of 1984.

Table 13.--Income-and-loss experience of Remington Products, Inc., on its operations producing electric shavers and/or parts for the fiscal years 1980-84, March-September 1984, March-September 1985, and fiscal year 1985 1/

Item	Fiscal year ended Feb. 28 or 29--					March-September--		Fiscal year
	1980	1981	1982	1983	1984	1984	1985 2/	ended Sept 30--
								1985
Net sales:								
Electric shavers:								
Trade:								
Domestic-----1,000 dollars--	***	***	***	***	***	***	***	***
Export-----do-----	***	***	***	***	***	***	***	***
Intercompany-all export-----do-----	***	***	***	***	***	***	***	***
Subtotal-----do-----	***	***	***	***	***	***	***	***
Parts:								
Domestic-----1,000 dollars--	***	***	***	***	***	***	***	***
Export-----do-----	***	***	***	***	***	***	***	***
Subtotal-----do-----	***	***	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***	***	***
Cost of goods sold:								
Raw materials-----1,000 dollars--	***	***	***	***	***	***	***	***
Direct labor-----do-----	***	***	***	***	***	***	***	***
Other factory costs-----do-----	***	***	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***	***	***
Gross profit-----do-----	***	***	***	***	***	***	***	***
General, selling, and administrative expenses:								
Advertising-----1,000 dollars--	***	***	***	***	***	***	***	***
Other-----do-----	***	***	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***	***	***
Operating income-----do-----	***	***	***	***	***	***	***	***
Interest expense-----do-----	***	***	***	***	***	***	***	***
Net income before income taxes-----do-----	***	***	***	***	***	***	***	***
Depreciation and amortization expense included above-----do-----	***	***	***	***	***	***	***	***
Cash flow from operations-----do-----	***	***	***	***	***	***	***	***
As a share of total net sales:								
Gross profit-----percent--	***	***	***	***	***	***	***	***
Operating income-----do-----	***	***	***	***	***	***	***	***
Net income before income taxes-----do-----	***	***	***	***	***	***	***	***
Cost of goods sold-----do-----	***	***	***	***	***	***	***	***
General, selling, and administrative expenses:-----percent--								
Advertising-----do-----	***	***	***	***	***	***	***	***
Other-----do-----	***	***	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***	***	***
Interest expenses-----do-----	***	***	***	***	***	***	***	***
Domestic trade sales of electric shavers:-----percent--								
Export trade sales of electric shavers:-----percent--	***	***	***	***	***	***	***	***
Intercompany export sales of electric shavers:-----percent--	***	***	***	***	***	***	***	***
Domestic sales of parts-----do-----	***	***	***	***	***	***	***	***
Export sales of parts-----do-----	***	***	***	***	***	***	***	***

1/ Remington changed its accounting year from ending on the last day of February to the last day of September in 1984. Hence the company had a short accounting year of 7 months from Mar. 1, 1984, to Sept. 30, 1984, and thereafter a full fiscal year for the 12-month period ending on Sept. 30, 1985.

2/ For March-September 1985, data derived by subtracting data for October 1984 to February 1985 reported by the company from its data for fiscal year ended Sept. 30, 1985.

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

The * * * in operating income in 1981 could be attributed to the * * * which * * * by *** percent from the 1980 level, and other * * *, which * * * by *** percent from the 1980 level. In the first year of operations after Mr. Kiam purchased the company, efforts were concentrated on turning the company, which had previously been losing money, into a profitable company. Hence, costs were drastically cut through the discharge of 70 management people in 1980 and by cutting other discretionary costs like advertising to increase cash-flow. In 1981, once the company became profitable, advertising expenses were increased to gain a larger share of the market, around *** employees were added, and pension and profit-sharing plans were introduced.

During 1983-84, as a share of net sales, gross profit was * * * because of * * *. Hence, the * * * in the operating income margins during 1983-84 was due to the * * *.

According to Remington, * * * during March-September 1985. During 1982-84, * * *.

Remington provided income-and-loss data on its operations on electric shavers and parts only for sales in the U.S. market. The trend for operating income on domestic sales is similar to that of total electric shavers and parts (i.e., including exports and intercompany transactions) but the operating income margins on domestic sales are * * * (* * *) as shown in the following tabulation:

	<u>Financial year ended</u>					<u>March-September</u>		<u>Fiscal year</u>
	<u>February 28 or 29</u>							<u>ended</u>
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1984</u>	<u>1985</u>	<u>September 30,</u>
								<u>1985</u>
Operating income								
margin of electric shavers and parts:								
Domestic sales-----	***	***	***	***	***	***	***	***
Domestic and export sales (including intercompany)-----	***	***	***	***	***	***	***	***

Remington generally earned * * * operating income and pretax income margins on its operations producing electric shavers and parts for domestic sales than manufacturers of household electric appliances, all durable manufacturing industries, and all manufacturing corporations during 1980-85 (except in 1981), as shown in table 14.

During March-September 1985, the ratio of operating income to net domestic and export sales for electric shavers and parts was * * * to that for all durable manufacturing industries and all manufacturing corporations. The ratio of pretax net income to such sales, however, was * * * than such ratios for all durable manufacturing industries and all manufacturing corporations. The ratios for electric shavers and parts were * * * for operating income and * * * for pretax income during the fiscal year ended September 30, 1985, and all such ratios were * * * during 1980-84, except the * * * in 1981.

Table 14.--Ratio of operating income to net sales and ratio of pretax net income to net sales for Remington, all household electric appliances, all durable manufacturing industries, and all manufacturing, for the fiscal years 1980-84, March-September 1984, March-September 1985, and fiscal year 1985

(In percent)										
Item	Fiscal year ended					March-	Fiscal		Fiscal	year ended
	Feb. 28 or 29					September--	: year ended			
	1980	1981	1982	1983	1984	1984	1985	Sept. 30,	1985	
Ratio of operating income to net sales										
Electric shavers and parts--	:	:	:	:	:	:	:	:	:	
Domestic sales-----	***	***	***	***	***	***	***	***	***	
Domestic and export sales (including intercompany)-----	***	***	***	***	***	***	***	***	***	
Remington's overall company operations-----	***	***	***	***	***	***	***	***	***	
Household electric appliances <u>1/</u> -----	6.2	10.3	7.4	9.7	9.5	<u>2/</u>	<u>2/</u>		4.4	
All durable manufacturing industries <u>3/</u> -----	7.2	5.9	7.0	4.8	5.9	7.7	6.1		6.1	
All manufacturing--- <u>3/</u> -----	6.7	6.0	5.7	4.8	6.3	7.0	6.3		6.0	
Ratio of pretax net income to net sales										
Electric shavers and parts--	:	:	:	:	:	:	:	:	:	
Domestic sales-----	***	***	***	***	***	***	***	***	***	
Domestic and export sales (including intercompany)-----	***	***	***	***	***	***	***	***	***	
Remington's overall company operations-----	***	***	***	***	***	***	***	***	***	
Household electric appliances <u>1/</u> -----	5.5	9.1	6.1	7.9	7.8	<u>2/</u>	<u>2/</u>		2.5	
All durable manufacturing industries <u>3/</u> -----	6.8	5.2	6.2	3.5	5.3	6.9	6.4		5.8	
All manufacturing--- <u>3/</u> -----	5.9	5.0	4.9	3.9	5.8	6.4	6.2		5.6	

1/ Data compiled from annual statement studies published by Robert Morris Associates.

2/ Not available.

3/ Averaged from data published in Quarterly Financial report by the Federal Trade Commission and the U.S. Department of Commerce.

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

During the fiscal year ended September 30, 1985, and March-September 1985, Remington's operating income and margins on its overall company operations were * * * than those earned by all durable manufacturing industries and all manufacturing corporations. Such margins were * * * during 1980-84.

As a share of net sales, the cost of goods sold * * * from *** percent in 1980 to *** percent in 1984 as a result of * * *, reflecting the * * * in the gross profit margins from *** percent in 1980 to *** percent in 1984. Costs of goods sold * * * to *** percent during March-September 1985 compared with *** percent in the corresponding period of 1984.

Advertising expense normally is a major component of general, selling, and administrative expenses for an industry producing a consumer product. Remington does in-house a substantial amount of the advertising work that is generally performed by an outside advertising agency. Remington develops, writes, and produces its own advertisements in the office of its president, Mr. Victor Kiam, and originates its own advertising themes (such as the "Proudly made in USA" theme). The advertisements are done by Mr. Kiam himself. Remington only uses an outside advertising agency to buy advertising time with the appropriate media, to distribute advertising tapes and to prepare reports on the time purchased from the media. The company indicated that outside advertising agencies generally charge * * *, but Remington pays only * * *. Thus, the company claims that it saves *** percent by doing most of the advertising work in-house.

Remington paid certain advertising fees to Mr. Kiam for appearing in its advertisements on television and other media. These are presented in the following tabulation:

	<u>Fiscal year ended</u>				<u>March-</u>		<u>Fiscal year</u>
	<u>Feb. 28 or 29</u>				<u>September--</u>		<u>ended</u>
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1984</u>	<u>1985</u>	<u>Sept 30, 1985</u>
Fee paid for:							
All products							
1,000 dollars--	***	***	***	***	***	***	***
Electric shavers							
1,000 dollars--	***	***	***	***	***	***	***
Fees paid for electric shavers as a--							
Percent of adver-							
tising expenses--	***	***	***	***	***	***	***
Percent of net							
sales-----	***	***	***	***	***	***	***

Advertising expenses allocated for electric shavers and parts more than * * * from *** in 1980 to *** in 1984 and * * * by *** percent to *** during March-September 1985 compared with *** in the corresponding period of 1984. These expenses varied between *** and *** percent of net sales during 1980-85. The remaining general, selling, and administrative expenses fluctuated from a * * * of *** percent of net sales in 1980 to a * * * of *** percent in 1983, and then * * * to *** percent during March-September 1985.

The administrative expenses include Remington's officers' salaries that are presented in table 15.

Remington's officers' salaries * * * from *** percent of other general, selling, and administrative expenses (i.e., excluding advertising) in 1980 to *** percent in 1981, * * * at *** percent in 1982, and then * * * to *** percent in 1983 and 1984. This percentage * * * to *** during March-September 1985 and *** in the fiscal year ended September 30, 1985. As a share of total net sales, officers' salaries ranged from a * * * of *** percent in 1980 and 1985 to a * * * of *** percent in 1982. When such percentages are compared with similar percentages in the household electric appliances industry, they are * * * .

Interest expense * * * from *** in 1980 to *** in 1982 and then * * * to *** in 1984. Such expense * * * to *** during March-September 1985 compared with *** in the corresponding period of 1984. As a percent of net sales, interest expense * * * from *** percent in 1980 to *** percent in 1984, because of the * * * sales each year. Net income before income taxes generally followed a trend similar to that of operating income during the period of investigation. Data on the fiscal year ended September 30, 1985, show that * * * net sales of electric shavers and parts * * * to ***, the operating * * * * * to ***, which is equivalent to *** percent of net sales. The company also provided data for October 1, 1984, to February 28, 1985. If these data are combined with the data for March-September 1984, this would constitute a full fiscal year ended February 28, 1985. These combined data show that the company earned an operating income of ***, or *** percent, on sales of *** in the fiscal year ended February 28, 1985, compared with an operating income of ***, or *** percent, on sales of ***, in the previous fiscal year ended February 29, 1984.

Overall operations of Remington Products, Inc., and its domestic subsidiary

Remington * * *

From 1980 to 1984, Remington's net sales * * * annually from *** to ***, or by *** percent (table 17). During the same period, Remington derived between *** and *** percent of its overall company sales revenue from the sale of electric shavers and parts. During March-September 1985, net sales * * * compared with the corresponding period of 1984.

Table 15.--Selected data on salaries of Remington Products, Inc., officers for the fiscal years 1980-84, March-September 1984, March-September 1985, and fiscal year 1985

(In thousands of dollars)								
Item	Fiscal year ended					March-		Fiscal
	Feb. 28 or 29--					September--		year
	1980	1981	1982	1983	1984	1984	1985	ended
								:Sept 30--
Owner:								
Base-----	***	***	***	***	***	***	***	***
Bonus-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Officer A:								
Base-----	***	***	***	***	***	***	***	***
Bonus-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Officer B:								
Base-----	***	***	***	***	***	***	***	***
Bonus-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Officer C:								
Base-----	***	***	***	***	***	***	***	***
Bonus-----	***	***	***	***	***	***	***	1/***
Total-----	***	***	***	***	***	***	***	***
Officer D:								
Base-----	***	***	***	***	***	***	***	***
Bonus-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Total officers' salaries for the company-----	***	***	***	***	***	***	***	***
Officers' salaries allocated to electric shavers and parts-----	***	***	***	***	***	***	***	***
Percent of other general, selling, and administrative expenses-----	***	***	***	***	***	***	***	**
Percent of net sales-----	***	***	***	***	***	***	***	***
Household electric appliances industry:								
Percent of officers salaries to net sales: 2/								
Low-----	1.4	1.7	1.4	1.9	2.0	3/	3/	2.6
Medium-----	3.2	2.8	1.7	2.9	4.4	3/	3/	3.4
High-----	5.6	4.2	5.8	5.6	8.3	3/	3/	6.2

1/ * * *

2/ Data compiled from annual statement studies published by Robert Morris Associates.

3/ Not available.

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

The trends for overall company operating income are similar to those for electric shavers and parts during the period covered by the investigation. Operating income * * * by more than *** percent, from *** in 1980 to *** in 1984, after * * * to *** in 1981. During March-September 1985, operating income * * * to ***, compared with *** during the corresponding period of 1984. The overall company operating income margin followed a trend similar to that of the operations on electric shavers and parts. After * * * to *** percent in 1981 from *** percent in 1980, Remington's operating income margin * * * at *** percent in 1982 and then * * * to *** percent in 1984. This margin * * * to *** percent during March-September 1985, compared with *** percent in the corresponding period of 1984, and was *** percent at * * *, during the fiscal year ended September 30, 1985. These margins are * * * than those of electric shavers and parts because the company's overall operating income was * * * than the operating income for electric shavers and parts during 1981-85. This indicates that Remington * * * operating * * * in its nonelectric shaver operations during 1981-85 and * * * from these operations in 1980.

After taking into account interest expense, foreign currency translation loss, provision for income taxes, and before the share of income or loss of foreign subsidiaries, joint ventures and minority interest, net income margins * * * but were much * * *. Such margins * * * from *** percent in 1980 to *** percent in 1982, after * * * to *** percent in 1981, and then * * * to *** percent in 1983 and *** percent in 1984. These margins * * * because of the company's share of * * * in its foreign subsidiaries that were offset by * * * in foreign joint ventures during 1981-83. Remington's total income from its foreign subsidiaries * * * from *** in 1980 to *** in 1984.

Financial condition of Remington Products, Inc.

The balance sheets of Remington Products, Inc., and its domestic subsidiary for its first 5 fiscal years, as of the last day of February 1980-84 and its 2 changed fiscal years, as of September 30, 1984-85 (7 months and 12 months, respectively), are presented in table 17. To analyze the financial condition of Remington Products, Inc., selected financial ratios of the company are presented in table 18.

The liquidity ratios represent short-term debt-paying abilities of the corporation and measure the quality and adequacy of current assets to meet current liabilities as they come due. Remington's current ratio (current assets to current liabilities) of *** in 1980 * * * to *** in 1981, * * * to *** in 1982 and then * * * at *** in 1983, which is * * *, and then * * * to *** in 1984. The current ratio was ***, at the periods * * *, during the first full (12-month period) new fiscal year ended on September 30, 1985. The quick ratio (cash plus total receivables and intercompany notes receivables to current liabilities) * * * each year from *** in 1980 to *** in 1983 and then * * * to *** in 1984 and * * * to *** in the new fiscal year 1985. A ratio of 1.0 is generally considered adequate for this indicator.

Table 16.--Consolidated balance sheets of Remington Products, Inc., and its domestic subsidiary as of February 28 or 29, 1980-84, and September 30, 1984-85

(In thousands of dollars)

Item	As of Feb. 28 or 29--					As of Sept. 30--	
	1980	1981	1982	1983	1984	1984 ^{1/}	1985 ^{2/}
Assets							
Current assets:							
Cash-----	***	***	***	***	***	***	***
Receivables:							
Trade (net of allowances, cash discounts, and customer disputes)-----	***	***	***	***	***	***	***
Other-----	***	***	***	***	***	***	***
Intercompany-----	***	***	***	***	***	***	***
Total receivables-----	***	***	***	***	***	***	***
Intercompany notes receivable-----	***	***	***	***	***	***	***
Inventory-----	***	***	***	***	***	***	***
Prepaid expenses-----	***	***	***	***	***	***	***
Advances to stockholder-----	***	***	***	***	***	***	***
Total current assets-----	***	***	***	***	***	***	***
Property, plant and equipment:							
Land-----	***	***	***	***	***	***	***
Building-----	***	***	***	***	***	***	***
Machinery and equipment-----	***	***	***	***	***	***	***
Furniture, fixtures and other-----	***	***	***	***	***	***	***
Total property, plant, and equipment-----	***	***	***	***	***	***	***
Less accumulated depreciation-----	***	***	***	***	***	***	***
Net property, plant, and equipment-----	***	***	***	***	***	***	***
Other assets:							
Investment in foreign subsidiaries and joint ventures-----	***	***	***	***	***	***	***
Deferred taxes-----	***	***	***	***	***	***	***
Other noncurrent assets-----	***	***	***	***	***	***	***
Total other assets-----	***	***	***	***	***	***	***
Total assets-----	***	***	***	***	***	***	***
Liabilities and stockholders' equity							
Current liabilities:							
Notes payable-----	***	***	***	***	***	***	***
Accounts payable:							
Trade-----	***	***	***	***	***	***	***
Other or intercompany-----	***	***	***	***	***	***	***
Accrued compensation, advertising, and other expenses-----	***	***	***	***	***	***	***
Income taxes payable-----	***	***	***	***	***	***	***
Other taxes payable-----	***	***	***	***	***	***	***
Total current liabilities-----	***	***	***	***	***	***	***
Long-term debt-----	***	***	***	***	***	***	***
Deferred income taxes-----	***	***	***	***	***	***	***
Deferred compensation-----	***	***	***	***	***	***	***
Unearned income-intercompany sales to foreign subsidiaries-----	***	***	***	***	***	***	***
Minority interest in domestic subsidiary-----	***	***	***	***	***	***	***
Stockholders' equity:							

Common stock-no par value-----	***	***	***	***	***	***	***
Retained earnings and subchapter S earnings-----	***	***	***	***	***	***	***
Total stockholders' equity-----	***	***	***	***	***	***	***
Total liabilities and stockholders' equity-----	***	***	***	***	***	***	***

^{1/} A short accounting year for 7 months because of change in accounting year.

^{2/} Data are from a draft copy of financial statements and auditors' report that is subject to adjustment.

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

Table 17.--Consolidated income-and-loss experience of Remington Products, Inc., and domestic subsidiary on its overall company operations within which electric shavers and/or parts are produced, for the fiscal years 1980-84, March-September 1984, March-September 1985, and fiscal year 1985 1/

Item	Fiscal year ended February 28 or 29					March-September--	Fiscal year
	1980	1981	1982	1983	1984	1984	ended Sept. 30--
Net sales-----1,000 dollars--	***	***	***	***	***	***	***
Cost of goods sold-----do-----	***	***	***	***	***	***	***
Gross profit-----do-----	***	***	***	***	***	***	***
Operating expenses:							
Advertising-----1,000 dollars--	***	***	***	***	***	***	***
Other selling-----do-----	***	***	***	***	***	***	***
General and administrative-----do-----	***	***	***	***	***	***	***
Total operating expenses-----do-----	***	***	***	***	***	***	***
Operating income-----do-----	***	***	***	***	***	***	***
Interest expense-----do-----	***	***	***	***	***	***	***
Foreign currency translation gain or (loss):							
1,000 dollars--	***	***	***	***	***	***	***
Other income or (expense), net-----do-----	***	***	***	***	***	***	***
Income before provision for income taxes							
and equity in income or (loss) of foreign							
subsidiaries and joint ventures, and							
minority interest in income or (loss)							
1,000 dollars--	***	***	***	***	***	***	***
Provision for income taxes-----do-----	***	***	***	***	***	***	***
Income before equity in income or (loss) of:							
foreign subsidiaries and joint ventures,							
and minority interest in income or (loss):							
1,000 dollars--	***	***	***	***	***	***	***
Equity in income of foreign subsidiaries							
1,000 dollars--	***	***	***	***	***	***	***
Equity in loss of foreign joint ventures							
1,000 dollars--	***	***	***	***	***	***	***
Minority interest in income-----do-----	***	***	***	***	***	***	***
Net income-----do-----	***	***	***	***	***	***	***
As a share of net sales:							
Cost of goods sold-----percent--	***	***	***	***	***	***	***
Advertising-----do-----	***	***	***	***	***	***	***
Total operating expenses-----do-----	***	***	***	***	***	***	***
Interest expense-----do-----	***	***	***	***	***	***	***
Gross profit-----do-----	***	***	***	***	***	***	***
Operating income-----do-----	***	***	***	***	***	***	***
Income before provision for income taxes							
and equity in income or (loss) of							
foreign subsidiaries and joint							
ventures, and minority interest in							
income or (loss)-----percent--	***	***	***	***	***	***	***
Provision for income taxes-----do-----	***	***	***	***	***	***	***
Income before equity in income or (loss)							
of foreign subsidiaries and joint							
ventures, and minority interest in							
income or (loss)-----percent--	***	***	***	***	***	***	***
Equity in income of foreign subsidiaries							
percent--	***	***	***	***	***	***	***
Equity in loss of foreign joint ventures							
percent--	***	***	***	***	***	***	***
Minority interest in income-----do-----	***	***	***	***	***	***	***
Net income-----do-----	***	***	***	***	***	***	***
Electric shavers and parts' net sales							
percent--	***	***	***	***	***	***	***

1/ Remington changed its accounting year from ending on the last day of February to the last day of September 1984. Hence the company had a short accounting year of 7 months from Mar. 1, 1984, to Sept. 30, 1984, and thereafter a full fiscal year for the 12 months period ending on Sept. 30, 1985.

2/ For March-September 1985, data derived by subtracting data for October 1984 to February 1985 reported by the company (which are not audited) from its data for fiscal year ended Sept. 30, 1985.

3/ Not available

Source: Compiled from the audited financial statements and the questionnaire data submitted by Remington Products, Inc.

Table 18.--Selected financial ratios for Remington Products, Inc., as of February 28 or 29, 1980-84 and as of September 30, 1985

	As of Feb. 28 or 29					As of
	1980	1981	1982	1983	1984	Sept 30--
						1985
Liquidity ratios:						
Current ratio-----	***	***	***	***	***	***
Quick (Acid test) ratio-----	***	***	***	***	***	***
Receivable turnover---	***	***	***	***	***	***
Inventory turnover---	***	***	***	***	***	***
Days' sales in receivables-----	***	***	***	***	***	***
Days to sell inventory-----	***	***	***	***	***	***
Working capital 1,000 dollars---	***	***	***	***	***	***
Leverage ratios:						
Total debt to equity---	***	***	***	***	***	***
Long-term debt to equity-----	***	***	***	***	***	***
Property, plant, and equipment to equity-----	***	***	***	***	***	***
Times interest earned-----	***	***	***	***	***	***
Return on investment ratios:						
Income before income taxes and foreign subsidiaries and joint ventures' share and minority interest to--						
Total assets less other assets percent---	***	***	***	***	***	***
Adjusted equity 1/--	***	***	***	***	***	***
Invested capital 2/--	***	***	***	***	***	***
Net income to--						
Total assets-----	***	***	***	***	***	***
Equity-----	***	***	***	***	***	***
Invested capital 3/--	***	***	***	***	***	***

1/ Equity adjusted by the share of income and loss in foreign subsidiaries and joint ventures and minority interest.

2/ Working capital plus net property, plant and equipment.

3/ Working capital plus noncurrent assets.

Source: Compiled from data presented in tables 16 and 17.

Receivable and inventory turnover ratios measure the number of times trade receivables and inventory, respectively, turn over during the year. Receivable turnover * * * by * * * percent, from * * * in 1980 to * * * in 1982 and then * * * to * * * in 1984. Such turnover * * * to * * * in the new fiscal year 1985 mainly * * *. Sales * * * in the new fiscal year 1985 * * * those reported in all prior old fiscal years 1980-84. This is evidenced by "days' sales in receivable," which * * * during the same period. Inventory turnover * * * by * * * percent from * * * in 1980 to * * * in 1984. This is verified by "days to sell inventory," which showed * * * of * * * percent during the same period. However, an inventory turnover * * * to * * * in the new fiscal year 1985 because of the * * * compared with those during the old fiscal years during 1980-84. Another primary indication of short-run solvency and debt-paying ability is working capital, which is the difference between the current assets and current liabilities. Remington showed * * * in its working capital, which * * * from * * * in 1980 to * * * in 1984 and then * * * to * * * in 1985.

Financial leverage is the use of financing with a fixed charge of interest expense. Its use is advantageous when a firm obtains a greater return on the resources obtained than the rate of interest expense. Leverage ratios indicate the relationship of investment made by creditors with the investment made by the owners. Total debt to equity ratio showed * * * of * * * percent from * * * in 1980 to * * * in 1984. This is attributed to a * * *. In 1984, the company * * *. The long-term debt to equity ratios showed similar trend, * * * from * * * in 1980 to * * * in 1984. The ratio of net property, plant, and equipment (fixed assets) to equity * * * during 1981-84 and then * * * in the fiscal year ended September 30, 1985. The investment in fixed assets * * *. All three leverage ratios * * * in the new fiscal year 1985. In 1985, the total debt of the company * * *. The times-interest-earned ratio * * * * * percent from * * * in 1980 to * * * in 1984, showing a * * * in earnings of the company. However, this ratio * * * to * * * in 1985 as the net income * * * and interest expense * * *.

The return on investment ratios measure the effectiveness of management in employing the resources available to it. The return is measured by taking the company's income earned on its total U.S. operations before income taxes without considering its share of income and losses from its foreign subsidiaries and joint ventures to various types of investment. The return is also presented by comparing total company net income to the same types of investments. All of the different measures of return on investment showed a similar trend, * * * in 1982, after * * * in 1981, and then * * * in 1983 and 1984. Such return on investment * * * in 1985.

In summary, * * *.

Financing activities of Remington Products, Inc.

Mr. Victor Kiam, sole owner of Remington Products, Inc., purchased the Remington electric shavers division from Sperry Rand Corp. on February 26, 1979 for a purchase price of approximately ***. The purchase price was financed by a technique called "assets based financing" as follows:

* * * * *

Total amount financed-----***

Mr. Kiam invested *** in the company and incurred acquisition costs of *** in purchasing the company.

The term loan from the bank was refinanced on * * *(table 17).

* * * * *

Remington obtained a term loan of * * *. 1/

* * * * *

The long-term debt of * * * as of September 30, 1985 is payable by Remington as follows (in thousands of dollars):

	<u>Value</u>
1986-----	***
1987-----	***
1988-----	***
1989-----	***
1990-----	***
Thereafter-----	***
Total-----	<u>***</u>

1/ Remington provided a copy of this loan agreement and other details in its posthearing brief, app. 1, tab C.

The company's auditor in its draft report for the fiscal year ended September 30, 1985, stated the following commitments and contingencies that are not reflected in the balance sheet data:

1.	*	*	*	*	*	*	*
2.	*	*	*	*	*	*	*
3.	*	*	*	*	*	*	*
4.	*	*	*	*	*	*	*
5.	*	*	*	*	*	*	*
6.	*	*	*	*	*	*	*

Capital expenditures.--Remington's total capital expenditures, as shown in table 19, * * * from *** in 1980 to *** in 1984. Such expenditures * * * by about * * * to *** during March-September 1985 compared with *** in the corresponding period of 1984. Most of the expenditures incurred during 1983-84 and March-September 1984-85 were for * * *. Capital expenditures for * * * * * at a much faster rate than those of * * *. Capital expenditures for * * * from *** in 1980 to *** in 1984, whereas such expenditures for * * * from *** to *** during the same period. Capital expenditures for * * * sharply by *** percent, from *** during March-September 1984 to *** in the corresponding period of 1985. During the same period, such expenditures for *** by *** percent, from *** to ***. Remington incurred *** of total capital expenditures during its new full fiscal year ended September 30, 1985, and *** of such expenditures, or *** percent of total capital expenditures, were for its * * *.

Investment in property, plant, and equipment.--As shown in table 19, total investment in property, plant and equipment, valued at cost, * * * from *** in 1980 to *** in 1984 and from *** as of September 30, 1984, to *** as of September 30, 1985. Such investments * * * at a faster rate for * * * than those for * * *. The book value of such investment showed a similar trend, * * * from *** in 1980 to *** in 1984 and from *** as of September 30, 1984, to *** as of September 30, 1985.

Table 19.--Capital expenditures and investment in property, plant, and equipment by Remington Products, Inc., for its electric shavers and/or parts operations for the fiscal years 1980-84, March-September 1984, March-September 1985, and fiscal year 1985 ^{1/}

Item	(In thousands of dollars)								
	1980	1981	1982	1983	1984	March-September--		Fiscal year	
						1984	1985	ended Sept. 30--	
								1985	
Capital expenditures:									
Land and land improvements:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***
Building or leasehold improvements:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***
Machinery, equipment and fixtures:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***
Project-in-progress:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***
Total capital expenditures:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***
Property, plant, and equipment: ^{2/}									
Original cost:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***
Book value:									
Factory-----	***	***	***	***	***	***	***	***	***
Retail-----	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***

^{1/} Remington changed its accounting year from ending on the last day of February to the last day of September 1984. Hence the company had a short accounting year of 7 months from Mar. 1, 1984, to Sept. 30, 1984, and thereafter a full fiscal year for the 12-month period ending on Sept. 30, 1985, referred to as fiscal year 1985.

^{2/} As of the end of reporting periods.

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

Research and development expenses.--Remington reported the following research and development expenses in connection with its electric shavers and parts operations (in thousands of dollars):

Item	Fiscal year ended						March-Sept.--	
	Feb. 28 or 29							
	1980	1981	1982	1983	1984	1984	1985	
New product development-----	***	***	***	***	***	***	***	
All other-----	***	***	***	***	***	***	***	
Total-----	***	***	***	***	***	***	***	

Total research and development expenses * * * by *** percent, from *** in 1980 to *** in 1984 after * * * to *** in 1981. Such expenses * * * by *** percent to *** during March-September 1985 compared with *** in the corresponding period of 1984. Most of these expenses were for research relating to the development of new or improved manufacturing processes.

Research and development expenses associated with new product development for electric shavers * * * from *** in 1980 to *** in 1981 and *** in 1982, and then * * * to *** in 1983 and *** in 1984. Such expenses * * * during March-September 1985 compared with *** in the corresponding period of 1984.

The Question of Threat of Serious Injury

Foreign producers

N.V. Philips, * * * (it produces both Norelco and Schick brands) provided the Commission with information on its production, capacity, inventories, and exports to major markets over the past 5 years (table 20). N.V. Phillips produces its shavers in the Netherlands; however, it also has plants in * * *.

N.V. Philip's capacity to produce shavers * * * from *** units in 1980 to *** units in 1984, representing a * * * of *** units, or *** percent. Production * * * from *** units in 1980 to *** units in 1982, * * * by *** percent, then * * * by *** percent in 1983 before * * * by *** units, or *** percent in 1984. Capacity utilization * * *.

Table 20.--Electric shavers and parts: N.V. Philips' production, capacity, and capacity utilization, 1980-85

(In thousands of units)

Item	1980	1981	1982	1983	1984	1985 ^{1/}
Capacity:						
Netherlands-----1,000 units--:	***	***	***	***	***	***
Other ^{2/} -----do-----:	***	***	***	***	***	***
Total-----do-----:	***	***	***	***	***	***
Production:						
Netherlands-----1,000 units--:	***	***	***	***	***	***
Other ^{2/} -----do-----:	***	***	***	***	***	***
Total-----do-----:	***	***	***	***	***	***
Capacity utilization:						
Netherlands-----1,000 units--:	***	***	***	***	***	***
Other ^{2/} -----do-----:	***	***	***	***	***	***
Total-----do-----:	***	***	***	***	***	***

^{1/} Data for January-November 1985.

^{2/} The "other" category includes plants in * * *.

Source: Compiled from information provided by counsel for N.V. Philips.

N.V. Philips reported its shipments of electric shavers to its major export markets (table 21). These shipments are based on sales to retailers in these markets, not to importers; therefore, they may be somewhat lower than actual exports.

Table 21.--Electric shavers: N.V. Philips' sales of electric shavers to retailers in export markets, 1980-85

(In thousands of units)

Item	1980	1981	1982	1983	1984	1985
Sales of exports in:						
United States-----:	***	***	***	***	***	***
Europe-----:	***	***	***	***	***	***
All other-----:	***	***	***	***	***	***
Total-----:	***	***	***	***	***	***

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

N.V. Philips' sales in the United States accounted for *** percent of its exports in 1980. They * * * to *** percent of export sales in 1984, then * * * to *** percent in 1985. The * * * market for shavers was * * *, which accounted for between *** and *** percent of export sales during 1980 and 1985.

Izumi Seimitsu Kogyo Co., Ltd. (Izumi), a Japanese producer of electric shavers, sells its shavers in the United States to * * *, * * *, and * * *, (all of whom market the products under their own brand name) reported information on its capacity, capacity utilization, shipments, and exports (table 22).

Table 22.--Electric shavers and parts: Izumi's capacity, shipments, and exports, 1980-85

(In thousands of units)							
Item	1980	1981	1982	1983	1984	1985	
Capacity-----	***	***	***	***	***	***	***
Shipments in Japan of--							
Shavers-----	***	***	***	***	***	***	***
Blades-----	***	***	***	***	***	***	***
Shipments to the United States of--							
Shavers-----	***	***	***	***	***	***	***
Blades-----	***	***	***	***	***	***	***
Shipments to other countries of--							
Shavers-----	***	***	***	***	***	***	***
Blades-----	***	***	***	***	***	***	***
Total shipments-----	***	***	***	***	***	***	***
Shipments as a percent of capacity-----	***	***	***	***	***	***	***

Source: Information submitted by counsel for Izumi Seimitsu Kogyo Co. Ltd.

Izumi accounted for approximately *** percent of imports from Japan into the United States in 1980 and *** percent of such shipments in 1984. Shipments to the United States accounted for *** percent of total shipments in 1980 and *** percent of such shipments in 1984. Izumi's capacity * * * at *** units from 1980 through 1984 then * * * to *** units in 1984. Izumi reported that it * * *. Total shipments * * * from *** units in 1980 to *** units in 1982, then * * * to *** units in 1984. As a percent of capacity, Izumi's shipments * * * from *** percent in 1980 to *** percent in 1981, then * * * to * * * percent in 1983. Izumi then * * * its capacity * * * and shipments as a percent of capacity * * * to *** percent in 1984 before * * * to *** percent in January-September 1985.

Importers' inventories

Importers' inventories * * * throughout the period from *** units in 1980 to *** units in 1984, representing * * * of *** units or *** percent (table 23). At the end of September 1985, inventories * * * to *** units compared with *** units in inventory at the end of September 1984, representing * * * of *** percent. The ratio of U.S. importers' inventories to shipments * * * from *** percent in 1980 to *** percent in 1984. This ratio * * * to *** percent at the end of September 1985 compared with *** percent at the end of September 1984.

Table 23.--Electric shavers: U.S. importers' end-of-period inventories, by sources, 1980-84, January-September 1984, and January-September 1985

Source	1980	1981	1982	1983	1984	Jan.-Sept.--	
						1984	1985
Quantity (1,000 units)							
Inventories of imports:							
from--							
Austria-----	***	***	***	***	***	***	***
Japan-----	***	***	***	***	***	***	***
Netherlands-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Percent of total							
Ratio of importers'							
inventories to							
importers' ship-							
ments from--							
Austria-----	***	***	***	***	***	1/	1/
Japan-----	***	***	***	***	***	1/	1/
Netherlands-----	***	***	***	***	***	1/	1/
Total-----	***	***	***	***	***	1/	1/

1/ Based on annualized shipment data.

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

* * * * *

NAPC (Norelco), U.S. Appliances Corp. (Schick), and Windmere (Ronson) provided information on end-of-year inventories for 1985. End-of-period inventories, as reported by these firm's for 1984 and 1985, are shown in the following tabulation (in thousands of units):

	<u>1984</u>	<u>1985</u>
Inventories of imports		
from--		
Austria-----	***	***
Japan-----	***	***
Netherlands-----	***	***
Total-----	***	***
Ratio of inventories of		
importers' inventories		
to importers' shipments		
from--		
Austria---percent---	***	***
Japan-----do-----	***	***
Netherlands---do---	***	***
Average-----do---	***	***

The Question of Imports as a Substantial Cause
of Serious Injury

Market penetration

The ratio of imports to domestic consumption * * * steadily from *** percent in 1980 to *** percent in 1983, then * * * to *** percent in 1984, with a continued * * * to *** percent in 1985 (table 24). Although imports * * * from 1980 to 1983, they continued to increase in absolute terms. Imports continued to increase in 1985, whereas * * *. Thus the ratio of imports to apparent consumption * * * markedly during that period.

Table 24.--Electric shavers: Market penetration of imports,
by selected sources, 1980-85

Item	: 1980	: 1981	: 1982	: 1983	: 1984	: 1985
Austria-----	***	***	***	***	***	***
Japan-----	***	***	***	***	***	***
Korea-----	***	***	***	***	***	***
Netherlands-----	***	***	***	***	***	***
United Kingdom-----	***	***	***	***	***	***
West Germany-----	***	***	***	***	***	***
All other countries-----	***	***	***	***	***	***
Total 2/-----	***	***	***	***	***	***

1/ * * *.

2/ Because of rounding, figures may not add to the totals shown.

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

Prices 1/

Developing a consistent price series for domestic and imported electric shavers is difficult for several reasons. New models are frequently introduced, and existing models are periodically given slight modifications and reintroduced as 'new' models. In addition, established models are sometimes phased out and replaced with nearly identical models at a lower price. In some cases, models that were the best sellers early in the period were discontinued. In other cases, the best selling models were not introduced until 1984 or 1985. Another obstacle is that prior to 1984, there were insignificant shipments of shavers for all importers except Norelco. It has also been argued that price comparisons between shavers with rotary and straight blades may not be useful if there are distinct consumer preferences--and therefore markets--for a particular type of blade.

The producer and importers of electric shavers use list prices as their pricing base. The transaction price depends upon the type of discount or credit policy utilized by a purchaser. Remington sells electric shavers at * * *. According to both Remington and Norelco (the principal importer), the price structure is the same for sales to both retail stores and distributors. Sales of electric shavers are made to four primary types of retail outlets: discount stores, catalog showrooms, department stores, and drug chains. Sales to distributors are for the purpose of supplying small retail chains and proprietorships.

Electric shavers are classified as men's and women's style, with men's style accounting for the majority of electric shaver sales. There are three categories of shavers that fall under both men's and women's style shavers: rechargeable, cord, and battery powered.

Rechargeable shavers are usually the highest priced shavers for each brand's product line, although there is some crossover with higher end cord models. Cord shavers have traditionally been the largest selling shaver, but because of the recent downward trend in prices of rechargeables, it is possible that rechargeables might take over this position in the near future. Battery-powered shavers are usually the bottom of the line shaver and are generally cheaper than the other categories. Models differ in price within each major category because of varying features or perceived quality differences. For example, Remington's cord category consisted of *** different models from 1981 to 1985. Remington's Micro Screen, or XLR series, contains its * * * models in all three categories.

The Commission requested list prices and actual transaction prices from Remington and from importers on sales to retailers and distributors of all models of shavers sold since 1981. Prices were requested for 19 quarters covering January 1981 through September 1985. Remington provided data for all models that were produced since January 1, 1981. Norelco provided only list price data beginning in June 1982, stating that they were unable to provide data from earlier periods, or actual transaction prices. Five other importers provided data that principally covered the second half of 1984 through the third quarter of 1985.

1/ The influence of prices on import demand is discussed in appendix B.

Prices of the cord model XLR-800, which currently accounts for more than *** percent of Remington's cord category, are presented in table 25. The list price for the XLR-800 increased 7.4 percent percent, from \$26.98 during January-June 1981 to \$28.98 during July-September 1981. The list price remained at \$28.98 through April-June 1983 before falling by 8.6 percent to \$26.48, the current price. Reported transaction prices for the XLR-800 have consistently been between *** and *** percent below the list price except during April-June 1985 when there was an *** percent difference. These differences are in line with Remington's various discounting methods that are detailed in the section entitled "Discounts, rebates, and allowances." The price data for Remington's other major cord lines, XLR-700, PM-850, and PM-750 follow pricing trends similar to the XLR-800.

Remington's prices for its cord models increased less rapidly than the Consumer Price Index (CPI) between January 1981 and June 1983 but more rapidly than the Producer Price Index (PPI) during the same period (table 26). Cord model prices decreased to *** percent of the January-March 1981 price for the remainder of the period of investigation at a time when both the CPI and PPI increased. The net effect of Remington's pricing policies for its cord models has been real price * * * throughout the 5-year period of investigation.

Remington's top of the line XLR-3000, a rechargeable shaver, currently accounts for over *** percent of Remington's rechargeable category. Prices for the XLR-3000 are presented in table 25. The list price for the XLR-3000 increased 4.8 percent from \$41.98 during January-March 1981 to \$43.98 during April-June 1981. The list price remained at \$43.98 through 1983 before increasing 2.3 percent to \$44.98 at the start of 1984 and remained unchanged since. Reported transaction prices for the XLR-3000 have consistently been between *** and *** percent below the list price except for October-December 1984 when there was an *** percent difference. The price data for Remington's other major rechargeable line, the XLR-900, follows a pricing trend similar to the XLR-3000.

Remington's price changes for its rechargeable models were not in line with changes in the CPI but were in line with changes in the PPI. Thus the net effect of Remington's pricing policies for its rechargeable models has been real price * * * throughout the 5-year period of investigation if the CPI is used for comparison, or * * * if the PPI is used.

Remington's XLR-500 is its * * * shaver for which a consistent time series was provided. The price data for the XLR-500 show an overall decline of 31.6 percent from July-September 1981 to July-September 1985. In October-December 1982, the list price of the XLR-500 fell 10 percent from \$18.98 to \$17.08. The \$17.08 price remained in effect until January-March 1984 when the price fell 24 percent to \$13.00. During July-September 1984 the list price rose slightly to \$13.48 before falling during April-June 1985 to \$12.98. Reported transaction prices for the XLR-500 were *** percent below list price from July-September 1981 through July-September 1982, and were * * * to list price thereafter.

Remington's top of the line ladies model, the WER-6000, a rechargeable shaver, currently accounts for over *** percent of Remington's ladies category. Prices for the WER-6000 are presented in table 29. The list price for the WER-6000 increased 8.9 percent from \$22.48 during January-March 1981 to \$24.48 during April-June 1981. The list price remained at \$24.48 through January-March 1983 before increasing 10.2 percent to \$26.98 during April-June 1983 and has remained unchanged since. Reported transaction prices for the WER-6000 have consistently been between *** and *** percent below the list price.

Remington's price changes for its ladies rechargeable model were in line with changes in the CPI and increased more than did the PPI. Thus the net effect of Remington's pricing policies for its ladies rechargeable model has been * * * real prices throughout the 5 year period of investigation if the CPI is used for comparison, or * * * real prices if the PPI is used.

Prices of the women's cord model WER-4000, which currently accounts for *** percent of Remington's ladies category, are presented in table 27. The list price for the WER-4000 increased 12.9 percent from \$15.48 during January-June 1981 to \$17.48 during July-September 1981. The list price remained at \$17.48 through January-March 1982 before falling by 5.7 percent to \$16.48 during April-June 1982. The price again rose back to \$17.48 during July-September 1982 where it remained until January-March 1984 when the price increased 2.9 percent to \$17.98, the current price. Reported transaction prices for the WER-4000 have consistently been between *** and *** percent below the list price. The price data for Remington's other major ladies cord line, the WER-3500 increased *** percent from \$*** during July-September 1983 to \$*** the current price during October-December 1983.

Remington's price changes for its ladies cord model WER-4000 were not in line with changes in the CPI or the PPI. Thus, the net effect of Remington's pricing policies for its WER-4000 model has been real price * * * throughout the 5 year period of investigation if the CPI is used for comparison, or * * * real prices if the PPI is used. Remington's prices for its ladies cord model WER-3500 * * * less rapidly than the CPI and PPI. Therefore, there has been a real price * * * for model WER-3500.

Meaningful pricing trends are difficult to determine for many of Norelco's electric shavers because of discontinuities in the pricing data for most of their models. The available data indicate that except for a few instances Norelco's price trends corresponded to Remington's, especially prior to April-June 1984. In 1983 and 1984, Norelco discontinued a number of models that accounted for significant shares of that model category. In particular Norelco discontinued model HP-1135, which in 1983 accounted for *** percent of Norelco's cord shaver sales. The HP-1135's list price (table 28) was constant at \$28.99 from January-March 1982 through January-March 1985, the last reported price. Large shipments of the HP-1135 ended in * * * as is evidenced by Norelco's reported units for its largest sales. During April-June 1984

Table 25.--Electric shavers: Remington's list and transaction prices for its principal model men's shavers, by categories and by quarters, January 1981-September 1985

Period	(Per unit)					
	Cord		Rechargeable		Battery-powered	
	XLR-800		XLR-3000		XLR-500	
	List	FOB	List	FOB	List	FOB
1981:						
January-March----	\$26.98	\$***	\$41.98	\$***	<u>1/</u>	\$***
April-June-----	26.98	***	43.98	***	<u>1/</u>	***
July-September---	28.98	***	43.98	***	\$18.98	***
October-December--	28.98	***	43.98	***	<u>1/</u> ***	***
1982:						
January-March----	28.98	***	43.98	***	18.98	***
April-June-----	28.98	***	43.98	***	18.98	***
July-September---	28.98	***	43.98	***	18.98	***
October-December--	28.98	***	43.98	***	17.08	***
1983:						
January-March----	28.98	***	43.98	***	17.08	***
April-June-----	28.98	***	43.98	***	17.08	***
July-September---	26.48	***	43.98	***	17.08	***
October-December--	26.48	***	43.98	***	17.08	***
1984:						
January-March----	26.48	***	44.98	***	13.00	***
April-June-----	26.48	***	44.98	***	13.00	***
July-September---	26.48	***	44.98	***	13.48	***
October-December--	26.48	***	44.98	***	13.48	***
1985:						
January-March----	26.48	***	44.98	***	13.48	***
April-June-----	26.48	***	44.98	***	12.98	***
July-September---	26.48	***	44.98	***	12.98	***

1/ * * *

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

Table 26.--Electric shavers: Consumer Price Index, Producer Price Index, and price indexes for Remington's principal model men's shavers category, by quarters, January 1981-September 1985

(January-March 1981=100)						
Period	CPI	PPI	XLR-800	XLR-3000	XLR-500	
1981:						
January-March----	100	100	***	***	***	
April-June-----	102	102	***	***	***	
July-September---	105	103	***	***	***	
October-December--	107	103	***	***	***	
1982:						
January-March----	107	104	***	***	***	
April-June-----	109	104	***	***	***	
July-September---	111	104	***	***	***	
October-December--	111	104	***	***	***	
1983:						
January-March----	111	105	***	***	***	
April-June-----	112	105	***	***	***	
July-September---	114	106	***	***	***	
October-December--	114	106	***	***	***	
1984:						
January-March----	115	107	***	***	***	
April-June-----	116	108	***	***	***	
July-September---	117	108	***	***	***	
October-December--	118	108	***	***	***	
1985:						
January-March----	121	108	***	***	***	
April-June-----	121	108	***	***	***	
July-September---	121	107	***	***	***	

1/ * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. CPI and PPI data obtained from Data Resources, Inc.

Norelco's largest sale consisted of *** units, but its * * * sale during January-March 1985 consisted of *** units. At about the time Norelco discontinued the HP-1135, it introduced the HP-1615. Originally priced at \$24.99, the HP-1615 accounted for *** and *** percent of the cord shaver sales during January-September 1984 and January-September 1985 respectively. In 1984 Norelco charged retailers \$24.99 for the HP-1615. During January-March 1985 the price of the HP-1615 fell 24 percent to \$18.99 its current price.

Norelco's * * * rechargeable model was the HP-1318 from 1981 through 1983, at which time it was replaced by the HP-1328. The HP-1318 accounted for ***, ***, and *** percent of Norelco's rechargeable shaver sales in 1980, 1981 and 1982, respectively. The HP-1328 also replaced the HP-1318 as Norelco's * * * rechargeable shaver, accounting for *** percent of rechargeables in 1983 and *** percent in 1984. Both shavers were priced at ***.

Models HP-1207 and HP-1208 are Norelco's only men's battery shavers. Both shavers were sold to retailers for \$***

Norelco's ladies rechargeable, the HP-2615, currently accounts for *** percent of its' ladies line of shavers. The HP-2615 was introduced in July 1984, and is the only ladies rechargeable offered by Norelco. The HP-2615's list price has been \$24.99.

Norelco's ladies cord, the HP-2131, currently accounts for *** percent of its' ladies line of shavers and is Norelco's * * *. The HP-2131's list price had been constant at \$17.99 since its' introduction in April 1982 until July-September 1985 at which time the price fell 21.1 percent to \$14.20

Meaningful pricing trends for Schick established models of shavers could not be determined because there are no pricing data prior to the second quarter of 1984. Schick reentered the U.S. market in 1982, and brought out a new line of shavers in 1984 when the F-21, a cord shaver, and the F-34, a rechargeable shaver, were introduced. The prices of Schick's shavers are competitive with the medium and lower priced Remington shavers. The available data indicate that the prices of Schick's most popular shavers have fallen. The price of the F-21 fell *** percent from *** during January-March 1985 to *** during April-June 1985, the current price. The price of the F-34 fell *** percent from *** during January-March 1985 to *** during April-June 1985, the current price.

Meaningful pricing trends are difficult to determine for Ronson shavers because there are no pricing data prior to the second quarter of 1984. The available data indicate that prices for Ronson shavers have * * * or remained flat from April 1984 through September 1985 (table 29.). Ronson shavers are priced to compete with the middle and lower priced Remington shavers.

Table 27.--Electric shavers: Ladies' shavers list prices for the principal model shavers, by brands and by quarters, January 1981-September 1985

(Per unit)							
Period	Remington		Norelco		Schick	Ronson	
	WER-6000	WER-4000	HP-2131	HP-2615	LS-12	LT-2	
1981:							
January-March----	\$26.48	\$15.48	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	
April-June-----	24.48	15.48	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	
July-September---	24.48	17.48	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	
October-December--	24.48	17.48	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	
1982:							
January-March----	24.48	17.48	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	
April-June-----	24.48	16.48	\$17.99	<u>1/</u>	<u>1/</u>	<u>1/</u>	
July-September---	24.48	17.48	17.99	<u>1/</u>	\$10.99	<u>1/</u>	
October-December--	24.48	17.48	17.99	<u>1/</u>	10.99	<u>1/</u>	
1983:							
January-March----	24.48	17.48	17.99	<u>1/</u>	10.99	<u>1/</u>	
April-June-----	26.98	17.48	17.99	<u>1/</u>	10.99	<u>1/</u>	
July-September---	26.98	17.48	17.99	<u>1/</u>	10.99	<u>1/</u>	
October-December--	26.98	17.48	17.99	<u>1/</u>	10.99	<u>1/</u>	
1984:							
January-March----	26.98	17.98	17.99	<u>1/</u>	10.99	<u>1/</u>	
April-June-----	26.98	17.48	17.99	<u>1/</u>	11.99	<u>1/</u>	
July-September---	26.98	17.98	17.99	\$24.99	11.99	<u>1/</u>	
October-December--	26.98	17.98	17.99	24.99	11.99	<u>1/</u>	
1985:							
January-March----	26.98	17.98	17.99	24.99	11.99	<u>1/</u>	
April-June-----	26.98	17.98	17.99	24.99	11.50	\$11.99	
July-September---	26.98	17.98	14.20	24.99	11.50	12.00	

1/ * * *.

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

Table 28.--Electric shavers: Norelco's list prices for the principal model of men's shavers, by categories and by quarters, January 1982-September 1985

Period	(Per unit)					
	Cord		Rechargeable		Battery	
	HP-1135	HP-1615	HP-1318	HP-1328	HP-1207	HP-1208
1982:						
January-March----	\$28.99	<u>1/</u>	\$52.99	<u>1/</u>	<u>1/</u>	<u>1/</u>
April-June-----	28.99	<u>1/</u>	52.99	<u>1/</u>	\$18.49	<u>1/</u>
July-September---	28.99	<u>1/</u>	52.99	<u>1/</u>	18.49	<u>1/</u>
October-December--	28.99	<u>1/</u>	52.99	<u>1/</u>	18.49	<u>1/</u>
1983:						
January-March----	28.99	<u>1/</u>	52.99	<u>1/</u>	18.49	<u>1/</u>
April-June-----	28.99	<u>1/</u>	52.99	\$52.99	18.49	<u>1/</u>
July-September---	28.99	<u>1/</u>	52.99	52.99	18.49	\$18.49
October-December--	28.99	<u>1/</u>	52.99	52.99	<u>1/</u>	18.49
1984:						
January-March----	28.99	<u>1/</u>	<u>1/</u>	52.99	<u>1/</u>	18.49
April-June-----	28.99	\$24.99	<u>1/</u>	52.99	<u>1/</u>	18.49
July-September---	28.99	24.99	<u>1/</u>	52.99	<u>1/</u>	18.49
October-December--	28.99	24.99	<u>1/</u>	52.99	<u>1/</u>	18.49
1985:						
January-March----	28.99	18.99	<u>1/</u>	52.99	<u>1/</u>	18.49
April-June-----	<u>1/</u>	18.99	<u>1/</u>	52.99	<u>1/</u>	18.49
July-September---	<u>1/</u>	18.99	<u>1/</u>	52.99	<u>1/</u>	18.49

1/ * * *.

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

Table 29.--Electric shavers: Ronson's list prices for the principal model of men's shavers, by categories and by quarters April 1984-September 1985

(Per unit)								
Period	Cord			Rechargeable				
	RR-2	RFD-2	RFS-2	RR-1	RFD-1	RFS-1		
1984:								
April-June-----	<u>1/</u>	\$19.99	<u>1/</u>	<u>1/</u>	\$29.99	<u>1/</u>		
July-September---	\$18.78	18.99	\$14.49	\$37.99	26.67	<u>1/</u>		
October-December--	21.99	19.99	14.99	35.33	26.67	<u>1/</u>		
1985:								
January-March----	17.78	17.78	14.99	37.99	29.99	\$21.99		
April-June-----	21.99	19.99	12.49	37.99	25.99	21.99		
July-September---	16.90	17.00	12.00	31.50	24.69	21.99		

1/ * * *

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

Price comparisons.--Price comparisons of electric shavers are difficult to make because of the diversity of models and prices within each category, the changes in models, and the substantial changes in the price of certain models. As an example, Remington's prices in the cord category during July-September 1985 ranged from *** for its PM-850 model to *** for its XLR-800 model, and Norelco's prices ranged from *** for its HP-1622 model to *** for its HP-1606 model.

Remington argues that there are clusters of prices around which certain models revolve. Prior to 1984, pricing clusters might have existed as a result of the relative stability of prices and number of models of electric shavers. Competition for sales appears to have occurred primarily through advertising. However, in 1984, as a result of the increased proliferation of models and greater price competition between brands, this clustering of prices ceased to exist.

Retail prices.--The retail price of a particular model offered to the consumer can vary significantly, depending upon the type of retail outlet that is selling the shaver. According to the Flynn report, 1/ prices for the XLR-800, ranged from *** to ***, and prices for Norelco's model HP-1615 ranged from *** to *** (table 30).

When broken down by categories of retail outlets, the variance in prices within categories is not as great as the total dispersion. For example, the Norelco HP-1615 was priced at catalog showrooms between *** and ***, whereas the price at discount stores ranged from *** to ***. These price ranges exist even though all retailers purchase electric shavers at similar prices.

Discounts, rebates, and allowances.--Remington and the importers were asked to submit descriptions of discounts, rebates, and allowances they make available to purchasers and to indicate which type was given to their largest purchasers. Discounts ranged from 2 to 10 percent off of list price, and allowances for discontinued models provided 1 free shaver for every set of 11 or 17 purchased.

Remington and most importers provided "net period with cash discounting" schemes similar in construction to the common 2 percent/10 net 30 program that many industries provide. This discounting method means that payment of the full amount is due in 30 days but a purchaser can receive 2 percent off the sale price if payment is made within 10 days.

Some of the companies in the electric shaver industry utilize a "datings" discount program in order to promote early or nonseasonal sales of shavers. In a seasonal business, sellers frequently use "datings" to encourage customers to place their orders before a heavy selling period. Earlier orders benefit the seller, who can gauge the demand more realistically and schedule production more efficiently. The buyer has the advantage of not having to pay for the goods until the height of the selling period. Remington offers a * * *. Norelco and Schick offer extended dating terms of * * *.

Remington provides a discount program that makes available discounts of up to *** percent off the list price. This program, which Remington calls the anticipation program, works in three stages. The first stage, the partnership bonus, provides a 3 percent allowance for purchasing a minimum of 96 shavers/haircutters. The partnership bonus is available independent of the other stages of the anticipation program. The second stage is a 2 percent cash discount for standard terms of 2/10 net 30 or 2/10 net 60. The second stage is also available independent of the other two stages. The third stage, the anticipation discount, is offered to encourage partnership bonus purchasers who would normally utilize the 2/beginning 7 month net end of 7-month program to use either the 2/10 net 30 or 2/10 net 60 programs instead. A 3 percent anticipation is applied if the 2/10 net 30 program is used and a 2 percent anticipation for use of the 2/10 net 60 program. Bruce Bold, vice president of sales for Remington, indicated that * * *.

1/ Flynn Audits Inc., National Electric Appliance Store Audit, Electric Shavers, Bi-Monthly report, period ending 8/31/85.

Table 30.--Electric shavers: Flynn audit of actual retail prices for selected cord model shavers for Remington and principal importers, reported bimonthly for period ending Aug. 31, 1985

		(Per unit)					
type	Remington		Norelco		Schick	Ronson	
	XLR-800	PM-750	HP-1606	HP-1615	F-25	RR-2	
All stores:							
Low-----	***	***	***	***	***	***	
High-----	***	***	***	***	***	***	
Department stores:							
Low-----	***	***	***	***	***	***	
High-----	***	***	***	***	***	***	
Discount stores:							
Low-----	***	***	***	***	***	***	
High-----	***	***	***	***	***	***	
Catalog showrooms:							
Low-----	***	***	***	***	***	***	
High-----	***	***	***	***	***	***	
Drug stores:							
Low-----	***	***	***	***	***	***	
High-----	***	***	***	***	***	***	

1/ No sales reported.

Source: Compiled from Flynn Audits Inc., National Electric Appliance Store Audit, Electric Shavers, Bi-Monthly report, period ending 8/31/85.

Both Remington and Norelco offer a * * *. Schick offers the same policy on sales of *** or more.

Remington gives the military a *** percent discount for its purchases, and provides separate pricing policies for organizations that give the shavers away for promotional campaigns. Additionally, Remington provides an allowance of *** percent off the cost of certain co-op advertisements. Remington also offers a 'Santa' clause on purchases of 2 models of shavers and the haircutter advertised on television that provides discounts and repurchase guarantees.

Norelco offers an allowance of * * * for lines it discontinues. Norelco also offers a *** promotional allowance.

Exchange-rate changes.---Among possible causes for changes in the condition of the domestic industry are changes in the value of the U.S. dollar vis-a-vis the currencies of trading partners. As the value of the dollar rises relative to the value of foreign currencies, a U.S. industry is faced with the possibility that its foreign competition will be able to reduce the price of articles sold in the United States without a deterioration in profit margins. The foreign competitor could also maintain pricing patterns and receive increased profit margins that could be used for research and development, plant and product modernization, and increased advertising. Even if foreign production costs are also rising, exchange-rate adjustments may offset these inflationary effects on import prices. In addition to the effects of exchange-rate fluctuations on the market for imports in the United States, an appreciating dollar may cause the price of the U.S. exported product(s) to increase when priced in the currencies of third-country markets. If alternative suppliers' currencies do not appreciate, U.S. exports are likely to decline because of the loss of price competitiveness.

Quarterly data reported by the International Monetary Fund indicate that during the period January 1981 through September 1985, the nominal value of the Netherlands guilder, the West German mark, the Austrian schilling, and the Japanese yen depreciated relative to the U.S. dollar by 28.8 percent, 26.8 percent, 26.2 percent, and 13.9 percent, respectively (table 31). ^{1/} The level of inflation in Japan was slightly lower than in the United States over the 19-quarter period, whereas the level of inflation in Austria was approximately the same as in the United States. Therefore, changes in the real exchange rate for the Japanese yen and the Austrian schilling were not significantly different than changes in the nominal rate. In contrast, the higher levels of inflation in the Netherlands and West Germany over the same period resulted in the devaluation of the currencies of each of these countries in real terms by 20.7 percent and 19.8 percent relative to the U.S. dollar--significantly less than the respective apparent depreciations of 28.8 percent and 26.8 percent represented by the nominal devaluation.

^{1/} International Financial Statistics, April and December 1985.

Table 31.--Exchange rates 1/; Nominal-exchange-rate equivalents of selected currencies in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in selected countries, 2/ indexed by quarters, January 1981-September 1985

Period	U.S.				Netherlands				West Germany				Austria				Japan			
	Pro-ducer	Nominal-exchange-rate	Real-exchange-rate	Pro-ducer	Nominal-exchange-rate	Real-exchange-rate	Pro-ducer	Nominal-exchange-rate	Real-exchange-rate	Pro-ducer	Nominal-exchange-rate	Real-exchange-rate	Pro-ducer	Nominal-exchange-rate	Real-exchange-rate	Pro-ducer	Nominal-exchange-rate	Real-exchange-rate		
	Price	Index	3/	Price	Index	3/	Price	Index	3/	Price	Index	3/	Price	Index	3/	Price	Index	3/		
	-----US\$ per G-----				-----US\$ per DM-----				-----US\$ per S-----				-----US\$ per Y-----							
1981:																				
Jan.-Mar--	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Apr.-June-	102.2	102.1	90.4	90.2	102.5	91.7	91.9	102.0	91.8	91.8	91.8	91.6	101.1	92.4	92.4	92.4	92.4	92.4	92.4	
July-Sept-	102.9	104.6	84.5	85.9	104.7	85.8	87.3	102.5	86.4	86.4	86.4	86.1	102.4	88.2	88.2	88.2	88.2	88.2	88.2	
Oct.-Dec--	102.8	105.8	92.5	95.2	106.2	93.0	96.1	103.2	93.9	93.9	93.9	94.3	102.1	90.9	90.9	90.9	90.9	90.9	90.9	
1982:																				
Jan.-Mar--	103.7	108.6	88.7	92.8	108.1	89.0	92.6	105.6	89.8	89.8	89.8	91.4	102.5	87.0	87.0	87.0	87.0	87.0	87.0	
Apr.-June-	103.8	109.7	86.6	91.5	109.1	87.7	92.2	107.5	88.3	88.3	88.3	91.4	102.8	83.3	83.3	83.3	83.3	83.3	83.3	
July-Sept-	104.3	110.7	83.7	88.8	110.1	84.1	88.7	104.2	84.7	84.7	84.7	84.6	103.8	79.0	79.0	79.0	79.0	79.0	79.0	
Oct.-Dec--	104.4	110.7	83.4	88.4	110.5	83.4	88.3	103.4	84.1	84.1	84.1	83.3	103.7	78.6	78.6	78.6	78.6	78.6	78.6	
1983:																				
Jan.-Mar--	104.5	110.8	85.8	91.0	110.2	86.7	91.4	105.9	87.3	87.3	87.3	88.5	101.7	84.9	84.9	84.9	84.9	84.9	84.9	
Apr.-June-	104.8	111.1	81.8	86.8	110.5	84.0	88.6	105.7	84.5	84.5	84.5	85.2	100.7	83.2	83.2	83.2	83.2	83.2	83.2	
July-Sept-	105.8	112.7	77.2	82.3	111.4	79.0	83.1	105.1	79.6	79.6	79.6	79.0	100.9	80.8	80.8	80.8	80.8	80.8	80.8	
Oct.-Dec--	106.4	112.9	76.0	80.7	112.1	77.9	82.1	106.6	78.4	78.4	78.4	78.6	100.3	82.7	82.7	82.7	82.7	82.7	82.7	
1984:																				
Jan.-Mar--	107.5	115.7	75.0	80.7	113.1	77.2	81.2	109.8	77.6	77.6	77.6	79.3	100.4	83.1	83.1	83.1	83.1	83.1	83.1	
Apr.-June-	108.2	116.4	74.9	80.5	114.0	77.0	81.1	110.7	77.6	77.6	77.6	79.4	100.3	83.0	83.0	83.0	83.0	83.0	83.0	
July-Sept-	107.9	117.1	69.4	75.3	114.5	71.5	75.8	109.0	72.1	72.1	72.1	72.8	101.1	79.1	79.1	79.1	79.1	79.1	79.1	
Oct.-Dec--	107.7	117.3	66.3	72.2	115.3	68.4	73.2	109.7	68.9	68.9	68.9	70.2	100.8	78.2	78.2	78.2	78.2	78.2	78.2	
1985:																				
Jan.-Mar--	107.5	118.1	62.0	68.1	116.5	64.1	69.5	114.3	64.6	64.6	64.6	68.7	101.2	75.1	75.1	75.1	75.1	75.1	75.1	
Apr.-June-	107.6	119.3	65.5	72.6	117.0	67.6	73.5	114.9	68.1	68.1	68.1	72.7	100.5	76.6	76.6	76.6	76.6	76.6	76.6	
July-Sept-	106.8	118.9	71.2	79.3	117.0	73.2	80.2	111.3	73.8	73.8	73.8	76.9	99.4	80.1	80.1	80.1	80.1	80.1	80.1	

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.
 2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of International Financial Statistics.
 3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured by the Producer Price Index in the United States and the respective foreign country. Producer prices in the United States increased by 6.8 percent during January 1981 through September 1985 compared with an 18.9-percent increase in the Netherlands, a 17.0-percent increase in West Germany, and an 11.3-percent increase in Austria during the same period. In contrast, producer prices in Japan increased by 3.8 percent during January 1981-September 1982 and then fell by 4.2 percent during October 1982-September 1985.
 4/ Preliminary.

Source: International Monetary Fund, International Financial Statistics, April and December 1985.
 Note.--January-March 1981=100.

Factors Other Than Imports Affecting the U.S. Industry

Competitive products.--An electric shaver is one of the two principal methods for removing hair from the body. The other method is the "wet shaving system," which uses a shaving cream or soap to lubricate the skin, with the actual cutting or shaving being done with a razor. Most people who shave, use either an electric shaver or the wet shaver system. A recent Gallup Poll found that, of men who shave at least once a week, 69 percent used a blade razor only, 21 percent used an electric shaver only, and 10 percent used both. The poll found that these percentages were the same during 1983, 1984, and 1985.

It is difficult to determine the extent electric shavers compete with razor blades, or with wet shaving systems. During the period for which the Commission collected information, consumption of electric shavers increased, but increased sales of electric shavers does not necessarily mean a concurrent decline in the sales of razor blades or in the number of people who use razor blades.

The Gillette Co. of Boston, MA, provided information on its domestic shipments of razors. Razors refer to permanent shaving systems that use replaceable blades or blade cartridges. Gillette estimates that the unit size of the razor market was approximately *** units in 1984, with Gillette accounting for about *** percent of that market.

The blade market, which consists of both replacement blades for the permanent system and disposable blades, was estimated at approximately *** units in 1984, of which Gillette accounts for approximately *** percent. As shown in table 32, sales of razor blades * * * by *** percent from 1981 to 1984 the sale of disposable razors * * * *** percent; thus shipments of razor blades and disposable blades went from *** units in 1981 to *** units in 1982, 1983, and 1984.

In addition to electric shavers and "wet shavers," there are other methods of hair removal including straight razors, creams or lotions, (depilatories) and electrolysis. These methods have or are perceived to have limited use and are not a significant factor in the market.

U.S. Producer's Efforts to Compete with Imports

Remington was asked to describe the efforts it made to compete with imports. It has undertaken programs in several areas, including a) marketing, b) organizational changes, c) diversification or expansion, d) new product development, e) investments in equipment, f) cost reductions with existing equipment, and g) technological improvements. A summary of these programs follows.

Table 32.--Razors, razor blades and disposable razors: Gillette's shipments of specified products, 1981-84, January-September 1984, and January-September 1985

Item	1981	1982	1983	1984	January-September--	
					1984	1985
Quantity (1,000 units)						
Razors-----	***	***	***	***	***	***
Razor blades-----	***	***	***	***	***	***
Disposable razors---	***	***	***	***	***	***
Total of razor blades and disposable razors---	***	***	***	***	***	***
Value (1,000 dollars)						
Razors-----	***	***	***	***	***	***
Razor blades-----	***	***	***	***	***	***
Disposable razors---	***	***	***	***	***	***
Total of razor blades and disposable razors---	***	***	***	***	***	***

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

Marketing changes

Remington's marketing changes essentially involved eliminating scheduled price increases on some models as well as reducing its prices on other models in order to maintain sales volume. Along with holding the line on prices, Remington has * * *. In addition, Remington instituted a program called the Santa Remington program, which a) allows the customer to return any excess stock that was purchased for the Christmas Season but was not sold by January 10, 1986, or b) if the customer is willing to keep the stock, allows payments to wait until summer. This program was discussed in the pricing section of this report.

Remington sells its shavers either through Remington personnel or through manufacturers' representatives who sell an array of consumer products (but not competing shavers) and operate on a commission basis. Remington * * *.

Organizational changes

* * * * *

Diversification and expansion

As part of its efforts to reduce its dependence on shavers, Remington has expanded its number of retail store outlets. * * *.

New product development

Remington has made investments in several ongoing projects to develop new products. These include * * *.

Investments in equipment

Remington has made investments in new equipment that has resulted in cost reductions. * * *.

Cost reductions with existing equipment

Remington's cost reduction program is divided into two areas, 1) manufacturing cost reduction, including production scheduling variances and 2) purchasing. Actual savings under these programs from fiscal year 1982 through fiscal year 1984 as well as planned savings for 1985, are presented in the following tabulation (in thousands of dollars);

	<u>1982</u>	<u>1983 1/</u>	<u>1984 2/</u>	<u>1985 3/</u>
Manufacturing-----	\$***	\$***	\$***	\$***
Purchasing-----	***	***	***	***
Total savings-----	***	***	***	***

1/ The fiscal year changed, thus fiscal year 1983 ran from Mar. 1, 1983 through Feb. 29, 1984.

2/ Fiscal year 1984 ran from Mar. 1, 1984 through Sept. 30, 1984.

3/ Fiscal year 1985 started on Oct. 1, 1984 and ends Sept. 30, 1985.

Technological improvements

Remington's expenditures for technological improvements are listed in the section on new product development. Remington considers its two most important technological improvements, which are not specifically product-related, to be the * * *, and * * *.

Actions to be Taken Should Relief be Granted

Remington feels that if it were able to increase its sales to *** units a year (this is *** units over its projected 1985 sales level of *** units), thus generating an incremental *** to *** pretax revenue, it would be able to implement its adjustment plan. Remington's initial analysis is that a tariff increase of approximately 20 percentage points over the present tariff level, or a reduction in import volume of approximately 14 percent from the 1985 level, would allow Remington to attain the increased level of sales.

Remington has provided information on efforts it would make if import relief were granted, which would make it more competitive with imports when the period of temporary relief were over. Remington has developed an adjustment plan that has four major elements: (a) the development and introduction of a new * * *; (b) product improvement; (c) cost reduction and efficiency programs, and (d) upgrading of plant facilities.

Remington's adjustment plan is focused on developing a new line of shaver called the * * *. Remington feels that its shavers, although excellent in terms of performance, need to be improved in terms of appearance and noise level in order to be competitive with its chief competitors, Norelco, Schick, Ronson and Braun, which has recently been introduced to the U.S. market. Remington has already started work on the first * * *, and has almost completed the design engineering for the * * *. * * *.

* * * * *

Expenditures associated with the * * * shavers are shown in the following tabulation:

Model	: Tooling for : metal and : plastic parts : production	: Advertising	: Engineers	: Quality : control : equipment
* * *-----	: ***	: ***	: ***	: ***
* * *, * * *-----	: ***	: ***	: ***	: ***
* * *, * * *-----	: ***	: ***	: ***	: ***
* * *-----	: ***	: ***	: ***	: ***
* * *, * * *-----	: ***	: ***	: ***	: ***
Total-----	: *** : <u>1/</u>	: ***	: ***	: <u>2/</u> ***

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

Another element in Remington's adjustment plan involves product improvement. * * *

Much of Remington's machinery has been in use for 15 years or longer and is in need of replacement. Newer equipment, which would make the manufacturing process more efficient, would cost ***. Other equipment, scheduled to wear out during the period of adjustment and which would need to be replaced, would cost *** over the period. Additional equipment * * *. Additional equipment needed for * * * would cost * * *; this would be used for ongoing model production as well as for some new processes. In addition, * * *.

* * * * *

Remington would like to manufacture in-house *** items that it presently purchases, namely * * *. * * *.

The fourth aspect of Remington's program involves upgrading the plant facilities. * * *.

Total expenditures under Remington's revised adjustment plan would be ***.

The third element of Remington's program is a cost reduction efficiency program. This includes a) replacing old equipment and adding new equipment, b) automating its manufacturing processes, and c) producing in-house some items it presently purchases, * * *.

APPENDIX A

FEDERAL REGISTER NOTICES

rules of practice and procedure, Part 208, Subparts A and B (19 CFR Part 208), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: September 27, 1985.

FOR FURTHER INFORMATION CONTACT: Judith C. Zeck (202-523-0339), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

SUPPLEMENTARY INFORMATION:

Participation in the Investigation.

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with § 201.18(c) of the rules (19 CFR 201.18(c)), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Hearing.

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m. on January 14, 1986, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on January 2, 1986. All persons desiring to appear at the hearing and make oral presentations, with the exception of public officials and persons not represented by counsel, should file prehearing briefs and attend a

[Investigation No. TA-201-57]

Electric Shavers and Parts Thereof

AGENCY: United States International Trade Commission.

ACTION: Institution of an investigation under section 201 of the Trade Act of 1974 (19 U.S.C. 2251) and scheduling of a hearing to be held in connection with the investigation.

SUMMARY: Following receipt of a petition filed on September 27, 1985 on behalf of Remington Products Inc., Bridgeport, CT, the United States International Trade Commission instituted investigation No. TA-201-57 under section 201 of the Trade Act of 1974 to determine whether shavers with self-contained electric motors, and parts thereof, provided for in item 683.50 of the Tariff Schedules of the United States, are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. The Commission will make its determination in this investigation by March 27, 1986 (see section 201(d)(2) of the act (19 U.S.C. 2251(d)(2))).

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's

prehearing conference to be held at 9:30 a.m. on January 8, 1986, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 8, 1986. Posthearing briefs must be submitted not later than the close of business on January 23, 1986. Confidential material should be filed in accordance with the procedures described below.

Parties are encouraged to limit their testimony at the hearing to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written Submissions.

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before January 23, 1986. A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

Remedy

In the event that the Commission makes an affirmative injury determination in this investigation, remedy briefs will be due to the Secretary no later than the close of business on February 27, 1986, and must conform with the requirements of § 201.6 of the Commission's rules. Parties are reminded that no separate hearing on

the issue of remedy will be held. Those parties wishing to present oral arguments on the issue of remedy may do so at the hearing scheduled for January 14, 1986.

Authority: This investigation is being conducted under the authority of section 201 of the Trade Act of 1974. This notice is published pursuant to § 201.10 of the Commission's rules (19 CFR 201.10).

By order of the Commission.

Issued: October 11, 1985.

Kenneth E. Mason,

Secretary.

[FR Doc. 85-25120 Filed 10-21-85; 8:45 am]

BILLING CODE 7000-02-M

48776

Federal Register / Vol. 50, No. 233 / Wednesday, December 4, 1985 / Notices

(Investigation No. TA-201-57)

Electric Shavers and Parts Thereof

**AGENCY: International Trade
Commission.**

ACTION: Expansion of the scope of investigation.**EFFECTIVE DATE:** November 25, 1985.

FOR FURTHER INFORMATION CONTACT: Judith C. Zeck (202-523-0330), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20430. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

Background

On September 27, 1985, the United States International Trade Commission instituted investigation No. TA-201-87 under section 201 of the Trade Act of 1974 to determine whether shavers with self-contained electric motors, and parts thereof, provided for in item 683.50 of the Tariff Schedules of the United States, are being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat thereof, to the domestic injury producing an article like or directly competitive with the imported article (50 FR 43008, October 23, 1985). On November 13, 1985, the Commission received a request from counsel on behalf of the petitioner, Remington Products, Inc., Bridgeport CT, to expand the investigation to include certain blades and cutting heads for electric shavers which are provided for in item 650.77 of the TSUS. The Commission is expanding the scope of the investigation to include such imports provided for in this item. All dates as presented in the notice of institution of investigation will remain the same.

Authority: This investigation is being conducted under the authority of section 201 of the Trade Act of 1974. This notice is published pursuant to § 201.10 of the Commission's rules (19 CFR 201.10).

Issued: November 26, 1985

By order of the Commission:

Kenneth R. Mason,

Secretary

[FR Doc. 85-22833 Filed 12-9-85; 8:45 am]

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APPENDIX B

REGRESSION RESULTS

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Ordinary Least Squares (OLS) regression analysis was performed to test the influence that a number of variables have on the demand for imported electric shavers. It was believed that this demand is significantly influenced by the prices of both the domestic and imported shavers stated in relative terms, along with the seasonal effects of Christmas and Father's day. As the ratio of the price of imports increases in relation to the domestic price, the demand is likely to decline, while a decrease in this ratio should result in an increased demand for electric shavers. Income was not considered a major influence on the demand for electric shavers since electric shavers are a relatively low priced consumer durable.

It was believed that the quantity of imported shipments demanded by retailers and distributors, which is represented by Q_m in expression (1) below is negatively related to the ratio of foreign to domestic prices, P_m/P_d , measured in unit prices, and is positively related to X_1 , X_2 , and X_3 , which represents seasonal dummies.

$$(1) \ln Q_m = \ln A + B_1 \ln P_m/P_d + B_2 X_1 + B_3 X_2 + B_4 X_3$$

The results of the regression, which are based on 15 observations of quarterly data from 1982 through the third quarter 1985, are presented in equation (2) 1/. * * *

1/ The price series used were for the largest shipped cord models for the domestic producer and the largest importer. Prices for model XLR-800 were used for Remington, the domestic producer, while prices for models HP-1135 and HP-1615 were used for Norelco, the largest importer. Regressions using the largest shipped rechargeable models provided similar results.

* * *

(2) * * *

* * *

* * *

* * *

Real disposable income, Y, was added to the original equation to see if rising income was a significant factor in explaining demand (equation (3)).

(3) * * *

The results as presented in equation (4) show that while all the variables had the expected sign and the R^2 was .8179, both the income and price variables were insignificant.

(4) * * *

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APPENDIX C

**SELECTED FINANCIAL INFORMATION OF REMINGTON
PRODUCTS, INC., ON SPECIFIED
MODELS OF ELECTRIC SHAVERS**

Selected financial information of Remington Products, Inc. on its operations producing the specified models of electric shaves, by types, for the fiscal years 1980-85, March-September 1984, March-September 1985, and a new fiscal year 1985 1/

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