VANS FROM JAPAN

Determination of the Commission in Investigation No. 731-TA-522 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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United States International Trade Commission
Washington, DC 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-522 (Final)

MINIVANS FROM JAPAN

Determination

On the basis of the record[1] developed in the subject investigation, the Commission[2] determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Japan of minivans, provided for in heading 8703 or 8704 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective January 2, 1992, following a preliminary determination by the Department of Commerce that imports of minivans from Japan were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of January 23, 1992 (57 F.R. 2785). The hearing was held in Washington, DC, on May 21, 1992, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Chairman Newquist and Commissioner Nuzum dissenting.

VIEWS OF VICE CHAIRMAN WATSON AND COMMISSIONERS BRUNSDALE AND CRAWFORD

Based on the record in this final investigation, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of minivans from Japan that have been found to have been sold at less than fair value (LTFV). [1]

I. LIKE PRODUCT

In determining whether an industry is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the "industry." The Tariff Act of 1930 ("the Act") defines the relevant industry as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product . . . ." [2] In turn, the Act defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." [3]

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[1] Material retardation of the establishment of an industry is not an issue in this investigation and will not be discussed further.

[2] Section 771(4)(A) of the Act, 19 U.S.C. § 1677(4)(A).

[3] 19 U.S.C. § 1677(10). The Commission has relied typically on the following factors in defining the like product: (1) physical characteristics and end uses, (2) interchangeability of the products, (3) channels of distribution, (4) producer and customer perceptions, (5) common manufacturing facilities and employees and, (6) where appropriate, price. See, e.g., Calabrian Corp. v. United States, Slip Op. 92-69 (Ct. Int'l Trade, May 13, 1992).

The Department of Commerce has defined the imported product subject to investigation as follows:

> new minivans from Japan . . . defined as an on-highway motor vehicle which generally has the following characteristics:
>
> (1) a cargo capacity behind the front row of seats that is 100 cubic feet or greater and less than 200 cubic feet;
>
> (2) a body structure, width, and seat configuration capable of providing full walk-through mobility from the front seat row to the third seat row, or at least partial walk-through mobility from either, (a) the front seat row to the second seat row, or (b) the second seat row to the third seat row;
>
> (3) a hood that is sloping and a short distance from the cowl to the front bumper relative to the overall length of the vehicle;
>
> (4) a gross vehicle weight that is less than 6,000 pounds;
>
> (5) a height that is between 62 and 75 inches;
>
> (6) a single, box-like structure that envelopes [sic] both the space for the driver and front-seat passenger and the rear space (which has flat or nearly flat floors and is usable for carrying passengers and cargo); and
>
> (7) a rear side passenger access door (or doors) and a rear door (or doors) that provide wide and level access to the rear area. [4]

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[4] 57 Fed. Reg. 21937 (May 26, 1992) (emphasis in original). Commerce also determined:

> A vehicle does not necessarily have to meet all seven criteria to be considered a minivan . . . . While we consider all seven of the above criteria important in determining whether a vehicle is a minivan, we consider the criteria which reflect a measurement of interior space (cargo capacity, walk-through capability, and cowl length) to be of primary importance . . . .

Id.

Commerce also determined that the vehicles produced in Japan and exported to the United States by Mitsubishi, the Expo and Expo LRV, are not "minivans," and excluded those vehicles from the scope of its determination. [5]

In the preliminary investigation [6] we defined the like product to be minivans only and did not include other types of vehicles, viz., station wagons, full-size vans, and sport-utility vehicles. None of the parties has urged us to change the definition in this final investigation, and no new information has come to our attention to cause us to do so. Accordingly, we define the like product in this final investigation to be minivans only.

We note that the dividing lines between minivans and other types of vehicles are not completely clear, in part due to the fact that the minivan was designed as a "hybrid" vehicle. [7] There is some overlap between the different types of vehicles and therefore a degree of substitutability on the demand side between certain minivans and certain station wagons, full-size vans, and sport-utility vehicles. [8] The record as a whole, however, indicates that minivans as a product category fill a market niche that is only partially served by these other vehicles. [9] Moreover, minivans are produced at dedicated facilities in the United States, which cannot be easily used to

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[5] See 57 Fed. Reg. 21937, 21938 (May 26, 1992).

[6] Minivans from Japan, Inv. No. 731-TA-522 (Preliminary), USITC Pub. 2402 (July 1991) ("Minivans") at 11-17. Only Commissioners Newquist and Brunsdale of the current Commission participated in that determination.

[7] See Petitioners' Prehearing Brief, Appendix 1 at 1.

[8] For example, some specific minivan models have 4-wheel drive like sport-utility vehicles, and some full-size vans have a gross vehicle weight of less than 6,000 pounds, like minivans. See Report at A-7--A-8.

[9] See, e.g., Report at A-13; Memorandum EC-P-034 at 25 ("only mildly substitutable").

produce other vehicles. [10] Further, there is no clearer dividing line if the like product were defined to include minivans plus any other category of vehicles. If we broadened the like product to include, for example, station wagons, it is not clear that a rational basis would exist for excluding passenger automobiles from the like product.

II. DOMESTIC INDUSTRY

A. Consideration of Canadian production, or U.S. "domestic operations" beyond minivan production.

In the preliminary determination [11] the Commission rejected petitioners' argument that the minivan production of Chrysler Canada Ltd., a Canadian subsidiary of Chrysler, in Windsor, Ontario, should be included in the domestic industry. The Commission noted, inter alia, that the Omnibus Trade and Competitiveness Act of 1988 [12] amended the Act to provide specifically, at section 771(7)(B)(i), [13] that the impact of the dumped or subsidized imports must be considered "but only in the context of production operations within the United States." The Commission also found that "there is no dispute in this investigation that minivan assembly is 'production' and that automotive parts are not part of the like product and parts suppliers are not part of this industry." [14]

Petitioners conceded in this final investigation that the Act precludes consideration of production operations outside the United States to be part of

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[10] See, e.g., Report at A-25, n. 78.

[11] See Minivans, USITC Pub. 2402 at 19-25.

[12] See P.L. No. 100-418, 102 Stat. 1107 (1988) ("the 1988 Act").

[13] 19 U.S.C. § 1677(7)(B)(i).

[14] Minivans, USITC Pub. 2402 at 21.

the U.S. industry, i.e., that Chrysler's Canadian minivan assembly operations are not properly considered part of the U.S. industry for material injury purposes. [15] Nonetheless, petitioners contend that in examining the effect of dumped imports on U.S. production operations, the Commission

> may not ignore the injury caused to Chrysler's *U.S.-based operations* that flows, in part, from the negative effect of dumping on Chrysler's ability to sell its Canadian-assembled minivans in the United States. [16]

Petitioners claim that because many U.S.-manufactured parts and components that are used in Chrysler's U.S. minivan assembly operations are also used in Chrysler's Canadian assembly operations, "the loss of sales of Canadian vehicles to dumped imports from Japan has . . . a direct adverse impact on the per unit material costs associated with Chrysler's U.S. assembly operations." [17]

Petitioners also contend that we must consider the impact of: (1) lost minivan sales, which are relatively fuel-efficient vehicles, on the ability of U.S. producers to sell less fuel-efficient vehicles, such as light trucks, under the Corporate Average Fuel Economy (CAFE) standards of the 1975 Energy Policy and Conservation Act" [18], and (2) future lost sales of minivans and other types of domestic vehicles due to the importance of "brand loyalty" resulting from a buyer's first vehicle purchase. [19]

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[15] See Petitioners' Prehearing Brief at 18.

[16] Petitioners' Prehearing Brief at 19 (emphasis in original).

[17] Petitioners' Prehearing Brief at 20. Chrysler's Canadian operations produce only regular-length, rather than extended-length, minivans. See, e.g., Prehearing Elasticities Memorandum at 2, n.2. Petitioners also argue that any loss of sales of Canadian minivans to dumped imports also increases the per unit research and development and SG&A costs of the vehicles assembled in the United States. Petitioners' Prehearing Brief at 20.

[18] Petitioners' Prehearing Brief at 8.

[19] Petitioners' Posthearing Brief at 9.

In making these arguments, petitioners claim that: (1) the Act authorizes the consideration of "other economic factors" relevant to its determination, [20] (2) the Act instructs the Commission to examine all relevant factors which have a bearing on the state of the industry, and (3) the Commission is not limited to assessing the impact of the imports on production of like products, but must instead examine the impact of the imports on domestic producers "in general relation to their domestic operations." [21]

While the Commission is given discretion to consider all economic factors relevant to its determination, [22] and is directed by the Act to "evaluate all relevant economic factors that have a bearing on the state of the industry," [23] such authority must be read in light of the more specific instructions of the statute, for example, to disregard foreign production operations of the domestic industry. [24] Thus, the more general provisions cited by petitioners giving the Commission authority to consider "relevant" factors do not permit the Commission to consider as a "relevant factor" the

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[20] Petitioners' Posthearing Brief, Answers to Questions from Commissioner Watson at 4.

[21] Petitioners' Posthearing Brief, Answers to Questions from Commissioner Watson at 4.

[22] See 19 U.S.C. § 1677(7)(B)(ii).

[23] 19 U.S.C. § 1677(7)(C)(iii).

[24] See generally, 2A Sutherland Stat. Const. (1992) § 46.05 at 105 ("When there is inescapable conflict between general and specific terms or provisions of a statute, the specific will prevail."). Compare USX Corp. v. United States, 682 F. Supp. 60, 64-68 (Ct. Int'l Trade 1988) (a Commissioner could not consider a factor not specified in the statute if doing so would "change the focus of the injury investigation in a manner not permitted by Congress."); Bingham & Taylor Division v. United States, 627 F.Supp. 793, 798 (Ct. Int'l Trade 1986) ("To the extent that the other statutory provisions cited by defendant are in pari materia with the cumulation provision, they must be harmonized with the clear congressional purpose in broadly mandating cumulation."), aff'd, 815 F.2d 1482 (Fed. Cir. 1987).

very off-shore production operations" of the U.S. industry that Congress specifically directed the Commission not to consider "in measuring the impact of imports on the domestic industry." [25]

Similarly, the general statutory provisions regarding "other relevant economic factors" do not allow the Commission to disregard more specific statutory directives pertaining to the definition of the industry and the exclusive focus on production of the like product. Thus, we are not permitted to consider the relevant "industry" to be the automotive industry generally, which would include upstream (parts or components), or operations largely unrelated to the minivan industry such as truck production, unless parts or components or automobiles generally are included in the like product. [26] Yet it is this interpretation of the statute that appears to underlie petitioners' arguments that we must consider that lost minivan sales (1) make it more difficult for automotive producers to meet the CAFE standards of the 1975 Energy Policy and Conservation Act, limiting, for example, production of larger trucks with lower fuel efficiency, [27] and (2) cause losses of future sales of other types of domestic vehicles due to customer brand loyalty. [28]

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[25] S. Rep. No. 71, 100th Cong., 1st Sess. 115, 117 (1987). See also, H.R. Rep. No. 100, Part 1, 100th Cong., 1st Sess. 128-29 (1987). While the example given by these cited Committee reports instruct the Commission not to consider profits derived by the domestic industry from import operations as a basis for a negative determination, the statutory prohibition on considering offshore operations is broader than that one example.

[26] Alternatively, one could read the petitioners' argument to be that while the "industry" does not include parts and component producers (or truck or automobile producers), nevertheless the direction that the Commission consider the impact on "the industry" should be read to require inclusion of such producers.

[27] Petitioners' Prehearing Brief at 8.

[28] Petitioners' Posthearing Brief at 9.

We also reject petitioners' claim [29] that any loss of sales of Canadian minivans by reason of the LTFV imports is to be considered relevant because, for example, it injures the U.S. minivan industry through increased per unit costs for parts and components. The Act does not define an "industry" to be producers of related products, or upstream products such as parts and components. Nor is the industry defined as all operations of a legal entity identified as producing a like product. It is defined specifically to be

> domestic producers as a whole of a like product, or those producers, whose collective output of the like product constitutes a major proportion of the total domestic production of <u>that product</u>. [30]

Section 771(4) of the Act also requires that "[t]he effect of subsidized or dumped imports shall be assessed in relation to the United States production <u>of a like product</u> . . . ." [31] (emphasis added). Only if "domestic production of the like product has no separate identity" may the Commission

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[29] This is not the type of investigation where "mere assembly" may involve a "screwdriver" operation, and where the Commission may need to examine the question of what constitutes "production." As the Commission noted in the preliminary determination, assembly is a substantial operation involving plants costing hundreds of millions of dollars and substantial numbers of workers and wages. <u>See Minivans</u>, USITC Pub. 2402 at 21 & n. 63.

[30] 19 U.S.C. § 1677(4)(A) (emphasis added).

[31] <u>Compare Alberta Pork Producers' Marketing Board v. United States</u>, 669 F. Supp. 445, 464 (Ct. Int'l Trade 1987) ("Since the Commission found live swine and pork to be different products, the Court finds the use of elasticity estimates which may be derived from changes in supply of pork and live swine is inappropriate for determining whether the injury to the live swine industry is by reason of the subsidized imports of live swine."); <u>USX Corp. v. United States</u>, 682 F. Supp. 60, 70 (Ct. Int'l Trade 1988) (rejecting an elasticity estimate for the carbon steel industry instead of the relevant industry---cold-rolled plates and sheets; "nothing in the record indicates why" such a broader analysis may be used"). While these cases did not construe the language of § 771(4) as such, implicit in their holdings is the overall requirement of the statute that the data considered by the Commission must pertain to the specific industry producing the like product, not to related industries.

assess the effect of the imports on "the examination of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided." [32]

Because the product lines provision is an exception to the general statutory principle that the relevant operations are limited to those producing the like product, [33] we decline to create additional exceptions to the requirements of the statute. [34] Further, the statute indicates that even where data for the industry producing the specific like product is unavailable (and has been sought) the Commission is restricted to the "narrowest group or range of products" for which data is available. This indicates the Commission can not necessarily examine the "general operations" of the automotive industry even if the product lines provision were applicable, unless those were the narrowest operations for which data were available.

Further, because the Act defines "industry" entirely in relation to the like product, [35] the Commission has not considered parts and components or

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[32] 19 U.S.C. § 1677(4)(D) (the "product lines provision.").

[33] See Hannibal Industries, Inc. v. United States, 710 F. Supp. 332, 334 (Ct. Int'l Trade 1989) ("The product line provision is an exception to the general rule that the Commission is to examine the impact of dumped imports with respect to relevant economic factors relating to a like product.").

[34] Allied Tube & Conduit Corp. v. United States, 898 F.2d 780, 784 (Fed. Cir. 1990) ("Where Congress explicitly enumerates certain exceptions to a general [requirement], additional exceptions are not to be implied, in the absence of evidence of a contrary legislative intent.") ("business" proprietary information of a government not excepted from APO release provisions of the 1988 Act).

[35] See, e.g., Asociacion Colombiana de Exportadores de Flores v. United States, 693 F.Supp. 1165, 1167 (Ct. Int'l Trade 1988) ("Until [the question of 'what is the domestically produced product which is "like" the products under investigation?'] is answered, it is impossible to determine which industry is to be examined for injury or threat of injury.").

"upstream" production operations as part of an industry [36] unless they produced a like product with one important exception: agricultural industries. [37] The special treatment of agricultural industries by the Act further undercuts petitioners' arguments. [38]

B. Related parties.

Under section 771(4)(B) of the Act, producers who "are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise," may be excluded from the domestic industry. [39]

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[36] H.R. Rep. 1156, 98th Cong., 2d Sess. 188 (1984) (Conference Report to the Trade and Tariff Act of 1984) ("producers of products being incorporated into a processed or manufactured article (i.e., intermediate goods or component parts) are generally not included in the scope of the domestic industry . . . ."); H.R. Rep. 1091, 98th Cong., 2d Sess. 15-16 (1984) (same language). Compare, e.g., Certain Personal Word Processors from Japan, Inv. No. 731-TA-483 (Final), USITC Pub. 2411 (August 1991) at 18-19 ("the production activity at issue is the assembly of [the like product], not the production of parts or components produced by vertically integrated producers of [the like product]) (defining the members of the domestic industry); Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991) (reject application of section 201 industry principles to title VII).

[37] See H.R. Rep. H.R. Rep. 1091, 98th Cong., 2d Sess. 15-16 (1984).

[38] The 1988 Act added 771(4)(E) of the statute pertaining to the definition of agricultural industries, "to allow" growers or producers of a raw agricultural product in appropriate cases to be considered part of the domestic industry. See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 121 (1987); S. Rep. No. 71, 100th Cong., 1st Sess. 109 (1987). While the Committee reports accurately report that the Commission had previously considered inclusion of growers in an processed agricultural industry, the purpose of the enactment was to endorse this principle for agricultural cases. Indeed, prior to 1988, the Commission had exercised discretion to define an industry to include "upstream" producers only pursuant to the perceived congressional concern regarding agricultural industries as a special case. See, e.g., Lamb Meat from New Zealand, Inv. No. 701-TA-80 (Preliminary), USITC Pub. 1191 (November 1981) at 9. In the Trade and Tariff Act of 1984, a more narrow provision was enacted relating solely to grapes incorporated in wine. See generally, H.R. No. 1156, 98th Cong., 2d Sess. 188 (1984). No provision is made in either the 1984 or 1988 enactments for applying the "upstream" provisions of this amendment to manufacturing industries.

[39] 19 U.S.C. § 1677(4)(B).

Application of the related parties provision is within the Commission's discretion based upon the facts presented in each investigation. [40] If producers are related parties under section 771(4)(B), the Commission determines whether "appropriate circumstances" exist to exclude these producers from the domestic industry. [41]

The related parties provision has been utilized by the Commission to minimize any distortion in the aggregate data bearing on the condition of the domestic industry that might result from including related parties whose operations may be shielded from the adverse effects of the subject imports, or whose interests lie primarily in importation rather than domestic production. [42]

In this final investigation, no party has argued that any domestic minivan producer should be excluded as a related party. In the preliminary investigation, the Commission identified Ford and Chrysler as related parties

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[40] Torrington v. United States, Slip Op. 92-49 at 12 (Ct. Int'l Trade April 3, 1992); Empire Plow Co. v. United States, 675 F.Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[41] See, e.g., Empire Plow Co. v. United States, 675 F. Supp. at 1353 (Ct. Int'l Trade 1987).

[42] The primary factors the Commission typically has examined in deciding whether appropriate circumstances exist to exclude a related party include:

(1) the percentage of domestic production attributable to related producers;

(2) the reason why importing producers choose to import the articles under investigation -- to benefit from the unfair trade practice or to enable them to continue production and compete in the domestic market; and

(3) the competitive position of the related domestic producer vis-a-vis other domestic producers.

The Commission has also considered whether each producer's books are kept separately from those of related parties. See, e.g., Torrington v. United States, Slip Op. 92-49 at 10 and 11 (Ct. Int'l Trade April 3, 1992).

due to (1) Ford's significant equity interest in Mazda, an exporter of the subject minivans to the U.S.; (2) Ford's joint venture agreement with Nissan, formerly an exporter of minivans to the United States, [43] to produce a minivan in the United States, and (3) Chrysler's significant equity interest in Mitsubishi, exporter of a minivan to the United States during the period of investigation, as well as Chrysler's prospective importation of what was described as a "minivan", the Expo, from Mitsubishi. [44]

In this final investigation, we again find that appropriate circumstances do not exist to exclude Ford and Chrysler [45] as "related parties" due to their equity interests in two Japanese minivan producers during the period of investigation. [46] There is not any direct evidence in

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[43] The Report, at A-41, indicates that Nissan considered its Axxess to be a station wagon. However, earlier in the period of investigation Nissan also imported a minivan, which it ceased importing in mid-1989. See Report at A-41.

[44] After our preliminary determination, Mitsubishi's Expo was found by the Commerce Department not to be a minivan, as noted above. Mitsubishi stopped exporting its minivan to the U.S. in 1990. See Report at A-40.

[45] While GM has a joint venture with Toyota "to assemble passenger cars" at a facility in California, Tr. at 101, there is no equity ownership between one firm and the other and there is and has been no "minivan" production or sales agreement between the two. Nor is there any indication that one exerts any degree of control over the other. Accordingly, on the facts of this case, we do not believe this amounts to a sufficient "relationship" to warrant consideration of GM as a "related party" under the statute. Generally, any benefit or "relationship" must pertain to the unfairly traded articles under investigation. Compare Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd, 904 F. 2d 46 (Fed. Cir. 1990) .

[46] While Ford has entered into an agreement with Nissan jointly to build a new minivan in the United States, these vehicles would be produced in the United States, not imported from Japan, and would be sold beginning this summer. Tr. at 68-69. Thus, there is no indication that any of the industry data on minivan production (which pre-date the sales of the joint venture vehicle) would be affected. We therefore need not consider whether this constitutes a "relationship" with a minivan exporter or importer, or whether appropriate circumstances for excluding Ford from the industry on this ground.

the record that Ford or Chrysler exert any significant influence over the marketing or sales of minivans by their related firms, or that their marketing or sales are significantly influenced by any of the related firms. [47]

III. NO MATERIAL INJURY BY REASON OF LTFV IMPORTS

The Commission is required to make a final determination of whether an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports. [48] In making our determination, the Act provides that the Commission:

> (i) shall consider--
>
> (I) the volume of imports of the merchandise which is the subject of the investigation,
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States; and
>
> (ii) may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports. [49]

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[47] See, e.g., Tr. at 64, 109, 111; Petitioners' Posthearing Brief, Part II at 2, 7 (Answers to Questions of Commissioner Crawford).

[48] 19 U.S.C. § 1673d(b).

[49] 19 U.S.C. § 1677(7)(B). The statute also indicates that the presence or absence of any factor pertaining to volume, price effects, or impact "shall not necessarily give decisive guidance" to the Commission's determination. See 19 U.S.C. § 1677(7)(E)(ii).

A. BACKGROUND [50]

The Act requires the Commission to consider all relevant economic factors which have a bearing on the state of the industry and to consider these factors within the context of the business cycle and conditions of competition distinctive to the affected industry. [51] Relevant economic factors affecting the domestic industry during the period of investigation included the economic recession and Gulf war (from mid-1990 through early 1991). Both had the effect of reducing consumer demand, particularly for big-ticket purchases such as minivans, as even petitioners concede. [52] Indeed, consumption and shipments of minivans declined from 1990 to 1991, [53] and most indicators of the condition of the industry also declined during that period. [54]

The statute requires the Commission to evaluate all relevant economic factors in the context of the business cycle of the affected industry. The

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[50] In making our determination, we consider the impact of the imports on the industry "as a whole." See, e.g., United Engineering & Forging v. United States, 779 F. Supp. 1375 (Ct. Int'l Trade 1991). We reject the argument made in this proceeding that we are permitted to make a negative determination solely on the basis that one "major producer" was individually "not injured." See Tr. at 241. However, we are not prevented from focusing on appropriate market segments. See Iwatsu Electric Co. v. United States, 758 F.Supp. 1506, 1511, n. 7 (Ct. Int'l Trade 1991); Gifford-Hill Cement Co. v. United States, 615 F. Supp. 577, 582-584 (Ct. Int'l Trade 1985). See also Copperweld Corp. v. United States, 682 F. Supp. 552, 566 (Ct. Int'l Trade 1988).

[51] See 19 U.S.C. § 1677(7)(C).

[52] E.g., Tr. at 16; Transcript of June 21, 1991 Preliminary Conference ("Conf. Tr.") at 28 ("a moderate drop in demand as a result of the recession could be expected given the softening of general economic conditions during the period of investigation."). See also, Memorandum EC-P-034 at 4.

[53] See Report at A-31.

[54] See Report at A-48, A-54, A-58.

minivan industry is not yet mature, and is still growing and evolving. [55] Chrysler's introduction of its minivans in 1983 caused a surge in demand for this new type of vehicle and gave definition to this market segment. [56] Chrysler's early and continuing success appears to have been based on the initial packaging of those features and characteristics described in Commerce's identification of the characteristics of the subject imports, particularly the minivan's front wheel drive and car-like handling qualities. Since that time a number of models have been offered for sale by several domestic and foreign manufacturers. GM introduced its Astro/Safari minivans and Ford introduced the Aerostar in 1985. These models are built on truck platforms and have rear-wheel drive. [57] Nissan and Mitsubishi introduced minivans, since discontinued, in late 1986 and 1987, respectively. [58] The Mazda MPV and Toyota Previa, the minivans currently imported from Japan at LTFV, were introduced in the fall of 1988 and January 1990, respectively. [59] The General Motors "triplets", the All Purpose Vehicle ("APV"), which are sold under Oldsmobile, Pontiac, and Chevrolet nameplates, were introduced in the 1990 model year. [60] In a growing market, a new model of minivan, if

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[55] E.g., Report at A-17; Transcript of May 21, 1992 Hearing ("Tr.") at 16 (Petitioners); Tr. at 257-59, 261, 263 ("still in its first product cycle."); Toyota Prehearing Brief at 15; Toyota Posthearing Brief, Answers to Questions of Commissioner Nuzum at 12; Mazda Posthearing Brief, Attachment B at 13.

[56] See Report at A-17.

[57] See, e.g., Memorandum EC-P-034 at 11, n. 34.

[58] These minivans were withdrawn from the market during the period of investigation.

[59] See Report at A-40, A-42.

[60] See Report at A-16; Memorandum EC-P-034 at 6, n. 16.

successful, can attract new buyers and expand the size of the market without necessarily displacing sales of existing models. [61]

Although the minivan market is still growing, individual models of minivans generally will follow traditional automotive product cycles. Initial peak sales volume typically will be reached approximately three years or more after introduction. A peak in sales is generally followed by pricing incentives, changes in model styling and standard equipment, and the introduction of new options, in an effort to prevent and then moderate a decline in sales volume. [62]

The statute also requires the Commission to evaluate all relevant economic factors in the context of the conditions of competition of the affected industry. We note that a substantial segment of the domestic market is held by non-subject imports. A substantial percentage of Chrysler's sales, including its regular wheel-base minivans, are imported from Canada. [63] We also note that the domestic industry signed a new labor contract in 1990 that limited its ability to reduce costs during a period of reduced demand. [64] Also, a downgrading in the debt ratings of certain industry participants increased the cost of obtaining funds. [65]

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[61] See, e.g., Report at A-17; Tr. at 74 (a mature market is a replacement market rather than a growth market; buyers in a growth market "are entering into this new segment because a segment didn't exist before") (Dr. Eads); Tr. at 78-79 ("bullish on minivans") (Mr. Perkins); Transcript of June 24, 1992 Commission Meeting ("Vote Tr.") at 4-5 (Mr. Benedick, quoting Mr. Lutz of Chrysler).

[62] See, e.g., Memorandum EC-P-034 at 10-11; Vote Tr. at 4. See also, e.g., Tr. at 119-120, 121-22.

[63] See, e.g., Memorandum EC-P-034 at 2-3, n. 2.

[64] See, e.g., Petitioners' Prehearing Brief at 40-41.

[65] See Report at A-58.

An additional condition of competition distinctive to the minivan market is that prices are not easily observed, so that not all customers pay the same price for the same vehicle. Given the level of negotiation between the customers and dealers, and all the various packages and financing incentives, consumers have difficulty comparing the prices of different vehicles. In fact, a consumer may find the same vehicle offered at a different price in each dealership he or she visits. Thus, consumers are likely to be much less aware of and/or responsive to price changes than they are in markets where prices are easily observed and compared.

Several additional economic factors relating to product design and marketing decisions affected the domestic industry's sales during the period of investigation, which petitioners have also recognized. [66] GM's APV "triplets," introduced in 1989/1990, have not been as successful as was anticipated in part due to their unique design and "futuristic" styling. [67] Because demand has not approached the approximately 250,000 vehicle annual production capacity of its dedicated APV assembly facility, GM has experienced significant losses on its APV production. [68] Chrysler's minivans received the well-publicized "do not buy" recommendation from a popular consumer magazine because of problems with its Ultradrive transmission. [69] Although Chrysler replaced this transmission in 1991 models, it likely was hindered in returning

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[66] See Tr. at 125.

[67] See, e.g., Memorandum EC-P-034 at 6, n.16 and at 11, n. 34; Tr. at 122; Mazda Prehearing Brief, Ex. 25 (New York Times article quoting an anonymous GM official: The APV "looks like a Dustbuster.").

[68] See, e.g., Tr. at 35-36. In fact, GM has announced that it intends to close its APV production facility.

[69] See Report at A-17, n. 46.

to prior sales levels. [70] Finally, a substantial percentage of domestic industry shipments during the period of investigation were sold to rental fleets. [71] Used fleet minivans, which are typically only a few months old with relatively low mileage, are reclaimed and resold by the domestic industry at deeply discounted prices that undercut new minivan sales. [72]

In view of these relevant economic factors, it is not surprising that the condition of the industry was mixed in 1989 to 1990 and generally declined from 1990 to 1991. U.S. production, net sales and shipments of minivans displayed a trend similar to that for consumption, rising from 1989 to 1990, but falling in 1991. [73] U.S. capacity increased significantly in 1990 to over 900,000 vehicles, and remained steady at that level in 1991. Capacity utilization declined steadily over the period of investigation, from 87.5 percent in 1989 before capacity was increased in 1990, to just over 70 percent in 1991. [74] While operating income declined steadily from 1989 to 1991 from $1.2 billion to $481 million, the domestic industry remained profitable during the period of investigation. Operating income as a percentage of net sales displayed a similar trend, declining from 12.9 percent in 1989 to 5.0 percent in 1991. [75]

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[70] See, e.g., Report at A-17, n. 46.

[71] Report at A-45. Petitioners concede this is a segment of the market where there is little competition between the U.S. and Japanese minivans. Petitioners' February 3, 1992 Letter to Brian Walters and Gerald Benedick at 2; Petitioners' Prehearing Brief at 68.

[72] See, e.g., Report at A-98--A-100; Memorandum EC-P-034 at 3-4; Report at A-43.

[73] See Report at A-30, A-31, A-48, A-58.

[74] See Report at A-48.

[75] See Report at A-58--A-59.

The number of production workers fell throughout the period of investigation. Hours worked, wages paid, total compensation paid and productivity all increased between 1989 and 1990, and then declined in 1991. Unit labor costs increased over the period of investigation. [76]

Petitioners have pointed to a marked upturn in a number of industry indicators in 1992. [77] While we are careful not to draw any conclusions about the full year based on the interim data, we do note that retail sales of the domestic industry have increased in the first five months of this year relative to 1991. [78]

It is clear that the negative industry trends in the performance of the minivan industry are related to the general economic factors, the business cycle and specific industry events discussed above. The Act, however, requires that the material injury be by reason of the LTFV imports. In the following sections we will focus more specifically on the effect of the LTFV imports on the domestic industry.

B. VOLUME

In determining whether there is material injury by reason of LTFV imports, the statute directs the Commission to consider "whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is

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[76] Seen Report at A-54---A-55.

[77] E.g., Petitioners' Posthearing Brief at 1-2.

[78] See Memorandum INV-P-104 (June 24, 1992) at 2-3. We note this information with caution, because it reports sales of Chrysler's Canadian production together with U.S. production. See text accompanying notes 136 to 145, infra.

significant." [79] In 1989, Japanese minivans held a very small share of the domestic market, with almost all sales accounted for by imports of the Mazda MPV. [80] With the introduction of the Toyota Previa in January 1990, sales of subject Japanese minivans and their market share increased substantially and remained relatively stable in 1991. [81] Indeed, information of record indicates that sales of the newly introduced Previa in fact accounted for the majority of the increase in the number of minivans imported from Japan from 1989 to 1990. [82] While the exact market share is confidential, at no time during the period of investigation did imports from Japan account for even 15 percent of the market in terms of either quantity or value. [83]

Domestic minivans accounted for the vast majority of shipments during the period of investigation. Their market share increased slightly from 1989 to 1990, despite the increase in shipments of Japanese minivans, but then declined somewhat in 1991. [84]

Fairly traded imports from Canada accounted for a minimum of approximately 20 percent of the market for each year during the period of investigation. In 1990, as the market share of domestic and subject Japanese minivans increased, the Canadian market share declined. It subsequently increased in 1991, as the market share of domestic vehicles fell.

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[79] 19 U.S.C. § 1677(7)(C)(i).

[80] See Report at A-39, A-90.

[81] See Report at A-80.

[82] See, e.g., Report at A-39.

[83] See Report at A-90--A-91.

[84] See Report at A-88--A-91.

While it is clear that the smaller the volume of imports, the smaller the effect that they will have on the domestic industry, the discussion of whether the volume of imports or their increase is significant cannot be made in a vacuum. [85] This determination must consider other factors, such as the nature of the minivan market, the level of substitutability between domestic and Japanese minivans, and the availability of substitute products, as discussed below.

For these reasons, and in view of the nonprice factors discussed below, we do not find that the volume or increase in volume of LTFV imports to be significant. [86]

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[85] See H.R. Rep. No. 319, 96th Cong., 1st Sess. 46 (1979) ("For one industry, an apparently small volume of imports may have a significant impact on the market; for another the same volume may not be significant."); S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979) ; H.R. Doc. No. 153, Part II, 96th Cong., 1st Sess. 434 (1979).

[86] To the extent that the limited data available for part of 1992 indicate a noticeable decline in the subject imports relative to the same period of 1991, see Memorandum INV-P-104 (June 24, 1992), it is consistent with our finding that import volume is not significant. We are, of course, to determine whether the domestic industry is suffering present material injury by reason of imports. See Chaparral Steel v. United States, 901 F.2d 1097, 1104 (Fed. Cir. 1990).

C. PRICE EFFECTS

In evaluating the effect of LTFV imports on prices, the Commission considers whether there has been significant price underselling of imports and whether the imports depress prices to a significant degree or prevent price increases that otherwise would have occurred, to a significant degree. [87] Prices have generally risen over the period of investigation, indicating a lack of price depression. [88]

A number of factors are relevant to the determination as to price suppression, including the degree of substitutability between the domestic and subject import minivans, the availability of fairly traded imports, resale minivans and non-minivan substitute vehicles, the size of the actual dumping margin, and the size of the market share held by subject imports.

The more substitutable products are, the more likely that potential purchasers will make their purchasing decisions based upon price differences between the products. Conversely, where there is a high degree of product differentiation, products are less substitutable, and price is less likely to be a determining factor in purchasing decisions. In addition to styling, size and other physical differences, differences in quality and reliability, brand loyalty, and price affect the substitutability of competing products.

Minivans are a highly differentiated products and numerous factors limit substitutability among minivans. Considerations of interior space, seating configuration and capacity, the degree of car-like ride, engine size, front- or rear-wheel drive, 2- or 4-wheel drive, available options, safety features,

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[87] 19 U.S.C. § 1677 (7)(C)(ii).

[88] See Report at A-103.

and styling are all factors that differentiate one minivan from another. [89] Ford's Aerostar and GM's Astro and Safari have been criticized for their more "truck-like" handling, and are in fact built on truck frames. [90] One consumer magazine even refused to consider the Aerostar and Astro/Safari as "true minivans" due to this characteristic. [91] Many Japanese minivans are sold with only 4-cylinder engines, while all U.S. minivans sold in 1991 had the larger engine size. [92] The smaller engine size has been cited as a drawback to some of the Japanese vehicles. [93] Most Japanese minivans were shipped with rear-wheel drive while most U.S.-minivans had front-wheel drive or all-wheel/4-wheel drive. All shipments of Japanese minivans were of standard length while U.S. minivans were more evenly split between standard length and extended length wheel bases. [94] Cargo capacity or length of wheel-base in particular has been cited as another purchasing factor considered by consumers. Mazda, for example, indicated that it tends to compete with Chrysler's short-wheel base minivan produced in Canada, not the long-wheel base minivan produced in the U.S. [95] Mazda cited its lack of an airbag as hindering its ability to

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[89] See, e.g., Memorandum EC-P-034 at 5-6.

[90] See Memorandum EC-P-034 at 11, n. 34.

[91] See 12 AAA World No. 3 (April 1992) at 10.

[92] See Report at B-57.

[93] See Memorandum EC-P-034 at 21, & n. 56.

[94] See Report at A-98; B-57.

[95] See Tr. at 189-191. See also, Memorandum EC-P-034 at 21, & ns. 58, 59, and at 23.

compete in the marketplace, indicating that differing safety features also limit substitutability. [96]

Perceptions of quality and reliability also are important non-price considerations. Japanese minivans are generally viewed as higher quality than domestic minivans. As we have noted, Chrysler received a well-publicized "do not buy" recommendation from a popular consumer magazine because of problems with its transmission. [97] Warranty data we have obtained confirm that domestic minivans experience substantially more warranty claims per vehicle than do Japanese minivans. [98]

Brand loyalty is also important in purchasing decisions. GM, for example, markets essentially the same basic minivan, the APV, under three different nameplates to different sets of customers. [99] For this product and industry, brand loyalty is an important non-price factor that affects customers' preferences and thus limits substitution of one minivan for another, or of a minivan for a different type of vehicle. [100] Indeed, petitioners themselves have stressed that the first purchase of any type of vehicle tends to "lock in" a customer to buying the same company's vehicles in

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[96] See Tr. at 230.

[97] See generally, e.g., Report at A-17, n. 46.

[98] See Report at A-19--A-21; Memorandum EC-P-034 at 21-22.

[99] E.g., Tr. at 128-29 ("the trick in the business . . .is to find a way of reaching different sets of customers with products that are perceived to be different") (Dr. Eads), 130 ("the demographics of the . . . buyer group between the Chevy vehicle and the Oldsmobile vehicle are radically different . . . far more different than the numbers shown here. It's because Oldsmobile has managed a package, a very different product and convinced customers that it meets their needs.") and at 131 ("We do not include sales that Oldsmobile might cannibalize from . . . [Chevy] Lumina.").

[100] E.g., Memorandum EC-P-034 (June 19, 1992) at 7-8.

the future, although they argue this does not "appear to be a critical factor" in a first minivan purchase. [101] The various "cross-shopping" or "second-choice" data [102] obtained in this investigation indicate that, at best, only a minority of minivan buyers "shop" both a U.S. [103] and a Japanese minivan. [104]

Another factor limiting substitutability is the significant price differential that exists generally between the domestic and imported minivans. [105] Petitioners concede that the Japanese minivans are sold predominantly in the higher price ranges. [106] Pricing data in this investigation substantiates that Japanese minivans were generally sold at higher prices than the U.S. product and to a greater extent in the higher price ranges than the domestic vehicles. [107] This factor limits substitutability to the extent that purchasers are constrained by income considerations. Indeed, cross-shopping data indicates that price is a less

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[101] E.g., Petitioners' Prehearing Brief at 8;

[102] There has been a variety of cross-shopping and "second-choice" vehicle survey data submitted in this investigation. We have considered all of this information, but have chosen to give greater weight to the CDS data submitted by Toyota, because its CDS data on "domestic" vehicles does not confuse U.S.-produced minivans with minivans from Canada. As noted above, we do not include Canadian imports in the U.S. industry. Moreover, Toyota was the only responding firm to provide complete survey data, as opposed to selections of the data or summaries. We typically would give greater weight to complete data. In any event, petitioners have indicated that generally they have no objection to our giving greater weight to Toyota's data. See June 5, 1992 Letter from Petitioners' counsel to Kenneth R. Mason at 5.

[103] We note the importance of segregating Canadian from U.S. minivans in this context. The Canadian minivan is a shorter version of the Chrysler minivan manufactured in the United States.

[104] Memorandum EC-P-034 at 8-9.

[105] See, e.g., Petitioners' Prehearing Brief at 67-68.

[106] E.g., Petitioners' Prehearing Brief at 29.

[107] See Report at A-97; Report at A-100--A-108.

important consideration for buyers of the subject imports than for the buyers of the domestic vehicle. [108] Not surprisingly, a significantly larger percentage of domestic minivan purchases than imported minivan purchases during the period of investigation were financed by dealers. [109]

Price suppression is also limited by the presence of other vehicles in the market that substitute for domestic minivans and subject imports. Fairly traded Chrysler minivans, imported from Canada, held a substantial share of the U.S. market. Domestic fleet minivans resold by domestic producers and fleet owners are only a few months old and compete directly with new minivans. Sales of these vehicles were substantial in 1991. Station wagons, full size vans and sport utility vehicles can substitute for certain models of minivans. As discussed above, the dividing lines between these products are not always clear.

Prices for the LTFV imports generally increased by a greater range than did prices for the U.S. product, by 15 percent over the period of investigation compared to 4 percent. [110] While price suppression can occur where a higher-priced but better "valued" good is sold in competition with a lower-priced but lower-valued good, [111] there is no evidence that this has occurred in this case. [112]

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[108] See, e.g., Memorandum EC-P-034 at 6, 22.

[109] See, e.g., Memorandum EC-P-034 at 22-23.

[110] See, e.g., Vote Tr. at 10.

[111] Compare Maine Potato Council v. United States, 613 F. Supp. 1237, 1245 (Ct. Int'l Trade 1985).

[112] See, e.g, Memorandum EC-P-034 at 3, 5, 24-25, 27; Report at A-98--A-99; Report at A-93.

Since any injury to the domestic industry must be by reason of the dumped imports, we have considered the effect of dumped imports compared with the effect those imports would have had had they been fairly traded, this being an economic factor which is relevant to the present injury determination. [113] [114] In general, the lesser the difference between the dumped price of imports and their price at fair value, the lesser the impact that dumping will have on sales of the subject imports and, in turn, on the domestic industry's volume of sales and domestic prices. The weighted average dumping margin in this case was 9.72 percent. Specifically, Toyota Previas were found to be sold at 6.41 percent less than their fair value [115] and Mazda MPVs were found to be sold at 12.70 percent less than their fair value.

If Japanese imports had been fairly traded, demand for domestic minivans would not have increased significantly. [116] Given the limited substitutability discussed above, it is likely that many purchasers of Japanese minivans would have purchased Japanese minivans even if they had been sold at fair value. Those who would not have purchased a higher priced Japanese minivan would not necessarily have purchased a domestic minivan. Some customers would have dropped out of the minivan market entirely, and instead purchased another type of vehicle. Others would have purchased used

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[113] See 19 U.S.C. § 1677(7)(B)(ii); Copperweld Corp. v. United States, 682 F. Supp. 552, 560-564 (Ct. Int'l Trade 1988).

[114] Vice Chairman Watson will make reference to such "other economic factors" allowed for under § 1677(7)(B)(ii) in appropriate circumstances, i.e., when to do so will support the analysis of the statutory criteria and standards set forth in, respectively, §§ 1677(7)(B) & (C).

[115] See Report at A-29.

[116] Japanese minivans, if sold at fair value, would have been on average 9.72 percent more expensive. See 57 Fed. Reg. 21937 (May 26, 1992); Memorandum INV-P-104 at 1.

minivans, or simply kept their old car for a longer period of time. [117] Still others would have purchased fairly traded imports from Canada.

Japanese imports had only a limited market share relative to domestic minivans. Therefore, any reduction in import market share would have a proportionately smaller impact on domestic minivan sales. Thus, we believe that any increase in demand for the domestic vehicle would have been limited. Because demand for the domestic vehicles would not have increased significantly, domestic price increases would have been limited. [118] Thus, it is unlikely that LTFV imports resulted in significant price suppression or in a significant decrease in the volume of domestic sales.

On the basis of the above discussion, we conclude that domestic prices have not been suppressed, to a significant degree, by the LTFV imports.

In considering the evidence of record on price effects, we do not find significant underselling for the following reasons. First, as a result of certain flaws in the pricing data gathered in this investigation, we are unable to place great reliance on price comparisons in this investigation. Some data pertaining to prices of U.S. minivans were not provided on an actual sales price basis, but rather represents "constructed" prices. [119] Moreover, as petitioners have conceded, attempting to select comparable models for price comparison purposes is "(at best) a very difficult task" due to the fact that "minivans offered by different suppliers are never the same." [120] Finally, we reject the validity of certain proposed price comparisons proposed by

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[117] See Memorandum EC-P-034 at 19-28.

[118] See, e.g., Memorandum EC-P-104.

[119] See Vote Tr. at 6; Report at A-102.

[120] Petitioners' Prehearing Brief at 53.

petitioners, such as comparing prices of "regular-length" Japanese minivans against prices of "extended-length" U.S. models. [121] In light of these weaknesses, we are unable to place great reliance on the pricing data obtained in this investigation.

The limited substitutability of the domestic product and LTFV imports further indicates that the pricing comparisons have little probative value. Petitioners concede that price comparisons based on even the models they themselves proposed for comparison purposes show only "a mixed pattern of underselling." [122] Indeed, even if we had considered only the petitioners' proposed price comparisons in our analysis, we would have found no significant underselling. Finally, an examination of all the price comparisons made in this investigation [123] confirms our conclusion that the pricing data obtained in this investigation do not indicate significant underselling.

D. IMPACT ON THE AFFECTED DOMESTIC INDUSTRY

In assessing the impact of LTFV imports on the domestic industry we consider, among other relevant factors, U.S. consumption, production, shipments, capacity utilization, employment, wages, financial performance, capital investment, and research and development expenses. [124] In this case, due to the lack of significant volume or price effects of the Japanese imports, we do not find a sufficient impact by the LTFV imports on the industry to warrant an affirmative determination. As discussed above, we have

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[121] See, e.g., Report at A-100, n. 195.

[122] Petitioners' Prehearing Brief at 53. As previously noted, we reject the validity of these comparisons.

[123] See Report at A-107--A-108.

[124] See 19 U.S.C. § 1677(7)(C)(iii).

percent in the period January - April 1992 -- a drop of 4.2 points over a seven-month period. [137]

Moreover, petitioners state that during that same time period sales of U.S. manufactured minivans rose as a direct result of the respondent's price increases. [138]

We note that consideration of petitioners' argument requires the Commission to place great weight on the interim data on the record. In previous investigations, however, the Commission has been reluctant to draw conclusions about a full year based on interim data. [139] Similarly, we are careful in this investigation not to place great weight on conclusions drawn from incomplete interim data gathered outside the Commission's period of full investigation. We note that the Commission did not obtain any information regarding the minivan industry other than retail sales data for the first five months of 1992. [140]

Assuming, arguendo, we consider the interim data as petitioners suggest, we do not have sufficient evidence in the record to conclude that any increase in sales of U.S. manufactured minivans is at all related to the increase in the price of the subject imports. [141] Consequently, we are unable to draw a

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[137] Petitioners' Public Prehearing Brief at 33.

[138] Petitioners' Posthearing Brief at 2, and Hearing Transcript at 31-32, 43.

[139] See, e.g., Minivans, USITC Pub. 2402 at 32, n. 100; Refined Antimony Trioxide from the People's Republic of China, Inv. No. 731-TA-517 (Final), USITC Pub. 2497 (April 1992) at 15, n. 53.

[140] See Memorandum INV-P-104.

[141] Based on information contained in INV-P-104, we approximate that the increase in U.S. market share is less than 3 percent. In any event, this calculation is unreliable because the record does not contain 1992 interim sales data for U.S. produced minivans only, nor does it provide 1992 Canadian import sales figures for the interim period.

conclusion based on incomplete data. We note that there is no evidence of record relating to other factors, besides the LTFV imports, that might explain the petitioners sales increase in 1992. These other factors may include, for example, "... the success of Chrysler's new model, the easing of the recession, and aggressive incentive offerings, by Chrysler in particular, all of which brought previously sidelined domestic minivan buyers into the market, particularly the lower end served by Chrysler's Canadian imports." [142]

As we have discussed, a number of other factors have adversely affected the U.S. minivan industry, including (1) the recession and Gulf war; (2) significant problems with some of the U.S. industry's products; [143] (3) the aging of some of the U.S. industry's models, as the Astro/Safari and Aerostar, which in any event have been criticized for their "non-minivan" "truck-like" feel; (4) the increased fleet sales by the domestic industry, which in turn displace new minivan sales; (5) competition for low-end buyers from fairly traded imports from Canada; and (6) the industry's labor agreement which shifted per unit labor costs to producers and (7) downrating of one producer's debt rating primarily for reasons unrelated to competition from the dumped imports. [144] While these factors independently may have caused material injury to the domestic industry, the Act requires that we determine whether

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[142] Respondent Toyota's Posthearing Brief at 13-14.

[143] For example, Chrysler's problems with its transmission and the lack of anticipated enthusiasm for GM's APV.

[144] See, e.g., Petitioners' Posthearing Brief at 4, n. 4.

the domestic industry is materially injured by reason of the dumped imports. [145]

Subject imports from Japan accounted for a relatively small percentage of the minivan market during the period of investigation. The increase in those imports from 1989 to 1990 can largely be traced to the introduction of the Previa, one of the two minivan models that are subject imports. The weighted average dumping margin in this case is 9.72 percent. For the reasons stated above, particularly because Japanese and domestic minivans are highly differentiated and thus substitutability is limited, we determine that if the subject imports had been sold at their fairly traded prices, it is likely that many customers would have still bought the Japanese minivans. As noted above, other customers would have purchased fairly traded minivans, used minivans, another type of vehicle, or no vehicle at all. While some additional customers would have purchased a domestic minivan, evidence in the record does not indicate the increase in demand would have led to a level of increased sales for domestic producers or increased prices such that we would conclude the domestic minivan industry is materially injured by reason of LTFV imports.

Based on our analysis of the non-price factors discussed above, we find a lack of causal nexus between the performance of the industry and the LTFV imports. We conclude, therefore, that the domestic minivan industry is not materially injured by reason of the LTFV imports from Japan.

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[145] In this connection, we note that petitioners have claimed that in any event their concern is not for the effects of the LTFV minivans at present, but for a threat of material injury in the future. See Tr. at 46. While we based our finding of a sufficient impact by the imports primarily on data through 1991, the claims of the domestic industry that there are currently no effects of imports on the industry also support our conclusion that there "is" no material injury.

IV. NO THREAT OF MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS

We further determine that there is no threat of material injury by reason of LTFV imports from Japan. Under the statute, the Commission is required to consider the following criteria:

> (I) if a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
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> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,
>
> (VIII) the potential for product shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to final orders under section 1671e or 1673e of this title, are also used to produce the merchandise under investigation,
>
> (IX) in any investigation under this title which involves imports of both raw agricultural product (within the meaning of paragraph (4)(E)(iv) and any product processed from such raw agricultural product, the likelihood there will be increased imports, by reason of product shifting, if there

> is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and
>
> (X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product. [146]

Our application of the applicable statutory threat criteria supports our negative determination, particularly as we are prohibited from finding threat of material injury to exist unless evidence of threat is real and actual injury is imminent. We are also forbidden to find threat of material injury based on "mere conjecture or speculation." [147]

Our analysis of threat is simplified because this antidumping investigation does not involve subsidies or agricultural products, any potential for product shifting due to other findings or orders under the antidumping or countervailing duty laws, or dumping findings or remedies in third countries. [148] Thus, those factors are not pertinent to this investigation.

Import market penetration did not "rapidly increase" between 1990 and 1991. [149] While arguably the increase over the entire period of investigation was a "rapid increase," the focus of the threat analysis mandated by the statute is whether recent occurrences and factors indicate that actual injury

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[146] In addition, we must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class or kind of merchandise suggest a threat of material injury to the domestic industry. See 19 U.S.C. § 1677(7)(F).

[147] See 19 U.S.C. § 1677(7)(F)(ii).

[148] See, e.g., Report at A-75, n. 150.

[149] See Report at A-90.

is imminent. More recent data indicate flat or, if we were to examine 1992 data as petitioners have urged, declining import levels and either a relatively stable or declining Japanese market share. [150] Even if import penetration could be viewed as "rapidly increasing," we would discount its significance in light of the factors of competition affecting this product and industry that we discuss above.

We also do not find any excess or underutilized capacity in Japan that would likely result in a significant increase in exports to the United States. While production capacity has generally increased, capacity utilization, while fluctuating, remained at relatively high levels in 1991, particularly if one considers capacity utilization of the facilities that arguably could be used to produce minivans of the type exported to the United States. [151] The Japanese market is absorbing increasing quantities of minivans, as are export markets other than the United States. [152]

Moreover, we find no probability that imports of Japanese minivans will enter the United States at prices that will have a suppressing or depressing effect on U.S. prices, for the reasons stated above in our discussion of why we find no significant price effects by the current imports from Japan. Inventories of the imported product in the U.S. have actually declined in 1991, the most recent period for which we have full data. [153]

We also find that any existing or potential effects on existing development or production efforts of the domestic industry are not sufficient

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[150] See Report at A-79, A-90, Memorandum INV-P-104 at 4.

[151] See Report at A-75---A-77.

[152] See Report at A-76--A-77.

[153] See Report at A-73.

to warrant a threat finding. While certain statements made, for example, at the hearing [154] or in questionnaire responses [155] indicate that petitioners believe that the LTFV imports have affected their plans for the future, we note that existing funding for capital expenditures and research and development, while fluctuating, remain significant. [156]

We decline to base a threat determination on petitioners' statements about effects on development or production efforts, in light of all the evidence contained in this investigation on the lack of a sufficient impact on the domestic industry by the imports to warrant an affirmative finding of present material injury by reason of imports. We also decline to read the threat provisions of the statute to allow petitioners to mandate an affirmative determination by asserting that imports have hindered their plans for development and production efforts.

We find no other demonstrable trends on evidence in the record that would support a finding of threat of material injury.

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[154] See, e.g., Tr. at 38-39 (chances of a major APV redesign going forward "will be substantially reduced" if the Commission "permits" dumping to continue).

[155] See Report, Appendix K.

[156] See Report at A-68 and A-69.

ADDITIONAL VIEWS OF VICE CHAIRMAN PETER S. WATSON

For the reasons set forth above, I have concurred with my colleagues in finding that the U.S. minivan industry is not currently materially injured, nor is it threatened with material injury, by reason of the subject imports. Underlying the decision of the majority, as set forth fully above, is a complex set of facts and industry conditions which are very much sui generis to this immediate factual situation.

Prior to reaching my decision, I examined carefully all the facts related to the increase in price of the subject imports which occurred in the last quarter of 1991. For the reasons set forth fully above, the record precludes this Commissioner from reaching a different determination. Had this investigation covered a later time period which had presented a fuiler record of the facts relating to the price increase, perhaps including the subsequent return to earlier pricing levels of the subject imports, it could likely have presented a different factual and legal environment.

SEPARATE VIEWS OF COMMISSIONER DAVID B. ROHR

Minivans from Japan
Inv. No 731-TA-522 (Final)

I determine that the domestic minivan industry is not materially injured or threatened with material injury by reason of imports of minivans from Japan found by the Department of Commerce (Commerce) to be sold at less-than-fair-value (LTFV). [1]

LIKE PRODUCT

In any title VII investigation, the Commission first defines the "like product" and the "domestic industry."[2] The Commission's analysis of the appropriate like product in a particular investigation begins with the imported "articles subject to investigation" as defined by Commerce. Commerce has defined the imported product subject to investigation to include new minivans from Japan that generally have seven particular characteristics, including specific cargo capacity, walk through mobility, specific cowl length, specific gross weight,

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[1] Material retardation of the establishment of an industry is not an issue in this investigation and will not be discussed further.

[2] Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant industry as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product . . . ." In turn, the statute defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 19 U.S.C. § 1677(10). The Commission typically relies on the following factors in defining the like product: (1) physical characteristics and end uses, (2) interchangeability of the products, (3) channels of distribution, (4) producer and customer perceptions, (5) common manufacturing facilities and employees and, (6) where appropriate, price. See, e.g., Calabrian Corp. v. United States, Slip Op. 92-69 (CIT May 13, 1992).

specific height, specific body structure, and a side panel door.[3]

In the preliminary investigation, the Commission limited the like product to minivans coextensive with Commerce's definition and did not include other types of vehicles, such as station wagons, full-size vans, and sport-utility vehicles.[4] None of the parties argued that we should change the definition of the like product. In this final investigation, I have examined the record, the Commission's preliminary decision, and the arguments of the parties. I find no reason to reach a different decision on this issue than that reached by my colleagues in the preliminary investigation. I define the like product to be only minivans.

DOMESTIC INDUSTRY

The domestic industry is defined as the domestic producers of the like product, in this instance, minivans. The domestic industry is therefore composed in this investigation of the "Big Three" U.S. automakers, GM, Ford, and Chrysler, all of whom produce minivans in the United States. In this investigation, two additional issues have been raised concerning the Commission's definition of the domestic industry, specifically whether Chrysler's Canadian minivan operations are within the scope of the domestic industry, and whether any domestic producer should be excluded as a "related party." I determine that Chrysler's Canadian operations are not within the scope of the domestic industry and that no party should be excluded as a related party.

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[3] 57 Fed. Reg. 21937 (May 26, 1992). Commerce also determined:

> A vehicle does not necessarily have to meet all seven criteria to be considered a minivan . . . While we consider all seven of the above criteria important in determining whether a vehicle is a minivan, we consider the criteria which reflect a measurement of interior space (cargo capacity, walk-through capability, and cowl length) to be of primary importance . . . .

Commerce also determined that certain vehicles produced in Japan and exported to the United States by Mitsubishi, the Expo and Expo LRV, were not "minivans," and excluded those vehicles from the scope of its determination and from any antidumping order issued in this investigation. See 57 Fed. Reg. 21937, 21938 (May 26, 1992).

[4] Minivans from Japan, Inv. No. 731-TA-522 (Preliminary), USITC Pub. 2402 (July 1991) at 11-17.

In the preliminary determination,[5] the Commission rejected petitioners' argument that the minivan production of Chrysler Canada Ltd. in Windsor, Ontario, should be included in the domestic industry. The Commission noted that the Omnibus Trade and Competitiveness Act of 1988 [6] amended title VII to specifically provide that the impact of imports of the dumped or subsidized merchandise must be considered "only in the context of production operations within the United States."[7]

In this final investigation, petitioners did not explicitly renew this claim. Instead, they argued that the Commission should consider the effects of lost Canadian sales on the domestic operations of the U.S. producer in question. This argument is a matter for my causation analysis and will be addressed at that time. With respect to the specific issue of whether Chrysler's Canadian production is included within the operations of the domestic industry, I adopt the conclusion and reasoning of the preliminary determination on this point.

Under section 771(4)(B) of the Tariff Act of 1930, producers who "are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise," may be excluded from the domestic industry.[8] In this final investigation, the record shows that Ford and Chrysler have relationships with the Japanese automakers who also produce the minivans subject to investigation. I must therefore address the issue of whether either or both of these companies should be excluded from the domestic industry.

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[5] See USITC Pub. 2402 at 19-25.

[6] See P.L. No. 100-418, 102 Stat. 1107 (1988) ("the 1988 Act").

[7] 19 U.S.C. § 1677(7)(B)(i) (Emphasis added).

[8] 19 U.S.C. § 1677(4)(B). Application of the related parties provision is within the Commission's discretion based upon the facts presented in each investigation. Torrington v. United States, Slip Op. 92-49 at 12 (CIT, April 3, 1992); Empire Plow Co. v. United States, 675 F.Supp. 1348, 1352 (CIT 1987). If producers are related parties under section 771(4)(B), the Commission determines whether "appropriate circumstances" exist to exclude these producers from the domestic industry. See, e.g., Empire Plow Co. v. United States, 675 F. Supp. at 1353 (CIT, 1987).

I note that no party has argued that any domestic minivan producer should be excluded from the domestic industry as a related party.[9] The partial equity holding of the foreign firms by Chrysler and Ford does not appear to have any effect on the marketing or production of minivans.[10] There is nothing in the relationships between the companies that would shield either Ford or Chrysler from the effects of competition with the Japanese minivan producers. The books of Ford and Chrysler are kept separately from the books of Mazda and Mitsubishi. It also appears evident that both Ford and Chrysler remained primarily domestic producers rather than importers.[11] Accordingly, I do not find it appropriate to exclude Chrysler or Ford from the domestic industry, which thus consists of all three U.S. producers of minivans.

CONDITION OF THE DOMESTIC INDUSTRY

Traditionally, the Commission analyzes the condition of the domestic industry by interpreting various indicators of the performance of the domestic industry. These include what are referred to as production-related or "trade" indicators, such as production, capacity, capacity utilization, shipments and inventories; employment indicators, such the number of production and related workers, hours worked, compensation, and productivity; and financial indicators, including net sales, cost of goods sold (COGS), operating income margins, returns to assets ratios, and investments in capital and R&D.

By examining these indicators over several years and in the context of the business cycle and factors and conditions of trade specific to the particular industry, the Commission has traditionally made a judgement as to whether the industry is currently experiencing material injury. Congress has considered and acquiesced in this mode of analysis on numerous

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[9] Petitioners argued, in response to a question of Commissioner Crawford, that, as in the preliminary determination the Commission ought to determine that appropriate circumstance do not exist for excluding any of the related U.S. producers of minivans.

[10] See, e.g., Tr. at 64, 109, 111; Petitioners' Posthearing Brief, Part II at 2, 7 (Answers to Questions of Commissioner Crawford).

[11] Chrysler's interests appear somewhat more ambivalent, given the substantial importations of minivans from its Canadian subsidiary. However, Chrysler's interests in importing minivans from Canada does not appear to relate in any way to its interests in the Japanese producer.

occasions and the Commission's reviewing courts have approved its use. I have employed this analysis in the present investigation.

To summarize my findings, in this investigation, the indicators are mixed. They reflect a time during which the domestic market was in recession and the United States involved in a war. However, having considered them as a whole, I conclude that they do reflect an industry that is currently experiencing material injury.

U.S. consumption of minivans fluctuated over the period of investigation. Increasing from 1989 to 1990, consumption declined in 1991 to a level below consumption for 1989.[12] U.S. production and shipments of minivans showed similar trends.[13] There were, however, significant differences in the magnitude of the fluctuations in production and shipments compared to consumption.[14] Specifically, while the exact numbers are confidential, from 1989 to 1990 production rose slightly more than consumption while shipments rose substantially more. From 1990 to 1991, production dropped slightly more than consumption while shipments declined by a much larger percentage.[15]

U.S. capacity utilization declined sharply from 1989 to 1990, due to an increase in capacity in 1990 that was larger than the increase in production. A further decline in capacity utilization in 1991 relative to 1990 was due to a decline in production.[16] Inventories declined over the period but were always at insignificant levels.

The number of production workers producing minivans fell throughout the period of investigation. Hours worked, wages paid, total compensation paid, and productivity all

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[12] Report at A-30.

[13] Report at A-31.

[14] There were also differences in production and domestic shipments reflecting the increasingly important export market for the domestic industry.

[15] Several factors account for the pattern of the indicators and the relatively larger magnitudes in the fluctuations in production and shipments than in consumption. Export shipments, as noted above, were a factor. The most important factor were the fluctuations in the domestic industry's fleet sales, which increased in volume sharply in 1990, significantly more than the increases in the absolute volume imports, and then dropped sharply in 1991. Absent the fleet sales, the domestic shipments of the domestic minivan producers declined steadily over the period of the investigation.

[16] Report at A-48.

increased between 1989 and 1990, and then declined in 1991. Unit labor costs increased over the period of investigation.[17]

The domestic industry maintained a positive operating income margin throughout the period of investigation. However, profitability declined steadily and significantly throughout the period from a substantial 12.9 percent of net sales to 8.5 percent to 5.0 percent.[18] There were also substantial variations in the financial performance of the three producers, but all exhibited declines over the period.

The Commission's financial analysis of the operations of individual producers shows that profits are very sensitive to changes in price and volume.[19] The Commission's variance analysis, which I also use cautiously because it does not segregate the industry's significant export sales, indicates the principal reasons for the decline in profitability over the period were the absolute decline in volume of net sales and the fact that, although prices generally rose throughout the period, the cost of manufacturing increased at a faster rate.

I therefore conclude that the industry is currently experiencing material industry.

CAUSATION

Having found that the domestic industry is experiencing material injury, I must determine whether that injury is "by reason of" the LTFV imports. In making this determination, I am mindful that the Commission need not determine that LTFV imports are the principal or a substantial cause of the material injury that it has found to exist.[20] Rather, the appropriate standard for the Commission is to determine whether LTFV imports are a

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[17] See Table 14, Report at A-54-55.

[18] See Table 1.7, Report at A-59.

[19] I note that I am making a determination as to the industry as a whole and therefore approach an analysis of individual producers operations cautiously. Nevertheless, the results of such operations can at times, as in this investigation, shed light on the overall operations of the industry and market.

[20] See S. Rep. No. 249, at 74-75 ("Any such requirement has the undesirable result of making relief more difficult to obtain for industries facing difficulties from a variety of sources, industries that are often the most vulnerable to less-than-fair-value imports.")

cause of that material injury,[21] that is, contribute to it. I note that we may consider alternative causes of injury, but not weigh such causes.[22] In considering such causes I have also kept in mind the admonition of our reviewing court that factors other than the LTFV imports may have made the industry more susceptible to the effects of the LTFV imports.[23] Finally, I have based my determination on the evidence contained in the Commission's record, which relates specifically to minivans, not on speculation or hypothetical possibilities or matters relating to other segments of the automobile industry.

Although I have found the domestic industry to be experiencing material injury, I do not conclude that the LTFV imports from Japan are a cause of this injury. I have reached this conclusion principally because I find, in this minivan market, that the volume effects of the LTFV imports are minimal and that the record does not support the existence of price depressive or suppressive effect. I find that there are other factors, including the industry's own decisions that have adversely affected it over the period of this investigation, but in the absence of evidence of sufficient volume or price effects of the imports, I do not rely on such factors in making my determination.

Volume Effects

Turning first to the volume of imports, I note that imports increased substantially between 1989 and 1990 and by a small amount from 1990 to 1991. Import market share similarly increased in both comparisons. Several factors, however, lead me to conclude that

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[21] E.g., Metallverken Nederland B.V. v. United States, 716 F.Supp. 17, 25 (CIT 1989).

[22] E.g., Citrosuco Paulista, 704 F. Supp. at 1101. Alternative causes may include the following:

> the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. 317, 96th Cong., 1st Sess. 47 (1979).

[23] United Engineering & Forging v. United States, 779 F. Supp. 1375, 1392 (CIT 1991); Iwatsu Electric Co. Ltd. v. United States, 758 F. Supp. 1506, 1512 (CIT 1991) ("the woes of the domestic industry were exacerbated by LTFV imports.") (emphasis deleted).

this increase has had little impact on the volume of domestic minivans sold by the domestic industry. In light of this minimal impact, I conclude that the volume effects of the minivan imports are not significant and therefore are not sufficient to support a finding that imports are a cause of injury to the domestic industry.

First, the largest increase in imported minivans were of four-cylinder, short wheelbase models. There is no current domestic production of four cylinder minivans.[24] The imports compete principally and directly with minivans imported from Canada, not with domestically produced minivans.[25] Second, in 1990, much of the increase appears to be associated with the introduction by the Japanese minivan producers of new model minivans.[26] The record indicates that such introductions have historically created, at least in part, their own new demand rather than detracting from sales of other producers.

Further, the record, which relates solely to the minivan market and not the automobile market generally, also indicates that relatively small percentages of the buyers of either domestic or imported minivans seriously considered the purchase of the other.[27] Between the influence of these factors, it does not appear to me that the volume of sales lost to the domestic industry by reason of the volume of imports was significant.

I also considered petitioners' argument that the volume of imports is more significant because it is concentrated at the "high end" of the market. It is true that an increasing

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[24] There were, in fact very small numbers of four cylinder minivans produced domestically in 1989 and 1990. However, the record clearly demonstrates the overwhelming concentration of domestic production in six cylinder models. Report at Appendix G.

[25] Petitioners claim that this loss of sales of the Canadian operation injures the domestic industry (explicitly Chrysler) by increasing the costs of its parts operations and because such sales influence the mix of products to be considered for calculating Corporate Average Fuel Economy (CAFE) compliance and thus reduce the number of more expensive, profitable and "CAFE-negative" vehicles the automaker can sell. Parts operations are not part of the industry subject to this investigation. There is no evidence on the record linking a decline in sales of four cylinder minivans to increases in parts for six cylinder domestic minivans. Finally, a decline in overall automotive industry profits caused by an inability to sell products not subject to this investigation is not a legally relevant consideration in this investigation.

[26] The Mazda minivan was introduced in 1988 and the Toyota Previa minivan was introduced in late 1989.

[27] I note that this conclusion is borne out in the "second choice" data of both petitioners and respondents.

percentage of the imports over the period of investigation were priced above $16,000 and $19,000. It also appears true that, for the domestic industry, minivans in the upper price ranges are relatively more profitable. The loss of a sale of an expensive minivan to the domestic industry thus would appear to have more impact on the profitability of the domestic industry than a sale of a less expensive minivan.

However, for the argument to carry any weight, it would also have to be true that a high priced imported minivan displaces the sale of a high priced domestic minivan. As noted above, as a general matter, the evidence suggests that sales of imported minivans do not displace a significant portion of sales of domestic minivans. Further, the record does not support the argument that, to the extent displacement might occur, a high priced imported minivan would necessarily displace a high priced domestic minivan. The record does not indicate that competition in the minivan market is as much a matter of price as it is of features. Therefore a higher priced 4 cylinder short wheelbase import, even in the higher priced category, to the extent it displaces a sale is more likely to displace a sale of a 4 cylinder short wheelbase "domestic" model which would not be in a lower, and less profitable, price range. Thus I cannot conclude that the shift of imports to the higher price ranges in the minivan market adds a significant amount of support to an affirmative finding.

Price Effects

I now consider whether the imports are suppressing or depressing domestic prices. The data, as indicated above, demonstrates that domestic producers' profits are sensitive to price. Therefore, if it could be shown that the LTFV imports have suppressed or depressed domestic prices, I might find that imports are at least a cause of injury to the domestic industry. I cannot find, however, that the record supports the conclusion that imports have had a depressive or suppressive effect.

Generally, domestic prices have risen over the period of investigation. In such a situation, import prices cannot be found to have depressed domestic prices. However, it remains possible that domestic prices have been suppressed, that is, have not risen as much as they should have. I have carefully combed the record to find any evidence that the LTFV

imports have had this effect.

First, I do conclude that there is some evidence that prices may have been suppressed. This is evidenced by the fact that costs have risen faster than prices thereby creating a "cost/price squeeze," resulting in a significant loss of profitability. The existence of such a squeeze is only half of the analysis, however. I must also find some evidence in the record that connects the imports to the squeeze.

The first information that I examined was the direct comparison between the domestic and import prices to find evidence of underselling. Probative evidence of a pattern of underselling would support the existence of a link between the imports and the squeeze. The Commission spent considerable effort to develop price comparisons. The data show a mixed pattern of under and overselling, with generally more overselling.[28]

However, only one of the three domestic minivan producers was able to provide actual data on specific sales of minivans with associated price and volume data. The others provided only the price of a theoretical domestic model with no associated actual volume of sales. The information with actual prices and volumes is by far the most probative to my analysis, and these comparisons showed a consistent pattern of overselling. I cannot conclude that a link between the imports and price suppression exists in the price comparison data.

I next considered whether there was any other evidence of a price depressive or suppressive effect. In my analysis, the LTFV imports may have a price depressive or suppressive effect even in the absence of a probative pattern of underselling. However, there must be some other positive evidence of such an effect in the record. If consumers were willing to pay some price premium, for example, 10 percent (but not more) more for imports because of some consistent perception of special value, the domestic price could be restrained to be at least 10 percent below the import price. Any attempt to raise domestic prices would narrow the price difference to within the 10 percent premium and consumers would switch to the imports. There is no evidence on the record that indicates existence of such an situation

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[28] I note that some of the comparisons suggested by the domestic industry in which underselling is shown appear to be questionable, such as comparing 4 cylinder imports with 6 cylinder domestic models, or 5 passenger imports with manual transmissions with 7 passenger domestic models with automatic transmission. See, e.g. Report at A-104.

in the minivan market.

I also considered whether increases in the levels of sales incentives offered by the various producers can connect the imports to any price suppression. The evidence indicates that the introduction or increases in such sales incentives over the period of investigation have not been related to either the relatively smaller incentives offered on the imports or with the volume of the imports. Rather, domestic incentives principally reflect competition between the domestic minivan models, and, particularly, the introduction of new competing domestic models rather than the imports.[29]

Finally, I also considered petitioners' argument that the Commission can rely on the operations of the minivan industry in 1992 as evidence of the impact of Japanese LTFV minivan sales on the domestic market. The information that is available to the Commission with respect to operations of the domestic industry and the effects of imports in 1992 is insufficient for me to rely on to support an affirmative determination. Import prices rose in 1992, but they also rose throughout the period. Domestic incentives appear to have risen but this seems to be in an effort to affect the introduction of a new domestically produced model minivan due to be introduced this year. None of the data is comparable to the data the Commission collected for the period of the investigation so that it would be possible to see changes in the data. Finally, none of the data presented for 1992 isolates the effects of either export shipments by the domestic producers or imports by the domestic producers from Canada, both of which had major effects on the data throughout the period of the investigation.

In short, the record does not contain any probative evidence of a price suppressive effect or sufficient volume effect. I am compelled in such an instance to make a negative determination. I have also, however, considered the arguments of the parties that other causes account for the injury being experienced by the domestic industry. In the absence of probative evidence supporting imports as a cause of material injury, it is not specifically

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[29] Thus, I see no change in incentive programs associated with the introduction of the Mazda APV or the Toyota Previa, but do see such incentives being increased by GM's domestic competitors in connection with the introduction of the GM triplets.

necessary for me to discuss these factors. However, having found that the industry is experiencing injury, but that imports are not a cause, it is clear that some other factors must be causing the injury. I will briefly summarize the factors that I found most important.

The overall decline in consumption and shipments in 1991 must clearly be associated with macroeconomic events in particular the recession and the Gulf war. This does not explain why domestic sales declined while imports did not. For this, one must look to the nature of the competition in the minivan market.

First, it is clear that not all of the domestic producers were equally affected by the recession and the war. At least one, Chrysler, performed in a manner similar to the imports. Even here, exogenous factors, such as a restyling of their models and a bad consumer rating report, caused temporary fluctuation in its performances that show up in our data. For GM, the principal factors affecting its performance were the age and truck-like nature of the Astro and Safari vans and the consumer nonacceptance of its radically designed triplets. The nonacceptance of the triplets had nothing to do with the presence or absence of alternative domestic or imported models. Finally, Ford's performance is related to the age of its Aerostar minivan model. Approaching the end of its product life, and due to be replaced by a new model in the near future, it was experiencing the sales decline that is common and expected for such a design at such a stage in its life cycle.

Many factors have affected the operation of the minivan industry over the period of investigation. Some reflect merely short term adjustments to a maturing market. Others reflect the macroeconomic situation. Still others reflect decisions by the producers themselves, which, whether right or wrong in the long term, have had the short term consequence of causing material injury. Overall, they reflect the overwhelming importance of domestic competition between the Big Three in the minivan market rather than the more limited presence of LTFV Japanese imports in this particular market.

The Commission's investigation of these factors is by definition limited. Its principal focus, and my focus in this opinion, is simply on one question, were imports a cause of the injury being experienced by the industry. My answer is they were not.

THREAT OF MATERIAL INJURY

Under the statute, the Commission is required to consider the following criteria in making threat determinations:

> (I) if a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
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> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,
>
> (VIII) the potential for product shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to final orders under section 1671e or 1673e of this title, are also used to produce the merchandise under investigation,
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> (IX) in any investigation under this title which involves imports of both raw agricultural product (within the meaning of paragraph (4)(E)(iv) and any product processed from such raw agricultural product, the likelihood there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and
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> (X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[30]

I cannot make a finding of threat of material injury to exist unless evidence of threat

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[30] In addition, we must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class or kind of merchandise suggest a threat of material injury to the domestic industry. See 19 U.S.C. § 1677(7)(F).

is real and actual injury is imminent. I must also not base a finding with respect to threat of material injury on "mere conjecture or speculation."[31]

This antidumping investigation does not involve subsidies or agricultural products. Further, because a single product is under investigation any potential for product shifting due to other findings or orders under the antidumping or countervailing duty laws is not relevant. There are no dumping findings or remedies in third countries.[32]

With respect to factors II and VI, I do not find any significant capacity increases or excess or underutilized capacity in Japan that would likely result in a significant increase in exports to the United States. While production capacity has generally increased, capacity utilization, while fluctuating, remained at relatively high levels in 1991.[33] The Japanese market is absorbing increasing quantities of minivans, as are export markets other than the United States.[34]

With respect to factor III, import market penetration did increase significantly between 1989 and 1990, but increased much more slowly between 1990 and 1991.[35] The 1992 data indicate declining import levels and either a relatively stable or declining Japanese market share.[36] I also reiterate my conclusions with regard to the significance of the current negligible volume effects of Japanese imports.

With respect to factor IV, I find that the record does not support a finding that there is a probability that imports of Japanese minivans will enter the United States at prices that will have a suppressing or depressing effect on U.S. prices. I base this conclusion on the reasons stated above in my discussion of current price effects and the fact that I can find no evidence in the record to suggest that the imports which are not currently having a price

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[31] See 19 U.S.C. § 1677(7)(F)(ii).

[32] See, e.g., Report at A-75, n. 150.

[33] See Report at A-75--A-77.

[34] See Report at A-176-A-77.

[35] See Report at A-90.

[36] See Report at A-79, A-90, Memorandum INV-P-104 at 4.

depressive or suppressive effect will have such an effect in the reasonably imminent future.

With respect to factor V, inventories of the imported product in the U.S. have actually declined in 1991, the most recent period for which we have full data.[37]

With respect to factor VII, I find no other demonstrable trends that would support a finding of threat of material injury.

With respect to item X, I cannot conclude that any existing or potential effects on existing development or production efforts of the domestic industry are being affected in such a manner as to warrant a threat finding.[38] I note that existing funding for capital expenditures and research and development, while fluctuating, remain significant.[39]

CONCLUSION

Although I find that the domestic minivan industry has experienced material injury over the period of investigation, and is currently experiencing material injury, I find that the record contains insufficient evidence for me to conclude that the LTFV imports of minivans from Japan are a cause of that injury or that such imports pose a real threat of imminent material injury. I have therefore made a negative determination.

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[37] See Report at A-73.

[38] See, e.g., Tr. at 38-39 (chances of a major APV redesign going forward "will be substantially reduced" if the Commission "permits" dumping to continue).

[39] See Report at A-68 and A-69.

DISSENTING VIEWS OF CHAIRMAN NEWQUIST AND COMMISSIONER NUZUM

Based on the record in this final investigation, we determine that the industry producing minivans in the United States is materially injured by reason of less-than-fair-value ("LTFV") imports of minivans from Japan. Our discussion will focus first on the definitions of like product and domestic industry, and then turn to an analysis of the condition of the domestic industry and the impact which the dumped imports of minivans are having on that domestic industry.

I. LIKE PRODUCT

In determining whether an industry is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the "industry." The statute defines the relevant industry as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product . . . ." [1] In turn, the statute defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." [2]

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[1] Section 771(4)(A) of the Tariff Act of 1930 (the "Act"), 19 U.S.C. § 1677(4)(A).

[2] 19 U.S.C. § 1677(10). The Commission has relied typically on the following factors in defining the like product: (1) physical characteristics and end uses, (2) interchangeability of the products, (3) channels of distribution, (4) producer and customer perceptions, (5) common manufacturing facilities and employees and, (6) where appropriate, price. See, e.g., Calabrian Corp. v. United States, Slip Op. 92-69 (Ct. Int'l Trade, May 13, 1992).

The Department of Commerce ("Commerce") has defined the imported product subject to investigation as follows:

> new minivans from Japan . . . defined as an on-highway motor vehicle which generally has the following characteristics:
>
> (1) a cargo capacity behind the front row of seats that is 100 cubic feet or greater and less than 200 cubic feet;
>
> (2) a body structure, width, and seat configuration capable of providing full walk-through mobility from the front seat row to the third seat row, or at least partial walk-through mobility from either, (a) the front seat row to the second seat row, or (b) the second seat row to the third seat row;
>
> (3) a hood that is sloping and a short distance from the cowl to the front bumper relative to the overall length of the vehicle;
>
> (4) a gross vehicle weight that is less than 6,000 pounds;
>
> (5) a height that is between 62 and 75 inches;
>
> (6) a single, box-like structure that envelopes [sic] both the space for the driver and front-seat passenger and the rear space (which has flat or nearly flat floors and is usable for carrying passengers and cargo); and
>
> (7) a rear side passenger access door (or doors) and a rear door (or doors) that provide wide and level access to the rear area.[3]

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[3] 57 Fed. Reg. 21937 (May 26, 1992) (emphasis in original). Commerce also determined:

> A vehicle does not necessarily have to meet all seven criteria to be considered a minivan . . . While we consider all seven of the above criteria important in determining whether a vehicle is a minivan, we consider the criteria which reflect a measurement of interior space (cargo capacity, walk-through capability, and cowl length) to be of primary importance . . . .

Id.

In the preliminary investigation, the Commission [4] defined the like product to be limited to minivans and did not include other types of vehicles, such as station wagons, full-size vans, and sport-utility vehicles. We come to the same conclusion here based on the evidence gathered in this final investigation. We note in particular that minivans are produced at dedicated facilities in the United States, which cannot be easily used to produce other vehicles.[5] We believe there is a clear dividing line between minivans and any other category of products. We further note that none of the parties has urged us to change the definition of the like product in this final investigation. Based on this record, therefore, we define the like product to be minivans only.

II. DOMESTIC INDUSTRY

A. Consideration of Canadian production, or U.S. "domestic operations" beyond minivan production.

In the preliminary determination [6] the Commission rejected petitioners' argument that the minivan production of Chrysler Canada Ltd., a Canadian corporation and a subsidiary of Chrysler, in Windsor, Ontario, should be included in the domestic industry. The Commission noted, inter alia, that the Omnibus Trade and Competitiveness Act of 1988 [7] amended the statute specifically to provide that the impact of imports of the dumped or subsidized merchandise must be considered "but only in the context of production

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[4] Minivans from Japan, Inv. No. 731-TA-522 (Preliminary), USITC Pub. 2402 (July 1991) at 11-17 ("Minivans Preliminary"). Commissioner Nuzum did not participate in that determination as she was not a member of the Commission at that time.

[5] See, e.g., Report of the Commission ("Report") at A-25, n.78.

[6] See Minivans Preliminary, USITC Pub. 2402 at 19-25.

[7] See Pub. L. No. 100-418, 102 Stat. 1107 (1988) ("the 1988 Act").

operations within the United States." [8] The Commission also found in its preliminary determination that "there is no dispute in this investigation that minivan assembly is 'production' and that automotive parts are not part of the like product and parts suppliers are not part of this industry." [9]

Petitioners conceded in this final investigation that the statute precludes consideration of production operations that do not occur in the United States to be part of the U.S. industry, i.e., that Chrysler's Canadian minivan assembly operations are not properly considered part of the U.S. industry for purposes of injury analysis under the antidumping law.[10]

Nonetheless, petitioners contend that in examining the effect of dumped imports on U.S. production operations, the Commission

> may not ignore the injury caused to Chrysler's U.S.-based operations that flows, in part, from the negative effect of dumping on Chrysler's ability to sell its Canadian-assembled minivans in the United States.[11]

Petitioners claim that because many U.S.-manufactured parts and components which are used in Chrysler's U.S. minivan assembly operations are also used in Chrysler's Canadian assembly operations, "the loss of sales of Canadian vehicles to dumped imports from Japan has . . . a direct adverse impact on the per unit material costs associated with Chrysler's U.S. assembly operations." [12]

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[8] 19 U.S.C. § 1677(7)(B)(i).

[9] Minivans Preliminary, USITC Pub. 2402 at 21.

[10] See Petitioners' Prehearing Brief at 18.

[11] Id. at 19 (emphasis in original).

[12] Id. at 20. Petitioners also argue that any loss of sales of Canadian minivans to dumped imports also increases the per unit research and development and selling, general and administrative costs of the vehicles assembled in the United States. Id.

While the Commission has considerable discretion to "evaluate all relevant economic factors which have a bearing on the state of the industry," [13] such a grant of general discretion must be read in light of the more specific instructions of the statute to disregard foreign production operations of the domestic industry.[14] Thus, it is our view that using the general authority of the Commission to consider "all relevant" factors as the basis for taking Chrysler's Canadian operation into account would be inconsistent with the statute's specific instruction to consider the impact of imports only on "production operations within the United States." [15]

Furthermore, we reject petitioners' argument that the "industry" includes producers of related products, or upstream products such as parts and components. Nor is the industry defined as all operations of a legal entity identified as producing a like product. It is defined specifically to be

> domestic producers as a whole of a like product, or those producers, whose collective output of the like product constitutes a major proportion of the total domestic production of that product.[16]

Section 771(4) also requires that "[t]he effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product . . . ." [17] Only if "domestic production of the like product has no separate identity" may the Commission assess the effect of the imports on

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[13] 19 U.S.C. § 1677(7)(C)(iii) (emphasis added).

[14] See generally, 2A Sutherland Stat. Const. (1992) § 46.05 at 105 ("When there is inescapable conflict between general and specific terms or provisions of a statute, the specific will prevail.").

[15] 19 U.S.C. § 1677(7)(B)(i)(III).

[16] 19 U.S.C. § 1677(4)(A) (emphasis added).

[17] Id. (emphasis added).

"the examination of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided." [18] Because the product line provision is an exception to the general statutory principle that the relevant operations are limited to those producing the like product,[19] we decline to create additional exceptions to the requirements of the statute.[20] We thus reject petitioners' claim that the loss of sales of Canadian minivans is relevant because it injures the U.S. minivan industry since many U.S.-manufactured parts and components are used in Chrysler's Canadian assembly operations.[21]

Consistent with this position, we also do not include Chrysler's Canadian minivans as part of the domestic industry in assessing domestic shipments or domestic producers' share of U.S. consumption. We emphasize the need to exercise care when focusing on the domestic market to ensure that the

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[18] 19 U.S.C. § 1677(4)(D).

[19] To the extent that data on certain factors, such as ability to raise capital or return on investments, "has no separate data in terms of such criteria, then the effect of the dumped or subsidized imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided." 19 U.S.C. § 1677(4)(D). However, this statutory directive is a limited exception to the general requirement that only production of the like product be considered. See Hannibal Industries, Inc. v. United States, 710 F. Supp. 332, 334 (Ct. Int'l Trade 1989).

[20] Allied Tube & Conduit Corp. v. United States, 898 F.2d 780, 784 (Fed. Cir. 1990) ("Where Congress explicitly enumerates certain exceptions to a general [requirement], additional exceptions are not to be implied, in the absence of evidence of a contrary legislative intent.")

[21] This is not the type of investigation where "mere assembly" may involve a "screwdriver" operation, and where the Commission may need to examine the question of what constitutes "production." As the Commission noted in the preliminary determination, assembly is a substantial operation involving plants costing hundreds of millions of dollars and substantial numbers of workers and wages. See Minivans Preliminary, USITC Pub. 2402 at 21 and n.63.

relevant market shares and shipment information do not inaccurately or inadvertently include Canadian minivans.

Finally, we note that under the statute, "industry" is defined entirely in relation to the like product.[22] The Commission has not considered parts and components or "upstream" production operations as part of the industry [23] unless they produced a like product, with one important exception: agricultural industries.[24] The special treatment and circumstances of agricultural industries are clearly not involved in this investigation.

B. Related parties.

Under section 771(4)(B) of the Tariff Act of 1930, producers who "are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise" (hereinafter referred to as "related parties"), may be excluded from the domestic industry.[25] Application of this provision is within the Commission's discretion based upon the facts presented in each investigation.[26] If producers are related parties under

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[22] See, e.g., Asociacion Colombiana de Exportadores de Flores v. United States, 693 F.Supp. 1165, 1167 (Ct. Int'l Trade 1988) ("Until [the question of 'what is the domestically produced product which is "like" the products under investigation?'] is answered, it is impossible to determine which industry is to be examined for injury or threat of injury.").

[23] H.R. Rep. No. 98-1156, 98th Cong., 2d Sess. 188 (1984) (Conference Report to the Trade and Tariff Act of 1984) ("producers of products being incorporated into a processed or manufactured article (i.e., intermediate goods or component parts) are generally not included in the scope of the domestic industry . . . ."); accord H.R. Rep. No. 98-1091, 98th Cong., 2d Sess. 15-16 (1984).

[24] See 19 U.S.C. § 1677(4)(E).

[25] 19 U.S.C. § 1677(4)(B).

[26] Torrington v. United States, Slip Op. 92-49 at 12 (Ct. Int'l Trade, April 3, 1992); Empire Plow Co. v. United States, 675 F.Supp. 1348, 1352 (Ct. Int'l Trade 1987).

section 771(4)(B), the Commission determines whether "appropriate circumstances" exist to exclude these producers from the domestic industry which serves as the basis for the Commission's determination.[27] The general purpose of the related parties provision is to minimize any distortion in the aggregate data bearing on the condition of the domestic industry that might result from including parties whose operations may be shielded from the adverse effects of the subject imports, or whose interests lie primarily in importation rather than domestic production.[28]

In the preliminary investigation, the Commission identified Ford as a related party due to Ford's partial equity ownership of Mazda, an exporter of the subject minivans to the United States, and Ford's joint venture agreement to produce a minivan in the United States with Nissan, formerly an exporter of minivans to the United States.[29] The Commission also identified Chrysler as a

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[27] See, e.g., Empire Plow Co., 675 F. Supp. at 1353.

[28] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include:

> (1) the percentage of domestic production attributable to related producers;
>
> (2) the reason why importing producers choose to import the articles under investigation -- to benefit from the unfair trade practice or to enable them to continue production and compete in the domestic market; and
>
> (3) the competitive position of the related domestic producer vis-a-vis other domestic producers.

The Commission also considers whether each producer's books are kept separately from those of related parties. See, e.g., Torrington v. United States, Slip Op. 92-49 at 10 and 11.

[29] The record indicates that Nissan considered its Axxess to be a station wagon. However, earlier in the period of investigation Nissan also exported a minivan, which it ceased exporting in mid-1989. See Report at A-17 - A-18 and A-41.

related party due to Chrysler's partial equity ownership of Mitsubishi -- an exporter of a minivan to the United States during the period of investigation -- as well as Chrysler's prospective importation of Mitsubishi's Expo from Japan.[30]

In this final investigation, we find that appropriate circumstances do not exist to exclude Ford and Chrysler as "related parties" despite their equity interests in two Japanese minivan producers during the period of investigation.[31] While any discussion of our analysis must be limited due to concerns about confidentiality, we note that Ford and Chrysler individually account for a significant percentage of domestic production of minivans, and excluding them would substantially reduce the proportion of the domestic industry on which we would be basing our determination. Further, we do not see any evidence that either Ford or Chrysler controls or exerts significant influence over the marketing or sales of minivans of its related firms; or is so influenced by its related firm;[32] or is being shielded by its relationship from any effects of dumped imports. We further note that the books of Ford

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[30] After the Commission's preliminary determination, Mitsubishi's Expo was found not to be a minivan by the Commerce Department. However, until 1990 Mitsubishi did export another vehicle which was a minivan. See Report at A-40.

[31] While Ford has entered into an agreement with Nissan to jointly build a new minivan in the United States, these vehicles would be produced in the United States, not imported from Japan, and would be sold beginning this summer. See Transcript of Public Hearing of May 21, 1992 ("Tr.") at 68-69. Thus, there is no indication that any of the industry data on minivan production (which pre-date the sales of the joint venture vehicle) would be affected. We therefore need not consider whether this constitutes a "relationship" with a minivan exporter or importer, or whether appropriate circumstances exist for excluding Ford from the industry on this ground.

[32] See, e.g., Tr. at 64, 109, 111; Petitioners' Posthearing Brief, Part II at 2, 7 (Answers to Questions of Commissioner Crawford).

are kept separately from the books of Mazda, and the books of Chrysler are kept separately from the books of Mitsubishi.

It is also evident that Chrysler is primarily a domestic producer rather than an importer, despite the fact that Chrysler imports minivans produced in Canada by its Canadian subsidiary. Finally, we note that no party has argued that any domestic minivan producer should be excluded as a related party. Accordingly, we include Ford and Chrysler in the domestic industry, which consists of all U.S. producers of minivans.

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is material injury to a domestic industry by reason of dumped imports, the Commission considers "all relevant economic factors which have a bearing on the state of the industry in the United States." [33] The statute identifies certain specific factors which we must consider in making that assessment, including output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investments, ability to raise capital, and research and development.[34]

The Commission's determination is not to be based on any single factor in isolation, but rather should take each of the individual factors into account in analyzing the overall condition of the domestic industry. This approach recognizes the fact that the same or similar circumstances of competition may affect different industries in different ways; thus, material injury to certain industries from dumped imports may be more manifest by certain indicators than by others, depending on the nature and structure of

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[33] 19 U.S.C. § 1677(7)(C)(iii).

[34] Id.

the industry. In our view, Congress intended for the Commission to be pragmatic in its approach to injury analysis, and to consider the commercial realities of competition in each industry considered.[35]

We also are mindful that the statute directs the Commission to evaluate the condition of "the industry" in the United States.[36] The term "industry" is defined as "the domestic producers as a whole of the like product." [37] Respondents have urged the Commission to assess the condition of the industry on a company-by-company, "disaggregated" basis, arguing that the aggregated data do not present an accurate picture of the domestic industry's condition.[38] We disagree. Although we may examine various aspects of the condition of the domestic industry, such as financial information, on a company-specific basis, in the final analysis our evaluation and judgment must relate to the domestic industry as a whole, not its individual components. As our reviewing court has stated, the antidumping law "makes manifestly clear that Congress intended the ITC determine whether or not the domestic industry (as a whole) has experienced material injury due to imports. . . . [I]f Congress had intended that the ITC analyze injury on a disaggregated basis,

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[35] See, e.g., S. Rep. No. 96-249, 96th Cong., 1st Sess. 88 (1979) ("It is expected that in its investigation the Commission will continue to focus on the conditions of trade, competition and development regarding the industry concerned."); H.R. Rep. No. 100-40, pt. 1, 100th Cong., 1st Sess. 128 (1987) ("[T]he condition of an industry should be considered in the context of the dynamics of that particular industry sector, not in relation to other industries or manufacturers as a whole.").

[36] 19 U.S.C. § 1677(7)(C)(iii) (emphasis added).

[37] 19 U.S.C. § 1677(4)(A) (emphasis added).

[38] See Mazda's Prehearing Brief at 27-30.

Congress would have made this intention explicit, as it did for example in regard to regional industries." [39]

The various indicia of industry performance, moreover, are to be evaluated "within the context of the business cycle and conditions of competition that are distinctive to the affected industry." [40] This statutory requirement is, again, a reflection of Congressional concern that the Commission's analysis not be a mechanistic one, but rather one which takes into account the particular characteristics of the real world in which this domestic industry competes.[41]

One of the conditions of competition distinctive to the minivan industry, and of particular relevance to our determination, is the fact that the minivan market is not yet a mature market. Both petitioners and respondents acknowledge this fact.[42] The size and structure of this market on both the demand and supply sides are growing and evolving. The rate of growth thus far in the minivan industry has been considerably greater than in other, older segments of the automotive industry.[43] This reflects the fact that a greater proportion of minivan purchasers are buying their first minivan rather

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[39] Copperweld Corporation v. United States, 682 F. Supp. 552, 569 (Ct. Int'l trade 1988); see also United Engineering & Forging v. United States, 779 F. Supp. 1375 (Ct. Int'l Trade 1991) ("The focus of the ITC . . . is on whether or not the domestic industry as a whole is experiencing material injury.").

[40] 19 U.S.C. § 1677(7)(C)(iii).

[41] See H.R. Rep. No. 100-40, pt. 1 at 128.

[42] See Tr. at 16, 74, 79, 81, 257-58.

[43] Tr. at 71; Petitioners' Exhibit presented at Hearing, United States Minivan Segment and Total Industry Growth 1982 - Projected 1993.

than a replacement.[44] Domestic producers and foreign producers alike forecast continued growth in this segment.[45]

The domestic industry has played the primary role in the development of the minivan market. Chrysler's first minivan in late 1983 established and drove the expansion of the market.[46] U.S. producers risked and continue to risk large amounts of capital and resources in the product development and capacity decisions which are made years in advance of the introduction of a product. To respond to consumers and to promote brand loyalty, U.S. producers continue their large investment by offering improved and enhanced models.

In light of the fact that this is not yet a mature market, a traditional business cycle analysis that the Commission would apply to a mature industry is not relevant here.[47] Nonetheless, we do not discount the impact which the recession has had on this industry. Indeed, the minivan industry was greatly affected by the downturn in the U.S. economy during the period of investigation.[48] "Big ticket" durable goods such as minivans frequently do not fare well in such economic circumstances.[49] Many consumers postpone the purchase of a new minivan, while others are unwilling or unable to purchase

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[44] Tr. at 74-75.

[45] Tr. at 78, 81, 258.

[46] Report at A-16 - A-17.

[47] Tr. at 16. Cf. Coated Groundwood Paper from Belgium, Finland, France, Germany, and the United Kingdom, Inv. Nos. 731-TA-487 - 490 and 494 (Final), USITC Pub. 2467 (Dec. 1991) at 5-7 (domestic coated groundwood paper industry was characterized by a well-defined price/investment business cycle).

[48] We note, however, that the impact of the recession was not shared equally by domestic minivan producers and Japanese minivan producers. See discussion infra at p. 83.

[49] Memorandum EC-P-034 at 24; Statement of Dr. John E. Kwoka, Jr. at 9-13.

the "high-end" products. In those circumstances, the industry must rely even more heavily on consumers in higher-income brackets who are not as affected by the recession and who are more likely to purchase the more expensive models.

Furthermore, consumer anxiety was exacerbated by the Persian Gulf War, which took place in the middle of the period of investigation.[50] The uncertainties resulting from the build-up to the war and the war itself compounded the adverse effects of the recession.[51] These circumstances generated greater pressure on the domestic industry and contributed to its vulnerable condition.

Another important condition of competition affecting this domestic industry concerns its highly capital-intensive nature. The automotive industry in general, and the minivan industry in particular, have high fixed costs. The investment required to build a minivan production line can run from several hundred million to billions of dollars.[52] Further, producers cannot enter the market instantly; building the plant and production lines and designing the product frequently require a substantial commitment of time.[53] Consequently, maintaining high levels of production volume is critical in order to recover those costs. The financial break-even analysis for this industry reveals that relatively small changes in unit volume can result in

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[50] Quarterly consumption data show apparent consumption declined to its lowest point for the period of investigation during the first quarter of 1991. Report at Table M-1.

[51] U.S. producers' shipments declined from 145,606 units in the third quarter of 1990 to 124,461 units in the fourth quarter of 1990 and declined even further to an overall low of 100,107 units in the first quarter of 1991. Report at Table M-1.

[52] Memorandum EC-P-034 at 14, n.41, 16, n.47; Tr. at 34-35.

[53] Memorandum EC-P-034 at 14, n.41, 16, n.47.

very large fluctuations in profits.[54] Moreover, for the industry to remain competitive, particularly in a developing market, the producers must be willing to take risks as they study and respond to consumer needs and preferences.

These conditions of competition provide the backdrop against which we examine the various indicators of the domestic industry's performance. The impact of the recession and the Persian Gulf War is reflected in the trends in consumption. In terms of quantity, total apparent consumption of minivans initially increased less than five percent between 1989 and 1990, but then dropped more than five percent between 1990 and 1991 to levels below the 1989 level.[55] In terms of value, consumption increased more than nine percent between 1989 and 1990 and declined by more than four percent between 1990 and 1991.[56]

Domestic producers' total U.S. shipments in terms of units increased from 592,487 in 1989 to 624,720 in 1990, an increase of 5.4 percent.[57] We note that this increase in shipments does not necessarily indicate improved performance by the domestic industry and is not inconsistent with a finding of material injury. As discussed above, the minivan market is not yet mature, but is still growing. Increases in shipments are to be expected in a growing market. The more relevant inquiry is whether that increase in shipments contributes to the industry's profitability. As discussed later, this

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[54] Report at A-57 and A-62.

[55] Report at Table 38.

[56] Id.

[57] Id. at Table 12.

increase in U.S. shipments in fact masks several other industry indicators that showed financial deterioration.[58]

Moreover, this short-term increase was not only offset the following year, when shipments dropped to 551,315 units, but shipments actually deteriorated to a net decline of 6.95 percent over the period of investigation.[59] In terms of value, domestic producers' shipments increased approximately 8 percent between 1989 and 1990, rising from $8.353 billion to $9.029 billion, before dropping 10.83 percent in 1991 to $8.051 billion, for a net decline of 3.6 percent over the period of investigation.[60]

Further, if domestic producers' fleet sales [61] are deducted from their total domestic shipments, then domestic producers' shipments show a sharp and steady decline throughout the period of investigation. Deducting fleet sales from total shipments results in domestic shipments of 488,055 units in 1989, 446,104 units in 1990 and 403,423 units in 1991, an overall decline of 17.34 percent.[62] These adjusted shipment figures are more relevant for purposes of analyzing the sales of new minivans for retail consumption, and reveal a consistent downward trend over the period of investigation.

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[58] See discussion infra at pp. 76-79.

[59] Report at Table 12.

[60] Id.

[61] Fleet sales consist of sales of new vehicles to rental car agencies. These sales are made at prices significantly below those offered in the retail market. Report at A-43. We address the particular relevance of fleet sales to the minivan industry during the period of investigation in greater depth later. See discussion infra at pp. 88-89.

[62] Domestic producers' fleet sales increased in quantity from 104,432 units in 1989 (17 percent of total domestic shipments) to 178,616 units in 1990 (28.6 percent of domestic shipments). In 1991, although domestic producers' fleet sales dropped to 147,892 units, they still accounted for more than 26 percent of total domestic shipments. Report at Table 9.

Unit values of U.S. producers' U.S. shipments of minivans increased only marginally throughout the period, rising from $14,098 per vehicle in 1989 to $14,452 in 1990 and $14,604 in 1991, a total increase of 3.59 percent.[63] This meager increase in unit value, which did not even keep up with the consumer price index[64] or the producer price index,[65] reflects in part the increased sales to rental fleets.

Average-of-period capacity increased from 761,109 units in 1989 to 914,109 units in 1990, where it remained for the rest of the period. This 20 percent increase in capacity reflects General Motors' introduction of its so-called "triplet" minivans, the Lumina, the Silhouette and the Trans Sport.[66] Production of minivans increased from 666,285 units in 1989 to 696,054 units in 1990, an increase of 4.47 percent. Production then dropped to 642,411 units, a decrease of 7.7 percent. Capacity utilization declined from 87.5 percent in 1989, to 76.1 percent in 1990, and to 70.3 percent in 1991 -- an overall drop of more than 19 percent.[67]

Domestic producers typically do not keep large inventories of finished vehicles. Once a vehicle is assembled, it is often shipped within a short period of time. Hence, as a share of production, U.S. producers' inventories of minivans were minimal, never exceeding 1.0 percent.[68]

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[63] Report at Table 12.

[64] The quarterly U.S. consumer price index for consumer durable goods rose by 4.6 percent during October 1988-December 1991. Report at A-105.

[65] The quarterly U.S. producer price index rose by 7.1 percent during October 1988-December 1991. Report at Table 48.

[66] Id. at Table 11.

[67] Id.

[68] Id. at Table 13.

Our assessment of employment indicators affirms that the industry's performance is deteriorating. The number of production and related workers declined in each year covered by this investigation, from 12,481 workers in 1989 to 10,625 workers in 1991, representing job losses for almost 15 percent of the workers employed in 1989. Those workers still holding on to their jobs worked even fewer hours in 1991 than in 1990, about 1.2 million hours less. Other data on hourly total compensation shows that workers retaining jobs received marginal increases in compensation over the period, while at the same time continuing relatively unchanged productivity levels. Not unexpectedly, as production trends turned sharply downward, unit labor costs on a per-vehicle basis increased about 7 percent during the period.[69]

The financial data also indicate deteriorating performance over the period of investigation. The financial data are based on net sales made during each company's fiscal year and include some export sales.[70] In terms of value, net sales increased from $9.348 billion in 1989 to $9.966 billion in 1990, before dropping to $9.539 billion in 1991, thus representing a nominal overall increase of 2.04 percent. This increase was far surpassed by the increase in total cost of goods sold, which increased from $7.199 billion in 1989 to $8.050 billion in 1990 and dropped slightly to $8.045 billion in 1991, for a net increase of 11.75 percent -- more than five-fold the comparable increase in net sales value.

The substantial increase in cost of goods sold is reflected in operating income, which declined steadily from $1.203 billion in 1989 to $848 million in

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[69] Id. at Table 14.

[70] Id. at Tables 16-19. The domestic shipments figures discussed supra at pp. 73-74 do not include export shipments; we note that these domestic producers' fiscal years coincide with the calendar year.

1990 and $481 million in 1991, an overall decline of more than 60 percent. Net income declined even more sharply, from $1.067 billion in 1989 to $731 million in 1990 and $327 million in 1991, a total decrease of more than 69 percent.[71] These declines in operating income and net income indicate to us that the domestic industry is unable to fully recover its substantial investment in this market. Although return on total assets for minivans could not be calculated, operating income (or loss) as a percent of net sales for minivans showed a steady decline from 12.87 percent in 1989 to 5.04 percent in 1991.[72]

Examining the industry's financial performance on a per-vehicle basis places the domestic industry's condition in even sharper perspective. The total value per vehicle increased from $14,062 in 1989 to $14,319 in 1990 and $14,865 in 1991, an increase of 5.71 percent. The total cost of goods sold per vehicle, however, increased much more sharply, from $10,829 in 1989 to $11,566 in 1990 and $12,537 in 1991, an increase of 15.77 percent. Not surprisingly, the operating income generated by each unit sold decreased from $1,810 in 1989 to $1,218 in 1990 and $750 in 1991, an overall decrease of more than 58 percent. The net income derived from each minivan sold during the period of investigation also declined from $1,605 in 1989 to $1,050 in 1990 and $510 in 1991, a decrease of more than 68 percent. In short, the domestic industry earned less than one-third the profit from each vehicle sold at the end of the period of investigation than it had earned at the beginning.[73]

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[71] Report at Table 16.

[72] Id. at Table 17.

[73] Id. at Table 18.

The dramatically disparate trends in cost of goods sold and profits reflect, in part, the product enhancement additions that producers incorporated into their minivans during the period of investigation.[74] Product enhancements are necessary to prolong the life cycle of the product and maintain sales volume.[75] They also are a response to competition from other producers and to demand from consumers, whose needs and preferences are evolving.[76] Product enhancements include safety items such as air bags, additional door reinforcement, and anti-lock brakes. Domestic producers also added all-wheel drive to some of their models, a feature that alone can increase the cost of a vehicle by more than $1,000. The costs of these added product features are reflected in direct material costs, which in the aggregate increased from $5 billion in 1989 to $5.8 billion in 1991. On a per-vehicle basis, direct material cost increased by $1,526 between 1989 and 1991.[77]

At the same time that domestic producers were developing product enhancements, they also were implementing cost-reduction programs by, among other things, cutting purchased material costs, reducing salaried workforce, and decreasing general and administrative costs. Nevertheless, largely as a result of product enhancement features and lower volumes, domestic producers experienced an increase in operating costs of $1,016 per vehicle between 1990

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[74] Id. at A-61.

[75] Memorandum EC-P-034 at 10.

[76] Report at A-61; Memorandum EC-P-034 at 19-20.

[77] Report at A-62.

and 1991, while net revenue increased by only $546 in the same period, resulting in a shortfall of $470 per vehicle.[78]

Because the domestic industry already had made significant expenditures for minivans before 1989 due to the time required to tool up before actual production, information concerning capital expenditures during the period of investigation is not particularly noteworthy. The same is true for research and development ("R&D") expenditures. Thus, overall capital and R&D expenditures were relatively small over the period of investigation.[79] However, the domestic industry's ability to raise capital was significantly affected during the period. Specifically, both Standard & Poors and Moody's down-graded the debt of Chrysler, among others, in 1990.[80] A debt-downgrading weakens the financial condition of a company because it raises the cost of borrowing.[81]

We emphasize the importance for this industry of maintaining high levels of production and sales volume. As noted before, the break-even analysis of this industry shows that a relatively small change in the volume of units sold can result in large fluctuations in profits totaling many tens of millions of dollars.[82] Hence, domestic producers undertook a variety of

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[78] Id. at Table 18.

[79] Id. at Tables 30 and 31.

[80] Petitioners' Prehearing Brief at 42; Petitioners' Posthearing Brief at 4.

[81] See Report at A-63; App. K.

[82] Id. at A-62; see also Memorandum INV-P-099 (Unit and Variance Analysis). For example, in the case of one domestic producer, the record indicates that a ten-percent increase in volume of sales would have earned that producer an additional $60 million in operating income. Report at A-62.

measures to maintain or increase their sales volume. In addition to product enhancement, U.S. producers also increased their use of pricing incentives and fleet sales,[83] all of which chipped away at the profitability of their minivan production.

In sum, the record reveals a domestic industry battered by the effects of an economic recession and the Persian Gulf War, experiencing significant declines in volume, responding to evolving consumer preferences and yet unable to recover fully increases in costs of goods sold. This is the picture of a deteriorating domestic industry in a developing market that is clearly vulnerable to the adverse impact of dumped imports.[84]

IV. MATERIAL INJURY "BY REASON OF" LTFV IMPORTS

In determining whether the domestic industry is materially injured "by reason of" the imports under investigation, the statute directs the Commission to consider:

> (I) the volume of imports of the merchandise which is the subject of the investigation;
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States.[85]

In making this determination, the Commission may consider "such other economic factors as are relevant to the determination."[86] Although we may consider

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[83] See discussion infra at pp. 88-89.

[84] Chairman Newquist finds that the domestic industry is experiencing material injury.

[85] 19 U.S.C. § 1677(7)(B)(i).

[86] Id. § 1677(7)(B)(ii).

information that indicates that injury to the industry is caused by factors other than the LTFV imports, we do not weigh causes.[87] We are particularly mindful of Congress' admonition not to weigh imports against other causes which "may be contributing to overall injury to an industry," such as contraction in demand, changes in patterns of consumption, developments in technology, or productivity of the domestic industry. Furthermore, the Commission need not determine that the dumped imports are "the principal, a substantial, or a significant cause of material injury." [88] Congress clearly indicated that to do so "has the undesirable result of making relief more difficult to obtain for those industries facing difficulties from a variety of sources, precisely those industries that are most vulnerable to less-than-fair-value imports." [89] Rather, a finding that imports are a cause of material injury is sufficient.[90]

We also take note of the statutory standard for making our determination, which provides that "[t]he presence or absence of any factor which the Commission is required to evaluate . . . shall not necessarily give decisive guidance with respect to the determination by the Commission of

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[87] See, e.g., Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988); see also H.R. Rep. No. 96-317, 96th Cong., 1st Sess. at 46-47; S. Rep. No. 96-249 at 57.

[88] S. Rep. No. 96-249 at 57 and 74 (1979).

[89] S. Rep. No. 96-249 at 74, 75; accord H.R. Rep. No. 96-317 at 46-47 (1979).

[90] See Metallverken Nederland, B.V. v. United States, 728 F. Sup. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

material injury." [91] As Congress explained in the legislative history to the Trade Agreements Act of 1979:

> The significance of the various factors affecting an industry will depend upon the facts of each particular case. . . . For one industry, an apparently small volume of imports may have a significant impact on the market; for another, the same volume may not be significant. Similarly, for one type of product, price may be the key factor in making a decision as to which product to purchase and a small price differential resulting from the amount of . . . the margin of dumping can be decisive; for others, the size of the differential may be of lesser significance.[92]

Congress recognized that a determination "with respect to causation is . . . complex and difficult, and is a matter for the judgment of the ITC." [93]

With respect to volume, the statute directs the Commission to consider whether "the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant." [94] Congress did not provide the Commission with any formula or threshold for determining whether the volume of imports is significant. "This language when read in conjunction with the legislative history indicates that disjunctive language was chosen to signify congressional intent that the agency be given broad discretion to analyze import volume in the context of the industry concerned." [95]

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[91] 19 U.S.C. § 1677(7)(E)(ii) (emphasis added).

[92] S. Rep. No. 96-249 at 88; accord H. Rep. No. 96-317 at 46; see also Copperweld Corporation v. United States, 682 F. Supp. 552, 565 (Ct. Int'l Trade 1988). ("Congress recognized . . . that the significance of the various factors affecting an industry would depend upon the facts of each case.").

[93] S. Rep. No. 96-249 at 75.

[94] 19 U.S.C. § 1677(7)(C)(i).

[95] Copperweld, 682 F. Supp. at 570.

The record evidence clearly shows that the subject imports greatly increased their share of domestic consumption in terms of both quantity and value during the period of investigation. Imports increased significantly between 1989 and 1990, indeed at nearly twice the rate of the increase in domestic shipments.[96] Imports increased even further in 1991, as domestic shipments and domestic consumption declined.[97] Dumped imports thus captured a larger piece of a shrinking market.

We cannot discount the injurious impact which this increase in dumped imports had on the domestic minivan industry. Although an increase in import volume of this magnitude may be less significant, or even insignificant, to some industries, we find that for this industry, this increase is especially significant in light of the recession, declining consumption, concentration of the dumped imports in the high end of the retail market, and the fundamental importance of maintaining high levels of production to the viability of the industry.[98]

With respect to price, the statute directs the Commission "to consider whether . . . there has been significant price underselling by the imported

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[96] Report at Table 38.

[97] Id.

[98] The relative trends of the import volume and domestic shipments are put into even sharper contrast when one deducts fleet sales and examines sales at the retail level. Domestic producers' fleet sales as a share of their total shipments increased greatly in 1990 and remained substantial in 1991. Report at Table 9. The respondents' fleet sales, by contrast, accounted for a small fraction of their total shipments during each year of the period of investigation. Report at Table 9, n.1. Thus, in terms of sales to the retail market, which is the critical market for all producers in this industry, the volume of imports substantially increased concurrent with the substantial decline in domestic volume.

merchandise." [99] We need not find, however, significant underselling as a precondition to making an affirmative determination. For, the statute also directs the Commission to consider whether "the effect of imports . . . otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred to a significant degree." [100]

The record shows that each of the producers in this market offers a variety of models with various features and designs. For a consumer product that is available on a differentiated basis, actual prices are less important than relative prices; the nature of the product is such that price differentials (i.e., overselling by imports) may be explained as a reflection of the premium consumers are willing to pay for a particular package of features. In such circumstances, comparing the prices of domestic and imported minivans is unlikely to yield any meaningful results. Rather than comparing "apples to apples," such comparisons are more akin to comparing "fruit baskets to fruit baskets." But, as the Court of International Trade has stated, "[d]ifficulties with, or even impossibility of, direct price comparisons do not mandate a negative determination." [101]

We find that direct price comparisons are not especially meaningful in this investigation. Other evidence, however, makes plain the adverse impact on prices from the dumped imports. First, although the subject imports were higher priced on average than the domestic minivans, the record also shows a significant overlap in the ranges of prices for the imports and domestic

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[99] 19 U.S.C. § 1677(C)(ii)(I) (emphasis added).

[100] 19 U.S.C. § 1677(7)(C)(ii)(II) (emphasis added).

[101] Iwatsu Electric Co., Ltd. v. United States, 758 F. Supp. 1506, 1515 (Ct. Int'l Trade 1991).

vehicles.[102] Thus, this is not a case where imports are sold in a distinctly different price range than the domestic vehicles. Rather, the subject imports in fact were competing in much the same price ranges as the domestic minivans.

Second, the record shows that both Mazda and Toyota clearly targeted the "high end" of the retail minivan market.[103] Indeed, the respondents openly acknowledged as much.[104] As previously noted, it is the high end of the market where the incremental profit earned on each minivan is the greatest.

Third, at the same time that the Japanese minivans were increasing their share of the U.S. market overall, respondents also were accomplishing their goal of increasing their share of the high end of the retail market. The record shows a steady increase in the average unit value of the subject imports over the period of investigation and a very sharp increase in the number of Japanese minivans worth over $19,000 sold in 1991.[105]

With respect to competition generally, the parties submitted a vast amount of survey information concerning cross-shopping by consumers.[106] After

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[102] Report at A-97.

[103] The average annual net unit value for the dumped imports increased at a faster rate than did the domestic minivans. Report at A-97. We note that Japanese exports of passenger minivans to the United States were restricted under Japanese voluntary export restraints. Report at A-78, A-79. Given these quantitative restrictions, it was logical for the Japanese producers to target the high end in order to maximize value added and profitability.

[104] Tr. at 160; Mazda Prehearing Brief at 11, 123.

[105] Report at A-97.

[106] Memorandum EC-P-034 at 8-10. We find the cross-shopping data only marginally informative with respect to providing insight into competition between Japanese minivans and domestic minivans. Many of the surveys are model specific. Most surveys group Canadian minivans and U.S. minivans together as "domestic" minivans; they also group together all imported minivans. See Petitioners' Post-hearing Brief, Response to Questions from

(continued...)

reviewing this information, we conclude that these surveys confirm a reasonable overlap of competition between the subject imports and the domestic vehicles.[107] We note that, in this market, even a small overlap of competition can be very significant in terms of potential sales. Given the size of the U.S. market for minivans, more than ten billion dollars in 1991, an overlap of as little as ten percent yields a billion dollar submarket. Indeed, considering that the subject imports were marketed to the high end of the retail market, the dimensions of the submarket are quite likely even greater in terms of value and potential revenue. The only logical conclusion we can reach is that the dumped imports and the domestic vehicles compete directly, and most directly in the most lucrative segment of the market.

While respondents do not deny that competition exists, they contend that the subject imports could not have caused material injury because there was significant overselling.[108] The statute, however, does not equate overselling with lack of causation. Were that so, our task would be at an end and we would have joined our colleagues in their negative determination.

Moreover, the argument ignores the undisputed fact that minivans are highly specialized products. Thus, the vehicle's price does not necessarily fully reflect its value to the purchaser. Indeed, during the hearing, respondents' own witnesses stated that their customer surveys indicated that

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[106](...continued)
Commissioner Nuzum at 2-3; Mazda's Posthearing Brief, Response to Question of Commissioner Nuzum at 11-12; Toyota's Posthearing Brief, Response to Questions of Commissioner Nuzum. Our inquiry, however, concerns the impact of dumped imports as a whole on the domestic industry as a whole.

[107] Memorandum EC-P-034 at 8-10.

[108] See Mazda's Prehearing Brief at 2-3, 57, 89; Toyota's Prehearing Brief at 47-56; Mazda's Posthearing Brief at 9-11; Toyota's Posthearing Brief at 10.

"value . . . includes many other things than just the price of the vehicle itself. It . . . include[s] . . . . quality, durability, reliability of the vehicle. . . . [I]n many cases . . . those attributes far outweigh the absolute price paid." [109] Respondents also agreed that the subject imports "are a better value for the money." [110] In other words, dollar for dollar, the respondents acknowledged that they gave customers more product value than did the domestic producers. Where the dumped price of the imported vehicle does not fully reflect its value, as respondents appear to concede is the case here, the effect of the dumped import is to suppress prices for domestic vehicles even though, in absolute terms, the imported vehicle's price may be higher.

The record shows substantial evidence of price suppression in the market for domestically-produced vehicles. As previously noted, direct material costs reflecting product enhancement greatly outpaced the increases in price.[111] Further, domestic producers made increased use of incentives throughout the period of investigation.[112] By targeting and capturing a substantial portion of the high end of the retail market, the Japanese producers put substantial pressure on domestic producers, who also were working to increase their sales to that end of the market. Faced with increasing competition from the LTFV imports in the most lucrative segment of the market at a time of recession, domestic producers responded by increasing the value -- and, therefore, the cost of production -- of their minivans

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[109] Tr. at 219, 220 (emphasis added).

[110] Tr. at 222.

[111] See discussion supra at pp. 78-79.

[112] Report at Table 49.

through product enhancement, but without being able to recover their costs. In these circumstances, the effect of the dumped imports was to prevent price increases "which otherwise would have occurred to a significant degree." [113] There is no doubt in our minds that this price suppression resulted directly in profit depression in the domestic industry.

The impact of the imports on price is evidenced in other ways as well. For example, the record shows evidence of increasing price competition throughout the period of investigation as use of financing and rebates by domestic producers and importers alike intensified in late 1989 and 1990 and were significantly greater during 1990-91.[114]

Another important example of price suppression caused by dumped imports is the increased reliance on fleet sales by domestic producers throughout the period of investigation. As previously discussed, car manufacturers sell their products to rental car agencies at substantial discounts from retail prices.[115] Domestic producers may buy back part of the rental fleets and then auction them to dealers. These nearly new vehicles, however, tend to undercut the car manufacturers' new car sales to dealers and are not as profitable as retail sales.[116] They are, therefore, more of a secondary market for domestic production. Given the critical importance of maintaining volume production, however, fleet sales are a preferable alternative to making no sales at all.

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[113] 19 U.S.C. § 1677(7)(C)(ii)(II).

[114] Report at A-112. Apart from the record evidence for 1989 to 1991, we also note that import volumes and price data for the first five months of 1992 provide additional support for petitioners' argument that minivans are, in fact, price sensitive. See Memorandum INV-P-104.

[115] See discussion supra at p. 74, n.61.

[116] See Petitioners' Posthearing Brief, Part II, response (containing proprietary information) to Question from Commissioner Watson at p. 20.

Faced with a shrinking market and vigorous competition from dumped imports in the high end of the retail market, domestic producers were forced to resort to fleet sales in order to maintain production volume. The record shows that domestic fleet sales of minivans increased at the same time that the dumped imports increased their share of domestic consumption.[117] The impact on the domestic industry was two-fold. First, the initial sales to rental agencies at prices substantially below prices offered in the retail market depressed average unit values and incremental per-unit profits. Second, buying back the fleet vehicles after as little as four months and auctioning them to dealers and consumers, the fleet sales had a further depressing effect on prices as they competed with new models in the retail market. As respondents acknowledge, "These [repurchased fleet] sales must have exerted a powerful suppressive force on the domestic producers' prices." [118]

Respondents contend that any injury to the domestic industry was caused by factors other than the dumped imports. Respondents emphasize in particular the failure of GM's so-called "triplets" to be accepted by the market as well as Chrysler's temporary production interruption and some unfavorable reviews of a particular transmission used by Chrysler.[119] We do not discount the presence of these problems; we do not believe, however, that focusing on the

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[117] Report at Tables 5 and 9.

[118] Toyota's Prehearing Brief at 62.

[119] See Tr. at 163-166, 188; Mazda's Prehearing Brief at 105, 114; Toyota' Prehearing Brief at 76; see also Report at A-63, A-66. The criticism of GM's business judgment with respect to the triplets misses the point that this is still a developing market in which consumer tastes and preferences are still evolving. Producers must take risks in order to compete. The fact that certain risks may not pay off is to be expected. Thus, although we agree that the triplets may have contributed to the domestic industry's injury, we do not believe it to be so unusual as to account completely or even substantially for the domestic industry's condition.

difficulties of one or two models, or one or two producers in the domestic industry, is consistent with our statutory mandate of determining whether the domestic industry "as a whole" is materially injured by dumped imports. Further, as our reviewing court reminds us, "[I]mports take the domestic industry as they find it." [120] Whatever the domestic industry's problems may be, the question posed by the statute, and which we must answer, is whether "the woes of the domestic industry were exacerbated by LTFV imports." [121]

Respondents argue that apart from the "self-inflicted" injury, the domestic industry was adversely affected by the recession.[122] We agree and indeed have already addressed the impact of the recession on the domestic industry.[123] We conclude, however, that the recession, among other factors, made the domestic industry more vulnerable to dumped imports. In that connection, we note that the dumped imports themselves were not nearly as adversely affected by the recession as the domestic industry. In fact, the dumped imports gained substantial market share during the recession.[124]

Respondents also contend that the increase in imports is due largely to the introduction of the Toyota Previa in 1990. They argue that the new Previa expanded the market for minivans by creating new demand among customers who were not considering purchasing a domestic minivan. The record does not support respondents' argument, however. To the contrary, the evidence concerning brand loyalty and cross shopping indicates that the new product

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[120] Iwatsu, 758 F. Supp. 1518.

[121] Id. at 1512 (emphasis in original).

[122] Toyota's Prehearing Brief at 71-74.

[123] See discussion supra at pp. 71, 72.

[124] See discussion supra at p. 83.

both created its own demand and displaced sales of other models.[125] Because different makes of minivans have been introduced at different times, competition occurs among minivan models that are at different stages in their sales life.[126] Where a new model is introduced at a dumped price, it can exacerbate the impact of its introduction on existing models that already are approaching the end of their product life cycle. In any event, we do not believe that introducing a new product gives foreign competitors a license to dump.

V. CONCLUSION

Based on a careful weighing of the evidence in the record, and for the foregoing reasons, we conclude that the industry producing minivans in the United States is materially injured by reason of LTFV imports of minivans from Japan.

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[125] Memorandum EC-P-034 at 5-11; Petitioners' Prehearing Brief at 32 (citing an independent survey that showed 53.4 percent of Toyota Previa buyers shopped a domestic minivan before their purchase).

[126] Memorandum EC-P-034 at 10.

Information Obtained in the Investigation

INTRODUCTION

Institution

On January 2, 1992, the U.S. Department of Commerce (Commerce) published notice of its preliminary determination that imports of new minivans[1] from Japan are being, or are likely to be, sold in the United States at less than fair value (LTFV) (57 F.R. 43, January 2, 1992). Accordingly, effective January 2, 1992, the U.S. International Trade Commission (the Commission) instituted investigation No. 731-TA-522 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the Federal Register on January 23, 1992 (57 F.R. 2785).[2] The hearing was held in Washington, DC, on May 21, 1992.[3] The Commission voted on this investigation on June 24, 1992, and transmitted its determination to Commerce on July 2, 1992.

Background

This investigation results from a petition filed on May 31, 1991, with the Commission and Commerce by counsel on behalf of Chrysler Corp. (Chrysler), Detroit, MI; Ford Motor Co. (Ford), Dearborn, MI; and General Motors Corp. (GM), Detroit, MI. The petition alleged that an industry in the United States is materially injured and is threatened with material injury by reason of imports from Japan of new minivans which are allegedly being sold in the United States at LTFV. In response to that petition the Commission instituted investigation No. 731-TA-522 (Preliminary) under section 733 of the Tariff Act of 1930 (19 U.S.C § 1673b(a)) and, on July 15, 1991, notified Commerce that there was a reasonable indication of such material injury.[4]

Chrysler, Ford, and GM, the petitioners, are the only U.S. producers of minivans. Chrysler also produces minivans in Windsor, Ontario, Canada. With respect to the issue of "like product," the petitioners argue that because minivans are assembled on completely dedicated production lines and are considered a unique vehicle by consumers, they should be the only vehicle included in the like product.[5] Furthermore, petitioners cite the statutory language used to define "like product" as being "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ."[6] Petitioners argue that there is not an absence of "like" vehicles--that is, there is an abundance of both

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[1] New minivans are provided for in headings 8703 and 8704 of the Harmonized Tariff Schedule of the United States (HTS).

[2] Copies of the Commission's and Commerce's Federal Register notices are presented in app. A.

[3] A list of witness who appeared at the Commission's hearing is presented in app. B.

[4] Notice of the Commission's preliminary determination was published in the Federal Register on July 31, 1991 (56 F.R. 36166).

[5] Conference transcript, p. 86.

[6] 19 U.S.C. § 1677(10).

domestically produced and imported minivans in the U.S. market.[7] Respondents do not strongly argue for a like product broader than minivans.[8] In the preliminary investigation, the Commission defined the like product to include only minivans, but indicated that it would determine the appropriateness of expanding the like product in any final investigation.[9]

In analyzing like product issues the Commission has considered a number of factors relating to the characteristics and uses of minivans. These include (1) physical characteristics and uses, (2) interchangeability with other vehicles, (3) channels of distribution, (4) customer perceptions, (5) common production/assembly facilities and production employees, and (6) prices. To enable the Commission to better evaluate the appropriateness of expanding the like product, producers' and importers' questionnaires were designed to collect data not only on minivans, but also on vehicles that, upon a review of physical characteristics and uses, interchangeability, and channels of distribution, appeared most similar to minivans. These vehicles are full-size vans, sport-utility vehicles, and station wagons. They are described below.

Insofar as the "domestic industry" is concerned, petitioners state that because they contend the like product is minivans, the domestic industry consists of the three petitioners, Chrysler, Ford, and GM, which account for all U.S. production of minivans. In addition to minivans, the petitioners produce full-size vans,[10] sport-utility vehicles, and station wagons,[11] as well as a full range of other types of passenger cars and trucks. No other U.S. producer manufactures full-size vans. Honda of America Manufacturing, Inc. and Subaru-Isuzu Automotive, Inc. produce station wagons and other types of passenger cars in the United States. Subaru-Isuzu also produces sport-utility vehicles in the United States. Other U.S. producers of passenger cars and/or trucks not surveyed by the Commission include Diamond-Star Motors Corp., Mazda Motor Manufacturing (USA) Corp., Nissan Motor Manufacturing Corp. U.S.A., New United Motor Manufacturing, Inc., and Toyota Motor Manufacturing U.S.A., Inc. Additional information regarding these firms is presented in the section of the report entitled "U.S. Producers."

Previous Commission Investigations Concerning Motor Vehicles

The Commission has previously conducted several investigations concerning finished motor vehicles. All of these investigations took place prior to the development of the minivan in the United States. In 1980, the Commission conducted an investigation under section 201 of the Trade Act of 1974 involving certain motor vehicles and certain chassis and bodies therefor

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[7] Conference transcript, p. 86.

[8] Ibid., pp. 174-175.

[9] Minivans from Japan, Determination of the Commission in Investigation No. 731-TA-522 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation, USITC Pub. 2402, July 1991, pp. 16-17.

[10] Chrysler produces full-size vans in Canada; it does not produce any in the United States.

[11] Chrysler stopped producing station wagons in 1988. It does, however, import several station wagon models from Mitsubishi. These vehicles are made in Japan.

(investigation No. TA-201-44). In that investigation the Commission determined that certain motor vehicles and certain chassis and bodies therefor were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.[12]

Prior to that investigation, the Commission conducted an antidumping investigation (inquiry No. AA1921-Inq.-2) involving new on-the-highway, four-wheeled passenger vehicles from Belgium, Canada, France, Italy, Japan, Sweden, the United Kingdom, and West Germany.[13] The Commission instituted the investigation in response to advice from the Department of the Treasury (Treasury) that it was initiating antidumping investigations pursuant to section 201(c) of the Antidumping Act of 1921, as amended. Treasury instituted its investigations after receiving a complaint from Congressman John H. Dent of Pennsylvania. A similar complaint was received on July 11, 1975, from the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW).

On the basis of its inquiry, the Commission determined that Treasury's investigation into the nature and extent of sales at LTFV should continue with respect to the subject imports from all eight countries under investigation. Treasury continued its investigation and in May 1976 announced that, of the 28 firms investigated, only 5 firms (Nissan, Toyota, Honda, Porsche, and Rolls Royce) were found to be selling all of their automobiles in the United States at fair value during the period January-August 1975. All of the other 23 firms in the 8 countries in question were found to be selling at least some of their vehicles at LTFV during January-August 1975. However, Treasury noted that if the cost of emission control equipment comparable to that required for cars produced for sale in the United States were added to the cost of vehicles produced for the home markets of the countries in question, combined with allowances for certain exchange rate fluctuations, all but de minimis margins would be eliminated for 14 of the 23 firms. These 14 firms, including all of the remaining Japanese firms, were not required to provide letters of assurance to Treasury, but were required to submit to price monitoring by Treasury for at least the next 2 years. Included among the 14 firms were Fiat and British Leyland, which had withdrawn their lowest priced vehicles from the U.S. market earlier in 1976.

Canadian-made passenger automobiles, with the possible exception of those produced by American Motors Corp. (AMC),[14] were found to be selling in the United States at LTFV during the period January-August 1975. As a result, GM, Ford, and Chrysler were required to assure Treasury, in writing, that they would continue their efforts to eliminate the price differential between vehicles sold in Canada and those sold in the United States. No deadline was required for the elimination of the price differential.

Beginning in May 1976, the Treasury Department sought written price assurances from the manufacturers of motor vehicles found to be selling at

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[12] See Report to the President on Investigation No. TA-201-44 Under Section 201 of the Trade Act of 1974, USITC Pub. 1110, December 1980.

[13] See New, On-the-Highway, Four-Wheeled Passenger Automobiles from Belgium, Canada, France, Italy, Japan, Sweden, the United Kingdom, and West Germany, USITC Pub. 739, September 1975.

[14] Chrysler purchased AMC in 1987.

LTFV in the United States. Treasury chose not to withhold appraisement of passenger automobiles imported from the eight countries or to send the case to the Commission because of possible disruption of sales of the imported vehicles in question and the effect this would have on the foreign producers and countries in question. During the period May-August 1976, Treasury sought and finally obtained written assurances from the five remaining firms (Volkswagen, Renault, Ford of West Germany, Saab, and Volvo) that their prices would be adjusted to fair levels. As a result of the receipt of these assurances, Treasury discontinued its antidumping investigation in August 1976, but announced that it would monitor prices of the 5 firms for at least 2 years to assure that LTFV sales would not resume.

The Commission also conducted an investigation under section 332 of the Tariff Act of 1930 (investigation No. 332-76) at the request of the Committee on Finance of the United States Senate. The Senate asked the Commission to conduct an in-depth study of the U.S.-Canadian automotive agreement, its history, terms, and impact, and to answer several specific questions on the operations of the agreement, which had been in effect since 1965. The Commissions's report was transmitted to the Senate Finance Committee on January 22, 1976, and was published as a document of the Senate Finance Committee shortly thereafter.[15]

THE PRODUCTS

Descriptions and Uses

There is no standard definition of a minivan, and the basis for distinguishing the product from other vehicles such as full-size vans, sport-utility vehicles, and station wagons is somewhat arbitrary. Petitioners define a minivan as--

> "an on-highway motor vehicle with (1) a gross vehicle weight[16] that is generally less than 6,000 pounds, (2) a height that is generally between 62 and 75 inches, (3) a single, box-like structure that envelops both the space for the driver and the front seat passenger and the rear space (which is flat and usable for carrying passengers and cargo), (4) a hood that is generally sloping and a short distance from the cowl to the front bumper relative to the overall length of the vehicle, (5) a seat configuration that generally permits passengers to walk from the front area to the rear of the vehicle, and (6) a rear side passenger access door (or doors) and a rear door (or doors) that generally provide wide and level access to the rear area."

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[15] See Canadian Automobile Agreement, United States International Trade Commission Report on the United States-Canadian Automotive Agreement: its history, terms, and impact . . . the Committee on Finance, U.S. Senate, U.S. Government Printing Office (62-478-0), January 1976.

[16] Gross vehicle weight (GVW) includes weight of vehicle, passengers, equipment, and cargo.

In its final determination, Commerce defined minivans in a more restrictive manner than do petitioners. It described the imported product subject to investigation as--

> "an on-highway motor vehicle which generally has the following characteristics: (1) A cargo capacity behind the front row of seats that is 100 cubic feet or greater and less than 200 cubic feet; (2) A body structure, width and seat configuration capable of providing full walk-through mobility from the front seat row to the third seat row, or at least partial walk-through mobility from either (a) the front seat row to the second seat row or (b) the second seat row to the third seat row; (3) A hood that is sloping and a short distance from the cowl to the front bumper relative to the overall length of the vehicle; (4) A gross vehicle weight that is less than 6,000 pounds; (5) A height that is between 62 and 75 inches; (6) A single box-like structure that envelops both the space for the driver and front-seat passenger and the rear space (which has flat or nearly flat floors and is usable for carrying passengers and cargo); and (7) A rear side passenger access door (or doors) and a rear door (or doors) that provide wide and level access to the rear area."[17]

Commerce added that "a vehicle does not necessarily have to meet all seven criteria to be considered a minivan," and that "while [it considers] all seven of the above criteria important in determining whether a vehicle is a minivan, [it considers] the criteria which reflect a measurement of interior space (cargo capacity, walk-through capability, and cowl length) to be of primary importance."[18] Table 1 presents selected specifications of various types of vehicles.

Gross vehicle weight does little to differentiate minivans from other types of vehicles, most of which are under 6,000 pounds gross vehicle weight. Furthermore, some full-size vans have a gross vehicle weight of under 6,000 pounds, and certain models of minivans have a gross vehicle weight over 6,000 pounds. Based on vehicle height and weight, minivans primarily resemble sport-utility vehicles, even though minivan functional and styling characteristics most resemble those of full-size vans or station wagons (see figures 1, 2, and 3). The use of other vehicle dimensions, such as length, width, or wheelbase also fail to differentiate minivans from other vehicles.[19]

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[17] See Commerce's final determination (app. A).

[18] Commerce declined to consider the Mitsubishi Expo (also marketed as the Plymouth Colt Vista and Eagle Summit wagon) a minivan. Petitioners alleged the Expo was a minivan and should be considered within the scope of Commerce's investigation. In the importers' questionnaires submitted to the Commission, Mitsubishi and Chrysler reported imports of these vehicles as station wagons.

[19] Automotive News 1991 Market Data Book.

Table 1
Minivans, full-size vans, sport-utility vehicles, and station wagons: Selected vehicle specifications, by types of vehicles and by firms, 1991 and 1992 model years

(In inches, except as noted)

Type of vehicle, make and model	Wheel base	Length	Width	Height	Cargo capacity, Cubic feet	Weight[1], Pounds
Minivans:						
Chevy Astro	110.0	177.0	77.0	74.1	171.8	5,000-6,100
Dodge Caravan (standard wheelbase)	112.0	175.9	72.2	64.6	115.9	4,070-5,090
Ford Aerostar XLT (Extended body)	118.9	190.3	72.0	73.2	164.0	4,920
Mazda MPV	110.4	175.8	71.9	68.1	106.8	(2)
Plymouth Voyager (long-wheelbase, 4WD)	119.0	190.5	72.2	64.6	139.4	(2)
Pontiac Trans Sport	109.8	194.5	74.6	65.2	112.6	3,553
Toyota Previa	112.8	187.0	70.9	68.7	157.8	5,215
Full-size vans:						
Chevy Sportvan Beauville G-20	125.0	202.2	79.5	80.9	260.0	4,900-8,600
Dodge Ram 150	109.6	178.9	(2)	(2)	(2)	5,300-8,570
Ford Club Wagon	138.0	206.8	79.9	81.0	255.2	4,459
Volkswagen Vanagon[3]	96.9	179.9	72.6	75.9	(2)	5,160
Sport-utility vehicles:						
Chevy S10 Blazer (4WD, 2 dr.)	100.5	170.3	65.4	62.8	(2)	4,700
Ford Explorer (4WD, 4 dr.)	111.9	184.3	70.2	67.3	81.6	3,824
Geo Tracker	86.6	142.5	64.2	65.0	(2)	2,238
Isuzu Trooper (4 dr.)	104.3	176.0	65.0	71.7	(2)	4,740
Jeep Cherokee Laredo (4WD, 4 dr.)	101.4	168.8	70.5	63.3	71.8	3,058
Mitsubishi Montero (4 dr.)	106.1	183.1	66.1	72.8	94.9	(2)
Nissan Pathfinder	104.3	171.9	66.5	65.7	(2)	4,670-5,000
Suzuki Samuri	79.9	135.0	60.6	65.6	(2)	2,932
Toyota 4Runner (4 dr.)	103.3	196.5	66.5	66.1	78.3	5,350
Station wagons:						
Chevy Cavalier	101.2	178.0	66.0	54.1	(2)	2,529
Ford Escort LX	98.4	171.3	66.7	53.6	(2)	3,420
Ford Taurus	106.0	191.9	70.8	55.4	81.1	3,276
Honda Civic	98.4	161.7	66.1	56.1	60.3	2,335
Mitsubishi Expo[3]	107.1	177.4	66.7	62.6	91.5	2,943
Subaru Legacy	101.6	181.1	66.5	53.7	71.0	2,850
Toyota Corolla	95.7	171.5	65.2	54.5	(2)	2,436
Volkswagen Passat	103.3	179.9	67.1	56.2	(2)	3,094
Volvo 740	109.1	188.4	69.3	56.5	(2)	3,082

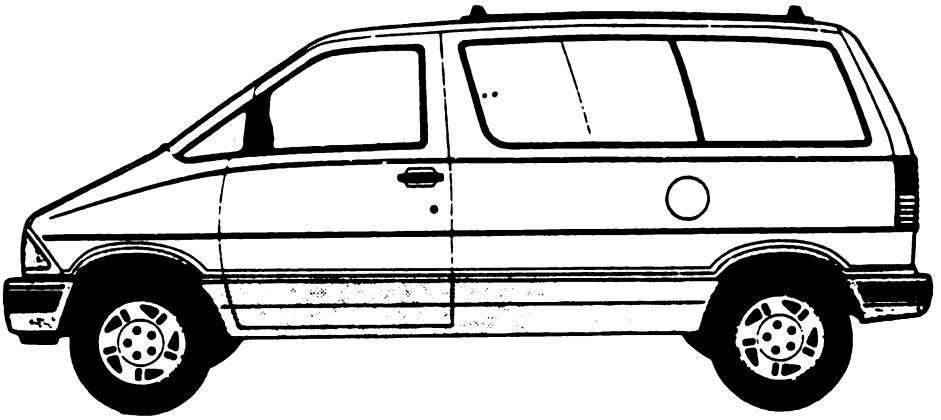
[1] Gross vehicle weight. Vehicle weight will vary depending on how the vehicle is equipped. Weight will vary most notably with engine type, body size/wheelbase, and type of drivetrain.

[2] Unavailable.

[3] Petitioners contend that this vehicle is a minivan.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from Automotive News 1991 Market Data Book.

Figure 1
Minivans: Selected models of U.S.-produced and imported vehicles



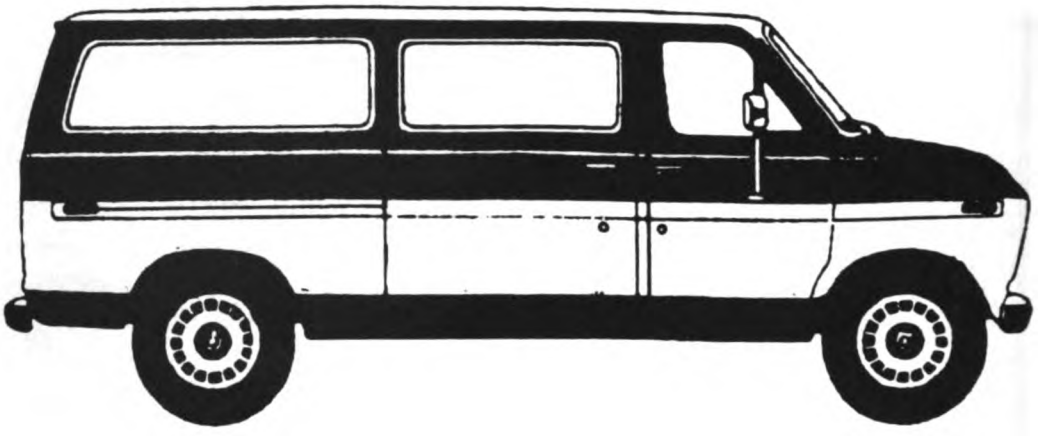
Ford Aerostar

Mazda MPV

Note.--Vehicles are not equally scaled.

Source: Ford Motor Co. and Mazda Motor of America, Inc.

Figure 2
Full-size vans: Selected models of U.S.-produced vehicles



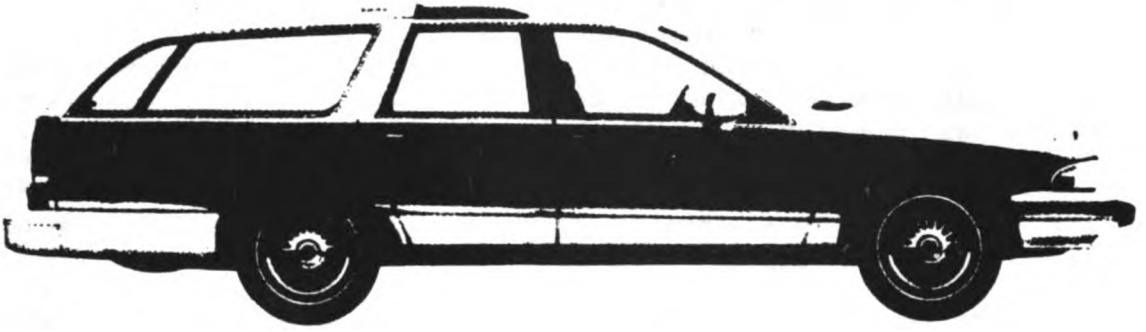
Ford Club Wagon

GMC Rally

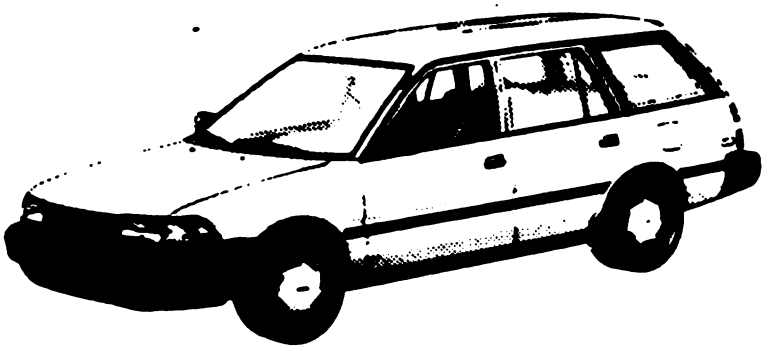
Note.--Vehicles are not equally scaled.

Source: Ford Motor Co. and GM.

Figure 3
Station wagons: Selected models of U.S.-produced and imported vehicles



Buick Roadmaster Estate Wagon



Toyota Corolla Wagon

Note.--Vehicles are not equally scaled.

Source: GM and Toyota Motor Sales, U.S.A., Inc.

Unlike station wagons and sport-utility vehicles, one is often able to walk from the front to the rear of a minivan without exiting the vehicle.[20] Minivans currently have one or two rear side passenger doors, which often operate by sliding open or closed rather than swinging open or closed like most passenger car doors.[21] Minivans currently also have a door at the rear of the vehicle which is used to gain access to the cargo area.

Minivans can be equipped with a broad range of engine types. Minivans marketed in the United States currently have spark-ignition internal combustion engines rather than diesel engines or electric power.[22] Engine size ranges from approximately 2 liters to approximately 4 liters, with 4 or 6 cylinders. Engine placement is usually in the front of the vehicle, although Toyota's minivan, the Previa, has the engine in the middle of the vehicle, and the Volkswagen Vanagon has the engine in the rear of the vehicle. Minivans are either front-wheel drive or rear-wheel drive, with most brands having drivetrain options for four-wheel or all-wheel drive.

Minivans seat up to seven adults, and can be ordered with various seating options. Rear and/or middle seats can be removed or folded to change the ratio of passenger-to-cargo carrying capacity, making minivans very versatile. Cargo versions of minivans generally lack rear seating capacity and rear passenger windows, allowing the rear portion of the vehicle to be used entirely for carrying cargo. Several manufacturers offer extended-length-wheelbase versions of their minivans, which increases interior volume.

The popularity of minivans has increased dramatically from the early 1980s to present. The vehicles are especially popular with buyers between 35 and 50 years of age who have children. As noted, minivans are versatile with respect to the ratio of passengers-to-cargo carrying capacity. Minivans typically have much more interior volume than a station wagon, allowing them to carry more passengers and cargo. Although minivans lack the interior volume of full-size vans, their relatively compact size and lighter weight provide advantages over full-size vans. For example, minivans often fit into garages that could not accommodate a full-size van. Minivans generally have more car-like ride and handling characteristics than full-size vans, although both may have comfort and convenience features common to passenger autos. As a result of their relatively compact size, minivans are less intimidating for some people to drive, and generally get better gas mileage than a full-size van. The vehicles are easy to drive in city and suburban areas, but are also comfortable on long trips.

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[20] Some Chrysler, Toyota, and Mitsubishi minivans have a front bench seat or other front seat configuration that does not permit the front seat passenger(s) or driver to walk to the rear of the vehicle. However, most minivans have a seat configuration in the portion of the vehicle directly behind the driver's seating area that permits aft passengers to walk to the rear of the vehicle. The Nissan Axxess, which Nissan classified as a station wagon in answering the Commission's importers' questionnaire and which petitioners consider a minivan, does not have the walk-through feature.

[21] The Mazda MPV minivan is one of the exceptions. The MPV has a rear side passenger door that swings open or closed like a passenger car door.

[22] Chrysler has announced that it will begin producing electric-powered minivans for sale to fleet buyers ("Digest," The Washington Post, Apr. 16, 1992, sec. B., p. B12). Some minivans produced in Japan have diesel engines.

These characteristics of minivans help to distinguish them from other vehicles. Minivans fill a market niche that is at best only partially served by station wagons, full-size vans, and sport-utility vehicles. There are no particularly good substitutes for minivans. Some of the features of minivans are present in other types of vehicles, but not to the same extent or in the same combination as a minivan. This helps explain the substantial sales success of the minivan in the United States. Only full-size vans have the same versatility with respect to varying the passenger-to-cargo ratio. Station wagons and sport-utility vehicles typically lack the ability to carry either as much cargo or as many passengers.[23] While a full-size van can typically carry more passengers and cargo than a minivan, as noted, full-size vans do not have the relative car-like qualities or the fuel economy of a minivan.

Alternatively, minivans lack several advantages of full-size vans, sport-utility vehicles, and station wagons. The obvious advantage of a full-size van is its larger interior space. Full-size vans also tend to have more powerful engines, giving them greater payload and towing capacity than minivans.

While minivans have relatively car-like ride and handling characteristics, the similarities to passenger autos are not close enough for some buyers, who prefer station wagons instead of minivans.[24] Additionally, minivans meet less stringent safety standards than cars, and a recent study showed that this is the primary reason why some people prefer station wagons.[25]

Sport-utility vehicles typically have the advantage of being specifically designed for some off-road use. For example, sport-utility vehicles generally have higher ground clearance, larger wheels, tires more suitable for off-road use, and stiffer suspensions than minivans (figure 4).

The differentiation between minivans and other vehicles is not perfect given the fact that there is significant and increasing product differentiation among minivans. Thus, the current difficulty of differentiating minivans from other vehicles, particularly full-size vans and station wagons, is likely to increase in the immediate future.[26]

The only Japanese minivans currently produced for the U.S. market are the Mazda MPV (multi-purpose vehicle) and the Toyota Previa. The MPV is the only minivan Mazda has ever produced for the U.S. market, while the Toyota Previa is a replacement for the first minivan that Toyota introduced in the

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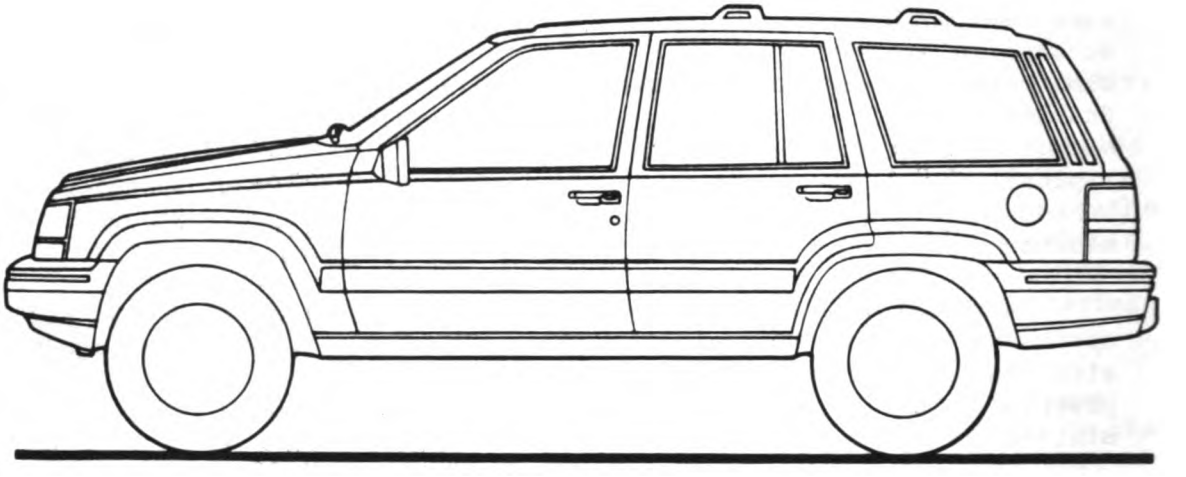
[23] Furthermore, while some station wagons have a third row of seats in the back, these seats are small and of limited use.

[24] The station wagon market is expected to experience substantial growth in the 1990s, after having declined by over 50 percent from 1 million units in 1979 to less than 500,000 units in 1990. Michelle Krebs, "Wagons," Automotive News, Mar. 19, 1990, p. 1.

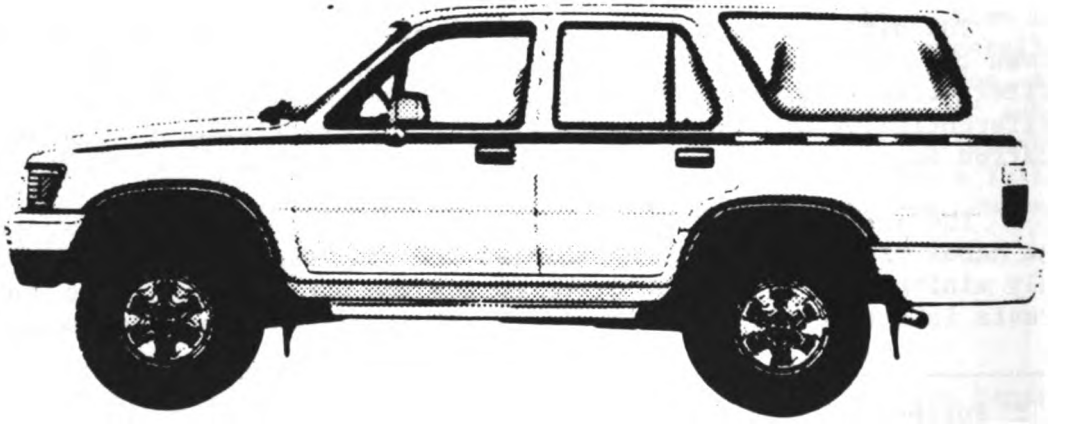
[25] Ibid.

[26] For example, Mitsubishi and possibly Ford are reportedly going to introduce new products before 1995 that may further blur the distinction between minivans and full-size vans and station wagons. Furthermore, as the minivan industry in Europe grows, additional product diversity within the U.S. minivan market may increase, exacerbating the difficulties of defining minivans.

Figure 4
Sport-utility vehicles: Selected models of U.S.-produced and imported vehicles



Jeep Grand Cherokee



Toyota 4Runner

Note.--Vehicles are not equally scaled.

Source: Chrysler Corp. and Toyota Motor Sales, U.S.A., Inc.

U.S. market in 1983. Both vehicles have typical minivan measurements and features. Neither vehicle is available in extended-wheelbase versions. The MPV is a front-engine, rear- or four-wheel drive vehicle, equipped with either a 4- or 6-cylinder engine. There is nothing particularly unique about the MPV compared to minivans in general, except perhaps its swing-open rear side door. Having been introduced in 1988, it has relatively up-to-date yet conservative styling,[27] car-like ride and handling characteristics, and is known for its high level of build quality.[28]

The Previa is in several respects unusual compared to other minivans. The Previa's engine is located in the middle of the vehicle for more even weight distribution, contributing to improved handling and space utilization. Typically, central engine location has the disadvantage of intruding into the interior space of the vehicle, hindering access to the engine during maintenance, and radiating heat into the passenger compartment. Toyota solved these problems by tilting the engine on its side, 75 degrees off the vertical axis, and placing it under the front seats. The engine has a number of design features, such as oil pan placement on the side of the engine block rather than on the bottom, to facilitate this arrangement. The engine has a small driveshaft that goes to the front of the vehicle to power the alternator, air conditioning compressor, radiator fan, and power steering pump. These components are accessible through the short, sloping hood at the front of the vehicle. Fluid reservoirs are also located under the sloping hood. This design makes it easy to reach components that require relatively frequent maintenance. The engine is equipped with platinum-tipped spark plugs to increase replacement intervals on these less accessible items.[29] The Previa is rear- or four-wheel drive, and comes with a 4-cylinder engine. The Previa is widely viewed as having rather unique styling, resembling an oval shape (with the long axis positioned horizontally).[30]

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[27] The Mazda MPV had its origins in Mazda Research and Development of North America, Inc., in Irvine, CA. Most Japanese automakers have U.S. "design centers" that perform some combination of styling, engineering, testing, and R&D. These centers are acquiring a reputation within the auto industry of turning out relatively distinctive, and for the most part, successful products. Location of these centers in the United States helps Japanese auto companies keep more attuned to U.S. consumer tastes and preferences. Besides the Mazda MPV and the Toyota Previa, other products originating to varying degrees within Japanese design centers in the United States are the Nissan 240SX, Pathfinder, and Maxima; the Toyota Celica, Previa, Lexus LS400, and SC400; and the Mazda Miata. Lindsay Chappell, "The Japanese-American Car," Automotive News, Nov. 26, 1990, p. 1; and Jon Lowell, "If You Can Find Better Engineers Buy Them," Ward's Auto World, March 1991, p. 33.

[28] The Power Report, July 1990. A more comprehensive discussion of vehicle quality is found in the section of the report entitled "Product Quality."

[29] Jack Keebler, "Toyota Puts a Spin on Previa Engine's Central Placement," Automotive News, June 11, 1990, p. 18.

[30] Much of the Previa's exterior styling was designed at Calty Design Research, which is Toyota's Newport Beach, CA, design studio. Don Fuller, "Toyota Previa All-Trac LE," Motor Trend, May 1990, p. 102.

Development of the Minivan

While Chrysler is generally associated with the origin of the minivan, Volkswagen and Toyota actually entered the U.S. minivan market first. Volkswagen began selling the rear-engine, rear-wheel drive "Bus" in the mid-1950s.[31] In 1968, a new version of the Volkswagen Bus was introduced, and in 1981 the Volkswagen Vanagon replaced the Bus.[32] After Volkswagen, Toyota was the next entry into the market in September 1983, two months ahead of Chrysler's first minivan sales.[33] The Toyota minivan was a mid-engine, rear-drive vehicle with up to seven-passenger seating capability. Features included power door locks, tilt steering wheel, power steering, and reclining seats, giving the minivan a considerably more car-like character than was normally associated with vans. The Toyota minivan had a somewhat boxy shape with sharp styling lines. Engine access was provided through a hatch under the driver's seat.

Chrysler's minivans (which currently are named Dodge Caravan and Mini Ram Van, Plymouth Voyager, and Chrysler Town & Country) were (and still are) equipped with front engines and front-wheel drive, and, like the Toyota minivan, had up to seven passenger seating and featured car-like driving characteristics along with many comfort and convenience features. The Chrysler minivan had more conventional and, industry analysts generally believe, more acceptable styling than the Toyota minivan, with engine access provided in a more traditional manner through the short hood at the front of the vehicle.

GM introduced its minivans, the Chevrolet Astro and GMC Safari, in late 1984, and Ford introduced the Aerostar minivan in 1985.[34] Nissan began offering a minivan in late 1986,[35] and Mitsubishi began offering a minivan in 1987.[36] In the fall of 1988, Mazda entered the minivan market with its MPV.[37] In 1989, Nissan started selling the Axxess station wagon/minivan in the United States,[38] and GM began selling its APV/Trans Sport/Silhouette.[39] Toyota replaced the minivan it introduced in 1983 with the Previa minivan in 1990.[40]

Minivan sales surged dramatically in the 1980s, prompted largely by the overwhelming popularity of the Chrysler minivan. In 1982, minivan retail sales totaled only 12,847 units, and consisted entirely of Volkswagen's Vanagon. In 1983, after Toyota and Chrysler entered the minivan market, retail sales totaled 30,948 units. In 1984, after Chrysler and Toyota had

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[31] ***.

[32] The Vanagon is scheduled to be replaced in mid-1992 with the "Eurovan." Jack Keebler, "Coming Soon," Automotive News, May 27, 1991, p. 1.

[33] 1984 Ward's Automotive Yearbook, p. 106.

[34] 1986 Ward's Automotive Yearbook, pp. 229-230.

[35] 1987 Ward's Automotive Yearbook, p. 251. Nissan dropped this vehicle in mid-1989.

[36] 1987 Ward's Automotive Yearbook, pp. 174 and 246. Mitsubishi stopped exporting its "Van/Wagon" minivan to the United States in 1990.

[37] 1989 Ward's Automotive Yearbook, p. 210.

[38] This model was discontinued for the U.S. market in 1990, after 13 months of sales. Kristine Stiven Breese and Lindsay Chappell, "Nissan Drops Axxess from U.S. Market," Automotive News, Apr. 30, 1990, p. 1.

[39] Ward's Automotive Yearbook, 1990, p. 214.

[40] Ward's Automotive Reports, "Compact Van Popularity Still Rising," Oct. 22, 1990, p. 337.

been producing minivans for over a year, total minivan sales reached 257,196 units.[41] Chrysler, with 74 percent (190,516 units) of the minivan market, was already emerging as the clear leader in minivan sales. The rest of the market was divided among Toyota (18 percent), Volkswagen (7 percent), and GM (about 1 percent). By 1991, minivan sales had reached 877,345 units, with Chrysler having 45.0 percent of the market, followed by GM (26.7 percent), Ford (16.8 percent), Toyota (5.9 percent), Mazda (5.5 percent), VW, Nissan, and Mitsubishi (with less than 0.1 percent each).[42]

Chrysler's unique success in the minivan market is a result of a variety of factors. Chrysler's minivan was the first front-wheel drive van, and appeared at a time when front-wheel drive technology was desireable for its weight-savings and fuel efficiency.[43] Chrysler's minivan also had styling more like a conventional full-size van versus Toyota's more unusual styling.[44] The Chrysler minivan was, and still is, considered more car-like than the Aerostar and the Astro. Furthermore, while not generally considered to have particularly outstanding quality,[45] and recently plagued with negative publicity regarding transmission failures, Chrysler minivans have been ranked relatively high in overall customer satisfaction.[46]

In 1991, minivan sales declined compared to 1990 levels, as overall automobile sales contracted. In 1991, minivan sales were down by about 6 percent from those in 1990.[47] Despite the recent sales downturn, industry officials believe that the minivan market will continue to grow, particularly at the lower end of the price range.[48]

There are a number of minivans scheduled for debut in the U.S. market in the near future, from both domestic and foreign producers. Nissan and Ford, in a cooperative venture, recently began producing a minivan at Ford's Avon

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[41] Ward's Automotive Yearbook, various issues.

[42] Automotive News, 1992 Market Data Book, p. 30.

[43] The front-wheel drive technology was available to Chrysler as a result of the firm's development of the K car, and a modified K-car drivetrain was used in the minivan. ***.

[44] Many industry officials believe that the first minivans from Japan were too small, narrow, unstable looking, and generally unsuited for the U.S. market. USITC staff interviews with U.S. industry officials, Detroit, MI, June 12, 1991; Conference transcript, p. 130.

[45] See the Power Report, July issues during 1987-90.

[46] Recently, problems with Chrysler's A604 Ultradrive transmissions have received much negative publicity which has greatly concerned Chrysler. A study by CNW Marketing/Research in Bandon, OR, found that 46.5 percent of those people who intended to buy a Chrysler minivan were looking at competing products because of the news reports of transmission problems. Mary Connelly, "Potential Buyers Reconsider Chrysler Minivan, Poll Says," Automotive News, Feb. 18, 1991, p. 4; Jack Keebler, "Chrysler Balks at Recalling Balky Transmission," Automotive News, Dec. 10, 1990, p. 1; and "Iacocca Battles to Salvage Minivan's Reputation," Automotive News, Feb. 4, 1991, p. 1.

[47] "Minivans: Chrysler Regains; AWDs Grow," Ward's Automotive Reports, Apr. 15, 1991, p. 1.

[48] Mary Connelly, "Chrysler Expands Market with Low-priced Minivan," Automotive News, Mar. 25, 1991, p. 1.

Lake, OH, assembly plant for introduction as a 1993 model.[49] The Ford model will be named the Mercury Villager, and the Nissan model will be named the Quest. These minivans are likely to be considered domestic products for CAFE purposes (by having more than 75 percent U.S. and Canadian content) within a year of their introduction.[50] Although engines for the Villager/Quest will initially be imported from Japan, Nissan will begin making the vehicle's 3-liter V-6 engine at Nissan's Smyrna, TN, plant in 1992.[51]

In August 1991, Mitsubishi introduced what is being referred to within the industry as a mini-minivan or a van-wagon hybrid. Named the Expo, and already being produced in Japan and sold as the Chariot, there is also an extended length version of the vehicle.[52] Given the relatively small size of the vehicle, it is not clear to what extent this van-wagon hybrid will compete with minivans in the U.S. market. The product reflects the increasing differentiation within the minivan industry, and in this instance increases the difficulty of distinguishing minivans from station wagons. Commerce excluded the Expo from the scope of its LTFV determination.

In the 1992 model year, Volkswagen will replace the Vanagon with the "Eurovan." The vehicle will be built in Germany.

An industry source indicates that in 1994 Ford will add another minivan model to its existing Aerostar minivan and the new Villager minivan models.[53] The vehicle, code named the WIN88, will be smaller than Ford's full-size van, the Club Wagon, but larger than the Aerostar. The vehicle is said to be a "mid-sized minivan," and it will tap what is apparently viewed as an unserved market segment. This front-wheel drive vehicle will be built on the Taurus platform and powered by a 3.8-liter V-6 engine. It will seat 7 passengers and be built in Oakville, Ontario.[54] Like the Mitsubishi Expo that was recently introduced in the U.S. market, Ford's WIN88 might make it more difficult to differentiate minivans from other vehicles, in this case from full-size vans.

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[49] This vehicle was primarily engineered by Nissan in Japan, styled in Nissan's California-based Nissan Design International (NDI), with final testing and engineering at Nissan Research and Development in Michigan. The engine and transmission were derived from the Nissan Maxima. Nissan also assisted Ford in designing the production process for the vehicle. David E. Zoia, "U.S. Key Player in Design, Output of Nissan JV Van," Ward's Automotive International, June 1991, p. 8.

[50] For a discussion of CAFE, see section of the report entitled "Corporate Average Fuel Economy Standards."

[51] The Villager will be sold through Lincoln-Mercury dealers. The Villager and Quest will essentially be the same vehicle with minor cosmetic differences. The vehicle reportedly is very similar in dimensions to the Mazda MPV and the Chrysler short-wheelbase minivan, and will have similar car-like ride and handling characteristics. Automotive News, "First Peek at Ford, Nissan Minivan," Jan. 28, 1991, p. 4; and Ward's Automotive Reports, "New Nissan Plant Would Make Engines," Nov. 5, 1990, p. 355.

[52] Jack Keebler, "Coming Soon," Automotive News, May 27, 1991, p. 1.

[53] See "Aerostar Successor for '94," Automotive News, Mar. 25, 1991, p. 6.

[54] Ford will reportedly spend $900 million to modify the existing Oakville, Ontario, plant in order to produce the new minivan ("Ford Unveils Plans to Spend $3 Billion, Mainly to Boost Minivan Market Share," Wall Street Journal, Apr. 14, 1992, sec. 1, p. A3).

Minivan popularity in Europe is starting to increase, and is expected to grow rapidly during the 1990s. Some U.S. producers have already begun to export domestically made minivans to Europe to meet this demand. In addition, most European automakers have plans to produce minivans in Europe; in the future, some of these minivans may be exported to the United States.[55]

Product Quality

One of the most critical competitive elements of the auto industry is quality of products and dealership service. Consumers closely monitor quality ratings of manufacturers and dealers, and automobile companies often capitalize on favorable quality ratings in their advertising. Two widely used and influential quality ratings are the J.D. Power and Associates Initial Quality Survey (IQS)[56] and an index of Customer Satisfaction With Product Quality and Dealer Service (CSI).[57]

J.D. Power and Associates sells detailed information on its surveys and therefore does not make available to the public most of the information they contain. However, the firm does release partial results of its surveys. These results are contained in The Power Report, and some quality information is available on minivans. The firm does not make available to the public the quality ratings of any vehicles that are of below average quality in a particular class of vehicles, and consequently, public information on models of minivans that are of below average quality is unavailable from J.D. Power and Associates.

J.D. Power did not release the results of its quality survey on minivans in 1991.[58] However, in June 1992, J.D. Power published an IQS for light trucks which includes minivans, and some indication of recent minivan quality rankings can be derived from that survey. The survey indicates that the Toyota Previa ranked number three out of all light trucks, with 81 problems

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[55] Richard Johnson, "Europe Braces for Minivan Boom," Automotive News, Apr. 16, 1990, p. 24. Chrysler recently began minivan production in Austria in cooperation with Steyr-Daimler-Puch. These minivans are modified versions of its U.S.- and Canadian-built minivans. Volkswagen and Ford have agreed to jointly develop a minivan for the mid-1990s. The vehicle will be built in Portugal.

[56] The J.D. Power IQS is based on a survey of vehicle owners. The survey provides information on problems experienced by owners after the first 60-90 days of ownership, as well as the resolution of problems at the dealership, to create a measure of overall customer satisfaction. The firm has found that customer satisfaction within the first 60-90 days of ownership correlates well with owner satisfaction after 12-15 months and after 4-5 years of ownership. "Nuts and Bolts: How IQS Works," The Power Report, July 1990, p. 5.

[57] The CSI is an index of customer satisfaction based on vehicle problems experienced by new vehicle purchasers, and their satisfaction with the dealership in resolving those problems. Thus, it is possible for customers to experience a relatively large number of vehicle problems, but be very satisfied with how the dealer resolves the problems, and thus provide a high CSI associated with the vehicle. It is also possible for relatively problem-free vehicles to be associated with a low CSI if the dealer fails to satisfy the buyers when resolving only a few problems.

[58] USITC staff telephone interview with representative of J.D. Power, May 1992.

per 100 vehicles. The Previa was outranked by only the Toyota pickup truck and the Toyota 4Runner. Thus, the Previa emerged as having the fewest problems of all minivans, and was well below the average number of problems (147 problems per 100 vehicles) for the entire light truck segment. Only two other minivans ranked above average in the survey: the Ford Aerostar (119 problems per 100 vehicles) and the Mazda MPV (121 problems per 100 vehicles).[59]

The 1990 J.D. Power IQS[60] ranked the Mazda MPV as having the fewest problems per 100 1990 model vehicles (118 problems per 100 vehicles) in the "compact minivan" segment. The rating was high enough to place the MPV in second place for the entire "compact truck" IQS, of which the compact minivan segment is a part, behind the Mazda pickup. No other minivan ranked in the top 10 of the overall compact truck IQS. The Ford Aerostar was ranked second in the compact minivan segment, with 185 problems per 100 vehicles. Average for the segment was 213 problems per 100 vehicles. No other minivan model data were released in the report. However, the report does note the "relatively high number of problems reported by purchasers of the new GM models (Lumina APV, Trans Sport, and Silhouette) and Chrysler's Town & Country version of the Caravan/Voyager."[61]

Additionally, among compact minivans, imported minivans were ranked higher (had fewer problems) than domestic compact minivans. Imports had 131 problems per 100 vehicles, while domestics had 222 problems per 100 vehicles. The average for the segment was 214 problems per 100 vehicles, indicating that domestic minivans had more problems than was average for the segment.[62]

In 1989, J.D. Power released CSI ratings for "compact vans." The vans were ranked in order of highest CSI rating: Toyota Van, Mitsubishi Van, Dodge Caravan, Plymouth Voyager, and GMC Safari. No other minivans were ranked, either because they had not been on the market for the 2 months necessary to be considered,[63] or because they were below the market segment average.

The CSI ratings tend to change considerably from year to year. For example, in the 1988 CSI ratings in descending order were: Toyota Van, Plymouth Voyager, Mitsubishi Van, Dodge Caravan, and Dodge Mini Ram Van.[64] In the 1987 CSI ratings in descending order were: Plymouth Voyager, Toyota Van, Dodge Caravan, Dodge Mini Ram Van, and Volkswagen Vanagon.[65]

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[59] The Power Report, June 1992, p. 8.

[60] The Power Report, July 1990.

[61] "1990 New Compact Truck IQS," The Power Report, July 1990, p. 6. As noted earlier, however, overall customer satisfaction with a vehicle is also related to how well a dealer resolves vehicle problems. CSI ratings for these vehicles are not publicly available.

[62] The Power Report, July 1990, p. 7.

[63] A representative of J.D. Power and Associates stated that new models must have been on the market for 2 months to be considered in the survey. USITC staff telephone interview, June 21, 1991.

[64] The Power Report, July 1988.

[65] The Power Report, July 1987.

In an effort to gauge consumer satisfaction with a vehicle, J.D. Power uses a measure called "things gone wrong." Some producers and importers track similar data. In its questionnaires, the Commission asked U.S. producers and importers to provide data on the average number of "things gone wrong" per 100 vehicles at 3 months of service. Available information from questionnaire responses is presented in table 2.

U.S. producers and importers provide warranties of varying degrees and durations to purchasers of new vehicles. To the extent that warranties are designed to repair certain defective parts and components of the vehicle at no or low cost to the owner, warranty claims may also reflect the quality of a vehicle. The Commission requested U.S. producers and importers to provide, by model and model year, the average number of warranty claims per 100 vehicles during the first 12 months of service. Available information from questionnaire responses is presented in table 3.

Table 2
Minivans, full-size vans, sport-utility vehicles, and station wagons: Average "number of things gone wrong" per 100 vehicles at 3 months of service, by types of vehicles and by selected makes and models, 1989-91 model years

Vehicle type, make and model	(Average number of "things gone wrong" per 100 vehicles) 1989	1990	1991
* * * * * * *			

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

Table 3
Minivans, full-size vans, sport-utility vehicles, and station wagons: Average number of warranty claims per 100 vehicles during the first 12 months of service, by types of vehicles and by selected makes and models, 1989-91 model years

Vehicle type, make and model	(Warranty claims per 100 vehicles) 1989	1990	1991
* * * * * * *			

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

Corporate Average Fuel Economy Standards

The 1975 Energy Policy and Conservation Act provided for the development of standards for improving the fuel economy of passenger cars and trucks through a mechanism known as "corporate average fuel economy" standards (CAFE standards). Today, these standards require that a manufacturer's 1992 passenger cars average 27.5 miles per gallon,[66] and that its trucks (including minivans, full-size vans, and sport-utility vehicles) average 20.2 miles per gallon. This is an average of all the passenger cars and trucks a company sells during a given year, divided into two "fleets." That is, CAFE allows each manufacturer with U.S. production to divide its global output into domestic and imported fleets and requires that each of these fleets meet the CAFE standard. A vehicle with 75 percent or more Canadian and/or U.S. content can be considered part of a manufacturer's "domestic" fleet, while vehicles with lower U.S./Canadian content comprise the "import" fleet.[67] [68] If the corporate average of a producer's domestic or imported fleet falls below the standard, the company is fined $5 per vehicle for every tenth of a mile per gallon it falls short.[69] With no U.S. production, a firm's global output is averaged together as a foreign fleet.

The "imported-fleet" provision has encouraged U.S. automakers to lower the domestic content and/or shift assembly sites of their large and generally less fuel efficient cars so that these cars are considered imports for CAFE standards and can be averaged with their smaller, more fuel-efficient imports.[70] Ford, for example, imports the Festiva, a small 45 mile-per-gallon subcompact, from Korea. Because the domestic content of Ford's 1992 Canadian-built Crown Victoria and Grand Marquis (average fuel economy of 24 miles per gallon) is 73 percent, they are considered imported vehicles and are averaged with the Festiva in Ford's imported fleet.[71]

Lawmakers are currently considering a number of bills to toughen CAFE standards. Among them is a controversial bill sponsored by Senator Richard Bryan to force all automakers to boost the fuel economy of their passenger cars sold in the United States by 40 percent by the year 2001. That would require U.S. automakers' fleets to average 39 miles per gallon and could require Japanese companies, for example, to average 45 miles per gallon.

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[66] This compares with an average of 14 miles per gallon in 1975.

[67] The petition alleges that the U.S. content of Chrysler's Canadian-produced minivans is *** percent.

[68] In the event of a U.S.-Mexico free-trade area agreement, cars assembled in Mexico would likely also be considered "domestic" for CAFE purposes.

[69] Mercedes-Benz, for example, paid over $20.4 million in fines for 1989 (Alex Taylor III, "Do You Know Where Your Car Was Made?," Fortune, June 17, 1991, p. 53).

[70] For a discussion of the impact of CAFE standards on sourcing patterns, see Rules of Origin Issues related to NAFTA and the North American Automotive Industry, Report to the Committee on Ways and Means, U.S. House of Representative, on Investigation No. 332-314 Under Section 332 of the Tariff Act of 1930, USITC Pub. 2460, November 1991, p. 47.

[71] Ford purposely lowered the domestic content of its redesigned 1992 Crown Victoria and Grand Marquis to 73 percent from the 94 percent of their 1991 predecessors by sourcing high-value components outside the United States (Ibid., p. 52).

Table 4 presents the overall (combined city and highway driving) fuel economy ratings of selected 1991 models of minivans, full-size vans, sport-utility vehicles, and station wagons.

Table 4
Minivans, full-size vans, sport-utility vehicles, and station wagons: Overall fuel economy of U.S.-produced and imported vehicles, by types of vehicles and by makes and models, 1991 model year.

Vehicle type, make and model	Overall fuel economy
	Miles per gallon
Minivans:	
Chevrolet Lumina APV[1]	24.0
Dodge Grand Caravan[2]	19.0
Ford Aerostar[3]	22.6
Mazda MPV[3]	19.0
Toyota Previa[4]	20.0
Full-size vans:	
Chevy Sport Van[5]	18.0
Ford Club Wagon[6]	17.0
Dodge Ram Van[7]	14.0
Sport-utility vehicles:	
Chevrolet S-10 Blazer[8]	23.0
Ford Explorer[9]	21.0
Geo Tracker[10]	27.0
Isuzu Rodeo[1]	19.0
Jeep Cherokee Laredo[11]	16.0
Toyota 4Runner[3]	16.0
Nissan Pathfinder[3]	18.0
Station wagons:	
Honda Civic[10]	27.0
Ford Escort[12]	32.9
Toyota Camry[13]	22.0
Ford Taurus[3]	27.1
Chevrolet Caprice[6]	22.0

[1] Equipped with a 3.1-liter V-6 engine and automatic transmission.
[2] Equipped with a 3.3-liter V-6 engine and 4-speed automatic transmission.
[3] Equipped with a 3-liter V-6 engine and automatic transmission.
[4] Equipped with a 2.4-liter 4 cylinder engine and automatic transmission.
[5] Equipped with a 5.7-liter V-8 engine and 4-speed automatic transmission.
[6] Equipped with a 5.0-liter V-8 engine and 4-speed automatic transmission.
[7] Equipped with a 5.2-liter V-8 engine and 3-speed automatic transmission.
[8] Equipped with a 4.3-liter V-6 engine and 4-speed automatic transmission.
[9] Equipped with a 4-liter V-6 engine and automatic transmission.
[10] Equipped with a 1.6-liter 4 cylinder engine and manual transmission.
[11] Equipped with a 4.0-liter I-6 engine and automatic 4 wheel-drive transmission.
[12] Equipped with a 1.9-liter 4 cylinder engine and automatic transmission.
[13] Equipped with a 2.5-liter V-6 engine and automatic transmission.

Note.--Minivans, full-size vans, and sport-utility vehicles are classified as trucks for CAFE purposes. Station wagons are classified as passenger cars for CAFE purposes.

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

Manufacturing Processes

Minivans are produced in essentially the same way as light trucks and passenger autos. This does not mean that assembly plants can produce any type of vehicle. While assembly plants have varying degrees of flexibility with regard to what types of vehicles they can produce, they are not designed to allow changes from one vehicle type to another at random without varying degrees of retooling and reorganization of the assembly line.

The production process in the assembly plant begins with the welding together of a number of steel stampings to create a platform or underbody to which body stampings and other parts are attached.[72] Generally, the stampings are produced away from the assembly plant at a stamping plant. Some auto plants have integrated stamping facilities at the assembly plant, a feature that improves the efficiency of the assembly process.[73]

Once the underbody of the vehicle is welded together, body panels are then welded to the underbody. What is essentially a shell of the vehicle is then painted with primer and the appropriate color of paint. The paint drys quickly as the car is moved through a large oven for approximately 15 minutes. Various parts are then added to the vehicle as it moves down the assembly line.[74] The assembly line is complicated and does not simply consist of a line of workers adding parts to the vehicle. The vehicle may follow a circuitous route through the plant pulled by a chain running under the vehicle, held on a platform, or suspended by a large clamp attached to an overhead rail. The vehicle may be lifted high above the assembly line and transported to other parts of the plant. At various stages in the process components such as engines and transmissions are fed into the main assembly line from smaller assembly lines where some major components are assembled to varying degrees. Often these components must arrive at the assembly line at a very specific time so that the correct optional component will be allocated to the proper vehicle.[75] Timing the arrival of parts to the assembly line is also becoming increasingly important as assembly plants attempt to reduce parts inventories in the effort to adopt a "lean production" system.

Certain processes on the assembly line are automated, requiring relatively little, if any, human participation. For example, welding and painting processes are typically highly automated. Certain automated machinery is designed to perform a task on a particular part, while other automated machinery has enough flexibility to be reprogrammed to perform its task even if the characteristics of the part change. Industry representatives refer to the less flexible machinery as dedicated machinery or "hard tooling," and the flexible machinery as robots. The mix between dedicated machinery and robots affects the overall flexibility of the assembly line. A very high proportion of hard tooling makes changes in the vehicle difficult to accommodate on the

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[72] Some vehicles use a traditional frame to which certain body panels and other parts are attached.

[73] U.S. minivan plants do not have integrated stamping facilities, and stamping is performed at a different location.

[74] One industry representative described the assembly process as building the vehicle from the outside in, meaning that the exterior of the vehicle is largely assembled and then other parts are attached.

[75] Vehicles are built to order, so that all the vehicles have a specific combination of optional features, requiring that workers have the proper part available when the vehicle arrives at their station on the assembly line.

assembly line without a certain amount of investment in new machinery. Thus, new models with changed exterior styling can require costly retooling in the assembly plant. Robots, however, are designed so that they can be reprogrammed to accommodate changes in the part resulting from styling or other types of changes made to the vehicle.[76] Even plants with extensive robotic machinery may have to perform some minor retooling for model changes, however, generally much less retooling is required than in plants not using robots.[77]

The flexibility of the assembly process is a critical competitive aspect of the automotive industry in general. Customers demand frequent styling changes, preferring to purchase relatively new-looking models.[78] Japanese competitive advantages stem partly from the ability of Japanese-owned assembly plants to accommodate model changes more easily than U.S.-owned assembly plants.[79]

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[76] Extensive use of automation does not necessarily lead to the greatest flexibility of an assembly line, nor does extensive use of automation necessarily increase efficiency. A critical element of both flexibility and efficiency involves the organization of the entire labor process within an assembly plant. For example, Toyota is widely regarded as perhaps the most flexible and efficient automaker in the world. The firm achieves this position largely as a result of the way it organizes its labor process rather than through extensive automation. An important element of production flexibility, however, is flexible machinery.

[77] USITC staff interviews with Japanese industry officials, Apr. 2-7, 1992.

[78] In traditional mass-production systems, producers seek to avoid changes in the product to avoid retooling and to be able to reap the benefits of economies of scale. U.S. minivan assembly plants produce only minivans, and have much dedicated machinery that cannot accommodate significant changes in the vehicle without substantial retooling (USITC staff interviews, Detroit, MI, and St. Louis, MO, June 12-13, 1991; Conference transcript, pp. 39-40).

Traditional mass production is widely viewed as inappropriate in the auto industry, which increasingly requires that producers have the ability to make relatively frequent changes in the products, and to generally maintain a high degree of flexibility in the entire production system. This issue is discussed at length in James P. Womack, and others, The Machine that Changed the World (New York: Rawson Associates, 1990).

[79] Womack, 1990, p. 64. It is possible that this factor is less critical in the minivan industry, where customers may be less concerned with frequent styling changes (Conference transcript, pp. 12 and 117-19; and USITC staff interviews with Japanese industry officials, Apr. 2-7, 1992). However, there is some indication that frequent styling changes are, in fact, important, or becoming more important, in the minivan industry. For example, GM's unusually-styled APV (and counterparts) is made of composite plastic, at least partly because plastic body panels require less expensive tooling changes when restyling a vehicle. GM reportedly will introduce a redesigned APV in 1993-94, with greater styling differentiation between the APV and its counterparts, the Silhouette and Trans Sport, in anticipation that the minivan market will break into niches (Michelle Krebs, "GM Assigns Major Job to Minivan," Automotive News, June 5, 1989, p. 1; Conference transcript, pp. 117-119). Japanese industry officials, however, do not anticipate increasing frequency of model changes for minivans (USITC staff interviews with Japanese industry officials, Apr. 2-7, 1992).

GM's Lumina APV minivan (and its Oldsmobile and Pontiac counterparts) is a unique minivan in its use of composite body panels, a "space frame" cage, and large amounts of glass.[80] Many industry officials consider the APV to be a technological bellwether that is being closely watched and may lead the way to greater use of similar technology in the auto industry.[81] The body panels are bonded to the space frame, resembling a bird cage, with advanced adhesives that are applied by robots. Many of the composite panels are the largest ever produced. The plastic body panels allow more frequent model changes because the tooling for plastic body panels is cheaper than the tooling for steel panels. The APV represents a major investment for parts suppliers who agreed to supply the composite panels, adhesives, and glass for the vehicle.[82]

U.S. Tariff Treatment

Minivans are not specifically provided for in the HTS, but are classified in HTS headings 8703 ("motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars") and 8704 ("motor vehicles for the transport of goods").[83] Under the above criteria, minivans classifiable in HTS heading 8703 would fall under HTS subheading 8703.23.00 if the engine has a cylinder capacity exceeding 1,500 cubic centimeters (1.5 liters) but not exceeding 3,000 cubic centimeters (3.0 liters), or HTS subheading 8703.24.00 if the engine has a cylinder capacity exceeding 3.0 liters.[84] Minivans classifiable in HTS heading 8704 generally fall under HTS subheading 8704.31.00 as vehicles designed for the transport of goods (cargo minivan) having a spark-ignition internal combustion non-diesel engine and gross vehicle weight not exceeding 5 metric tons.[85]

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[80] The APV uses a new type of glass to reduce the absorption of ultraviolet and infrared rays from the sun, while allowing visible light to enter the vehicle. This glass technology reduces interior heating of the vehicle.

[81] At the same time, some consider the APV to be a high-risk venture.

[82] See Jon Lowell, "GM's Moon Shot," Ward's Auto World, August 1989, p. 26; and Michelle Krebs, "GM Assigns Major Job to Minivan," Automotive News, June 5, 1989, p. 1.

[83] If a minivan had seating for at least 10 people (including the driver), it would be classified in HTS subheading 8702.10.00 or 8702.90.00, depending on the type of engine.

[84] Minivans would be classified in HTS subheading 8703.32.00 or 8703.33.00 if they were equipped with diesel engines, or in HTS subheading 8703.90.00 if they were powered by electric motors. Minivans with these types of engines are not sold in the United States.

[85] Minivans for the transport of goods with diesel engines would be classified in HTS subheading 8704.21.00 as a vehicle for the transport of goods, and having a gross vehicle weight not exceeding 5 metric tons. No minivans with diesel engines are sold in the U.S. market. Minivans with electric engines would be classified in HTS subheading 8704.90.00, although such minivans are also not sold in the United States.

The column 1-general or most-favored-nation (MFN) rate of duty under both HTS subheadings 8703.23.00 and 8703.24.00 is 2.5 percent ad valorem, and the column 2 rate for each subheading is 10 percent ad valorem.

The column 1-general rate of rate of duty for HTS subheading 8704.31.00 is 8.5 percent ad valorem, and the column 2 rate is 25 percent. However, the column 1-general rate of duty has been temporarily increased to 25 percent ad valorem under heading 9903.87.00.[86] Eligible imports for which importers claim benefits under the Automotive Products Trade Act of 1965 (APTA),[87] the United States-Canada Free-Trade Agreement (CFTA), the Caribbean Basin Economic Recovery Act, and the United States-Israel Free-Trade Area enter the United States free of duty.

Petitioners argued that APTA and the CFTA are particularly relevant because Chrysler produces minivans in Canada and because the U.S. and Canadian automotive (including parts) industries are highly integrated. Under APTA, motor vehicles and certain original equipment therefor of Canadian origin enter the United States free of duty. APTA implements an agreement between the United States and Canada to accord duty-free entry to specified motor vehicles and original motor-vehicle equipment shipped between the two countries.[88]

The U.S. obligation to accord duty-free entry to qualifying imports from Canada applies to three categories of goods, as updated to reflect adoption of the HTS and CFTA.[89] First, duty-free entry into the United States applies to motor vehicles of headings 8702, 8703, and 8704, with the exception of certain "special purpose" vehicles such as electric trolley buses, three-wheeled vehicles, trailers accompanying truck tractors, and motor vehicles specially constructed and equipped for special services and functions (e.g., fire engines). Second, duty-free entry applies to fabricated components for use as original equipment in the manufacture of the specified motor vehicles (but not to replacement parts or accessories) by a bona fide manufacturer. Trailers, tires, and tubes are specifically excluded from the agreement. Finally, the agreement provided that the subject products of Canada could not contain more than a certain percentage of "foreign" content--that is, content of materials produced in countries other than the United States or Canada. For any article, the measure of such foreign content was the percentage of the appraised customs value of the article upon entry into the United States accounted for by the aggregate value of such imported materials contained in the article. The maximum permissible foreign content was 50 percent for both motor vehicles and chassis and parts. This requirement thus provided that up

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[86] In 1963, as a result of a Presidential proclamation which withdrew previously proclaimed tariff concessions, the articles provided for in item 692.02 became subject to duty under item 945.69 in the appendix to the former Tariff Schedules of the United States (TSUS) and dutiable at an MFN rate of duty of 25 percent ad valorem.

[87] Pub. Law 89-283; 79 Stat. 1016 (1965).

[88] "Agreement Concerning Automotive Products Between the Government of the United States and the Government of Canada," signed Jan. 16, 1965.

[89] See general note 3(c)(iii) to the HTS. The auto agreement as implemented by the United States covers all Canadian-origin eligible vehicles; Canada gives duty-free entry to vehicles made by specific companies. The CFTA does not have manufacturer limitations.

to 50 percent of the content could come from third countries and the article would still be entitled to duty-free entry when imported into the United States. Consequently, original-equipment parts manufactured in third countries could be assembled into complete vehicles in Canada and imported into the United States, and no duty was payable on said components as long as the maximum permissible foreign content (50 percent) in the finished vehicle is not exceeded. However, the United States changed its "rules of preference" on APTA imports from Canada by adopting for APTA the identical basic qualifying criteria applied under the CFTA, while Canada generally continues to apply the original APTA rules to many covered imports.[90]

The CFTA was signed on January 2, 1988, and became effective January 1, 1989. Thus, while the APTA was originally applicable to certain motor vehicles and certain original equipment parts, the CFTA is applicable to all motor vehicles and auto parts, including those parts used for replacement and repair. The CFTA is very comprehensive, and its central provision of phasing out all tariffs on all goods originating in one or both countries (that is, entered under a claim of preference and found to qualify) by 1998. (However, the staged tariff elimination for certain products can be implemented faster than scheduled by mutual agreement.) Motor vehicles under HTS headings 8703 and 8704 enter the United States free of duty under the CFTA, as do chassis for these vehicles (HTS subheadings 8706.00.10 and 8706.00.15). Rules of preference in the CFTA are based primarily on enumerated changes in tariff classification for goods containing foreign content; wholly originating goods automatically qualify if the CFTA preference is claimed. To qualify, third-country goods of headings other than headings 8701 through 8705 must be processed in the United States or Canada so as to fall under one of these headings when they cross the common border into the other CFTA party in order to receive preferential tariff treatment based on North American materials and direct costs of processing. Under both the APTA and the CFTA, at least 50 percent of the value of the goods must be comprised of originating materials and allowable direct costs of processing or assembling for any article to be imported free of duty, even when a change of classification occurs.[91] Further, because there is no de minimis exemption, every third-country input must change classification as specified by the rules and meet other applicable criteria.

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[90] For a discussion of the differences in U.S. and Canadian tariff treatment under APTA, see Rules of Origin Issues Related to NAFTA and the North American Automotive Industry, Report to the Committee on Ways and Means, U.S. House of Representative, on Investigation No. 332-314 Under Section 332 of the Tariff Act of 1930, USITC Pub. 2460, November 1991.

[91] Customs is investigating American Honda Motor Co. for possible violations of the provisions relating to the U.S./Canadian content of vehicles assembled in Canada and imported into the United States. At issue, among other things, is whether the Ohio-assembled engines used in the vehicles Honda assembles in Canada contain sufficient U.S./Canadian content to qualify the finished vehicle for duty-free entry into the United States. Honda could be forced to pay an additional $20 million in duties. See "U.S. Says Honda Skirted Customs Fees," New York Times, June 17, 1991, sec 4, p. D1, and "U.S. Customs Cites Honda Over Duties, In Move Reflecting Harder Line on Trade," Wall Street Journal, June 18, 1991, sec. 1, p. A.

While the CFTA is broader than the APTA, the APTA remains in effect and is available at the option of importers. Furthermore, the APTA is still extensively used by automakers to import autos into the United States from Canada. The APTA has the advantage of requiring that less extensive information be provided for the process of importing the vehicles from Canada, and represents a lower administrative burden.[92] ***.[93]

Also of considerable relevance to the U.S. automotive industry is the Mexican "in-bond" or maquiladora system, in which most U.S. imports containing U.S. materials entered from that country under HTS subheadings 9802.00.60 and 9802.00.80 are produced. The maquiladora industry was established in 1965 by the Mexican Government in an effort to attract foreign manufacturing operations. Imported materials taken into the maquiladora zone are not subject to Mexican duties as long as they are used for exports. U.S. auto and auto parts firms have used the maquiladora program to establish low-cost parts production sites in Mexico to supply the U.S., Canadian, and other markets. The mid-1980s were characterized by a large increase in the number of maquiladoras operating in Mexico. For example, in 1986 GM decided to shift almost all of its wiring harness and upholstery cut-and-sew operations, as well as significant subassembly operations, to Mexico to supply its U.S. and Canadian assembly plants.

THE NATURE AND EXTENT OF SALES AT LTFV

On May 26, 1992, Commerce published notice in the Federal Register of its final determination of sales at LTFV. A copy of the notice is presented in appendix A. Commerce determined that imports of new minivans from Japan are being sold in the United States at LTFV. It found dumping margins for two Japanese producers/exporters, Mazda Motor Corp. and Toyota Motor Corp. The weighted average dumping margins for these companies were 12.7 and 6.75 percent, respectively. The weighted average margin for all others was 9.88 percent. On June 23, 1992, Commerce revised the dumping margin for Toyota due to "clerical errors." The margin for Toyota was reduced to 6.41 percent. The weighted average margin was also reduced to 9.72 percent.

Commerce investigated sales during the period October 1, 1990, through May 31, 1991. Commerce examined U.S. sales of *** minivans imported from Japan with a total adjusted net U.S. value of $***. Of this, *** percent by volume and *** percent by value, were found to be sold at LTFV.[94]

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[92] USITC staff telephone interviews with U.S. automotive industry official and official from the U.S. Department of Commerce, June 24 and 25, 1991.

[93] ***.

[94] See letter from Francis J. Sailer, Deputy Assistant Secretary for Investigations, Import Administration, United States Department of Commerce, to Lynn Featherstone, Director, Office of Investigations, United States International Trade Commission, June 16, 1992.

THE DOMESTIC MARKET[95]

Apparent U.S. Consumption[96]

Apparent U.S. consumption of minivans, full-size vans, station wagons and sport-utility vehicles is presented in table 5 and shown in figure 5. The data show that consumption of minivans increased from *** vehicles in 1989 to *** in 1990, or by over *** percent. In 1991, consumption of minivans fell to *** vehicles, or by *** percent from the level attained in 1990.

Consumption of full-size vans fell by 32 percent during 1989-91, from 442,566 vehicles to 299,492 vehicles.

U.S. consumption of sport-utility vehicles increased during 1989-90, from 952,299 vehicles to 958,963 vehicles, representing an increase of under 1 percent. In 1991, consumption of sport-utility vehicles fell by 12 percent compared with the 1990 level.

Consumption of station wagons fell to 366,725 units in 1991 from 445,406 units in 1989, or by 18 percent.

Total consumption of minivans, full-size vans, sport-utility vehicles, and station wagons fell from *** million vehicles in 1989 to *** million vehicles in 1991, or by *** percent.

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[96] Data on U.S. and Canadian production of all passenger cars (including station wagons) and all trucks and buses (including minivans, full-size vans, and sport-utility vehicles), by firms, are presented in app. C. U.S. retail sales of passenger cars, by firms, are presented in app. D.

[96] The Commission received questionnaire responses from all U.S. producers of minivans, full-size vans, sport-utility vehicles, and station wagons. Staff estimates that the Commission received questionnaire responses from U.S. importers accounting for virtually all U.S. imports of these vehicles.

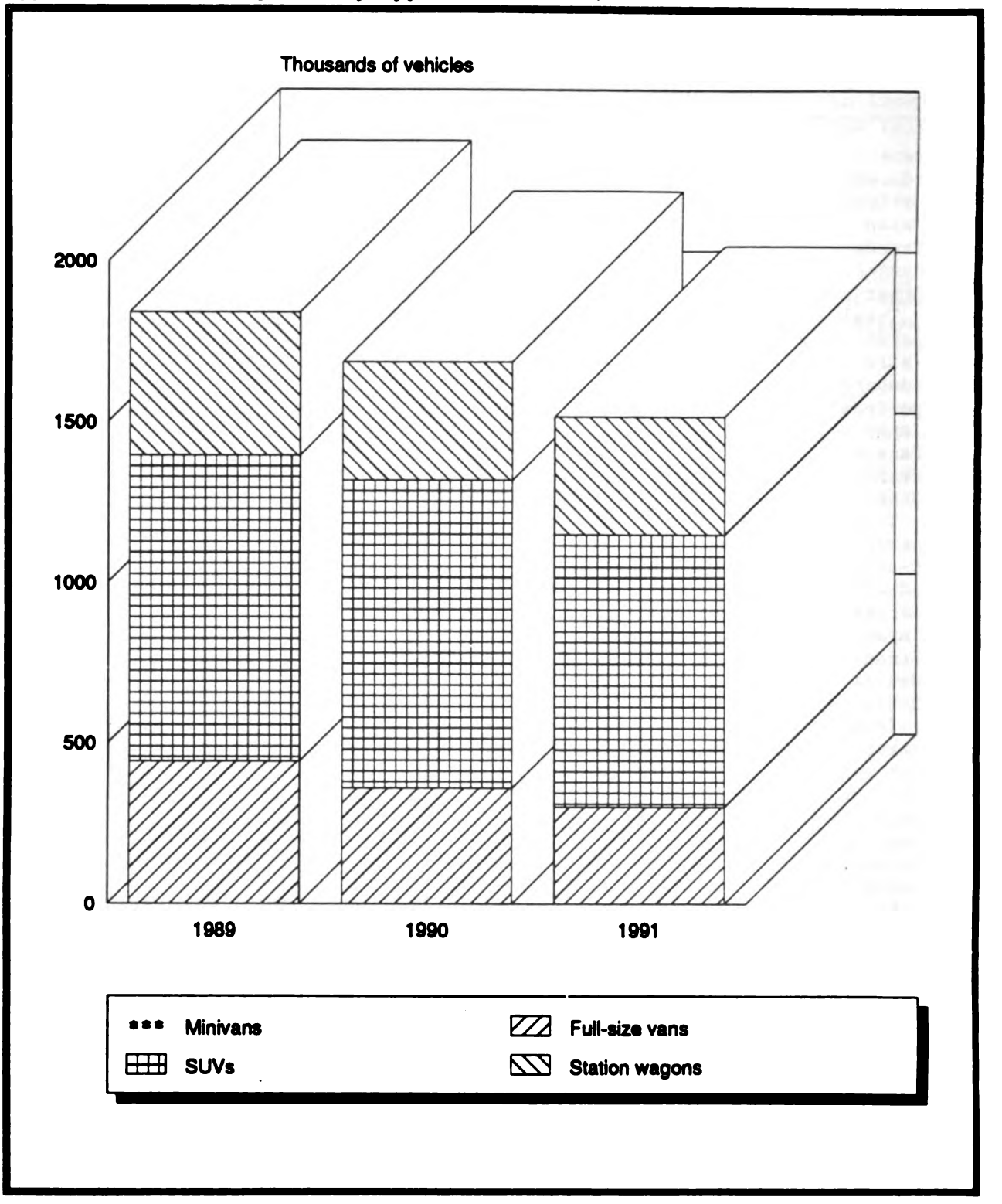
Table 5
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by types of vehicles, 1989-91

Item	Quantity (vehicles) 1989	1990	1991
Minivans:			
Producers' U.S. shipments	592,487	624,720	551,315
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	0	0	0
Other sources	0	0	0
Total	***	***	***
Apparent consumption	***	***	***
Full-size vans:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	0	0	0
Canada	***	***	***
Mexico	0	0	0
Other sources	***	***	***
Total	***	***	***
Apparent consumption	442,566	358,335	299,492
Sport-utility vehicles:			
Producers' U.S. shipments	687,239	684,646	617,443
Importers' U.S. shipments:			
Japan	167,320	173,313	135,218
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	265,060	274,317	231,068
Apparent consumption	952,299	958,963	848,511
Station wagons:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	***	***	***
Apparent consumption	445,406	367,063	366,725
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Producers' U.S. shipments	1,811,602	1,735,139	1,576,206
Importers' U.S. shipments:			
Japan	353,325	358,830	322,242
Canada	***	***	***
Mexico	***	***	***
Other sources	48,780	51,652	33,382
Total	***	***	***
Apparent consumption	***	***	***

Note.--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.

Figure 5
Minivans, full-size vans, sport-utility vehicles, and station wagons: Apparent U.S. consumption, by types of vehicles, 1989-91



Note.--SUVs denotes sport-utility vehicles.

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

U.S. Producers[97]

There are three U.S.-owned automakers: Chrysler, Ford, and GM. All three of these companies produce minivans. In addition to minivans, Chrysler, Ford, and GM produce full-size vans,[98] sport-utility vehicles, and station wagons,[99] as well as a full range of other types of passenger cars and trucks. Honda of America Manufacturing, Inc. and Subaru-Isuzu Automotive, Inc. produce station wagons and other types of passenger cars in the United States. Subaru-Isuzu also produces sport-utility vehicles in the United States. The names of U.S. producers of minivans, full-size vans, sport-utility vehicles, and station wagons, the locations of their plants, and each producer's share of U.S. production of such vehicles are presented in table 6.

GM, Ford, and Chrysler have extensive linkages to Japanese automakers.[100] In qualitative terms, industry sources state that the cooperation between Japanese automakers and U.S. automakers is considered to be a "learning situation" for the U.S. companies. This is not to imply that Japanese firms have not also learned from U.S. automakers. However, competitiveness of the U.S. auto industry is largely determined by the adoption and application of "lean production" systems as developed by Japanese automobile firms (primarily Toyota). Lean production is designed to eliminate waste in the production system, and has the advantages of increasing organizational and production flexibility and improving product quality. All three U.S.-owned automakers are striving to adopt lean production, and their cooperative relationships with Japanese firms are facilitating this difficult transition.[101]

CHRYSLER CORP.

Chrysler is the smallest of the three U.S.-owned automakers. The company was formed in 1925 by Walter P. Chrysler. In 1928, the firm developed the Plymouth model and acquired Dodge. In 1987, Chrysler purchased American Motors Corp. (AMC). Chrysler products are sold through its Chrysler-Plymouth Division, Dodge Division, and Jeep-Eagle Division.

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[97] The following histories of these automakers are derived primarily from information in The World Guide to Automobile Manufacturers, Nick Baldwin and others, Facts of File Publications, New York, 1987.

[98] Chrysler produces full-size vans in Canada; it does not produce any in the United States.

[99] Chrysler stopped producing station wagons in 1988. It does, however, import several station wagon models from Mitsubishi. These vehicles are manufactured in Japan.

[100] The major production linkages between the three U.S.-owned automakers and Japanese companies are described below. There are numerous other linkages between the automakers as well, involving component purchases, marketing and distribution arrangements, and technology arrangements. A fairly comprehensive overview of these increasingly complicated relationships is found in How the World's Automakers are Related, Ward's Automotive International, Detroit, 1991.

[101] Lean production and its implications for the U.S. auto industry are discussed in detail in James P. Womack, and others, in The Machine that Changed the World, Rawson Associates, New York, 1990.

Table 6
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. producers, the locations of their plants, and share of U.S. production, by types of vehicles and by firms, 1989-91

Type of vehicle and firm	Location of plant(s)	Firms' total share of U.S. production of type of vehicle-- 1989	1990	1991
			Percent	
Minivans:				
Chrysler	Fenton, MO[1]	***	***	***
Ford	Hazelwood, MO[1]	***	***	***
GM	Baltimore, MD	***	***	***
	North Tarrytown, NY[1]			
Full-size vans:				
Ford	Lorain, OH[1] [2]	***	***	***
GM	Lordstown, OH[1]	***	***	***
Sport-utility vehicles:[3]				
Chrysler	Toledo, OH	***	***	***
	Detroit, MI			
Ford	Louisville, KY[1]	***	***	***
	Wayne, MI[1]			
GM	Shreveport, LA	***	***	***
	Flint, MI			
	Pontiac, MI			
	Dayton, OH			
Subaru-Isuzu	Lafayette, IN[1]	(4)	***	***
Station wagons:[5]				
Ford	Hapeville, GA[1]	***	***	***
	Chicago, IL[1]			
	Wayne, MI[1]			
GM	Lakewood, GA[1] [6]	***	***	***
	Framingham, MA[1] [7]			
	Ypsilanti, MI[1]			
	Lordstown, OH[1]			
	Oklahoma City, OK[1]			
	Arlington, TX[1]			
	Janesville, WI[1]			
Honda	Marysville, OH[1]	(4)	***	***
Subaru-Isuzu	Lafayette, IN[1]	(4)	***	***

[1] Located in a foreign trade zone.
[2] ***.
[3] ***.
[4] Not applicable.
[5] ***.
[6] Plant idled in Aug. 1990.
[7] Plant idled in July 1989.

Note.--Because of rounding, percentages may not add to 100.

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

Chrysler produces minivans in Fenton, MO. Its wholly-owned subsidiary, Chrysler Canada, Ltd., produces minivans in Windsor, Ontario.[102] Chrysler is also in the process of building a minivan plant in Graz, Austria. Chrysler owns a 50-percent share in the Austrian venture named Eurostar, which is scheduled to begin production of minivans in 1992. Chrysler also produces sport-utility vehicles in Brampton, Ontario, Canada; Lago Alberto, Mexico (1985); Beijing, China (1985); and Valencia, Venezuela (1962).

In March 1992, Chrysler sold nearly 44 million shares of its holdings in Mitsubishi Motors Corp., reducing its stake to 5.88 percent from 10.99 percent.[103] Chrysler and Mitsubishi each owned a 50-percent share of Diamond-Star Motors Corp., an assembly plant in Normal, IL. In October 1991, Chrysler sold its 50-percent share to Mitsubishi. The autos produced in the plant are engineered mainly by Mitsubishi Motors Corp. and sold under different names by both companies. Chrysler sells the Diamond-Star-produced Eagle Talon, Plymouth Laser, and Eagle Summit. Mitsubishi Motors Corp. builds the Dodge Stealth in Japan, which was designed by Chrysler and engineered by Mitsubishi. Mitsubishi Motors Corp. supplies Chrysler with the 3.0-liter V-6 engine that Chrysler uses in its short-wheel-base minivans produced in Canada. Chrysler produces the V-6 engine used in its U.S.-produced minivans.

FORD MOTOR CO.

Ford is the second-largest U.S. automaker. In 1902, Henry Ford and Alexander Malcomson formed the Ford and Malcomson Co., which was reorganized in 1903 to become the Ford Motor Co. Early in the company's history it began making all its engines, chassis, and bodies for its autos. In 1907, Ford began producing the Model T, the automobile with which Henry Ford applied mass-production methods with renowned success. Although smaller than GM, Ford has a substantial international manufacturing and sales presence.

Ford produces minivans in its plant in Hazelwood, MO. ***.

Ford owns about 25 percent of Mazda Motor Corp. (Hiroshima, Japan). In its U.S. producers' questionnaire, Ford reported that it ***. Ford and Mazda produce certain types of vehicles for each other in their U.S. production facilities. For example, the Ford Probe is built by Mazda in Mazda's Flat Rock, MI, assembly plant,[104] where Mazda also assembles the Mazda MX-6 and the Mazda 626. Ford supplies the engines for the Probe and the MX-6. Ford supplies Mazda with the Navajo, a sport-utility vehicle based on the Ford Explorer, which is built in Ford's Louisville, KY, assembly plant. Ford does not import sport-utility vehicles from any source. Mazda engineered the Korean-built Ford Festiva subcompact car that is sold in the United States. Mazda also supplies Ford with certain transmissions, including the manual transmission used in the Ford Aerostar.[105] In addition to minivans and sport-utility vehicles, Ford produces full-size vans and station wagons in the United States. Ford also produces full-size vans in wholly-owned subsidiaries

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[102] Chrysler Canada, Ltd. has its own board of directors and operates independently of Chrysler Corp. in the United States (staff telephone interview with ***, July 2, 1991).

[103] Washington Post, Mar. 27, 1992, sec. F, p. F1.

[104] According to the Washington Post, Ford has agreed to buy a 50-percent stake in MMUC (Washington Post, Apr. 16, 1992, sec. B, p. B12).

[105] Ford Aerostars with manual transmissions account for approximately 2 percent of Ford's total sales of Aerostars (Hearing transcript, p. 96).

in Belgium and England. The vehicles produced at these locations are not exported to the United States. During the period of investigation, Ford also produced station wagons in St. Thomas, Ontario, Canada, and Hermosillo, Mexico. A portion of the production of station wagons at these locations is exported to the United States.

GENERAL MOTORS CORP.

GM is the largest U.S.-owned auto company. The company was founded in 1908 by William Crapo Durant, who subsequently purchased a number of other auto companies including Buick, Oldsmobile, Oakland (later Pontiac), Cadillac, and Chevrolet. GM's newest division, Saturn, produces passenger cars in Spring Hill, TN. GM has an extensive global production and sales presence.

GM produces autos in a joint effort with Toyota Motor Corp. (Japan) in Fremont, CA, at New United Motor Manufacturing, Inc. (NUMMI). NUMMI produces Toyota Corollas, Geo Prizms, and Toyota pickup trucks.[106] GM owns *** percent of Isuzu Motors, Ltd. (Japan) and *** percent of Suzuki (Japan). Isuzu Motors, Ltd. produces passenger cars, minivans, sport-utility vehicles, and pickup trucks in Japan. It exports all of these vehicles except minivans. GM imports passenger cars made by Isuzu (the Geo Storm). GM and Suzuki produce passenger cars (the Sprint, Metro, and Firefly) and sport-utility vehicles (the Tracker and Sidekick) in Ingersoll, Ontario, Canada in a 50/50 joint venture assembly plant, CAMI Automotive, Inc.

GM produces minivans in Baltimore, MD, and North Tarrytown, NY.[107] GM currently produces station wagons in Saint Therese, Canada, and in Germany, Brazil, and the United States.[108] Although GM imports into the United States some of the station wagons produced in Canada, it does not import station wagons from its European or Brazilian operations. GM also produces full-size vans in its plants in Ontario, Canada, and Lordstown, OH.

HONDA OF AMERICA MANUFACTURING, INC.

Honda of America Manufacturing, Inc. (HAM) began producing station wagons at its vehicle assembly plant in Marysville, OH, in November 1990. It did not produce minivans during the period of investigation nor does it have any known plans to do so. HAM has been producing other types of passenger cars (sedans, coupes, and hatchbacks) in Marysville and nearby East Liberty, OH, since 1982. HAM is a wholly-owned subsidiary of Honda Motor Co. (Honda), Tokyo, Japan. A related company, American Honda Motor Co., Inc., imports passenger cars from Canada and Japan. Honda produces passenger cars in Japan and Ontario, Canada for export to the United States. ***.

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[106] Geo brand automobiles are sold through Chevrolet dealers. All Geo products are made by, or in cooperation with, Japanese auto companies, and are produced in Japan, the United States, or Canada.

[107] The North Tarrytown plant is scheduled to close in 1995.

[108] During the period of investigation, GM also produced station wagons in Leeds, Framingham, and Oshawa, Canada. GM has ceased production of station wagons at these locations.

SUBARU-ISUZU AUTOMOTIVE, INC.

Subaru-Isuzu Automotive, Inc. (SIA) did not produce minivans or full-size vans during the period of investigation. Located in Lafayette, IN,[109] SIA is a joint venture between Fuji Heavy Industries, Ltd. (*** percent ownership) and Isuzu Motors Limited (*** percent ownership), both of Tokyo, Japan. SIA began producing station wagons (and sedans) in 1989 and sport-utility vehicles (and pickup trucks) in 1990. The station wagons and sedans are marketed by Subaru under the Legacy model name and the sport-utility vehicles are marketed by Isuzu under the Rodeo model name. SIA produces sedans on the same equipment and machinery it uses to produce station wagons. SIA produces sport-utility vehicles on the same equipment and machinery it uses in the production of pickup trucks. Pickup trucks account for approximately 40 percent of total production. ***.

U.S. PRODUCERS OF OTHER PASSENGER CARS AND TRUCKS

As mentioned above, there are other firms that produce passenger cars and trucks other than minivans, full-size vans, sport-utility vehicles, and station wagons in the United States. These include Diamond-Star Motors Corp. (Diamond-Star), Mazda Motor Manufacturing (USA) Corp. (MMUC), Nissan Motor Manufacturing Corp. U.S.A. (NMMC), New United Motor Manufacturing, Inc. (NUMMI), and Toyota Motor Manufacturing U.S.A., Inc. (TMM).[110] These firms were not surveyed by the Commission.

Diamond-Star is owned by Mitsubishi Motors Corp., Tokyo, Japan. Until October 1991, Chrysler Corp. owned a 50-percent share in Diamond-Star. Diamond Star began producing passenger cars in August 1988. MMUC in Flat Rock, MI, is a wholly-owned subsidiary of Mazda Motor Corp., Hiroshima, Japan. MMUC was launched in 1987.[111] NMMC is a wholly-owned subsidiary of Nissan Motor Co., Ltd., Tokyo, Japan. Its Symrna, TN, plant produces the subcompact Nissan Sentra and Nissan pickup trucks. NMMC began producing pickup trucks in 1983 and added the Sentra model several years later. As mentioned earlier, NMMC has an agreement with Ford to supply metal stampings for a new minivan that is being assembled at a Ford plant in Avon Lake, OH. NMMC will also build a 3-liter V-6 engine for the minivan. NUMMI is a GM-Toyota Motor Corp. joint venture in Fremont, CA. NUMMI began production in 1985. TMM opened its $650 million plant in Georgetown, KY, in 1988. A wholly-owned subsidiary of Toyota Motor Corp., Toyota City, Japan, TMM produces the Toyota Camry sedan and in early 1992 began producing the Camry station wagon.

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[109] SIA is located in a sub-zone of Foreign Trade Zone No. 72 in Indianapolis, IN.

[110] Volkswagen of America stopped producing passenger cars in the United States in 1988.

[111] As mentioned above Ford has reportedly agreed to buy a 50-percent stake in MMUC.

U.S. Importers

There are 22 importers of minivans, full-size vans, station wagons and/or sport-utility vehicles.[112] Table 7 presents a list of U.S. importers, the country origin of their imports and shares of imports, by types of vehicles. A brief description of the major importers follows.

CHRYSLER CORP.

During the period of investigation, Chrysler imported station wagons and sport-utility vehicles produced by Mitsubishi Motors Corp., in Japan.[113] Chrysler also imported, and continues to import, minivans and full-size vans from plants in Canada and sport-utility vehicles from plants in Canada and Mexico. Chrysler is the only importer of minivans from Canada.

DAIHATSU AMERICA, INC.

Daihatsu America, Inc. (Daihatsu) is a wholly owned subsidiary of Daihatsu Motor Co., Ltd., Osaka Prefecture, Japan. Daihatsu began importing sport-utility vehicles from Japan in November 1989. During the period of investigation, Daihatsu also imported new passenger cars produced by its parent company in Japan.[114] In early 1992, Daihatsu Motor Co., Ltd. announced that it would stop exporting all vehicles to the United States.

FORD MOTOR CO.

In 1990, Ford discontinued the importation of full-size station wagons (LTD Crown Victoria and Grand Marquis) that were produced at its St. Thomas, Ontario, Canada, plant. Ford continues to import small station wagons from its plant in Hermosillo, Mexico. It also imports other types of passenger vehicles from Australia and South Korea.

GENERAL MOTORS CORP.

GM imports full-size vans, station wagons, sport-utility vehicles, and other types of passenger cars. Its full-size vans and station wagons are produced in its assembly plants in Canada. GM imported sport-utility vehicles (Geo Tracker) from Suzuki Motor Co., Ltd., (Japan) from September 1988 until mid-1989. Beginning in 1989, it imported its Geo Tracker from Canada, where GM of Canada had entered into a joint venture operation with Suzuki of Japan for the production of sport-utility vehicles. GM is a 50-percent partner in the joint-venture company, CAMI Automotive, Inc.

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[112] There are approximately 15 other firms that import passenger vehicles other than minivans, full-size vans, sport-utility vehicles, and station wagons.

[113] As noted above, Chrysler owns approximately 5.88 percent of Mitsubishi Motors Corp's shares. Chrysler stopped importing sport-utility vehicles from Mitsubishi in 1989.

[114] Daihatsu Motor Co., Ltd. does not produce minivans.

Table 7
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. importers and country of origin of imports, by types of vehicles and by firms, 1989-91

Type of vehicle and firm	Country of origin of imports	Share of total quantity of U.S. imports of type of vehicle-- 1989	1990	1991
		Percent		
Minivans:				
Chrysler	Canada	***	***	***
Mazda (MMA)	Japan	***	***	***
Mazda (PR)	Japan	***	***	***
Mitsubishi	Japan	***	***	***
Nissan (U.S.A.)	Japan	***	***	***
Nissan (Hawaii)	Japan	***	***	***
Toyota (TMS)	Japan	***	***	***
Toyota (PR)	Japan	***	***	***
Toyota (Hawaii)	Japan	***	***	***
Full-size vans:				
Chrysler	Canada	***	***	***
GM	Canada	***	***	***
Volkswagen	Germany	***	***	***
Sport-utility vehicles:				
Chrysler	Japan,[1] Canada, Mexico	***	***	***
Daihatsu	Japan	***	***	***
GM	Canada, Japan[2]	***	***	***
Isuzu	Japan, Taiwan	***	***	***
Mitsubishi	Japan	***	***	***
Nissan (U.S.A.)	Japan	***	***	***
Nissan (Hawaii)	Japan	***	***	***
Nissan (PR)	Japan	***	***	***
Range Rover	Great Britain	***	***	***
Suzuki	Canada, Japan	***	***	***
Toyota (TMS)	Japan	***	***	***
Toyota (PR)	Japan	***	***	***
Toyota (Hawaii)	Japan	***	***	***
Station wagons:				
Chrysler	Japan	***	***	***
Ford	Mexico, Canada[3]	***	***	***
GM	Canada	***	***	***
American Honda	Japan	***	***	***
Mercedes-Benz	Germany	***	***	***
Mitsubishi	Japan	***	***	***
Nissan (U.S.A.)	Japan	***	***	***
Nissan (Hawaii)	Japan	***	***	***
Nissan (PR)	Japan	***	***	***
Peugeot	France	***	***	***
Subaru	Japan	***	***	***
Toyota (TMS)	Japan	***	***	***
Toyota (PR)	Japan	***	***	***
Toyota (Hawaii)	Japan	***	***	***
Volkswagen	Brazil,[4] Germany	***	***	***
Volvo	Belgium, Canada, Sweden	***	***	***

[1] ***.
[2] ***.
[3] ***.
[4] ***.

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

AMERICAN HONDA MOTOR CO., INC.

During 1989-91, American Honda Motor Co., Inc. (American Honda) imported station wagons and other types of passenger cars from its parent company in Japan. It also imported passenger cars from a related company in Alliston, Ontario, Canada and is responsible for the sales and distribution of Honda's U.S.-made passenger cars.

ISUZU MOTORS AMERICA, INC.

Isuzu Motors America, Inc. (Isuzu) is the importer of record of sport-utility vehicles produced by its parent company Isuzu Motors, Ltd., Tokyo, Japan and by Sanfu Motors, Ltd. in Taiwan. Isuzu imports two models of sport-utility vehicles, the Trooper (from Japan and Taiwan) and the Amigo (from Japan). In addition, Isuzu imports other types of new passenger cars and trucks from Japan.[115]

MAZDA MOTORS OF AMERICA, INC.[116]

Mazda Motors of America, Inc. (Mazda/MMA) imports new passenger cars and trucks from Japan. Mazda introduced its MPV minivan in the fall of 1988. In addition, as mentioned above, MMUC, a related company, produces passenger cars in Flat Rock, MI. As noted previously, Mazda began purchasing a sport-utility vehicle (the Navajo) from Ford in 1990.

MERCEDES-BENZ OF NORTH AMERICA, INC.

Mercedes-Benz of North America, Inc. (Mercedes-Benz) is the importer of record of station wagons and other types of passenger cars built by Daimler-Benz A.G., Stuttgart, Germany.[117] Although Daimler-Benz produces a sport-utility vehicle (the Gaelendawagen) in Austria, it does not export the vehicle to the United States. Mercedes-Benz imports approximately *** station wagons a year.

MITSUBISHI MOTOR SALES OF AMERICA, INC.

During 1989-91, Mitsubishi Motor Sales of America, Inc. (Mitsubishi) imported minivans and sport-utility vehicles from its parent company, Mitsubishi Motors Corp., Tokyo, Japan. Mitsubishi stopped importing minivans into the United States in 1990, and in August 1991 it began importing station wagons.[118]

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[115] Although Isuzu Motors, Ltd. produces minivans in Japan, it does not export them to the United States.

[116] Mazda Motors of America, Inc., is the major U.S. importer of vehicles made by Mazda Motor Corp. in Japan. Another firm, Plaza Motors Corp. (Mazda (PR)), imports Mazda vehicles into Puerto Rico.

[117] Daimler-Benz A.G. does not produce minivans.

[118] Although Mitsubishi considers the vehicles station wagons, Autoweek described them as "tall station wagons, or--for the lack of better nomenclature--mini minivans" ("Mitsubishi to Introduce Two New 'Mini'

(continued...)

NISSAN MOTOR CORP. IN U.S.A.[119]

During the period of investigation, Nissan Motor Corp. in U.S.A. (Nissan) imported minivans, station wagons, sport-utility vehicles, and other types of passenger cars and trucks that were produced by its parent company, Nissan Motor Co., Ltd., in Japan. Nissan stopped importing minivans in mid-1989. For purposes of the Commission's importers' questionnaire, Nissan classified imports of its vehicle called the Axxess as station wagons. Nissan stopped importing the Axxess in late 1989.[120] The petitioners maintain that the Axxess is a minivan.[121] Road & Track magazine describe the Nissan Axxess as "bigger-than-a-miniwagon-smaller-than-a-minivan."[122] When Nissan introduced the Axxess, Motor Trend magazine said that the "Axxess is pioneering a new vehicle class."[123] On the other hand, Ward's Automotive Weekly classifies the Axxess as a minivan. Unliks a minivan or a station wagon, the Axxess had sliding side doors on both sides of the vehicle. Furthermore, the EPA classified the Axxess as a passenger vehicle for CAFE purposes, whereas it classifies minivans as trucks. In addition, the Department of Transportation required the Axxess to meet the safety standards established for passenger cars, not those for trucks. For purposes of the staff report, the Axxess has been classified as an imported station wagon.

PEUGEOT MOTORS OF AMERICA, INC.

Peugeot Motors of America, Inc. (Peugeot) imported station wagons from its parent company, Automobiles Peugeot, Paris, France. In August 1991, Automobiles Peugeot announced that it would no longer manufacture passenger cars for the U.S. market. During the period of investigation, Peugeot imported less than *** station wagons per year. All of its station wagons are equipped with 4-cylinder engines and have front-wheel or rear-wheel drive configurations. In 1990, all of its shipments of station wagons were to dealers. Peugeot also imported other types of new passenger cars from France.

RANGE ROVER OF NORTH AMERICA

Range Rover of North America (Range Rover) imports sport-utility vehicles from Great Britain. The vehicles retail for approximately $40,000.

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[118] (...continued)
Minivans," Autoweek, May 6, 1991, p. 5). For the specifications of this vehicle, see Mitsubishi's postconference brief. Commerce did not consider these vehicles to be minivans.

[119] Nissan Motor Corp. in U.S.A. is the major U.S. importer of vehicles made by Nissan Motor Co., Ltd. in Japan. Two additional firms, Nissan Motor Co. in Hawaii, Ltd. and Motorambar, Inc., import Nissan vehicles into Hawaii and Puerto Rico, respectively.

[120] Nissan only imported the Axxess in 1989. During that year, it imported *** units valued at $*** million.

[121] Conference exhibit 1 (petitioners' exhibits).

[122] John Lamm, "Nissan Axxess, A People-mover With Panache," Road & Track, May 1989, p. 146.

[123] Jack R. Nerad, "Nissan Axxess, The Class of a New Class," Motor Trend, April 1989, p. 79.

SUBARU OF AMERICA, INC.

Subaru of America, Inc. (Subaru) imports station wagons from its parent company, Fuji Heavy Industries of Japan. Most of Subaru's station wagons are 4-wheel drive vehicles.

AMERICAN SUZUKI MOTOR CORP.

American Suzuki Motor Corp. (Suzuki) imports sport-utility vehicles and passenger cars from Japan and sport-utility vehicles from Canada. Suzuki is a subsidiary of Suzuki Motor Corp., Hamamatsu City, Japan, from which it imports its Japanese-made vehicles. The sport-utility vehicles which it imports from Canada are assembled by CAMI Automotive, Inc. As mentioned above, CAMI is a joint venture between Suzuki Motor Corp. (Japan) and GM.

TOYOTA MOTOR SALES, U.S.A., INC.[124]

During the period of investigation, Toyota Motor Sales, U.S.A., Inc. (TMS) imported minivans, station wagons, sport-utility vehicles, and other types of passenger cars and trucks from Japan. These vehicles were produced by its parent company, Toyota Motor Corp. TMS imported two models of minivans, the Toyota Van, which was terminated in December 1990, and the Toyota Previa, which was introduced in January 1990. ***.

VOLKSWAGEN NORTH AMERICA CORP.

Volkswagen North America Corp. (Volkswagen) is the importer of Volkswagen and Audi automobiles. Volkswagen and Audi market station wagons produced in Germany. Volkswagen also imported station wagons from Brazil. Volkswagen imports a van known as the Vanagon. In its importers' questionnaire response, Volkswagen reported the Vanagon as a full-size van although others consider it a minivan. For purposes of the staff report, the Vanagon has been classified as an imported full-size van.

VOLVO NORTH AMERICA CORP.

Volvo North America Corp. (Volvo) imports station wagons from Sweden, Belgium, and Canada. Volvo is a wholly-owned subsidiary of A.B. Volvo, Gothenburg, Sweden. In its response to the Commission's importers' questionnaire, Volvo reported that ***. Volvo's North American plant is in Halifax, Nova Scotia, Canada.

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[124] Toyota Motor Sales, U.S.A., Inc. imports the majority of vehicles made by Toyota Motor Corp. in Japan. Two additional importers, Servco Pacific, Inc. (Toyota (Hawaii)) and Gomez Hermanos, Inc. (Toyota (PR)), import Toyota vehicles into Hawaii and Puerto Rico, respectively.

Channels of Distribution

Over 85 percent of U.S. producers' combined U.S. shipments of minivans, full-size vans, sport-utility vehicles, and station wagons were made to dealers in 1991 (table 8).

Sales to rental fleets (fleet sales) account for nearly 10 percent of all new passenger car sales. This segment is so important to automobile companies that some have rental car subsidiary companies. For example, Pentastar Transportation Group, a subsidiary of Chrysler Corp., includes Thrifty Rent-A-Car System, Inc., Snappy Rental, Inc., and Dollar Rent-A-Car Systems, Inc. Automobile companies hope that people like their rental cars and decide to buy one of their own. Based on this rationale, auto companies offer steep discounts to fleet buyers and allow rental-car companies to restock as often as every 4 months. This practice, however, adds more than 1 million low-mileage used cars to the market each year.[125] Chrysler, Ford, GM, Mazda, and Mitsubishi buy back part of the rental fleets and then auction them to dealers. Such fleet buybacks can be profitable for dealers since margins on used cars are typically higher than those on new cars. These nearly new cars, however, tend to undercut the car companies' new car sales to dealers.[126] Many automakers are starting to reduce their fleet sales for this reason. Many of the rental cars that are not bought back by the manufacturer are sold through used car sales operations of rental companies.

Table 9 presents data on the quantity of minivans, full-size vans, sport-utility vehicles, and station wagons that were sold to fleet customers by U.S. producers and U.S. importers during 1989-91. The data show that U.S. producers generally rely more heavily on fleet sales than do importers, although a greater share of imported minivans went to that market in 1989. Table 10 presents data on U.S. producers' and importers' resales (usually at auction) of fleet vehicles and company executive vehicles.

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[125] James B. Treece, "Detroit Could Use an Air Bag Itself," Business Week, Jan. 14, 1991, p. 67.

[126] Ibid.

Table 8
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. producers' and U.S. importers' U.S. shipments[1] to dealers,[2] government, and other end users,[3] by types of vehicles, 1991

Type of company and vehicle	Dealers	Government	Other end users
	Number of vehicles		
U.S. producers:			
Minivans	494,400	***	***
Full-size vans	***	***	***
Sport-utility vehicles	554,008	7,388	56,047
Station wagons	***	***	***
Total	1,394,771	***	***
U.S. importers:			
Minivans	243,546	***	***
Full-size vans	***	***	***
Sport-utility vehicles	215,070	***	***
Station wagons	***	***	***
Total	686,703	***	***
	Share of U.S. shipments (percent)		
U.S. producers:			
Minivans	89.7	***	***
Full-size vans	***	***	***
Sport-utility vehicles	89.7	1.2	9.1
Station wagons	***	***	***
Average	88.5	***	***
U.S. importers:			
Minivans	79.1	***	***
Full-size vans	***	***	***
Sport-utility vehicles	93.1	***	***
Station wagons	***	***	***
Average	86.1	***	***

[1] U.S. shipments equal domestic shipments plus company transfers.
[2] Some companies make fleet sales from dealer stocks.
[3] May include company transfers and vehicles for company use in testing, evaluation, and pool transportation. ***.

Note.--Because of rounding, percentages may not add to 100.

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

Table 9
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. producers' and U.S. importers' fleet sales, by types of vehicles, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
U.S. producers' fleet sales:			
Minivans	104,432	178,616	147,892
Full-size vans	***	***	***
Sport-utility vehicles	56,328	68,000	52,205
Station wagons	***	***	***
Total	395,748	***	330,124
U.S. importers' fleet sales:			
Minivans[1]	***	***	***
Full-size vans	***	***	***
Sport-utility vehicles	9,048	7,719	7,961
Station wagons	12,973	14,167	7,132
Total	***	***	***
	Share of U.S. shipments[2] (percent)		
U.S. producers' fleet sales:			
Minivans	17.6	28.6	26.8
Full-size vans	***	***	***
Sport-utility vehicles	8.2	9.9	8.5
Station wagons	***	***	***
Average	21.8	***	20.9
U.S. importers' fleet sales:			
Minivans	***	***	***
Full-size vans	***	***	***
Sport-utility vehicles	3.4	2.8	3.4
Station wagons	5.9	7.9	4.9
Average	***	***	***

[1] Includes imports of both Canadian and Japansse minivans. During 1989-91, Chrysler sold ***, ***, and *** vehicles to fleet customers, respectively. Mazda sold ***, ***, and *** vehicles to fleet customers, during 1989-91, respectively. During 1989-91, Toyota sold ***, ***, and *** vehicles to fleet customers, respectively. Other importers of minivans from Japan reported small numbers of fleet sales during 1989-91.

[2] U.S. shipments equal domestic shipments plus company transfers.

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

Table 10
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. producers' and U.S. importers' resales of fleet vehicles and company executive vehicles, by types of vehicles, 1989-91

(Number of vehicles)

Item	1989	1990	1991
U.S. producers' resales of--			
Fleet vehicles:			
Minivans	***[1]	***	57,410
Full-size vans	***	***	***
Sport-utility vehicles	***[1]	***	6,145
Station wagons	***	***	***
Total	***	***	74,536
Company executive vehicles:			
Minivans	***[1]	12,379	13,224
Full-size vans	***	***	***
Sport-utility vehicles	***[1]	***	7,498
Station wagons	***	***	***
Total	***	***	***
U.S. importers' resales of--			
Fleet vehicles:			
Minivans	***[1]	***	***
Full-size vans	***[1]	***	***
Sport-utility vehicles	***[1]	***	***
Station wagons	***	6,657	10,995
Total	***	24,555	33,236
Company executive vehicles:			
Minivans	***[1]	3,171	3,850
Full-size vans	***[1]	2,134	1,590
Sport-utility vehicles	1,119[1]	1,924	2,500
Station wagons	2,657	3,444	3,146
Total	7,852	10,673	11,086

[1] Excludes resales of fleet vehicles and company executive vehicles by ***.

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

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES[127]

U.S. Capacity, Production, and Capacity Utilization

As noted above, U.S. producers assemble minivans on totally dedicated assembly lines. However, some producers' lines that assemble full-size vans, sport-utility vehicles, and station wagons also assemble other vehicles. Capacity, production, and capacity utilization rates of U.S. producers of minivans, full-size vans, sport-utility vehicles, and station wagons are presented in table 11.

U.S. producers reported that average-of-period capacity to produce minivans increased from 761,109 vehicles in 1989 to over 914,000 vehicles in 1990 and 1991, representing an increase of 20 percent. U.S. production of minivans increased by over 4 percent from 1989 to 1990, but fell by nearly 8 percent in 1991 when compared with the year-earlier period. Because the increase in capacity to produce minivans outpaced the increase in production during 1989-90, capacity utilization rates fell; from over 87 percent to 76 percent. Capacity utilization fell again in 1991, to 70 percent.

U.S. producers' capacity to produce full-size vans remained unchanged in 1989-90 and increased by *** percent in 1991. Production of full-size vans fell by *** percent during 1989-91. Capacity utilization rates for full-size van producers in the United States fell from *** percent in 1989 to less than *** percent in 1991.

U.S. capacity to produce sport-utility vehicles increased by 32 percent during 1989-91. Production of sport-utility vehicles fell by 10 percent during 1989-91. Capacity utilization of U.S. sport-utility vehicle producers fell from 91 percent in 1989 to 62 percent in 1991.

U.S. capacity to produce station wagons fell irregularly from approximately *** vehicles in 1989 to *** vehicles in 1991, or by *** percent. Production of station wagons in the United States fell by *** percent from 1989 to 1990. Station wagons were, however, the only vehicles examined by the Commission that reported an increase in production in 1991 compared with 1990--showing a ***-percent increase.[128] Capacity utilization for station wagon producers increased from *** percent in 1989 and 1990 to *** percent in 1991.

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[127] Selected trade and employment data for U.S. producers, by company, are presented in app. E. For summary purposes of like product considerations, certain salient data involving minivans and different combinations of vehicles have been prepared. These data are presented in app. F.

[128] As noted above, Subaru-Isuzu and Honda began producing station wagons in the United States in 1990.

Table 11
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. capacity, production, and capacity utilization, by types of vehicles, 1989-91

Item	1989	1990	1991
	Average-of-period capacity (vehicles)		
Minivans	761,109	914,109	914,109
Full-size vans	***	***	***
Sport-utility vehicles	841,952	988,779	1,110,767
Station wagons	***	***	***
Total	2,535,887	2,724,052	2,873,276
	Production (vehicles)		
Minivans	666,285	696,054	642,411
Full-size vans	***	***	***
Sport-utility vehicles	766,677	754,281	692,177
Station wagons	***	***	***
Total	2,001,677	1,897,722	1,788,917
	Capacity utilization (percent)		
Minivans	87.5	76.1	70.3
Full-size vans	***	***	***
Sport-utility vehicles	91.1	76.3	62.3
Station wagons	***	***	***
Average	78.9	69.6	62.3

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information.

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

U.S. Producers' Shipments[129]

U.S. producers' shipments of minivans, full-size vans, sport-utility vehicles, and station wagons are presented in table 12. U.S. producers' U.S. shipments[130] of minivans increased from 592,487 vehicles in 1989 to 624,720 vehicles in 1990, representing an increase of over 5 percent. In 1991, U.S. shipments fell by 12 percent compared with 1990. Unit values of U.S. shipments of minivans increased in every year of investigation, increasing by approximately 4 percent from 1989 to 1991. As a result, during 1989-91 the total value of U.S. shipments of minivans registered a smaller decline than did total quantities; falling by less than 4 percent compared with a 7-percent decline in terms of quantity. U.S. producers' exports of minivans increased irregularly by 25 percent during 1989-91. In 1991, exports accounted for 14 percent of U.S. producers' total minivan shipments. U.S.

[129] Data on U.S. producers' and U.S. importers' shipments of minivans by selected types of features are presented in app. G.

[130] U.S. shipments equal domestic shipments plus company transfers.

Table 12
Minivans, full-size vans, sport-utility vehicles, and station wagons: Shipments by U.S. producers, by types of vehicles, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
Minivans:			
Company transfers	14,129	14,124	15,692
Domestic shipments	578,358	610,596	535,623
Subtotal	592,487	624,720	551,315
Exports	73,614	73,192	91,705
Total	666,101	697,912	643,020
Full-size vans:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Company transfers	8,557	28,669	44,843
Domestic shipments	678,682	655,977	572,600
Subtotal	687,239	684,646	617,443
Exports	79,981	68,558	75,538
Total	767,220	753,204	692,981
Station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Company transfers	29,329	65,956	94,842
Domestic shipments	1,782,273	1,669,183	1,481,364
Subtotal	1,811,602	1,735,139	1,576,206
Exports	194,783	173,286	214,054
Total	2,006,385	1,908,425	1,790,260

Table continued on next page.

Table 12--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons:
Shipments by U.S. producers, by types of vehicles, 1989-91

Item	1989	1990	1991
	Value (million dollars)		
Minivans:			
Company transfers	200	209	243
Domestic shipments	8,153	8,820	7,808
Subtotal	8,353	9,029	8,051
Exports	1,011	1,042	1,434
Total	9,364	10,071	9,485
Full-size vans:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Company transfers	136	400	604
Domestic shipments	10,311	10,721	9,721
Subtotal	10,446	11,121	10,325
Exports	1,226	1,146	1,304
Total	11,673	12,267	11,629
Station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Company transfers	418	874	1,269
Domestic shipments	24,824	24,430	22,321
Subtotal	25,242	25,303	23,590
Exports	2,746	2,578	3,396
Total	27,987	27,881	26,986

Table continued on next page.

Table 12--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: Shipments by U.S. producers, by types of vehicles, 1989-91

Item	1989	1990	1991
	Unit value (per vehicle)		
Minivans:			
Company transfers	$14,178	$14,798	$15,496
Domestic shipments	14,096	14,444	14,578
Average	14,098	14,452	14,604
Exports	13,732	14,235	15,635
Average	14,058	14,430	14,751
Full-size vans:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Company transfers	15,864	13,941	13,463
Domestic shipments	15,192	16,344	16,978
Average	15,201	16,243	16,722
Exports	15,334	16,720	17,261
Average	15,215	16,287	16,781
Station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Company transfers	14,243	13,244	13,384
Domestic shipments	13,928	14,636	15,068
Average	13,933	14,583	14,966
Exports	14,096	14,876	15,864
Average	13,949	14,609	15,074

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded figures, using data of firms supplying both quantity and value information.

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

producers listed Canada, Mexico, France, and Germany as primary export markets for minivans.

U.S. shipments and exports of full-size vans fell *** and *** percent, respectively, during 1989-91. Unit values of U.S. shipments of full-size vans

fluctuated annually by approximately *** percent during 1989-91. Unit values of export shipments increased by *** percent during 1989-91.

Sport-utility vehicle U.S. shipments fell from 687,239 vehicles in 1989 to 617,443 vehicles in 1991, or by 10 percent. U.S. producers exported sport-utility vehicles to Canada, Europe, and the Middle East. Such export shipments fell by 14 percent from 1989 to 1990, before increasing by 10 percent in 1991. The unit values of U.S. and export shipments rose throughout the period of investigation.

Producers' U.S. shipments of station wagons fell from *** vehicles in 1989 to *** vehicles in 1990, or by *** percent. In 1991, U.S. shipments increased by *** percent compared with 1990 levels to *** vehicles. The value of U.S. shipments of station wagons fell by *** percent from 1989 to 1990 before increasing by approximately *** percent in 1991 to over $*** billion.

U.S. Producers' Inventories

U.S. producers typically do not keep large inventories of finished vehicles. Once a vehicle is assembled, it is often shipped within a short period of time. As a share of production, U.S. producers' inventories of minivans, sport-utility vehicles, and station wagons were less than *** percent (table 13). Inventories of full-size vans fell from a high of *** percent of production in 1989 to *** percent in 1991.

Table 13
Minivans, full-size vans, sport-utility vehicles, and station wagons: End-of-period inventories of U.S. producers, by types of vehicles, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
Minivans	5,197	***	2,730
Full-size vans	***	***	***
Sport-utility vehicles	***	***	***
Station wagons	***	***	***
Total	***	***	6,930
	Ratio to production (percent)		
Minivans	0.8	***	0.4
Full-size vans	***	***	***
Sport-utility vehicles	***	***	***
Station wagons	***	***	***
Average	***	***	.5

Note.--Ratios are calculated using data of firms supplying both information on inventory and production.

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

U.S. Employment, Wages, Compensation, and Productivity

The United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) represents nearly all production and related workers at vehicle assembly plants in the United States.[131] The exceptions to union representation are the production and related workers producing station wagons at Honda's Marysville, OH, plant, and those producing station wagons and sport-utility vehicles at SIA.

Under a 3-year collective bargaining agreement between the UAW and Chrysler, Ford, and GM (which took effect in November 1990), workers whose jobs are made redundant through productivity improvement continue to be employed and receive full wages and benefits. These workers are assigned to a "jobs bank" and may perform a variety of production-related or non-production-related tasks within the plant. In addition, all workers on temporary or indefinite layoff receive 95 percent of their standard after-tax take-home pay for 36 weeks over the duration of the collective bargaining agreement. Beyond 36 weeks, they collect full wages and benefits. Petitioners have argued that because of the collective bargaining agreement, a large portion of labor costs associated with the production of minivans have become more like fixed costs.[132]

Chrysler has an agreement with the UAW at its Fenton, MO, assembly plant producing minivans which permits a three-crew/three-shift work schedule should market conditions warrant. Implementation of this alternative work schedule would allow 1,000 workers who lost their jobs at an adjacent Chrysler passenger car plant to return to work. In the preliminary investigation, Chrysler reported that the alternative work schedule was highly unlikely unless market conditions improved and that the alternative work schedule, which was to begin in the fall of 1991, had been delayed until January 1992 at the earliest. Chrysler did implement the alternative work schedule during the first quarter of 1992.

Table 14 presents data on U.S. employment, wages, compensation, productivity, and unit labor costs.[133] The number of production and related workers producing minivans fell from 12,481 in 1989 to 10,625 in 1991, or by 15 percent. Hours worked in the production of minivans fell irregularly by 3 percent from 1989 to 1991. During 1989-91, hourly total compensation paid to production and related workers of minivans increased by 6 percent. Productivity declined irregularly from 28.5 vehicles per 1,000 manhours in

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[131] Production and related workers at Chrysler's Windsor, Ontario, Canada minivan and full-size van assembly plants, Chrysler's Brampton, Ontario, Canada sport-utility vehicle assembly plant, and GM's Scarborough, Ontario, Canada full-size van assembly plant are represented by the Canadian Automobile Workers (CAW) and are covered by the same or similar collective bargaining agreements.

[132] Petition, p. 3. A summary of the 1990 UAW contract and data on the total number of laid off production and related workers receiving compensation under union contracts and the total compensation paid to such workers are presented in app. H.

[133] These figures do not include data for laid off production and related workers receiving compensation under union contracts.

Table 14
Average number of U.S. production and related workers producing minivans, full-size vans, sport-utility vehicles, and station wagons, hours worked,[1] wages and total compensation paid to such employees, and hourly wages and total compensation, productivity, and unit labor costs,[2] by types of vehicles, 1989-91[3]

Item	1989	1990	1991
	Number of production and related workers (PRWs)		
Minivans	12,481	11,765	10,625
Full-size vans	***	***	***
Sport-utility vehicles	14,211	13,903	11,237
Station wagons	***	***	***
Total	35,443	33,975	29,720
	Hours worked by PRWs (1,000 hours)		
Minivans	23,376	23,829	22,661
Full-size vans	***	***	***
Sport-utility vehicles	28,030	25,380	20,999
Station wagons	***	***	***
Total	69,525	64,099	60,365
	Wages paid to PRWs (1,000 dollars)		
Minivans	450,852	491,544	443,462
Full-size vans	***	***	***
Sport-utility vehicles	542,329	501,428	439,035
Station wagons	***	***	***
Total	1,390,365	1,323,707	1,261,885
	Total compensation paid to PRWs (1,000 dollars)		
Minivans	697,950	754,475	718,977
Full-size vans	***	***	***
Sport-utility vehicles	862,605	794,024	706,781
Station wagons	***	***	***
Total	2,097,645	1,978,059	1,935,460
	Hourly wages paid to PRWs		
Minivans	$19.29	$20.63	$19.57
Full-size vans	***	***	***
Sport-utility vehicles	19.35	19.76	20.91
Station wagons	***	***	***
Average	20.00	20.65	20.90

See footnotes at end of table.

Table 14--Continued
Average number of U.S. production and related workers producing minivans, full-size vans, sport-utility vehicles, and station wagons, hours worked,[1] wages and total compensation paid to such employees, and hourly wages and total compensation, productivity, and unit labor costs,[2] by types of vehicles, 1989-91[3]

Item	1989	1990	1991
	Hourly total compensation paid to PRWs		
Minivans	$29.86	$31.66	$31.73
Full-size vans	***	***	***
Sport-utility vehicles	30.77	31.29	33.66
Station wagons	***	***	***
Average	30.17	30.86	32.06
	Productivity (vehicles per 1,000 manhours)		
Minivans	28.5	29.2	28.3
Full-size vans	***	***	***
Sport-utility vehicles	27.4	29.1	31.4
Station wagons	***	***	***
Average	28.8	29.1	28.6
	Unit labor costs (per vehicle)		
Minivans	$1,048	$1,084	$1,119
Full-size vans	***	***	***
Sport-utility vehicles	1,125	1,077	1,071
Station wagons	***	***	***
Average	1,048	1,060	1,121

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] Firms providing employment data accounted for 100 percent of reported total U.S. shipments of minivans and full-size vans (based on quantity) in 1991, *** percent of sport-utility vehicles and *** percent of station wagons.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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

1989 to 28.3 vehicles in 1991.[134] Unit labor costs increased during every period of investigation, from $1,048 per vehicle in 1989 to $1,119 per vehicle in 1991, representing an increase of 7 percent.

The number of production and related workers producing full-size vans declined in every period of the investigation. The hours worked, and wages and total compensation paid to such workers declined from 1989 to 1990, before increasing in 1991.

The number of production and related workers, the hours worked, and wages and total compensation paid to such workers producing sport-utility vehicles declined in every year of the Commission's investigation.

The number of production and related workers producing station wagons increased from 1989 to 1991, by *** percent. The hours worked, and wages and total compensation paid to such workers fell from 1989 to 1990 before increasing in 1991 to levels above those in 1989.

In its producers' questionnaire, the Commission requested U.S. producers to provide detailed information concerning reductions in the number of production and related workers producing minivans, full-size vans, sport-utility vehicles, and station wagons, during January 1989 through December 1991, if such reductions involved at least 5 percent of the workforce, or 50 workers. The reported reductions are shown in table 15. During the period of investigation, GM reported *** separate instances of layoffs which permanently reduced their minivan workforce by a total of *** workers. GM also reported permanent layoffs of *** workers producing full-size vans. Chrysler and GM reported *** separate permanent layoffs of production and related workers producing sport-utility vehicles. These layoffs totalled *** workers. GM reported *** separate instances of layoffs which permanently reduced their station wagon workforce by a total of *** workers.

Table 15
Minivans, full-size vans, sport-utility vehicles, and station wagons: Reductions in the number of production and related workers, by types of vehicles, by locations, and by dates, January 1, 1989, through December 31, 1991

Type of vehicle, name of firm, and plant location	Date	Number of workers	Duration	Reason
*	*	*	*	*	*	*

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

[134] GM advises caution in the calculation of productivity based on the data on production and hours worked collected by the Commission in its producers' questionnaires. GM states that ***.

Financial Experience of U.S. Producers

Financial information was provided on minivan operations by the three U.S. producers.[135] Financial information was also provided on full-size vans,[136] station wagons,[137] and sport-utility vehicles.[138] The minivan data, representing all U.S. production of minivans in 1989-91, are presented in this section. Data on the other products are presented in appendix I. The financial data do not include Chrysler's Canadian operations, which are presented separately in appendix J.

As the result of on-site verifications subsequent to the prehearing report, revisions were made to the financial data. The net effect of the revisions on the U.S. producers' net income before taxes is a reduction of $3 million in 1989, a reduction of $65 million in 1990, and an increase of $82 million in 1991. The revisions are primarily related to clerical errors and inconsistent application of intercompany profit-elimination methodology.

OVERALL ESTABLISHMENT OPERATIONS

Income-and-loss data on U.S. producers' overall establishment operations are identical to the minivan income-and-loss since minivans are produced in facilities dedicated solely to the production of one product, minivans. In lieu of overall establishment income-and-loss data, greater detail was requested on the subject product.

MINIVAN OPERATIONS

Income-and-loss, components of income-and-loss as a percent of net sales, and income-and-loss on a per-vehicle basis are presented in tables 16-19. The U.S. producers indicated in their respective 1990 and 1991 annual statements that the economic downturn and worldwide overcapacity have adversely affected the total automobile and truck market. These conditions have caused reduced volumes and revenues for most automotive segments, thus requiring increased marketing incentives (such as rebates, discounts, and other price-reducing measures) and increasing costs for product enhancements to retain market shares.

The three U.S. minivan producers maintain that, apart from the obvious profit implications, retaining market share is critical for two reasons: (1) loss of market share has negative ramifications for repeat business, including other products of the manufacturer, and (2) the capital intensive nature of the business, with relatively high fixed costs, can create large fluctuations in profits from relatively small changes in unit volume.[139] In an effort to maintain market share, the producers have apparently incurred increasingly larger costs in marketing incentives. ***.[140]

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[135] Chrysler, Ford, and GM.

[136] Ford and GM.

[137] Ford, GM, and Subaru-Isuzu; Honda did not provide financial data.

[138] Chrysler, Ford, GM, and Subaru-Isuzu.

[139] See Chrysler's response to question 1 and Ford's response to question 2 in app. K.

[140] Chrysler's questionnaire response; this includes its Canadian-produced models.

Table 16
Income and loss experience of U.S. producers[1] on their minivan operations, fiscal years 1989-91

Item	1989	1990	1991
	Quantity		
Net sales:			
Trade	***	***	***
Company transfers	***	***	***
Total quantity	664,779	696,006	641,694
	Value (million dollars)		
Net sales:			
Trade	***	***	***
Company transfers[2]	***	***	***
Total value	9,348	9,966	9,539
Cost of goods sold:			
Direct materials used:			
From domestic affiliates	2,059	2,503	2,625
From domestic non-affiliates	2,163	2,632	2,443
From foreign affiliates	204	218	214
From foreign non-affiliates	614	462	562
Total direct materials used	5,040	5,815	5,844
Direct labor	340	349	317
Factory overhead:			
Indirect labor	472	473	434
Utilities and fuel	80	81	74
Supplies and maintenance	127	140	110
Other	514	510	598
Total factory overhead costs	1,193	1,204	1,216
Depreciation/tooling	323	394	371
Design/engineering/R&D	303	288	297
Total processing costs[3]	2,159	2,235	2,201
Total cost of goods sold	7,199	8,050	8,045
Gross profit or (loss)	2,149	1,916	1,494
Selling, general, and administrative expenses:			
Directly charged to minivans	***	***	***
Allocated expenses for minivans	***	***	***
Allocated corporate expenses	***	***	***
Total selling, general, and administrative expenses	946	1,068	1,013
Operating income or (loss)	1,203	848	481
Other income and expense:			
Start-up expense	***	***	***
Interest expense	***	***	***
All other income/(expense), net	***	***	***
Total other income or (expense)	(136)	(117)	(154)
Net income or (loss) before income taxes	1,067	731	327
Depreciation included above	***	***	***
Amortization included above	***	***	***
Cash flow[4]	1,390	1,125	699

[1] Chrysler, Ford, and GM. All have a Dec. 31 fiscal close.
[2] ***.
[3] Manufacturing costs required to convert direct materials to finished products.
[4] Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 17
Income and loss experience as a percent of net sales by U.S. producers[1] on their minivan operations, fiscal years 1989-91

(In percent)

Item	1989	1990	1991
Cost of goods sold:			
From domestic affiliates	22.0	25.1	27.5
From domestic non-affiliates	23.1	26.4	25.6
From foreign affiliates	2.2	2.2	2.2
From foreign non-affiliates	6.6	4.6	5.9
Total direct materials used	53.9	58.3	61.3
Direct labor	3.6	3.5	3.3
Factory overhead:			
Indirect labor	5.0	4.7	4.5
Utilities and fuel	0.9	0.8	0.8
Supplies and maintenance	1.4	1.4	1.2
Other	5.5	5.1	6.3
Total factory overhead costs	12.8	12.1	12.7
Depreciation/tooling	3.5	4.0	3.9
Design/engineering/R&D	3.2	2.9	3.1
Total processing costs[2]	23.1	22.4	23.1
Total cost of goods sold	77.0	80.8	84.3
Gross profit or (loss)	23.0	19.2	15.7
Selling, general, and administrative expenses:			
Directly charged to minivans	***	***	***
Allocated expenses for minivans	***	***	***
Allocated corporate expenses	***	***	***
Total selling, general, and administrative expenses	10.1	10.7	10.6
Operating income or (loss)	12.9	8.5	5.0
Other income and expense:			
Start-up or shut-down expense	***	***	***
Interest expense	***	***	***
All other income/(expense), net	***	***	***
Total other income or (expense)	(1.5)	(1.2)	(1.6)
Net income or (loss) before income taxes	11.4	7.3	3.4
Depreciation included above	***	***	***
Amortization included above	***	***	***

[1] Chrysler, Ford, and GM. All have a Dec. 31 fiscal close.
[2] Manufacturing costs required to convert direct materials to finished products.

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

Table 18
Income and loss experience per vehicle by U.S. producers[1] on their minivan operations, fiscal years 1989-91

Item	1989	1990	1991
	Quantity		
Net sales:			
Trade	***	***	***
Company transfers	***	***	***
Total quantity	664,779	696,006	641,694
	Per vehicle[2]		
Net sales:			
Trade	$***	$***	$***
Company transfers	***	***	***
Total value	14,062	14,319	14,865
Cost of goods sold:			
Direct materials used:			
From domestic affiliates	3,097	3,596	4,091
From domestic non-affiliates	3,254	3,782	3,807
From foreign affiliates	307	313	333
From foreign non-affiliates	924	664	876
Total direct materials used	7,581	8,355	9,107
Direct labor	511	501	494
Factory overhead:			
Indirect labor	710	680	676
Utilities and fuel	120	116	115
Supplies and maintenance	191	201	171
Other	773	733	932
Total factory overhead costs	1,795	1,730	1,895
Depreciation/tooling	486	566	578
Design/engineering/R&D	456	414	463
Total processing costs[3]	3,248	3,211	3,430
Total cost of goods sold	10,829	11,566	12,537
Gross profit or (loss)	3,233	2,753	2,328
Selling, general, and administrative expenses:			
Directly charged to minivans	***	***	***
Allocated expenses for minivans	***	***	***
Allocated corporate expenses	***	***	***
Total selling, general, and administrative expenses	1,423	1,534	1,579
Operating income or (loss)	1,810	1,218	750
Other income and expense:			
Start-up expense	***	***	***
Interest expense	***	***	***
All other income/(expense), net	***	***	***
Total other income or (expense)	(205)	(168)	(240)
Net income or (loss) before income taxes	1,605	1,050	510
Depreciation included above	***	***	***
Amortization included above	***	***	***
Cash flow[4]	2,091	1,616	1,089

[1] Chrysler, Ford, and GM. All have Dec. 31 fiscal close.
[2] Because of rounding, figures may not add to values shown.
[3] Manufacturing costs required to convert direct materials to finished products.
[4] Cash flow is defined as net income or loss before taxes plus depreciation and amortization.

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

Table 19
Selected financial data of U.S. producers[1] on their minivan operations, by quarters, fiscal years 1989-91

Item	1st qt	2nd qt	3rd qt	4th qt
	Quantity			
1989				
Net sales	172,947	177,073	138,182	176,577
	Value (million dollars)			
Net sales	2,399	2,457	1,941	2,551
Cost of goods sold	1,768	1,818	1,639	1,974
Gross profit	631	639	302	577
SG&A	237	230	225	254
Operating income or (loss)	394	409	77	323
	Quantity			
1990				
Net sales	184,718	210,601	161,586	139,101
	Value (million dollars)			
Net sales	2,679	3,000	2,243	2,044
Cost of goods sold	2,089	2,313	1,953	1,695
Gross profit	590	687	290	349
SG&A	278	288	254	248
Operating income or (loss)	312	399	36	101
	Quantity			
1991				
Net sales	116,695	188,219	158,622	178,158
	Value (million dollars)			
Net sales	1,705	2,712	2,401	2,721
Cost of goods sold	1,498	2,254	2,013	2,280
Gross profit	207	458	388	441
SG&A	222	270	243	278
Operating income or (loss)	(15)	188	145	163

[1] Chrysler, Ford, and GM. All have a Dec. 31 fiscal close.

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

Another method of retaining or increasing market share is through product enhancement additions such as air bags, anti-lock brakes, all-wheel drive, and built-in child seats. Product enhancements frequently require additional costs, and are often sold as standard items rather than options; e.g., safety items such as air bags, additional door reinforcement, and anti-lock brakes that are not required for minivans to meet safety regulations. All-wheel drive alone can increase vehicle cost in excess of $1,000. These

costs are reflected as increases in direct material costs, which in the aggregate increased from $5 billion in 1989 to $5.8 billion in 1991 (table 16). Expressed in dollars per vehicle for the period January 1989 through December 1991, the increase in direct material cost is $1,526 per vehicle (table 18). The amount is also influenced by product mix changes, and by additional costs to meet more stringent safety and environmental regulations.

Product mix changes can increase market share and profitability; however, the U.S. producers allege that imports from Japan compete directly with their top-of-the-line minivans. ***.[141] These GM models are relatively new additions to the minivan market, with the first full year of sales being 1990. The data submitted by GM show that it ***. In addition to their being introduced during a period of economic recession, negative publicity on the products, whether deserved or not, for characteristics such as their limited vision caused by problems cleaning the entire windshield area and by the thick, rear-slanted B-pillars,[142] may have also affected sales.

Profitability is affected by many factors. According to Ford, profitability on vehicle sales is affected by unit sales volume (the number sold), the mix of vehicles and options sold, the level of "incentives" (price discounts) and other marketing costs, the ability to control costs, and the ability to recover cost increases through higher pricing.[143] An example of the effect of unit volume changes on profitability is Ford's experience from 1990 to 1991, when operating income of ***. Break-even analysis indicates that Ford ***. Large fluctuations in profits from relatively small changes in unit volumes are indicative of an industry that is capital-intensive with relatively high fixed costs.

* * * * * * *

Chrysler was ***.

The U.S. minivan producers have implemented cost reduction programs such as decreasing purchased material costs, reducing salaried workforce, and decreasing general and administrative costs, and in at least one instance, ***. Although relatively minor, a cost that apparently cannot be reduced in the near term is direct labor cost, currently about 3 percent, not including fringe benefits, of total cost of goods sold. In exchange for job and security provisions, the UAW contract provides the producers more work flexibility, which may benefit the manufacturers in the future through more efficient use of the workforce.

Another cost that is increasing is warranty expense, which is the major portion of SG&A expenses. In accordance with generally accepted accounting principles (GAAP), warranty expenses are anticipated costs related to product warranties that are charged to income at the time of the sale of the products, and the accrual may also include provisions for late-appearing problems for vehicles previously produced. The producer with the largest increase was ***.

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[141] See Ford's response to question 2 and GM's response to question 1 in app. K.

[142] "Owners Voices" and Popular Science as quoted in AutoWeek's AutoFile '91-92 Comparison Shopping Guide, pp. 149 and 151.

[143] Ford annual report on Form 10-K, 1991, p. 2.

Despite cost-reduction programs, the U.S. producers have experienced increasing costs on a per-vehicle basis, largely the result of product enhancement features and lower volumes. While operating costs (cost of goods sold plus SG&A expenses) increased by $1,016 per vehicle from 1990 to 1991, net revenues increased by just $546, a shortfall of $470 per vehicle (table 18); therefore, cost increases were not recovered through higher per-unit revenues.

Financial Experience of Chrysler

Chrysler's income-and-loss, components of income-and-loss as a percent of net sales, and income-and-loss on a per-vehicle basis for its U.S. minivan operations are presented in tables 20-22. Chrysler, the generally acknowledged innovator of the minivan concept and the *** producer (with approximately *** of the U.S. market when its Canadian-produced models are included), produces *** of its minivans in Windsor, Ontario, just across the border from Detroit. The shorter wheelbase models are produced in Canada while the longer wheelbase models, ***, are produced in the United States.

Notwithstanding Chrysler's *** for *** marketing incentives, product enhancements, product mix changes, and some unfavorable publicity about its Ultradrive transmission,[144] the firm was ***.

In spite of Chrysler's ability to ***.

Table 20
Income and loss experience of Chrysler on its U.S. minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*

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

[144] Consumer Reports, and "Owner's Voices", as quoted in AutoWeek's AutoFile '91-92 Comparison Shopping Guide, pp. 129, 130, and 132.

Table 21
Income and loss experience as a percent of net sales by Chrysler on its U.S. minivan operations, fiscal years 1989-91

(In percent)

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*

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

Table 22
Income and loss experience per vehicle by Chrysler on its U.S. minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*
*	*	*	*

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

Financial Experience of Ford

During 1989-91, Ford's minivan, the Aerostar, *** (tables 23-25). ***.

In addition to per-vehicle ***.

Ford's processing costs[146] on a per-vehicle basis are ***.

During the period of investigation, Ford produced one minivan model, although it did have numerous options. Recently, Ford has announced that it will soon start production of the Villager, along with the Nissan Quest, and plans to retool an assembly plant in Oakville, Ontario, to make a new front-wheel-drive minivan.

[146] Manufacturing costs required to convert direct materials to finished products.

Table 23
Income and loss experience of Ford on its minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*	*	*	*

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

Table 24
Income and loss experience as a percent of net sales by Ford on its minivan operations, fiscal years 1989-91

(In percent)

Item	1989	1990	1991
*	*	*	*	*	*	*

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

Table 25
Income and loss experience per vehicle by Ford on its minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*	*	*	*

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

Financial Experience of GM

GM produced two basically different minivan series during 1989-91, tha car-like APVs (Chevrolet Lumina APV, Pontiac Trans Sport, and Oldsmobile Silhouette) at its Tarrytown, NY, plant and the more conventional, truck-like, minivan (Chevrolet Astro and GMC Safari) at its Baltimore, MD, plant. The APV minivans were introduced in the fourth quarter of 1989, and have ***. GM's total minivan sales *** (tables 26-28). ***.

***. GM recently announced the closing of the Tarrytown APV plant, with plans to move future APV production to another plant producing other GM products. By making such a move, GM apparently hopes to save costs, and perhaps will redesign the APV to share more common componentry with other GM products.

Table 26
Income and loss experience of GM on its minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*

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

Table 27
Income and loss experience as a percent of net sales by GM on its minivan operations, fiscal years 1989-91

(In percent)

Item	1989	1990	1991
*	*	*	*

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

Table 28
Income and loss experience per vehicle by GM on its minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*	*	*	*

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

INVESTMENT IN PRODUCTIVE FACILITIES

The value of property, plant, and equipment for the U.S. minivan producers is presented in table 29. The return on total assets for these producers could not be presented since those assets related to upstream operations and other corporate financial assets apparently could not be determined specifically for minivans.

Generally, Ford and GM use accelerated methods of depreciation, which results in accumulated depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated useful lives. Chrysler generally depreciates its assets on a straight-line basis. All three amortize expenditures for special tools over their estimated useful lives.[146]

Table 29
U.S. producers' fixed assets used in minivan production, as of the end of fiscal years 1989-91

(Million dollars)

Item	As of the end of fiscal year-- 1989	1990	1991
Original cost:			
Chrysler	***	***	***
Ford	***	***	***
GM	***	***	***
Total original cost	2,379	2,673	2,853
Book value:			
Chrysler	***	***	***
Ford	***	***	***
GM	***	***	***
Total book cost	1,310	1,390	1,377

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

[146] Chrysler 1991 Annual Report, p. 31, Ford 1991 Annual Report, p. 26, and General Motors Annual Report, p. 26.

Although the return on total assets for minivans could not be calculated, the following tabulation compares the operating income or (loss) as a percent of net sales for minivans and for total company operations.

Item	1989	1990	1991
Chrysler:			
All products[1]	1.8	0.5	(3.0)
Minivans[2]	***	***	***
Ford:			
All products[3]	5.1	([4])	(5.2)
Minivans	***	***	***
General Motors:			
All products[5]	4.3	(3.1)[6]	(5.8)[7]
Minivans	***	***	***

[1] Includes financing subsidiary, GFC, and Pentastar on equity basis.
[2] U.S.-produced minivans.
[3] Excludes financial subsidiary.
[4] Less than 0.05 percent.
[5] Includes financing subsidiary, GMAC, on equity basis.
[6] Includes special provision for scheduled plant closings and other restructuring, $3.3 billion.
[7] Includes special provision for scheduled plant closings and other restructuring, $2.8 billion.

CAPITAL EXPENDITURES

The capital expenditures reported by the U.S. minivan producers are presented in table 30. Significant expenditures for minivans were made before the period of investigation due to time required to tool up before actual production.[147] All maintenance, repairs, and rearrangement expenses are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized.

Table 30
U.S. producers' capital expenditures on minivans, fiscal years 1989-91

(In millions of dollars)

Item	1989	1990	1991

* * * * * * *

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

[147] Ibid.

RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenses reported by the U.S. producers are presented in table 31. As with capital expenditures, significant research and development expenses were incurred before the period of investigation and actual commercial production.

Table 31
U.S. producers' research and development expenses on minivans, fiscal years 1989-91

(In millions of dollars)

Item	1989	1990	1991
Chrysler	***	***	***
Ford	***	***	***
GM	***	***	***
Total	462	392	413

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

CAPITAL AND INVESTMENT

The Commission requested the U.S. producers to describe any actual or potential negative effects of imports of minivans from Japan on their existing development and production efforts, growth, investment, and ability to raise capital. Their responses are shown in appendix K.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[148]--
>
> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,
>
> (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736,

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[148] Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

> are also used to produce the merchandise under investigation,
>
> (IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) of this title with respect to either the raw agricultural product or the processed agricultural product (but not both), and
>
> (X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[149]

Subsidies (item (I)) and agricultural products (item (IX)) are not issues in this investigation; information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section of the report entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury to an Industry in the United States." Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows.

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[149] Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as undsr investigation) suggests a threat of material injury to the domestic industry."

Inventories of U.S. Importers

U.S. importers' end-of-period inventories of minivans from Japan increased from *** vehicles in 1989 to *** vehicles in 1990, or by *** percent (table 32). In 1991, such inventories ***. End-of-period-inventories as a percent of imports fell from *** percent in 1989 to *** percent in 1991. Chrysler's U.S. inventories of minivans from Canada were relatively small compared with its total imports of minivans, accounting for *** percent of its annual imports during 1989-91.

As a share of imports, inventories of full-size vans from other sources (Germany) ***. Inventories of sport-utility vehicles from all sources increased from *** percent of imports in 1989 to *** percent in 1990 before falling to *** percent in 1991. During 1989-91, inventories of imported station wagons from all sources increased from *** percent to *** percent of imports. During 1989-91, total inventories of minivans, full-size vans, sport-utility vehicles, and station wagons increased irregularly from *** percent of imports to *** percent.

Table 32
Minivans, full-size vans, sport-utility vehicles, and station wagons: End-of-period inventories of U.S. importers, by types of vehicles and by sources, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
Minivans:			
Japan	***	***	***
Canada	***	***	***
Mexico	-	-	-
Other sources	-	-	-
Total	***	***	***
Full-size vans:			
Japan	-	-	-
Canada	***	***	***
Mexico	-	-	-
Other sources	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	14,410	28,432	10,305
Station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	16,930	18,133	31,780
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	39,098	56,700	49,303

Table continued on next page.

Table 32--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: End-of-period inventories of U.S. importers, by types of vehicles and by sources, 1989-91

Item	1989	1990	1991
	Ratio to imports (percent)		
Minivans:			
Japan	***	***	***
Canada	***	***	***
Mexico	-	-	-
Other sources	-	-	-
Average	***	***	***
Full-size vans:			
Japan	-	-	-
Canada	***	***	***
Mexico	-	-	-
Other sources	***	***	***
Average	***	***	***
Sport-utility vehicles:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Average	5.6	9.8	4.8
Station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Average	8.4	11.2	20.2
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Average	4.5	6.6	6.2

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

THE INDUSTRY IN JAPAN

The Commission requested certain information from counsel for the Japanese producers. The Commission received information from counsel on behalf of Mazda Motor Corp. (Mazda), Mitsubishi Motors Corp. (Mitsubishi), Nissan Motor Co. (Nissan), and Toyota Motor Corp. (Toyota). The Commission also requested additional information from the U.S. Embassy in Tokyo. The embassy supplied information on production of minivans by Isuzu Motors Ltd. (Isuzu). Isuzu does not export minivans to the United States, and it is not represented by counsel in this investigation.[150]

Mazda ***.[151] [152]

Mitsubishi and Nissan ***.

Toyota ***.

According to a telegram from the U.S. Embassy in Tokyo, Isuzu ***.

Table 33 presents data on production of only those minivans that are exported to the United States ("U.S. export-type minivans"). That is, it excludes all production by Isuzu, production of Mazda's Bongo, production of Nissan's non-U.S. export-type minivans, and production of narrow body minivans by Toyota. Table 34 presents data on total minivan production in Japan. These data include total production by Isuzu, Mazda, Mitsubishi, Nissan, and Toyota. Some of the minivans included in table 34 do not meet all seven criteria specified by Commerce in its description of the imported product. For example, some do not have full or partial walk-through mobility from the front seat row to the third seat row and some may be up to 2 inches taller than the 75 inches specified by Commerce. However, because Commerce indicated that minivans "generally" have the specified characteristics and that "a vehicle does not necessarily have to meet all seven criteria to be considered a minivan,"[153] one could consider these vehicles minivans within Commerce's definition. Exports to the United States are the same in both tables.

The data submitted for Japanese production of all minivans indicate that capacity, production, and capacity utilization increased during the period 1989-91 and are expected to increase further in 1992. Capacity utilization rose irregularly from 89.4 percent in 1989 to 96.9 percent in 1991. Total exports of minivans to the United States increased from *** units in 1989 to *** units in 1990, or by *** percent. In 1991, exports to the United States fell by *** percent when compared with 1990 to *** units. Japanese producers expect that exports to the United States during 1992 will fall by *** percent from the level attained in 1991.

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[150] Neither Isuzu, Mazda, Mitsubishi, Nissan, or Toyota are subject to antidumping findings or remedies in any other GATT-member country.

[151] ***.

[152] ***. Staff notes from plant tours in Japan are presented in app. L.

[153] See section of the report entitled "Descriptions and Uses" or app. A for the complete language used by Commerce to define a minivan.

Table 33
U.S. export-type minivans: Japanese capacity, production, inventories, shipments, and capacity utilization,[1] 1989-91 and projected 1992

Item	1989	1990	1991	Projected 1992
	Quantity (vehicles)			
Capacity	223,000	255,900	305,200	225,407
Production	172,260	277,420	300,436	274,219
End-of-period inventories	7,201	8,569	8,232	***
Shipments:				
Home market	***	88,842	106,779	***
Exports to--				
The United States	***	***	***	***
All other markets	***	***	***	***
Total exports	***	186,420	193,754	***
Total shipments	170,804	275,262	300,533	275,197
	Ratios and shares (percent)			
Capacity utilization	66.3	96.6	83.6	98.5
Inventories to production	4.9	3.5	3.2	3.4
Inventories to total shipments	4.9	3.5	3.2	***
Share of total quantity of shipments:				
Home market	***	32.3	35.5	***
Exports to--				
The United States	***	***	***	***
All other markets	***	***	***	***

[1] Data exclude ***.

Note.--Capacity utilization and inventory ratios are calculated from data provided by firms providing both numerator and denominator information.

Source: Compiled from data supplied by Counsel for Mazda Motor Corp., Mitsubishi Motors Corp., Nissan Motor Co., and Toyota Motor Corp.

Table 34
All minivans: Japanese capacity, production, inventories, shipments, and capacity utilization,[1] 1989-91 and projected 1992

Item	1989	1990	1991	Projected 1992
	Quantity (vehicles)			
Capacity	730,956	796,736	850,036	854,636
Production	653,440	802,196	823,600	837,197
End-of-period inventories	15,308	15,729	18,155	17,143
Shipments:				
Home market	444,940	512,691	522,702	551,493
Exports to--				
The United States	***	***	***	***
All other markets	***	***	***	***
Total exports	208,198	290,403	299,007	284,610
Total shipments	653,138	803,094	821,709	836,103
	Ratios and shares (percent)			
Capacity utilization	89.4	100.7	96.9	98.0
Inventories to production	2.7	2.3	2.5	2.3
Inventories to total shipments	2.7	2.3	2.5	2.3
Share of total quantity of shipments:				
Home market	68.1	63.8	63.6	66.0
Exports to--				
The United States	***	***	***	***
All other markets	***	***	***	***

[1] Data exclude ***.

Note.--Capacity utilization and inventory ratios are calculated from data provided by firms providing both numerator and denominator information.

Source: Compiled from data supplied by Counsel for Mazda Motor Corp., Mitsubishi Motors Corp., Nissan Motor Co., and Toyota Motor Corp., and from data submitted by the U.S. Embassy in Tokyo, Japan (Isuzu data).

Voluntary Restraint Agreement

In the late 1970s and early 1980s, the U.S. auto industry underwent a major sales downturn. U.S auto companies' market share dropped from 82.2 percent in 1978 to 71.2 percent in 1981. By early 1981, legislation to restrict Japanese car imports to 1.6 million units was gaining support in the U.S. Congress. In April 1981, the Japanese Ministry of International Trade and Industry (MITI), following meetings with U.S. trade officials, presented a proposal for a voluntary restraint of 1.6 million to 1.7 million units annually to be enforced by MITI through administrative guidance. Despite opposition from Japan's automakers, on May 1, 1981, MITI announced a voluntary restraint agreement (VRA) on Japanese passenger auto exports to the United States. The VRA reduced Japan's U.S. auto sales from 1.82 million units in 1980 to 1.68 million units in 1981. Restraints were also announced on exports of four-wheel-drive station wagons and "jeep"-type vehicles, limiting Japanese exports of these vehicles to 70,000 units. In total, 1981 Japanese exports to the United States were limited to 1,832,500 units. These restraints remained in place during Japan's fiscal years 1982-83. In Japan's fiscal year 1984, the total VRA limit was raised to 2,017,931 units.

On March 1, 1985, President Reagan announced that the United States would not ask the Japanese Government to renew the VRA for 1985. According to an administration official, the domestic automakers were now strong enough to compete with Japanese auto companies. On March 28, 1985, the Japanese Government told the administration that it would limit annual auto exports to the United States to 2.3 million vehicles.[154] In March 1992, MITI lowered the limit of the VRA 28 percent from 2.3 million to 1.65 million vehicles a year.[155] However, as Japanese auto companies have shifted increasing amounts of production to the United States, their need to serve the U.S. market with Japanese production has decreased, and Japanese exports have failed to meet the limits set by the VRA. In 1991, the United States imported approximately 1.79 million vehicles from Japan. In Japan's fiscal year 1990, the United States imported 1,911,828 vehicles from Japan. In Japan's fiscal year 1989, U.S. imports of vehicles from Japan totaled 2,015,920 units. In Japan's fiscal year 1988, U.S. imports of passenger autos from Japan totaled 2,115,304 vehicles.[156]

Minivans are included in the VRA.[157] In the mid-1980s, Japanese automakers were reportedly slow to enter the minivan market partly as a result

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[154] The Internationalization of the Automobile Industry and its Effects on the U.S. Automobile Industry, June 1985, USITC Publication 1712.

[155] "Japan lowers voluntary export limit to U.S.," Ward's Automotive International, April 1992, p. 5; The U.S. Automobile Industry Monthly Report on Selected Economic Indicators, USITC publication 2485, February 1992.

[156] The U.S. Automobile Industry Monthly Report on Selected Economic Indicators, May 1991 and May 1990, USITC Publications 2393 and 2287. Since the Japanese automakers do not meet the VRA limit, the VRA is now viewed by many industry analysts as irrelevant, and consider its renewal a political gesture.

[157] USITC staff telephone interview with official of the Japan Automobile Manufacturers Association, June 27, 1991.

of the VRA.[158] Toyota may have offset this limitation in the mid-1980s by making over half of its minivan sales in the form of cargo minivans, which are not subject to the VRA.[159]

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

Imports of minivans, full-size vans, sport-utility vehicles, and station wagons are presented in table 35. Imports of minivans from Japan increased from *** vehicles in 1989 to *** vehicles in 1991, representing an increase of over *** percent. Chrysler's imports of minivans from Canada *** from *** vehicles in 1989 to *** vehicles in 1990, or by *** percent. In 1991, imports from Canada *** by *** percent from the year-earlier period. Unit values of imports from Japan were higher than those from Canada in every year during 1989-91.

Total imports of full-size vans *** from *** vehicles in 1989 to *** vehicles in 1991, or by *** percent. Unit values of imports from other sources (Germany) were higher than those from Canada.

Sport-utility vehicle imports from Japan increased from 156,656 vehicles in 1989 to 187,176 vehicles in 1990, or by 19 percent, before falling by 37 percent in 1991 to 118,138 vehicles. Imports of sport-utility vehicles from Canada increased by *** percent from 1989 to 1991. Unit values of imports of sport-utility vehicles from Japan were higher than those from Canada.

Imports of station wagons from Japan fell from *** vehicles in 1989 to *** vehicles in 1990, or by *** percent. Imports of station wagons from Japan increased by *** percent in 1991 compared with the year-earlier period. During 1989-91, imports of station wagons from Canada fell by *** percent and imports of station wagons from Mexico increased by ***. Unit values of imports of station wagons from Japan were consistently lower than those for imports from Canada and other sources (except Mexico).

Shipments of U.S. imports of vehicles from Japan, by types of shipments and by vehicles, are presented in table 36. ***.

As noted previously, petitioners claim that the Nissan Axxess and the Volkswagen Vanagon are minivans, whereas Nissan reported the Axxess as a station wagon and Volkswagen reported the Vanagon as a full-size van. These vehicles have been presented as reported by Nissan and Volkswagen, respectively, in their importers' questionnaire responses. The following tabulation presents the quantity and value of U.S. shipments of the Nissan Axxess and the Volkswagen Vanagon:[160]

* * * * * * *

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[158] They were also slow to enter the U.S. market because they did not have products that were particularly suited to the U.S. market. The Power Report, July 1986, p. 2.

[159] Ibid. Cargo minivans are included in the Commission's investigation.

[160] ***.

Table 35
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. imports, by types of vehicles and by sources, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
Minivans:			
Japan	***	***	***
Canada	***	***	***
Mexico	0	0	0
Other sources	0	0	0
Total	***	***	***
Full-size vans:			
Japan	0	0	0
Canada	***	***	***
Mexico	0	0	0
Other sources	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Japan	156,656	187,176	118,138
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	255,961	288,652	213,159
Station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Japan	341,307	371,385	318,772
Canada	***	***	***
Mexico	***	***	***
Other sources	48,966	56,839	29,837
Total	***	***	***

Table continued on next page.

Table 35--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. imports, by types of vehicles and by sources, 1989-91

Item	1989	1990	1991
	Value (million dollars)		
Minivans:			
Japan	***	***	***
Canada	***	***	***
Mexico	0	0	0
Other sources	0	0	0
Total	***	***	***
Full-size vans:			
Japan	0	0	0
Canada	***	***	***
Mexico	0	0	0
Other sources	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Japan	1,743	2,236	1,712
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	2,882	3,385	2,755
Station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Japan	3,766	4,530	4,294
Canada	***	***	***
Mexico	***	***	***
Other sources	862	1,022	601
Total	***	***	***

Table continued on next page.

Table 35--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. imports, by types of vehicles and by sources, 1989-91

Item	1989	1990	1991
	Unit value (per vehicle)		
Minivans:			
Japan	$***	$***	$***
Canada	***	***	***
Mexico	(1)	(1)	(1)
Other sources	(1)	(1)	(1)
Average	***	***	***
Full-size vans:			
Japan	(1)	(1)	(1)
Canada	***	***	***
Mexico	(1)	(1)	(1)
Other sources	***	***	***
Average	***	***	***
Sport-utility vehicles:			
Japan	11,123	11,946	14,494
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Average	11,260	11,726	12,927
Station wagons:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Average	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Japan	11,035	12,198	13,469
Canada	***	***	***
Mexico	***	***	***
Other sources	17,610	17,976	20,156
Average	***	***	***

[1] Not applicable.

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded figures, using data of firms supplying both quantity and value information.

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

Table 36
Minivans, full-size vans, sport-utility vehicles, and station wagons: Shipments of U.S. imports from Japan, by types of vehicles, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
Minivans:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Full-size vans:			
Company transfers	0	0	0
Domestic shipments	0	0	0
Subtotal	0	0	0
Exports	0	0	0
Total	0	0	0
Sport-utility vehicles:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	167,320	173,313	135,218
Exports	***	***	***
Total	***	***	***
Station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	353,325	358,830	322,242
Exports	***	***	***
Total	***	***	***

Table continued on next page.

Table 36--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons:
Shipments of U.S. imports from Japan, by types of vehicles, 1989-91

Item	1989	1990	1991
	Value (million dollars)		
Minivans:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Full-size vans:			
Company transfers	0	0	0
Domestic shipments	0	0	0
Subtotal	0	0	0
Exports	0	0	0
Total	0	0	0
Sport-utility vehicles:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	2,377	2,795	2,336
Exports	***	***	***
Total	***	***	***
Station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	4,654	5,354	5,119
Exports	***	***	***
Total	***	***	***

See footnote at end of table.

Table 36--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: Shipments of U.S. imports from Japan, by types of vehicles, 1989-91

Item	1989	1990	1991
	Unit value (per vehicle)		
Minivans:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Full-size vans:			
Company transfers	(2)	(2)	(2)
Domestic shipments	(2)	(2)	(2)
Average	(2)	(2)	(2)
Exports	(2)	(2)	(2)
Average	(2)	(2)	(2)
Sport-utility vehicles:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Average	14,204	16,125	17,276
Exports	***	***	***
Total	***	***	***
Station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Subtotal	***	***	***
Exports	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Company transfers	***	***	***
Domestic shipments	***	***	***
Average	13,173	14,920	15,885
Exports	***	***	***
Total	***	***	***

[1] Positive figure, but less than significant digits displayed.
[2] Not applicable.

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded figures, using data of firms supplying both quantity and value information.

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

Petitioners' Imports

Imports of minivans, full-size vans, sport-utility vehicles, and station wagons by petitioners are presented in table 37. As noted above, Chrysler imports minivans produced at its assembly plant in Windsor, Ontario, Canada. Chrysler and GM import full-size vans from Canada. Chrysler and GM import (or have imported) sport-utility vehicles from Canada and Japan. Chrysler also imports sport-utility vehicles from Mexico. Chrysler imports station wagons from Japan. Ford and GM import station wagons from Canada. Ford also imports station wagons from Mexico.

In 1991, petitioners accounted for *** percent of total U.S. imports of minivans; *** percent of total imports of full-size vans; *** percent of total imports of sport-utility vehicles; and *** percent of total imports of station wagons.

Table 37
Minivans, full-size vans, sport-utility vehicles, and station wagons: Imports by Chrysler, Ford, and GM, by types of vehicles and by sources, 1989-91

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*

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

Market Penetration of LTFV Imports[161]

U.S. shipments of domestic vehicles, imports, apparent consumption, and market penetration by imports are presented in table 38 and figures 6-9.

The following tabulation presents data on the share of the quantity of apparent consumption of different combinations of vehicles accounted for by minivans from Japan (in percent):

Vehicle combination	1989	1990	1991
Minivans and full-size vans	***	***	***
Minivans and sport-utility vehicles	***	***	***
Minivans and station wagons	***	***	***
Minivans, full-size vans, and sport-utility vehicles	***	***	***
Minivans, full-size vans, and station wagons	***	***	***
Minivans, sport-utility vehicles, and station wagons	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons	***	***	***

The following tabulation presents data on the share of the value of apparent consumption of different combinations of vehicles accounted for by minivans from Japan (in percent):

Vehicle combination	1989	1990	1991
Minivans and full-size vans	***	***	***
Minivans and sport-utility vehicles	***	***	***
Minivans and station wagons	***	***	***
Minivans, full-size vans, and sport-utility vehicles	***	***	***
Minivans, full-size vans, and station wagons	***	***	***
Minivans, sport-utility vehicles, and station wagons	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons	***	***	***

[161] Quarterly data on U.S. producers' and U.S. importers' U.S. shipments and market penetration of minivans, full-size vans, sport-utility vehicles, and station wagons, are presented in app. M.

Table 38
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by types of vehicles, 1989-91

Item	1989	1990	1991
	Quantity (vehicles)		
Minivans:			
Producers' U.S. shipments	592,487	624,720	551,315
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	0	0	0
Other sources	0	0	0
Total	***	***	***
Apparent consumption	***	***	***
Full-size vans:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	0	0	0
Canada	***	***	***
Mexico	0	0	0
Other sources	***	***	***
Total	***	***	***
Apparent consumption	442,566	358,335	299,492
Sport-utility vehicles:			
Producers' U.S. shipments	687,239	684,646	617,443
Importers' U.S. shipments:			
Japan	167,320	173,313	135,218
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	265,060	274,317	231,068
Apparent consumption	952,299	958,963	848,511
Station wagons:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	***	***	***
Apparent consumption	445,406	367,063	366,725
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Producers' U.S. shipments	1,811,602	1,735,139	1,576,206
Importers' U.S. shipments:			
Japan	353,325	358,830	322,242
Canada	***	***	***
Mexico	***	***	***
Other sources	48,780	51,652	33,382
Total	***	***	***
Apparent consumption	***	***	***

Table continued on next page.

Table 38--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by types of vehicles, 1989-91

Item	1989	1990	1991
	Share of the value of U.S. consumption (percent)		
Minivans:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	0	0	0
Other sources	0	0	0
Total	***	***	***
Full-size vans:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	0	0	0
Canada	***	***	***
Mexico	0	0	0
Other sources	***	***	***
Total	***	***	***
Sport-utility vehicles:			
Producers' U.S. shipments	74.5	73.5	75.1
Importers' U.S. shipments:			
Japan	16.9	18.5	17.0
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	25.5	26.5	24.9
Station wagons:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	***	***	***
Minivans, full-size vans, sport-utility vehicles, and station wagons:			
Producers' U.S. shipments	***	***	***
Importers' U.S. shipments:			
Japan	***	***	***
Canada	***	***	***
Mexico	***	***	***
Other sources	***	***	***
Total	***	***	***

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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

Figure 6
Minivans: U.S. market shares, by sources, 1989-91

* * * * * * *

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

Figure 7
Full-size vans: U.S. market shares, by sources, 1989-91

* * * * * * *

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

Figure 8
Sport-utility vehicles: U.S. market shares, by sources, 1989-91

* * * * * * *

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

Figure 9
Station wagons: U.S. market shares, by sources, 1989-91

* * * * * * *

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

Prices

Selling prices of U.S. producers and importers of Japanese products for their minivans vary with product specifications, which include styling and interior appointments unique to the particular vehicle, major product features for which alternative specifications may be available,[162] optional equipment,[163] [164] and the success or failure of consumer acceptance of specific vehicles. Prices also vary with discounts and other incentives offered by U.S. producers and importers to their dealers and directly to consumers. In addition, prices of minivans are influenced by prices of related vehicles, such as station wagons, sport-utility vehicles, and full-size vans. Sales of used minivans, particularly used fleet minivans, also affect the price of new minivans.[165]

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[162] Major product features for which alternatives may be available include extended-length/long wheelbase, seating and cargo space, 2/4-wheel drive, and choice of engine.

[163] Typical optional equipment includes AM/FM stereo and cassette, air conditioning (dual or single), anti-lock braking system (2-wheel or 4-wheel), automatic transmission, air bags, intermittent front wipers and a rear wiper, power windows and door locks, rear-window defroster, speed control, privacy glass, and tilt wheel. Certain related optional equipment may be sold in packages, as well as available individually. Equipment packages generally offer the set of featured options at a lower price than if all were purchased individually.

[164] Many minivan models are sold with different trim grades; a trim grade specifies not only a certain outside-body appearance, but also a particular set of base-vehicle equipment, which includes major equipment and certain optional equipment. Trim grades typically provide a ranking of higher-valued minivan products of a specific brand and model. A minivan with a particular trim grade may also be sold with additional optional equipment not included in the base trim-grade specifications and, therefore, could carry a higher price than a minivan with a higher-value trim grade sold without any additional optional equipment.

[165] Toyota asserts that resales of used minivans retired from fleet operations typically are low-mileage vehicles that suppress prices of new minivans to a greater extent than resales of used minivans of households, which generally have higher mileage. ***. In 1991, U.S. producers repurchased *** of their domestically produced used-fleet minivans from their fleet buyers, which was about *** percent of the *** new U.S.-produced minivans that they sold to fleet buyers.

MARKETING PRACTICES[166]

U.S. producers and importers usually sell their minivans on a delivered price basis, shipping their vehicles throughout the United States to their dealers. Although destination and delivery charges differ among producers and importers, each firm usually charges a uniform rate in shipping its minivans to all locations. In 1991, charges by U.S. producers ranged from $*** to $*** per vehicle and those by importers from $*** to $*** per vehicle.[167]

The responding U.S. producers and importers use price lists in selling to their dealers. The price lists offer an up-to-date list of minivan models and factory-installed optional equipment at what is represented as the dealer cost level and the manufacturer's suggested retail price (MSRP) level.

The three U.S. producers financed some consumer purchases of their domestically produced minivans,[168] and a single importer, Toyota, also financed some consumer purchases of its Japanese minivans.[169] About *** percent of the total volume of U.S.-produced passenger minivans purchased from dealers during 1988-91 was financed by U.S. producers, while consumers' purchases of the Japanese minivans financed by Toyota accounted for *** percent of the total volume of Japanese passenger minivans purchased from dealers.[170]

The three U.S. minivan producers and the importers of the Japanese minivans expend a significant amount of money in incentive sales programs to dealers and directly to consumers. U.S. producers direct *** of their sales incentive benefits and the Japanese importers direct *** of their sales incentive benefits to ***. The largest sales programs to dealers are floorplanning, holdbacks, discounts, and rebates, and the largest sales programs offered directly to consumers are discounts and rebates. The majority of U.S. producers' sales incentive expenditures to dealers are ***, while importers' largest sales incentive expenditures to dealers are ***.

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[166] Data involving marketing practices were requested annually during 1988-91 primarily for passenger minivans shipped to dealers. The base period of 1988 was used because a number of changes occurred among the importers of Japanese minivans. Mitsubishi and Nissan greatly reduced their presence in the U.S. market in 1989, while Toyota reduced its shipments as it phased out its Van; on the other hand, Mazda significantly increased its shipments in 1989. Limited marketing data were requested involving repurchased fleet minivans, which are separately identified and discussed. Marketing data were not requested for cargo minivans, as they have been a small portion of all minivans imported from Japan; in 1991, Japanese cargo minivans were less than *** percent of U.S. shipments of Japanese minivans.

[167] In 1991, U.S. minivan destination and delivery charges of U.S. producers were $*** per vehicle for GM, $*** for Chrysler, and $*** for Ford. For the importers these charges were $*** per vehicle for Mazda, $*** for Mitsubishi, $*** for Nissan, but *** for Toyota.

[168] ***.

[169] Toyota financed about *** percent of consumers' purchases of its imported Japanese minivans during this period.

[170] Based on the number of U.S. producers' and importers' passenger minivans shipped to U.S. dealers; dealer sales were not available directly, but assumed to approximate shipments received from their suppliers. Cargo minivans and minivans sold to fleet buyers were not included.

The various minivan sales incentive expenditures, which lower the U.S. producers' and importers' net realized sales prices, are meant to make their minivans competitive at the consumer level. But the exact effect on consumer prices is not always predictable, as dealers receiving incentive benefits aimed at lowering their costs may not fully convert these benefits into lower consumer prices. U.S. producers offered directly to dealers more than *** percent of their total annual sales incentive program expenditures on their U.S.-produced minivans during 1988 and 1989, but only about *** percent went to dealers in 1990 and 1991;[171] the remaining benefits each year went directly to consumers. The importers of Japanese minivans, however, directed *** percent of their annual sales incentive expenditures to dealers during 1988-90, and more than *** percent of such expenditures to dealers in 1991. It is not known to what extent consumer prices are affected by U.S. producers' and importers' dealer incentive programs; such data are not available.

Incentive Programs

As mentioned, the three U.S. minivan producers offer *** of their sales incentives to dealers and the rest directly to consumers,[172] while the four importers of Japanese minivans offer sales incentives *** to dealers.[173] During 1988-91, *** percent of U.S. producers' total sales incentive expenditures for their U.S.-produced minivans were directly to dealers and *** percent to consumers,[174] while more than *** percent of the importers' sales incentive expenditures for Japanese minivans were to dealers.

Major sales programs to dealers such as floorplanning and holdbacks, which will be discussed in detail below, are offered on a continuing basis. All three U.S. producers offer these programs but, currently, only one of the four Japanese importers has significant floorplan and holdback expenditures;[175] the programs are much more important for U.S. producers than the importers. During 1988-91, expenditures for holdbacks and floorplanning averaged *** percent of the U.S. producers' total sales/incentive programs (to dealers and consumers) on their domestically produced minivans and *** percent for Chrysler on its imported Canadian minivans, but *** percent for the U.S. importers on their Japanese minivans.[176]

Sales programs to dealers other than floorplanning and holdbacks and all sales programs to consumers are available only for specified periods as a

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[171] Chrysler directed more than *** percent of its total annual sales incentive program expenditures on its imported Canadian minivans to dealers during 1988 and 1989, but only about *** percent went to dealers in 1990 and *** percent to dealers in 1991; the remaining benefits went directly to consumers.

[172] U.S. producers also reported ***.

[173] ***.

[174] During this period, almost *** percent of Chrysler's total sales incentive expenditures on its imported Canadian minivans were directly to dealers and *** percent directly to consumers.

[175] Mazda, Mitsubishi, and Nissan offered holdbacks and Mitsubishi offered floorplanning; ***. Mitsubishi reports that it did not offer either program in 1991 and Nissan's expenditures have been greatly reduced, as both firms have effectively withdrawn from the U.S. minivan market.

[176] The figures for the U.S. importers do not include *** (Commission staff telephone conversation with ***, on April 23, 1992).

means to increase sales of current-year models during periods of sluggish demand, or to eliminate inventories of previous-year models. These programs to dealers include discounts and rebates,[177] dealer trips and prizes, cash payments, and various other dealer and/or sales-person sales incentives. Sales programs directly to consumers include mostly discounts, rebates, and low interest-rate financing. Domestic producers offer all of the above incentives, while the importers offer sales programs *** to dealers, primarily including discounts/rebates, trips/prizes, and other dealer/sales-person sales incentives.

Floorplan Assistance

***.[178] Floorplan assistance affects the dealer's net vehicle price; it is initially included in the delivered invoice price and is later refunded to the dealer. In addition ***[179] pay the dealer's interest costs during the approximately 10-day period of shipment from the factory to the dealer's location(s).[180] The dealer's purchase price is not affected by this latter cost; it is not included in his invoice price nor is he later charged for this cost.

About *** percent of dealers' purchases of U.S.-produced passenger minivans are financed through the domestic manufacturers, with the remaining purchases financed through dealers' local banks or by the dealers themselves. Toyota is the only importer of Japanese minivans financing at least some of U.S. dealers' purchases of its imported minivans. In 1991, Toyota financed about *** percent of dealers' purchases of its Japanese passenger minivans, which equaled approximately *** percent of all Japanese passenger minivans purchased by dealers.

Holdback Programs

***. These suppliers include in their dealer's invoice price a specified amount which is remitted back to the dealer after the dealer sells the vehicles. In this way dealers can report a dealer's cost to their customers that is higher than their actual cost. Such payments, which lower the dealer's net cost per vehicle, are made *** by the suppliers. ***.

Summary

For the total of dealer and consumer minivan sales-program expenditures, including those for floorplanning and holdbacks, the following tabulation shows the annual average per-vehicle expenditures by responding firms and for

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[177] Includes special-value package programs. These are limited-term programs that typically follow new-model introduction and offer dealers price reductions on vehicles ordered with specified trim and/or option packages. Previously existing dealer inventories with the specified value package often receive a cash discount about equal to the special-value discount.

[178] ***.

[179] ***. The dealers' purchase price is not affected by this cost. (Commission staff telephone conversation with *** on May 8, 1992.)

[180] The dealer assumes ownership of the minivans when they leave the U.S. producer's or importer's U.S. shipping location.

all U.S. and Japanese passenger minivans during 1988-91.[181] The average per-vehicle expenditures are based on the total number of passenger minivans shipped to U.S. dealers, which included minivans that received benefits from several programs and those that may not have received any benefits at all. As shown, such incentives per vehicle rose substantially during this period for ***.[182] The largest per-vehicle incentives were reported by ***.

Company	1988	1989	1990	1991
*	*	*	*	*

MINIVAN SALES BY PRICE-RANGE CATEGORIES[183]

The Commission requested in its producer and importer questionnaires each firm's annual quantity of new passenger minivans sold to dealers by price-range categories net of all programs. In addition, the responding firms were requested to provide the average annual net unit value of their passenger minivans and the share of minivans equipped with anti-lock braking systems (ABS) and air conditioning (AC).

The following tabulations show the percentage shares of U.S. and imported Japanese minivans sold to U.S. dealers by price-range categories and the average net unit value, annually, during 1988-91.

U.S.-produced minivans:

	Less than $13,000	$13,000-16,000	$16,001-19,000	Above $19,000	Total volume	Average annual net unit value $/vehicle
	Percent					
*	*	*	*	*	*	*

Imported Japanese minivans:

	Less than $13,000	$13,000-16,000	$16,001-19,000	Above $19,000	Total volume	Average annual net unit value $/vehicle
	Percent					
*	*	*	*	*	*	*

[181] Based on U.S. producers' and importers' total shipments of passenger minivans to dealers during this period. Cargo minivans and minivans sold to fleet buyers were not included.

[182] Nissan and Mitsubishi effectively left the U.S. minivan market by the end of the 1988 and 1990 model years, respectively.

[183] The requested sales data were for the responding suppliers' sales of passenger minivans as equipped, but did not include fleet sales of minivans or sales of cargo minivans.

During 1988-91, *** percent of U.S.-produced minivans were sold to dealers at prices of $16,000 or less, whereas *** percent of the imported Japanese minivans were sold to dealers at prices greater than $16,000.[184] Of the total number of domestic minivans sold during the period, *** percent were equipped with anti-lock brakes and *** percent with air conditioning. About *** percent of total imported Japanese minivans sold were equipped with anti-lock brakes and *** percent with air conditioning.

Unit values of both the domestic and imported Japanese minivans have risen, but at least some of the increase resulted from greater sales of more expensively equipped vehicles.[185] During 1988, *** percent of U.S.-produced minivans were sold at prices above $16,000 per vehicle, but by 1991 this share had increased to *** percent.[186] The average net unit value of the U.S.-produced minivans also increased, rising from $*** per vehicle in 1988 to $*** per vehicle in 1991.

In comparison, *** percent of the imported Japanese minivans were sold at prices above $16,000 per vehicle during 1988, and *** percent were sold at the higher prices in 1991. The average net unit value of the imported Japanese minivans rose from $*** in 1988 to $*** in 1991.

SALES PRICE RANGES OF REPURCHASED PASSENGER FLEET MINIVANS[187]

The Commission requested in its questionnaires each firm's annual quantity of its repurchased fleet minivans by resale-price-range categories.[188] The annual quantities and prices were for the responding suppliers' resales of repurchased fleet minivans as equipped. Sales of repurchased fleet minivans are currently about *** percent of the market, with the market share increasing. The responding firms were also requested to provide for each period the average net unit resale value of their passenger minivans, the share of minivans equipped with anti-lock braking systems and air conditioning, and the average mileage and age of the vehicles.[189]

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[184] During 1988-91, *** percent of Chrysler's imported Canadian minivans were sold to dealers at prices at or below $16,000.

[185] Trends toward higher prices of the domestic and imported Japanese minivans were accompanied by increases in the number of vehicles equipped with equipment such as anti-lock brakes and air conditioning. The proportion of U.S.-produced passenger minivans equipped with anti-lock brakes increased from *** in 1988 to *** percent in 1991, and the share equipped with air conditioning increased from *** percent in 1988 to *** percent in 1991. The share of the imported Japanese passenger minivans equipped with anti-lock brakes increased from *** in 1988 to *** percent in 1991, and the share equipped with air conditioning rose from *** percent to *** percent during this period.

[186] During 1988, *** of Chrysler's imported Canadian minivans were sold above $16,000 per vehicle, but by 1991 this share had increased to *** percent. Average net unit values of the imported Canadian minivans rose from $*** in 1988 to $*** in 1991.

[187] *** In the rest of this section, the term "repurchased fleet minivans" will be applied to minivans for which the supplier has guaranteed a repurchase price to the fleet buyer, whether or not the supplier actually takes title to the used fleet minivans.

[188] Auction price data were used.

[189] ***.

Sales of repurchased fleet minivans began relatively recently, with U.S. producers first reporting sales in 1989 and importers first reporting sales in 1990. The following tabulations show the percentage shares of U.S. and imported Japanese repurchased minivans sold to U.S. dealers by price-range categories, the average net unit resale values, and the average age and mileage per vehicle, annually, during 1989-91.

U.S.-produced repurchased fleet minivans:

Less than $13,000	$13,000-16,000	$16,001-19,000	Above $19,000	Total vehicles	Average annual net unit value of sales $/vehicle
Percent					
*	*	*	*	*	*

Average mileage Miles/vehicle	Average age Months/vehicle
*	*

Imported Japanese repurchased fleet minivans:

Less than $13,000	$13,000-16,000	$16,001-19,000	Above $19,000	Total vehicles	Average annual net unit value of sales $/vehicle
Percent					
*	*	*	*	*	*

Average mileage Miles/vehicle	Average age Months/vehicle
*	*

During 1989-91, at least *** percent of U.S.-produced and imported Japanese repurchased fleet minivans were auctioned to dealers at prices below $16,000.[190] Resold U.S.-produced minivans had an average of *** miles per vehicle and an average age of *** months per vehicle;[191] *** percent of the total domestic resold minivans were equipped with anti-lock brakes and *** percent with air conditioning. In comparison, the resold Japanese minivans had an average of *** miles per vehicle and an average age of *** months per vehicle; *** percent of the total imported Japanese resold minivans were equipped with anti-lock brakes and *** percent with air conditioning. Reported unit sales values of the resold domestic minivans were less than those of the resold Japanese minivans, averaging about $*** lower in 1990 and about $*** lower in 1991.[192]

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[190] ***.

[191] Again based on responses of *** and ***.

[192] Unit sales values of Chrysler's imported Canadian repurchased minivans were ***.

The impact of sales of the repurchased minivans on new passenger minivan sales is difficult to determine. During 1989, the annual volume of sales of repurchased minivans was less than *** percent of the total volume of domestic and imported new passenger minivans sold to dealers in the U.S. market, but this ratio rose to about *** percent in 1990 and then to almost *** percent in 1991. The majority of the increase in 1991 was the result of increased sales of U.S.-produced repurchased minivans and a decline in sales of new U.S.-produced passenger minivans to dealers.[193] A big increase in U.S. producers' new minivan fleet sales in 1990 accounted for all of the increase in their total domestic shipments of new minivans during this year. But a big jump in U.S. producers' sales of repurchased fleet minivans in 1991 was accompanied by a drop in their total domestic shipments of new minivans.[194]

QUESTIONNAIRE PRICE DATA

The Commission requested pricing data for 15 imported Japanese passenger minivan products and comparable U.S.-produced and imported Canadian minivans as suggested by U.S. producers and by importers;[195] cargo minivans and minivans

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[193] U.S. producers accounted for *** percent of total sales of repurchased domestic and imported Japanese minivans in 1991.

[194] U.S. producers' new minivan fleet sales increased by *** vehicles, or *** percent, in 1990 from the previous year, while U.S. producers' total new minivan domestic shipments rose by *** vehicles, or about *** percent. In 1991, U.S. producers' sales of repurchased fleet minivans increased by *** vehicles, or *** percent, from 1990, while U.S. producers' total new minivan domestic shipments fell by *** vehicles, or *** percent.

[195] Because of sharp disagreements between the producers and importers regarding representative and competing products, the Commission staff requested price data for all the products suggested by the parties. The three U.S. producers and the two largest importers of Japanese minivans, Mazda and Toyota, specified various imported Japanese, U.S.-produced, and imported Canadian minivan products to use in obtaining price data. The producers and importers each insisted that their respective products were more representative of competition between the domestic and Japanese minivans. The 15 specified imported Japanese products include 7 Mazda products and 8 Toyota products. Three of the Mazda products and 3 of the Toyota products were suggested by the importers as their large-volume products; and 4 other Mazda products and 5 other Toyota products were suggested by U.S. producers as large-volume imported Japanese products. The specified U.S.-produced minivan products to be used in the comparisons include one set suggested by U.S. producers and another suggested by the Japanese importers. The specified imported Canadian minivan products also to be used in the comparisons include one set suggested by Chrysler and another suggested by the importers of Japanese minivans.

Differences among the U.S. producers and importers in construction/styling of their minivans and in the way they include optional equipment/features, such as in various trim grades, option packages, and as individual items, largely explain the sharp disagreements among the firms regarding what constitutes properly specified U.S.-produced comparison minivans. For instance, the importers assert that extended-length/long-wheelbase U.S.-produced minivans are not appropriate comparisons vis-a-vis the imported Japanese minivans, which are all "regular" length, whereas the U.S. producers indicate that for some of the specified Japanese minivans such comparisons are valid. Different combinations of trim grades, option packages, and individual options for a particular U.S.-produced minivan model will result in some

(continued...)

sold to fleet buyers were not included.[196] The 15 specified imported Japanese products are identified in appendix N, the specified comparison U.S.-produced products suggested by U.S. producers are identified in appendix O, and the specified comparison U.S.-produced products suggested by the two Japanese importers are identified in appendix P.[197] Please note that, to facilitate presentation of product prices, the order of products identified in appendices N through Q and discussed in this section differ from that reported in the questionnaires.[198] In the report, the suggested products have been grouped into the following 3 categories: Those with 2-wheel drive and 7-passenger seating, those with 4-wheel drive and 7-passenger seating, and those with 2-wheel drive and 5-passenger seating.

The Commission asked U.S. producers and importers to provide quarterly price and quantity data during October 1988-December 1991 for current model-year specified minivan products shipped to and sold by dealers in each quarter requested.[199] Price data were requested based on gross delivered weighted-average invoice selling prices of the specified minivans shipped to dealers each quarter and on net realized weighted-average prices received by producers and importers for the specified minivans sold by dealers each quarter. The net realized selling prices of producers and importers net out all of their sales and incentive program expenditures, some of which are determined only after the dealer sells the minivan to the consumer.[200] The net realized

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[198] (...continued)
products which are more comparable than others to a given Japanese minivan product. Such domestic products could have significantly different prices. Generally, optional equipment/features are lower priced if included in a trim grade and/or option package than if sold as individual items.

[196] The questionnaires also requested the firms to provide detailed descriptions of the specified products they produced or imported and, for each suggested U.S.-produced and imported Canadian product, why the firm thought the product was or was not directly competitive with the specified imported Japanese product.

[197] The specified comparison imported Canadian minivan products suggested by Chrysler and the two Japanese importers are identified in appendix Q.

[198] The product numbers shown in the report are related to the product numbers in the questionnaires as shown in the following tabulation:

Product numbers in--	Two-wheel drive and 7-passenger seating									Four-wheel drive and 7-passenger seating				Two-wheel drive, 5-passenger seating	
Report....	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Question-naires..	7	1	8	2	11	4	5	12	13	9	3	14	15	6	10

[199] A model year typically runs from October of one year through September of the following year. But new model introductions, as with the Toyota Previa, sometimes include additional quarters; the Previa was introduced in January 1990 and its initial model year extended through September 1991. The only other new minivan model introductions during the period of investigation involved 3 GM minivan models, the Chevrolet Lumina APV, the Pontiac Trans Sport, and the Oldsmobile Silhouette. All 3 models followed the typical model year, with the first model year for each beginning in October 1989 and ending in September 1990.

[200] The requested net realized prices include destination and delivery charges to dealers but are reduced by all producer and importer sales and

(continued...)

selling prices reflect competition among the producers and importers, but do not include dealer competition and therefore do not necessarily represent consumers' final purchase prices.

Ford reported the price data as requested,[201] but Chrysler and GM were ***. As a result, Chrysler and GM ***.

Two major importers, Mazda and Toyota,[202] provided the price data as requested for the specified imported Japanese minivans.[203] Mitsubishi reported that it effectively left the U.S. minivan market after the 1990 model year; the firm ***.[204] Nissan indicated that it effectively left the U.S. minivan market in 1988, the last year it sold a current-model-year minivan in the United States.[205]

Although the requested pricing data provide a reasonable basis for determining price trends and for comparing prices between the domestic and imported Japanese minivans, the data should be viewed with some caution. Year-to-year model changes, which encompass some feature changes and, sometimes, styling changes, may mask actual price trends for some of the specified minivan products. Differences among minivans, such as styling/construction, basic equipment,[206] and availability of certain options, may make some of the specified U.S.-produced and imported Canadian minivan products less comparable than others to the specified imported Japanese minivan

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[200] (...continued)
incentive program benefits to dealers and directly to consumers. Dealer programs include all discounts (including those involving special-value equipment packages), allowances, rebates, cash incentives, holdbacks, floorplanning, dealer trips/prizes, and any other deductions, incentives, or premiums to dealers. Program benefits direct to consumers include all discounts/cash rebates and the value of low-interest-rate financing.

The incentives, discounts, and rebates to dealers included those that were (1) applicable only to minivans and (2) applicable to both minivans and other vehicles, such as those that were paid to dealers who achieved total minimum sales levels involving combined sales of several types of vehicles, including minivans. For the latter incentives, discounts, and rebates, only the amounts attributable to minivans during the period(s) such benefits applied were deducted.

[201] The number of domestic passenger minivans for which Ford reported net pricing data accounted for about *** percent of the firm's total U.S. shipments of its minivans during 1989-91.

[202] The number of Japanese minivans for which these two importers reported net pricing data accounted for about *** percent of total U.S. shipments of imported Japanese minivans during 1989-91.

[203] Mazda's reported prices included about $*** for floormats, which were not in the equipment specified. The effect of including floormats in Mazda's reported prices range from about *** percent to *** percent of the reported prices.

[204] Commission staff telephone conversation with ***, on May 7, 1992.

[205] Commission staff telephone conversation with ***, on May 7, 1992.

[206] Certain product features may vary significantly in complexity and cost among minivan producers and importers. For instance, anti-lock brakes reportedly range in price from $*** for the Toyota 4-wheel system to $*** for Ford's 2-wheel system; both prices are based on factory installation.

products.[207] In addition, variations in the way prices of minivans were reported, as indicated above, suggest that the reported price data may not always be directly comparable.

Prices and quantities of the specified Japanese minivan products are shown by product in appendix tables R-1a through R-15a and again in appendix tables S-1a through S-15a. Prices of the U.S.-produced minivan products suggested for comparison by U.S. producers and quantities of the *** products are shown in tables R-1a through R-15a; prices of the U.S. products suggested for comparison by the Japanese importers and quantities of the *** products are shown in tables S-1a through S-15a. Margins of under/overselling between the various combinations of domestic and Japanese products are also shown in the appendix R and appendix S tables. Companion appendix tables R-1b through R-15b and S-1b through S-15b show summary product specifications for each of the specified domestic and imported Japanese products.[208]

Appendix tables T-1a through T-15a show the reported U.S. selling prices of the specified imported Japanese and imported Canadian minivan products, and the margins of under/overselling between the Japanese and Canadian products.[209] Companion tables T-1b through T-15b show summary product specifications for each of the specified imported Japanese and Canadian minivan products.

Price Trends

Price trends of the domestic and imported Japanese minivans are based on the quarterly U.S. net realized prices reported by U.S. producers and importers in their questionnaire responses and shown in appendices R and S. Price trends of the imported Canadian minivans are based on the quarterly U.S. net realized prices reported by Chrysler in its importer questionnaire responses, which are shown in appendix T. The extensive price data shown in these appendices are summarized for price trend purposes in table 39 for the U.S.-produced minivan products suggested by U.S. producers, table 40 for the U.S. products suggested by Mazda and Toyota, table 41 for the Japanese products, and table 42 for the imported Canadian products.

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[207] In addition, differences in the way the value of optional equipment is reported and differences in basic minivan characteristics may also affect comparability of the price data.

[208] Appendix tables R-1a/b through R-9a/b and S-1a/b through S-9a/b involve the specified minivan products with 2-wheel drive and 7-passenger seating; tables R-10a/b through R-13a/b and S-10a/b through S-13a/b involve the specified minivan products with 4-wheel drive and 7-passenger seating; and tables R-14a/b, R-15a/b, S-14a/b, and S-15a/b involve the specified minivan products with 2-wheel drive and 5-passenger seating. Automatic transmission was specified for almost all the products; the lone exception was product 14 (2-wheel drive, 5-passenger minivan, and manual transmission) specified by the U.S. producers.

[209] The imported Canadian products include both those suggested by Chrysler and by Mazda and Toyota. Prices of the Japanese products shown in tables T-1a through T-15a are the ***.

Table 39
Price trends: A summary of quarterly price increases and decreases of the specified U.S.-produced minivan products that were suggested by U.S. producers, by minivan brand and product, during October 1988-December 1991

* * * * * * *

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

Table 40
Price trends: A summary of quarterly price increases and decreases of the specified U.S.-produced minivan products that were suggested by Mazda and Toyota, by minivan brand and product, during October 1988-December 1991

* * * * * * *

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

Table 41
Price trends: A summary of quarterly price increases and decreases of the specified Japanese minivan products that were suggested by Mazda, Toyota, and U.S. producers, by minivan brand and product, during October 1988-December 1991

* * * * * * *

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

Table 42
Price trends: A summary of quarterly price increases and decreases of the specified imported Canadian minivan products that were suggested by Chrysler, Mazda, and Toyota, by minivan brand and product, during October 1988-December 1991

* * * * * * *

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

Quarterly U.S. prices of the U.S.-produced, Japanese, and Canadian minivan products fluctuated between quarters but tended to *** their respective initial-quarter price levels. As a result, the reported prices of the domestic and imported minivan products generally *** during the periods reported. Price *** for the U.S.-produced minivan products ranged from *** percent for *** equipped as product 1 to *** percent for *** equipped as product 7,[210] while price *** for the Japanese minivans ranged from *** percent for *** equipped as product 3 to *** percent for the *** equipped as product 7. Price *** for the Canadian minivans ranged from *** percent for *** equipped as product 14[211] to *** percent for *** equipped as product 7. The price *** specifically noted above for the domestic and imported minivan products occurred during the full period requested, October 1988-December 1991, although some price *** within these ranges were for shorter periods. The quarterly U.S. Consumer Price Index for consumer durable goods rose by 4.6 percent during October 1988-December 1991.[212]

Although there were far fewer instances of price ***, quarterly price *** of the domestic products during the periods reported ranged from *** percent for the *** equipped as products 12 and 13 to *** percent for *** equipped as product 13.[213] A single instance of a price *** for the Japanese minivans involved prices of the *** equipped as product 5, which *** percent during April 1990-March 1991. Also, a single instance of *** prices for the imported Canadian minivans involved prices of the *** equipped as product 1, which *** percent during October 1988-December 1991.

[210] ***.

[211] ***.

[212] For all urban consumers. The Consumer Price Index is prepared by the U.S. Department of Labor, Bureau of Labor Statistics.

[213] The Chrysler products were suggested by the U.S. producer and the GM product was suggested by Toyota.

U.S.-Produced Minivans

Domestic products suggested by U.S. producers.--Quarterly net realized prices of the U.S.-produced minivan products suggested by U.S. producers *** (table 39). *** (tables R-1a through R-15a).

* * * * * * *

General Motors suggested minivan products for pricing purposes that included its Pontiac Trans Sport, Oldsmobile Silhouette, and GMC Safari. ***.[214]

* * * * * * *

Domestic products suggested by Mazda and Toyota.--Quarterly net realized prices of the U.S.-produced minivan products suggested by Mazda and Toyota *** (table 40).[215] *** (tables S-1a through S-15a).

* * * * * * *

Mazda and Toyota suggested the GM Chevrolet Lumina APV and GMC Astro minivan products for pricing purposes. ***.

U.S. Importers' Minivans

Japanese products.--Quarterly net realized prices of the imported Japanese minivan products *** (table 41). *** (appendix tables R-1a through R-15a).

* * * * * * *

Canadian products.--Quarterly net realized prices of the imported Canadian minivan products *** (table 42). *** (appendix tables T-1a through T-15a).

* * * * * * *

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[214] General Motors introduced its Lumina APV, Silhouette, and Trans Sport minivans (triplets) with a long sloping windshield and cowl in late 1989. This design apparently has led to driver visibility problems and a poorly accessible dashboard extending far in front of the driver. After initially brisk sales, GM reportedly has not been able to attain the volume that it expected. (Consumer Reports, Feb. 1990, at 114; Automotive Industries, Oct. 1989, at 65; AutoWeek, Nov. 6, 1989 at 46; Car and Driver, Feb. 1990, at 55; Washington Post, Aug. 30, 1991, at N54; and Gannett News Service release, Dec. 24, 1991.)

[215] Mazda and Toyota did not suggest any U.S.-produced Chrysler minivan products for comparisons with the Japanese products, because both firms assert that the long wheelbase Chrysler minivans do not compete with their minivans.

Price Comparisons

Quarterly price comparisons of the domestic and imported Japanese minivans are based on the quarterly U.S. net realized prices reported by U.S. producers and importers in their questionnaire responses and shown in appendices R and S. Quarterly price comparisons of the imported Canadian and Japanese minivans are based on the quarterly U.S. net realized prices reported by importers in their importer questionnaire responses, which are shown in appendix T. The extensive price data shown in these appendices are summarized for price comparison purposes in table 43 for price comparisons involving the domestic products suggested by U.S. producers vis-a-vis the Japanese products, table 44 for price comparisons involving the domestic products suggested by Mazda and Toyota vis-a-vis the Japanese products, and table 45 for price comparisons involving the imported Canadian products vis-a-vis the Japanese products.

The price comparisons reported here are those suggested by the producers and importers and should be evaluated carefully as to the appropriateness of model specifications, which are presented in appendices N through Q. In general, ***.

Table 43
Margins of under/overselling: A summary of quarterly margins of under/overselling between the specified Japanese products and U.S.-produced products suggested by the U.S. producers, by products, during October 1988-December 1991

* * * * * * *

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

Table 44
Margins of under/overselling: A summary of quarterly margins of under/overselling between the specified Japanese products and U.S.-produced products suggested by Mazda and Toyota, by products, during October 1988-December 1991

* * * * * * *

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

Table 45
Margins of under/overselling: A summary of quarterly margins of under/overselling between the specified Japanese products and imported Canadian products suggested by Chrysler, Mazda, and Toyota, by products, during October 1988-December 1991

* * * * * * *

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

Comparisons Between Domestic And Japanese Minivans

Physical differences among minivans, such as styling/construction, size, basic equipment, and availability of certain options, may make some of the specified U.S.-produced (and imported Canadian minivan) products less comparable than others to the specified imported Japanese minivan products.[216] A particular style, construction,[217] set of safety features, color, reputation for quality, or even brand name, for instance, frequently differentiates one minivan product from another in the eyes of consumers.[218] The effect of such differentiation varies among consumers, as the feature/price combinations they consider as alternatives vary from consumer to consumer.

A total of 354 quarterly price comparisons were possible between the domestic minivans suggested by U.S. producers and the Japanese minivans (table 43), and a total of 290 price comparisons were possible based on the domestic minivan products suggested by Mazda and Toyota (table 44). ***.

Comparisons Between Imported Canadian And Japanese Minivans

A total of 68 quarterly price comparisons were possible between the imported Canadian minivan products suggested by Chrysler and the Japanese minivans,[219] and a total of 122 price comparisons were possible based on the Canadian minivan products suggested by Mazda and Toyota (table 45). ***.

[216] In addition, variations in the way prices of minivans were reported suggest that the reported price data may not always be directly comparable. ***.

[217] The small size of the Mazda MPV ***.

[218] ***. Surveys regarding consumers' buying patterns of minivans and certain other types of vehicles are discussed in the final elasticities memo.

[219] Chrysler did not suggest any of its Canadian minivans for price comparison purposes with the Toyota Previa ***.

PRICES OF CERTAIN VEHICLES OTHER THAN MINIVANS

The producer's questionnaire requested each firm to report quarterly net prices of a U.S.-produced sport-utility vehicle, a U.S.-produced station wagon, and a U.S.-produced full-size van most similar to the firm's largest-volume U.S.-produced minivan product for which it reported price data.[220] The quarterly prices were requested on the same basis as those for minivans and described earlier in the price section, during October 1989-December 1991. ***.

The quarterly net selling prices of the non-minivan vehicles and comparison minivans are shown in table 46a for the Ford products and table 47a for the Chrysler and GM products. Companion tables 46b and 47b show summary product specifications for each product for which price data were reported.

* * * * * * *

Table 46a
Net U.S. delivered selling prices of Ford's specific U.S.-produced minivan and non-minivan products, by quarter, October 1989-December 1991

(Per vehicle)

* * * * * * *

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

Table 46b
Descriptions of Ford's specified minivan product 1 and selected non-minivan products

* * * * * * *

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

[220] Prices were requested for current-model-year vehicles. U.S. minivan producers reported in their questionnaire responses ***.

Table 47a
Net U.S. delivered selling prices of Chrysler's specific U.S.-produced minivan and sport utility vehicle and GM's non-minivan products, by quarter, October 1989-December 1991

(Per vehicle)

* * * * * * *

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

Table 47b
Descriptions of Chrysler's specific U.S.-produced minivan product 13 and the firm's selected sport utility vehicle and GM's selected non-minivan products

* * * * * * *

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

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that during October 1988-December 1991,[221] the nominal value of the Japanese yen fluctuated somewhat but generally depreciated overall, falling by 3.3 percent relative to the U.S. dollar by the end of this period (table 48). A lower rate of inflation of 4.3 percent in Japan compared to 7.1 percent in the United States during this period resulted in greater depreciation of the Japanese yen in real terms than in nominal terms. In real terms, the Japanese yen depreciated against the U.S. dollar by 5.8 percent.

[221] International Financial Statistics, April 1992.

Table 48
Exchange rates:[1] Indexes of the nominal and real exchange rates between the U.S. dollar and the Japanese yen, and indexes of producer prices in Japan and the United States,[2] by quarters, October 1988-December 1991

Period	Nominal exchange rate index	Japanese producer price index	Real exchange rate index[3]	U.S. producer price index
1988:				
October-December....	100.0	100.0	100.0	100.0
1989:				
January-March.....	97.5	100.5	95.9	102.2
April-June.....	90.7	103.1	90.0	104.0
July-September.....	88.0	103.9	88.3	103.6
October-December....	87.6	103.7	87.3	104.0
1990:				
January-March.....	84.7	104.2	83.6	105.5
April-June.....	80.7	105.0	80.4	105.3
July-September.....	86.3	105.0	84.5	107.2
October-December....	95.8	105.7	91.6	110.5
1991:				
January-March.....	93.6	105.8	91.5	108.2
April-June.....	90.6	105.3	89.1	107.1
July-September.....	91.3	105.0	89.7	106.9
October-December....	96.7	104.3	94.2	107.1

[1] Exchange rates expressed in U.S. dollars per Japanese yen.
[2] Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.
[3] The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and Japan.

Note.--October-December 1988 = 100.

Source: International Monetary Fund, International Financial Statistics, April 1992.

Lost Sales/Lost Revenues

Because U.S. producers and importers sell minivans directly to dealers, who, in turn, compete among themselves for sales to consumers, the traditional lost sale/lost revenue analysis was not possible. These dealers are established networks of independent businesses that typically do not consider competing minivan suppliers when sourcing their minivans, although some large dealers may sell more than one make of minivan to appeal to differences in consumer tastes. Dealers in turn compete for customers on the basis of several price and non-price factors. Because of this three-tier structure, the information on allegations could not be developed and it would not be feasible to investigate lost sales/lost revenues at the level of the ultimate purchasing decision--the consumer.

Many factors that determine competition among various minivan brands and models are largely influenced by the U.S. producers and importers; such factors include price, basic product construction and styling, repair histories, brand loyalty,[222] safety features, and availability of specific optional equipment. In particular, minivan prices ultimately paid by the consumers are significantly influenced by sales incentive benefits offered directly to dealers by the U.S. producers and importers and, by U.S. producers, directly to the consumers.[223]

To investigate industry assertions of competition from imported Japanese minivans resulting in suppressed prices and lower sales volumes, the Commission requested U.S. producers and importers to provide in their questionnaire responses a chronological history of their discount and rebate program expenditures for minivans. ***.[224] [225] These data are shown in table 49 and indicate that reported incentive programs of the U.S. producers have been more prevalent than those for the importers.[226] Incentives of U.S. producers and importers were moderate during 1988 and much of 1989, but began to intensify by the end of 1989 and in the beginning of 1990 and were significantly greater, particularly for the U.S. producers, during 1990-91 compared to the previous 2 years.[227]

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[222] Consumers tend to develop brand loyalties, favoring particular styling, service, etc. identified with a specific make of minivan.

[223] Some discounts and rebates offered to dealers by the U.S. producers and importers may not always be fully passed through to consumers. As a result, dealers' willingness to accept higher or lower profit margins also determine prices at the consumer level.

[224] The reported per-vehicle amounts are based on the number of minivans actually receiving benefits.

[225] The responding firms did not report their floorplan and holdback programs, which are offered on a continual basis, in the chronology of incentive programs. Floorplan and holdback programs account for a *** portion of U.S. producers' total sales incentive expenditures.

[226] ***.

[227] ***.

Table 49
Chronological history of major per-vehicle consumer and dealer minivan incentives of U.S. producers and importers, 1988-91

* * * * * * *

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

SALES INCENTIVE TRENDS IN 1988

* * * * * * *

SALES INCENTIVE TRENDS IN 1989

* * * * * * *

SALES INCENTIVE TRENDS IN 1990

* * * * * * *

SALES INCENTIVE TRENDS IN 1991

* * * * * * *

APPENDIX A

THE COMMISSION'S AND COMMERCE'S FEDERAL REGISTER NOTICES

[Investigation No. 731-TA-522 (Final)]

Minivans From Japan; Investigation

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a final antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-522 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b))

(the act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of new minivans, provided for in heading 8703 or 8704 of the Harmonized Tariff Schedule of the United States.

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: January 2, 1992.

FOR FURTHER INFORMATION CONTACT: Brain C. Walters (202–205–3198), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of minivans from Japan are being sold in the United States at less than fair value within the meaning of section 733 of the act (19 U.S.C. § 1673b). The investigation was requested in a petition filed on May 31, 1991, by Chrysler Corp., Detroit, MI, Ford Motor Co., Dearborn, MI, and General Motors Corp., Detroit, MI.

Participation in the investigation and public service list

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, not later than twenty-one (21) days after publication of this notice in the Federal Register. The Secretary will prepare a public 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.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this final investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than twenty-one (21) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the AOP.

Staff report

The prehearing staff report in this investigation will be placed in the nonpublic record on May 4, 1992, and a public version will be issued thereafter, pursuant to section 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on May 21, 1992, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before May 15, 1992. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on May 13, 1992, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules.

Written submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the Commission's rules; the deadline for filing is May 14, 1992. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is May 29, 1992; witness testimony must be filed no later than three (3) days before the hearing. 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 May 29, 1992. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

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

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules.

Dated: January 14, 1992.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 92–1641 Filed 1–22–92; 8:45 am]

BILLING CODE 7020–02–M

[A-588-820]

Final Determination of Sales at Less Than Fair Value: New Minivans From Japan

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

EFFECTIVE DATE: May 26, 1992.

FOR FURTHER INFORMATION CONTACT: James Maeder, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-4929.

FINAL DETERMINATION:

Background

Since the publication of our affirmative preliminary determination on January 2, 1992 (57 FR 43), the following events have occurred.

On January 6, 1992, the petitioners (Ford Motor Company, General Motors Corporation, and Chrysler Corporation) requested a public heraring. On January 8 and 9, 1992, the respondents, Toyota Motor Corporation (TMC) and Toyota Motor Sales, U.S.A., Inc. (TMS) (collectively Toyota) and Mazda Motor Corporation (MC) and Mazda Motor of America, Inc. (MMA) (collectively Mazda), respectively, also requested a public hearing.

On January 13, 1992, Toyota provided us with information requested on December 13, 1991, concerning its relationship with its suppliers as well as cost data for both Toyota and certain related suppliers.

On January 23, 1992, we issued a deficiency questionnaire covering Toyota's January 13, 1992, submission. Toyota provided a partial response to our deficiency questionnaire on February 6, 1992, and the remainder of its response on February 18, 1992.

On January 27 and 28, 1992, we requested that both Mazda and Toyota, respectively, provide us with bills of materials and blueprints for certain components used in the production of minivans. On February 18, 1992, we received the responses to these requests.

On February 3, 1992, we requested that Toyota provide us with revised computer tapes to correct clerical problems found as a result of Toyota's preparation for verification. On February 18, 1992, we received the revised tapes. Toyota provided additional corrections on February 24, 1992.

On February 10, 1992, Mazda submitted revised cost of production (COP) information. On February 14, 1992, Mazda also submitted revised U.S. sales tapes. The firm provided additonal corrections on February 24, 1992.

On February 13, 1992, we requested that Toyota provide us with price data on parts purchased from certain unrelated suppliers. On February 14, 1992, we also asked Mazda to provide certain financial information pertaining to its unrelated suppliers. We received the requested data from both companies on February 26, 1992.

From March 2, through March 27, 1992, the Department of Commerce (the Department) conducted verifications in Japan, California, and Maryland of the questionnaire responses submitted by Mazda and Toyota.

At our request, Toyota provided corrections to its sales response on March 17, 1992, and to its unrelated supplier response on March 18, 1992. On April 8, 1992, at our request, both respondents submitted revised computer tapes that incorporated revisions to the data submitted on February 24, 1992, as well as corrections presented at verification.

On April 15, 1992, petitioners, respondents, and an interested party, Mitsubishi Motors Corporation (Mitsubishi), filed case briefs regarding sales issues. On April 17, 1992, petitioners and respondents filed case briefs concerning cost issues and Toyota submitted revised cost tapes. On April 21, 1992, we returned these tapes to Toyota because they were not solicited by the Department. On April 22, 1992, petitioners and respondents filed rebuttal briefs regarding both sales and cost issues. On April 24, 1992, we held a public hearing.

Scope of Investigation

The products covered by this investigation are new minivans from Japan. In the preliminary determination, we clarified the scope of the investigation based, in part, on comments received from all of the parties. We have reexamined the scope issue and find no compelling reason to amend the scope from that set forth in the preliminary determination (see Comment 1).

Definition: For purposes of this investigation, a new minivan is defined as an on-highway motor vehicle which generally has the following characteristics:

(1) A cargo capacity behind the front row of sets that is 100 cubic feet or greater and less than 200 cubic feet;

(2) A body structure, width, and seat configuration capable of providing full walk-through mobility from the front seat row to the third seat row, or at least partial walk-through mobility from either, (a) the front seat row to the second seat row, or (b) the second seat row to the third seat row;

(3) A hood that is sloping and a short distance from the cowl to the front bumper relative to the overall length of the vehicle;

(4) A gross vehicle weight that is less than 6,000 pounds;

(5) A height that is between 62 and 75 inches;

(6) A single, box-like structure that envelopes both the space for the driver and front-seat passenger and the rear

space (which has flat or nearly flat floors and is usable for carrying passengers and cargo); and,

(7) A rear side passenger access door (or doors) and a rear door (or doors) that provide wide and level access to the rear area.

A vehicle does not necessarily have to meet all seven criteria to be considered a minivan. We will compare the physical characteristics of vehicles with the above criteria and determine on a case-by-case basis whether a vehicle shares enough physical characteristics with minivans, as described by the above seven criteria, to be considered a minivan. While we consider all seven of the above criteria important in determining whether a vehicle is a minivan, we consider the criteria which reflect a measurement of interior space (cargo capacity, walk-through capability, and cowl length) to be of primary importance.

Exclusion: Regarding the Mitsubishi Expo and Expo LRV, named by petitioners as vehicles within the scope of this investigation, we affirm our preliminary determination that these vehicles, as currently imported, cannot be considered minivans, when analyzed by reference to the seven scope criteria. Thus, these vehicles will not be the subject of any antidumping duty order that is issued as a result of this investigation.

Classification: Minivans are currently classifiable under either subheading 8703 or 8704 of the Harmonized Tariff Schedule (HTS). Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Period of Investigation

The period of investigation (POI) is October 1, 1990, through May 31, 1991, for Mazda and December 1, 1990, through May 31, 1991, for Toyota. Mazda continues to claim that the POI established for it is inappropriate (see Comment 26).

Such or Similar Comparisons

For purposes of the final determination, we have determined that minivans comprise a single category of "such or similar" merchandise.

Fair Value Comparisons

To determine whether sales of new minivans from Japan to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice. Because we found that more than 90 percent of home market sales of new minivans for both respondents were made at prices below the COP, we compared U.S. sales of new minivans to FMV based on constructed value (CV).

United States Price

Mazda

Mazda made sales in the United States to unrelated dealers and to an unrelated distributor. For sales to dealers, we based USP on exporters sales price (ESP) in accordance with section 772(c) of the Tariff Act of 1930, as amended, (the Act), because (1) these sales were made after importation into the United States, (2) the subject merchandise was introduced into the inventory of Mazda's related U.S. selling agent, and (3) Mazda's related U.S. sales agent acted as more than a processor of sales-related documentation and communication link with related U.S. customers.

For sales to Mazda's distributor, we also based USP on ESP, although the sales were made prior to importation, because the minivans sold to the distributor were handled by Mazda's related U.S. sales agent who acted as more than a processor of sales-related documentation and a communication link with the unrelated U.S. customer.

We excluded from our analysis (1) sales made to unrelated dealers in Puerto Rico, (2) sales made to related dealers in the United States, and (3) sales of vehicles imported as new vehicles but used in Mazda's demo/lease program prior to sale to the first unrelated customer, because these sales accounted for a negligible quantity of Mazda's sales.

We calculated ESP based on delivered prices to unrelated customers in the United States. Based on our findings at verification, we made adjustments, where appropriate, to correct clerical errors in Mazda's data. We made additions to USP, where appropriate, for interest revenue received by Mazda on the sale of minivans, revenue received for port processing and transportation, and credit for a reduction in U.S. duties paid on U.S. components incorporated into the imported vehicle. We made deductions, where appropriate, for foreign inland freight, foreign brokerage and handling, ocean freight, marine insurance, U.S. duty, U.S. inland freight, U.S. brokerage and handling, and harbor maintenance fees, in accordance with section 772(d)(2) of the Act. We also made deductions, where appropriate, for post-sale incentives. At verification we found that Mazda had recently implemented a regional incentive program which potentially affected certain POI sales of MPVs (its minivan model). Because Mazda did not estimate an amount for this program in its revised computer tape submission, we used best information available (BIA) to calculate an amount for this program. As BIA, we applied the amount of the incentive found at verification to all MPVs sold to dealers within that region during the POI which had not been retailed as of the date of the U.S. verification.

In accordance with section 772(e)(2) of the Act, we made additional adjustments, where appropriate, for credit expenses, flooring expenses, the gain or loss associated with the resale of vehicles sold to major rental car companies (repurchase expenses), advertising expenses, warranty expenses, dealer holdback charges, Mazda Dealer Association (MDA) payments, payments for pre-delivery inspections, port charges, other expenses which include the purchase and placement of portfolios and floor mats into the imported vehicle, the payment of a wholesale tax on vehicles sold to Hawaiian dealers, product liability premium expenses, indirect selling expenses, and inventory carrying costs.

Mazda reported credit expenses for sales to the majority of its dealers based on an average U.S. price. We recalculated credit expenses for these sales based on the prices reported in Mazda's U.S. sales listing.

Mazda reported its repurchase expenses as direct advertising expenses and allocated them over all sales. We reclassified these expenses as sales-specific expenses and reduced advertising expenses accordingly. In addition, we imputed an inventory carrying cost or gain for vehicles in the repurchase program (see Comments 37 and 44). For those vehicles not repurchased at the time of the U.S. verification, we used BIA to calculate the repurchase and inventory carrying expenses. As BIA, we used the average expense calculated for those vehicles which had been repurchased and resold prior to verification.

Mazda reported per-unit warranty costs as POI warranty expenses divided by the number of sales since the introduction of the MPV in the home market. However, we recalculated Mazda's warranty expenses, to reflect only POI experience, by dividing the value of POI claims by the quantity of POI retail sales (see Comment 32).

We reclassified certain portions of indirect selling expenses as direct selling expenses. Specifically, we reclassified fees paid to an unrelated

firm for the administration of certain incentive programs as direct expenses. We also recalculated Mazda's contributions to its MDAs, and certain other regional advertising expenses, based on verification findings and reclassified the majority of these contributions as direct advertising. Finally, we reallocated the amount of the fee paid to Mazda's unrelated advertising agency to MPVs and reclassified a portion of this fee as a direct expense and another portion as a regional indirect expense (see Comments 39, 40, and 41). We also deducted the recalculated direct selling expenses from USP.

In accordance with section 772(e)(1) of the Act, we deducted arm's-length commissions paid to related parties from USP.

We also deducted all value added to the minivan after importation, pursuant to section 772(e)(3) of the Act. The value added consists of the costs of the materials, fabrication, and general expenses associated with the portion of the minivan further manufactured in the United States as well as a proportional amount of profit or loss attributable to the value added. Profit or loss was calculated by deducting from the sales price of the minivan all production and selling costs incurred by the company for the minivan. The total profit of loss was then allocated proportionately to all components of cost. Only the profit or loss attributable to the value added was deducted. In determining the costs incurred to produce the minivan, we included (1) materials, (2) fabrication, and (3) general expenses, including selling, general, and administrative expenses (SG&A), research and development expenses (R&D), and interest expenses.

We relied on Mazda's submitted U.S. further manufacturing cost information, except in the following instances where the costs were not appropriately quantified or valued (see Comments 20 and 53):

1. We adjusted Mazda (North America), Inc.'s (MANA's) net interest expense to reflect the borrowing experience of the consolidated group of Mazda companies.

2. We adjusted the materials and installation costs for the U.S. air conditioner kit to include MMA's net interest expense.

3. We adjusted Mazda's reported freight, freon, and installation expenses for U.S. air conditioning to reflect port-specific data that were more accurate.

Toyota

Toyota had sales in the United States to unrelated dealers and unrelated distributors, associates, and vendors. For all sales, we based USP on ESP in accordance with section 772(c) of the Act because Toyota's related U.S. sales agent acted as more than a processor of sales-related documentation and communication link with unrelated U.S. customers (see Comment 15). We excluded from our analysis sales made to unrelated distributors in Hawaii and Puerto Rico, as well as sales made to a related dealer, because these sales accounted for a negligible portion of Toyota's sales.

We calculated ESP based on delivered prices to unrelated customers in the United States. We made additions to USP for freight charges paid to Toyota by distributors and dealers as well as retail sale processing charges. We made deductions, where appropriate, for foreign inland freight, foreign inland insurance, foreign brokerage and handling, foreign loading, ocean freight, marine insurance, U.S. duty, U.S. inland freight, U.S. brokerage, U.S. wharfage and handling, harbor maintenance and merchandise processing fees, port of entry services, pre-delivery services, survey costs, and additional miscellaneous movement charges, in accordance with section 772(d)(2) of the Act. In addition, we made deductions, where appropriate, for discounts, rebates, and post-sale billing adjustments.

In accordance with section 772(e)(2) of the Act, we made additional deductions, where appropriate, for credit expenses, advertising expenses, warranty expenses, royalties, courtesy delivery reimbursements, bank charges, other direct selling expenses, indirect selling expenses, and inventory carrying costs.

We also reallocated third party payments incurred on sales made through one of Toyota's related distributors, Central Atlantic Toyota, Inc. (CAT), by treating a portion of this payment as an indirect selling expense and the remainder as a direct selling expense (see Comment 13).

We also deducted all value added to the minivan after importation, pursuant to section 772(e)(3) of the Act. The value added consists of the costs of the materials, fabrication, and general expenses associated with the portion of the minivan further manufactured in the United States as well as a proportional amount of profit or loss attributable to the value added. Profit or loss was calculated by deducting from the sales price of the minivan all production and selling costs incurred by the company for the minivan. The total profit or loss was then allocated proportionately to all components of cost. Only the profit or loss attributable to the value added was deducted. In determining the costs incurred to produce the minivan, we included (1) materials, (2) fabrication, and (3) general expenses, including SG&A, R&D, and interest expenses.

Foreign Market Value

In order to determine whether there were sufficient sales of new minivans in the home market to serve as a viable basis for calculating FMV, we compared the volume of home market sales of new minivans to the volume of third country sales of new minivans, in accordance with section 773(a)(1) of the Act. Although Mazda contended its home market did not provide an adequate basis on which to calculate FMV, we determined that both Mazda and Toyota had viable home markets with respect to sales of new minivans during the POI (see Comment 25).

Based on petitioners' allegations, we investigated whether Toyota or Mazda had home market sales that were made at less than their COP.

Mazda

In order to determine whether home market prices were above the COP, we calculated the COP based on the sum of Mazda's cost of materials, labor, other fabrication costs, and general expenses. We compared individual home market prices with the COPs calculated as described above. We found that over 90 percent of Mazda's home market sales were made at prices below the COP. Therefore, we based FMV on CV.

We relied on the submitted COP and CV information, except in the following instances where the costs were not appropriately quantified or valued (see Comments 18–24):

1. For the COP of specific home market MPV parts purchased by Mazda from its related suppliers at below-cost prices, we revised the value reported by Mazda in its COP submission to reflect an estimate of the suppliers' actual production costs for the parts.

2. For the CV of one U.S. MPV part purchased by Mazda from a related supplier, we revised the value reported by Mazda in its CV submission to reflect the supplier's actual production cost for the part.

3. For COP and CV, we recalculated Mazda's aggregate production cost variance for materials, labor, and overhead so that it could be applied separately to each element of the U.S. and home market MPVs' production costs.

4. For COP and CV, we revised Mazda's general and administrative expense (G&A) to include certain other expenses related to the production of

MPVs that had previously been omitted by the company in its response.

5. For COP and CV, we revised Mazda's net interest expense calculation to reflect the interest income and expenses incurred by the consolidated group of Mazda companies.

In accordance with section 773(e)(1)(B)(i) of the Act, we used Mazda's reported general expenses, adjusted as detailed above, because they exceeded the statutory minimum of ten percent of the cost of manufacturing (COM). For profit on CV, we used the statutory minimum of eight of the total of COM and general expenses because Mazda's actual profit on home market sales was less than eight percent.

We made circumstance-of-sale (COS) adjustments to CV, where appropriate, for credit expenses, warranty expenses, advertising, and variable pre-delivery inspection expenses. We recalculated warranty expenses to reflect only POI experience, by dividing the value of POI claims by the quantity of POI retail sales. We recalculated home market advertising expenses as a percentage of home market price. We also reclassified a portion of the reported pre-delivery inspection expenses as indirect selling expenses. (See Comments 2, 32, and 45).

Furthermore, we deducted indirect selling expenses, including inventory carrying costs. We recalculated indirect selling expenses based on our findings at verification (see Comment 34). The deduction for home market indirect selling expenses was capped by the amount of indirect selling expenses incurred and commissions paid on U.S. sales, in accordance with 19 CFR 353.56(b)(2).

Toyota

In order to determine whether home market prices were above the COP, we calculated the COP based on the sum of Toyota's cost of materials, labor, other fabrication costs, and general expenses. We compared individual home market prices with the COPs calculated as described above. We found that over 90 percent of Toyota's home market sales were made at prices below the COP. Therefore, we based FMV on CV.

We relied on the submitted COP CV information, except in the following instances where the costs were not appropriately quantified or valued:

1. We adjusted the cost of certain purchased parts to reflect Toyota Auto Body Co., Ltd.'s (TAB's) standard cost since the reported cost incurred by Toyota did not verify.

2. We adjusted the cost of TAB's purchased parts by revising the price variance applied to TAB's standard costs. This variance was separated into two components. The first component was related solely to TAB's payments to suppliers for minivan parts and was reallocated to only such parts. The second variance component related to general price differences and, therefore, was allocated to all TAB's purchased parts.

3. We adjusted TMC's raw materials cost by revising the materials variance to include only the components related to the raw materials used in minivans.

4. We adjusted the standard cost of the wiring harness used in the minivans to correct a reporting error made by Toyota and to reflect the actual cost of the part.

5. We added to all of TAB's material costs an additional amount representing scrap costs incurred by the company but excluded from its reported minivan costs.

6. For CV, we adjusted the cost of parts purchased from related suppliers for use in the U.S. vehicle (see Comment 5).

7. We adjusted TAB's conversion costs to reflect only the costs incurred during the POI and to account for period-end adjustments for the months of April and May.

8. We added G&A and general R&D to parts purchased by TAB from TMC to account for such expenses normally allocated to these parts by TMC in the ordinary course of its business.

9. We added the provision for warranty reserve, loss on disposal of fixed assets, and bonuses to directors and statutory auditors to TAB's administrative costs.

In accordance with section 773(e)(1)(B)(i) of tha Act, in calculating CV, we used Toyota's reported general expenses, adjusted as detailed above, because they exceeded the statutory minimum of ten percent of the COM. For profit on CV, we used the statutory minimum of eight percent of the total of COM and general expenses because Toyota's actual profit on its home market sales was less than eight percent.

We made COS adjustments to CV, where appropriate, for credit expenses, advertising expenses, warranty expenses, and royalties. We also deducted indirect selling expenses, including inventory carry costs, financial assistance, and other indirect selling expenses. The deduction for home market indirect selling expenses was capped by the amount of indirect selling expenses incurred on U.S.sales, in accordance with 19 CFR 353.56(b)(2).

Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Verification

As provided in section 776(b) of the Act, we verified information provided by respondents by using standard verification procedures, including on-site inspection of the manufacturers' facilities, the examiniation of relevant sales and financial records, and selection of original source documentation containing relevant information.

INTERESTED PARTY COMMENTS

Common Issues

Comment 1

Toyota argues that the scope of investigation, as modified by the Department at the preliminary determination, is ambiguous and impermissibly broad. Specifically, Toyota contends that the inclusion of the term "generally" in the introductory sentence of the definition of "minivan" is redundant with the second paragraph of the scope definition. According to Toyota, this creates uncertainty in the application of the scope criteria. Thus, Toyota requests that the Department delete the term "generally."

Toyota further contends that by permitting vehicles with only partial walk-through mobility between the second and third rows to be considered a minivan, the Department's definition unlawfully expands the scope of the investigation beyond that intended by the petition. Toyota recognizes that recent decisions, including *Mitsubishi Electrical Corporation* v. *United States*, 12 CIT 1025, 1046–7, 700 F. Supp. 538, 555 (1988), *aff'd*, 898 F.2d 1577 (Fed. Cir. 1990), affirm the Department's authority to exercise broad discretion in defining the scope of an investigation. However, Toyota points out that in *American Lamb Co.* v. *United States*, 785 F.2d 994, 1001 (Fed. Cir. 1986), the Court ruled that the Department must exercise this discretion reasonably and any consequent determination must be supported by substantial evidence in the administrative record. In this case, Toyota claims that the Department did not exercise its discretion reasonably here and its determination is unsupported by substantial evidence.

Toyota also states that, according to the decision in *The Torrington Co.* v. *United States*, Slip Op. 92–21 (Ct. Int'l Trade 1992), the Department should examine additional evidence regarding scope only if the petition is ambiguous. Toyota argues that, with respect to the walk-through capability, the petition

was quite clear and, therefore, needed no modification. Thus, according to Toyota, the walk-through criterion should encompass only the ability to provide access between the front and rear sections of a vehicle.

Petitioners argue that the Department should not modify the scope as set forth in the preliminary determination. Petitioners assert that Toyota's recommended changes would invite Japanese minivan exporters to reconfigure minivans to circumvent a minivan antidumping order, if issued. Moreover, petitioners maintain that, on July 10, 1991, they amended the petition to modify the minivan definition to include within its scope minivans that do not have any walk-through capability, and that the definition of walk-through capability included in the Department's preliminary determination effectively responds to their interest in discouraging circumvention of an antidumping order on new minivans.

DOC Position

We agree with petitioners. Toyota's arguments that we should delete the term "generally" and rescind our earlier modification of the description of the walk-through feature are without merit. Indeed, we clarified the scope at the preliminary determination to provide necessary guidance as to what constitutes a minivan for purposes of this proceeding. In doing so, we considered Toyota's comments, along with those of other interested parties and automotive experts from government and industry. While the use of the term "generally" may be redundant with the second paragraph of the definition of minivan, this term does not render the scope either ambiguous or impermissibly broad, and, in fact, is *a fortiori* consistent.

With respect to the walk-through feature, our investigation indicates that minivans permit, or are capable of being configured to permit, full or partial walk-through. Accordingly, we believe that walk-through capability is a primary characteristic of a minivan.

Finally, we disagree with Toyota that the Department unlawfully expanded the scope of this investigation by clarifying the walk-through feature characteristic to minivans. The Department's clarification is reasonable and consistent with well-settled law that the Department possesses the authority to define or clarify the scope of an investigation. See *Mitsubishi Electrical Corporation* v. *United States*, 12 CIT 1025, 1046–7, 700 F. Supp. 538, 555 (1988), *aff'd*, 898 F.2d 1577 (Fed. Cir. 1990); *The Torington Co.* v. *United States*, 745 F. Supp. 718, 723 (CIT 1990), *aff'd*, 938 F.2d 1276 (Fed. Cir. 1991).

Comment 2

Petitioners argue that respondents' direct advertising expenses should be allocated to minivans by volume, rather than by value. Petitioners note that the type of advertising used by both respondents does not distinguish between model type (*e.g.*, two vs. four-wheel drive vehicles). Petitioners also note that Mazda allocated home market advertising by volume and U.S. advertising by value.

Mazda notes that it allocated U.S. advertising by value at the express request of the Department.

DOC Position

It is the Department's general practice to require respondents to allocate advertising by value, rather than volume. Consistent with this practice, we have accepted both Toyota's and Mazda's value-based allocations. To be consistent, we have reallocated Mazda's home market advertising by value.

Comment 3

Petitioners, Toyota, and Mazda raised certain issues regarding model comparisons, the 20 percent "difference in merchandise (difmer) cap rule," the Japanese consumption tax, various difmer adjustments, and level-of-trade comparisions for certain types of Mazda sales.

DOC Position

Because we have determined that CV is the appropriate basis for FMV for both respondents, the above-referenced issues are moot.

Toyota Cost Issues

Comment 4

Petitioners argue that the TMC cost verification report enumerated several deficiencies in TMC's cost response that cannot possibly be corrected at this stage of the investigation. Because of these deficiencies, petitioners contend that the Department should reject the response.

Petitioners maintain that the situation in this investigation is similar to the situation in the Final Determination of Sales at Less Than Fair Value: Certain Internal-Combustion, Industrial Forklift Trucks from Japan, 53 FR 12552 (April 15, 1988) (Forklift Trucks). In that case, the Department disregarded the respondent's data and used BIA because it discovered extensive discrepancies, inconsistencies, unreported expenses, methodological and mathematical errors, and information unsupported by the company's accounting records.

Toyota argues that its response contained no material deficiencies, and, thus, the Department has no basis for disregarding its data and using BIA.

Toyota claims that the record in this proceeding stands in sharp contrast to the record in the Forklift Trucks case. Toyota asserts that in Forklift Trucks, the Department discovered the following errors in the submitted data: (1) Substantial errors in home market and U.S. sales transactions; (2) the COP was not adjusted to actual costs; (3) Sumitomo reported costs that were incurred after the POI; (4) costs of services performed by related suppliers were not reported; (5) failure to identify a related supplier that was one-hundred percent owned by Sumitomo and operating at a loss. According to Toyota, it did not have such errors. Toyota maintains that only substantial discrepancies warrant the rejection of an entire questionnaire response (see Final Determination of Sales at Less Than Fair Value: Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, 54 FR 19035 (May 3, 1989) (AFBs Investigation).

DOC Position

The errors in Toyota's cost response are not so great as to require us to reject the response *in toto*. However, we believe that, as enumerated in various other comments in this notice, certain portions of the response warrant the application of BIA (*see* Memorandum from Deputy Assistant Secretary Sailer to Assistant Secretary Dunn dated May 18, 1992).

Comment 5

Toyota asserts that the transfer prices it reported for parts supplied by related and unrelated companies are accurate. Toyota maintains that the reported data should be used without adjustment for four reasons: (1) All the reported prices verified; (2) Toyota uses the same basic procedures to negotiate prices with all of its suppliers; (3) the material and components supplied by related parties were sold at prices that were above the supplier's fully allocated costs of production; and (4) there is no indication that prices differed between Estima and Previa parts from the same supplier. (The Estima and Previa are Toyota's home market and U.S. minivan models, respectively.) As a result, there was no significance in the different transfer prices charged by related suppliers for components used in the Estima, as opposed to components used in the

Previa. According to Toyota, the Department should therefore use the transfer prices it reported without adjustment when calculating CV and the difmer adjustment. Toyota also contends that the "related party provisions" of the statute are not pertinent to the calculation of a difmer adjustment.

Petitioners state that, as evidenced by information on the record, it is obvious that Toyota's difmer adjustment claims are not based on arm's length transactions between related-party keiretsu members. Petitioners maintain that the Department should reject Toyota's difmer claims and that the only reasonable basis for calculating the FMV of the Previa is to base the calculation on either Toyota's pricing data exclusive of its difmer adjustments, or, alternatively, on the CV reported by Toyota adjusted to correct the deficiencies found at verification.

Petitioners assert that rejection of related-party transactions for difmer adjustments and CV is consistent with the Department's past practice. To support their argument, they cite the Department's decisions in the Final Results of Antidumping Duty Administrative Review: Certain Steel Pails from Mexico, 55 FR 12245 (April 2, 1990) and Color Television Receivers from Korea; Final Results of Antidumping Duty Administrative Review, 49 FR 50420 (December 28, 1984).

DOC Position

Since we are using CV for determining FMV, this issue regarding home market price and difmer calculations is moot. However, we agree, in part, with petitioners' position on CV application. We have determined that the transfer prices between Toyota and its related suppliers do not represent arm's length transactions within the meaning of section 773(e)(2) of the Act. For the reasons discussed below, we have adjusted the transfer prices reported by Toyota using BIA.

From the inception of this investigation, we have collected a considerable amount of information regarding transactions between Toyota and its related and unrelated suppliers. Related party transactions accounted for a considerable portion of the cost of producing a minivan and we were uncertain if such transactions might affect our analysis. As the investigation proceeded, our analysis of Toyota's data gave rise to additional questions. In addition, petitioners made numerous allegations that these transfer prices did not represent arm's length transactions. See Memorandum from Deputy Assistant Secretary Sailer to Assistant Secretary Dunn, dated December 13, 1991, for a detailed discussion of this issue.

Toyota reported that, with regard to negotiating and purchasing parts and components used to produce minivans, it treats all suppliers, whether related or unrelated, in the same manner. Finally, it indicated that through the negotiation process, Toyota is able to obtain some knowledge of the factors which would cause a supplier's costs to change.

Despite Toyota's assertion, our analysis of the prices between Toyota and its related suppliers reveals that there is a systematic pattern of differences with respect to one element of the prices paid for parts and components used to produce the minivan sold in the home market and that same element of the prices paid for the parts and components used to produce the exported vehicle. Toyota has claimed that these differences are due to economic factors. We, however, have analyzed Toyota's claims for the cause of the observed differences and have found Toyota's explanations unconvincing when taken as a whole.

Toyota's explanations for this pattern directly contradict what it reported and what we observed at verification regarding the one element of the transfer prices at issue. The pattern we observed is also not consistent with Toyota's explanations regarding its price negotiations process; nor do Toyota's explanations for this pattern have merit. For example, for one pair of components, Toyota claimed that the difference in the transfer price element was due to the fact that the home market component was different for a certain factor. Yet, for another pair of components, Toyota claimed that a comparable difference had the opposite effect.

We normally compare related party transactions with similar unrelated party transactions to determine if the related party transactions are made at arm's length. In this case we have no comparable unrelated party transactions to use as a "benchmark" to assess accurately the transfer price element in question. However, the pattern we observed, with respect to this element, is not consistent with an arm's-length negotiating process and may distort the results of our calculations. We have determined, therefore, that the transfer prices Toyota reported do not represent arm's-length transactions, and, as BIA, have adjusted these prices. *See* Memorandum from Deputy Assistant Secretary Sailer to Assistant Secretary Dunn, dated May 18, 1992, for a more detailed discussion of this issue.

We have limited this adjustment to transactions involving related suppliers. Given Toyota's characterization of its price negotiation process, we suspect that the pattern may also exist with regard to unrelated suppliers. The record in this case, however, does not support an adjustment. Nevertheless, we intend to continue our inquiry into this matter in future proceedings.

Comment 6

With respect to intracorporate transactions between TAB and TMC, Toyota calculated its adjustments to the cost of minivans based upon weighted-average adjustments of all types of vehicles produced by the company and argues that this method is appropriate since it treated these adjustments as purchase price variances. According to Toyota, purchase price variances generally reflect a weighted average for broad groups of products and are rarely available on a vendor- or product-specific basis. Toyota maintains that the Department routinely accepts purchase price variances in its cost calculations for specific products under investigation. To support its claim, Toyota cites the Department's decisions to use the same basic calculation methodology to adjust costs in Final Results of Antidumping Duty Administrative Review: Antifriction Bearing (Other Than Tapered Roller Bearings) and Parts Thereof From the Federal Republic of Germany, 56 FR 31732 (July 11, 1991) and the AFBs Investigation.

Petitioners counter by stating that, as evidenced by information on the record, Toyota's methodology for reporting TMC's and TAB's intercompany transactions is inaccurate. According to petitioners, Toyota's calculation distorted the company's minivan production costs and the Department should, therefore, reject Toyota's reported cost data.

DOC Position

The adjustment Toyota made to report TMC's and TAB's intercompnay transactions was inaccurate. This adjustment is not like a purchase price variance as Toyota argues. Purchase price variances relate to differences between a company's standard cost for a part and the actual price paid for that part. The adjustment in question is not based on the differences between standard costs for parts and the actual prices paid for such parts. While the exact nature of the adjustment is proprietary, (and, thus, cannot be explained fully here), the adjustment was made to account for a specific factor. Toyota was unable to support

either the accuracy or the reasonableness of its minivan cost.

Comment 7

Toyota argues that since the total of its non-operating income related to minivan production exceeded the total of its non-operating expenses, the company was correct in excluding from its COP certain non-operating expenses that the Department considered related to minivan production. Toyota claims that the Department has consistently allowed non-operating income as an offset to non-operating expenses, and cities Final Results of Antidumping Duty Administrative Review: Television Receivers, Monochrome and Color, From Japan, 56 FR 5392 (February 11, 1991) (Television Receivers).

Petitioners argue that the Department allows non-operating income offsets only when the producer demonstrates that the income items are related to company operations. Because Toyota did not demonstrate that each of its non-operating income items is related to its motor vehicle operations, petitioners contend that the Department should deny Toyota's offset. Petitioners point out that in Television Receivers, the Department allowed short-term interest earned as an offset to interest expenses, but did not allow other non-operating income to be used as an offset because it did not consider that income to be related to operations.

DOC Position

We agree, in part, with Toyota. In keeping with Department practice, we generally consider disposal of fixed assets to be a normal part of a company's operations and have included, therefore, any gains or losses generated by these transactions in the cost of production calculation (see AFBs Investigation). Thus for TAB, we allowed the gains on the sale and rental of fixed assets to offset the loss on disposal of fixed assets. We also included TAB's bonuses to directors and auditors in its administrative expenses because these costs reasonably could be determined to be related to all segments of company operations. However, because we found no evidence that rental income was related to TAB's vehicle operations, we did not include the reported rental income amount as an offset to TAB's administrative expenses.

Comment 8

Toyota asserts that TAB properly applied an eight-month average assembly line variance to its minivan COP. Toyota maintains that, even though the data in its variance calculation included two months outside the POI and even though these two months had different production levels than the six months, using the overall variance calculated using these data did not result in a distorted per-unit minivan cost.

Toyota notes that variances are never completely reliable until the end of a financial reporting period and that there are many other costs that are adjusted at the end of the fiscal period. Thus, Toyota contends, it is necessary to use the assembly line variance incurred in the period it used, in order to most accurately reflect actual costs. Toyota also claims that production levels in the two months outside the POI were not significantly different than those in the remaining months, and the effect on cost caused by the two months was, at most, insignificant.

Petitioners state that Toyota cannot reasonably dismiss its use of an assembly line variance as creating, at most, an insignificant distortion in reported costs. Petitioners claim that the differing production levels were substantially different than they would have been if production had been uniform over the period. Consequently, the significant difference will almost certainly have a major impact on an assembly line variance. In light of this impact, petitioners recommend that the Department adjust the assembly line variance to reflect more accurately the true minivan production cost during the POI.

DOC Position

We agree with petitioners. Toyota's calculation of TAB's assembly line variance included months outside the POI and, as such, failed to account for the effect that the significantly different production levels in those months would have on minivan assembly costs incurred by the company during the POI. We therefore revised Toyota's variance calculation to reflect only those costs incurred by TAB during the six months of the POI.

Contrary to Toyota's claims, our revised adjustment does not distort TAB's minivan production costs. Instead, it reasonably reflects TAB's actual POI costs by accounting only for costs incurred during the six POI months.

Comment 9

Toyota argues that its calculation of R&D costs directly attributable to the Previa and Estima should be used in the calculation of COP and CV. Toyota asserts that it is the Department's practice to require R&D expenses to be allocated to a specific product and included in the COM in cases where R&D is product-specific and plays a significant role in the design and development of the product. To support its argument, Toyota cites several cases including Final Determination of Sales at Less than Fair Value: Erasable Programmable Read Only Memories (EPROMs) From Japan, 51 FR 39680 (October 30, 1986) and Final Determination of Sales at Less than Fair Value: 64K DRAMs from Japan, 51 FR 15943 (April 29, 1986).

Petitioners claim that Toyota's R&D expenses used to calculate production costs for the preliminary determination were wrong. Petitioners state that Toyota has proposed a new R&D allocation methodology in its case brief and that this proposed methodology is also wrong. Petitioners claim that Toyota attempted to allocate minivan-related R&D costs incurred to date over total current and future minivan production. They claim that such an allocation is indefensible on several grounds: (1) The accuracy of future sales projections cannot be tested, (2) future redesign and development costs must be included, and (3) because motor vehicles share several common parts, it is virtually impossible to isolate all "product-specific" costs with confidence.

Petitioners admit that in some cases the Department has preferred the calculation of product-specific R&D expenses over the allocation of company-wide R&D costs to a product under investigation. Petitioners maintain, however, that these cases are exceptions to the rule. Petitioners claim that, in such cases, the Department examined all company R&D expenditures to determine which ones had any relationship to the product under investigation and allocated those expenditures over a carefully considered production estimate. Petitioners state that, for a product like 64K DRAMs, where the investigation came at the end of its life cycle, the Department had a reasonable basis for (1) calculating actual R&D expenditures over the life of the product, and (2) estimating the output over which those R&D expenditures were to be amortized. In this case, petitioners claim that Toyota has offered no acceptable basis for estimating either total expenditures or total output.

Petitioners maintain that it is the Department's general practice to treat R&D costs as general period expenses that are borne by period sales. According to petitioners, Toyota's proposed allocation methodology differs substantially from this past practice and calls for the use of data that cannot be

tested. According to petitioners, Toyota has not demonstrated that its methodology meets the required circumstances regarding allocation of R&D expenses on product-specific basis.

DOC Position

We did not use Toyota's proposed "product-specific" R&D calculation for the final determination. The company's proposed calculation failed to recognize expected future R&D costs related to minivan production. Moreover, the difficulties inherent in Toyota reliably estimating the future costs and the volume of Toyota's projected minivan production, make it impossible to determine the accuracy of Toyota's per unit product-specific R&D. Therefore, we relied on the R&D costs submitted in Toyota's original questionnaire response, which was based on the company's period R&D expense.

Comment 10

Petitioners claim that a certain TMC material cost variance has limited application to minivans and is clearly inappropriate. Petitioners also argue that depreciation cost variances specifically applicable to minivans incurred by TMC and TAB were improperly computed. Additionally, petitioners assert that Toyota overstated the cost of sales base over which general R&D and G&A expenses were allocated and thus understated general expenses.

Toyota agrees with petitioners that such adjustments would more precisely compute the minivans' costs. However, it maintains that the petitioners have mischaracterized the magnitude of the issue. Toyota states that all of the adjustments are minor corrections. Toyota explains that the materials and depreciation cost variances were calculated using the same method that Toyota uses in its cost accounting system and that the small error to general R&D and G&A expenses provide no basis for rejection of the submission.

DOC Position

We agree with both petitioners and Toyota. Toyota provided corrections to the submission for the certain material cost variance and the TAB depreciation cost variance. We analyzed the corrections and made additional adjustments to correct the TMC depreciation cost variance and the general R&D and G&A expense error.

Toyota Sales Issues

Comment 11

Petitioners claim that Toyota improperly included certain costs in the calculation of TMS's indirect selling expenses that should have been classified as operating costs and treated as G&A expenses.

DOC Position

We disagree. Based on our review of the documents obtained at verification, we have determined that Toyota properly classified these expenses as G&A.

Comment 12

Petitioners concur with the Department's decision at the preliminary determination to include, as part of the adjustment reported by Toyota for certain movement expenses, profit earned by the wholly owned subsidiaries providing these services. Petitioners argue that such profit should not be excluded from the fees, as Toyota has not demonstrated that the profit earned by the subsidiaries was directly related to the services provided by them.

Toyota argues that the profit of its subsidiaries should be excluded from the fees paid to them, since profit earned on transactions between a wholly owned subsidiary and the parent is not a cost incurred by the corporation as a whole. Toyota also maintains that, as it reported the full amount of the fees it paid its subsidiaries for services they provided, the Department should deduct the profit of the subsidiaries from the appropriate expenses in order to arrive at the true expense to Toyota, which is its subsidiaries' costs of providing the services.

DOC Position

When evaluating the provision of transportation services by related parties, we consider whether these services are provided at arm's-length prices. If we determine that they are, we use them, even though there is an element of intracorporate profit, because we determine that arm's-length prices would include the cost plus a reasonable profit. If we determine that they are not at arm's length, we disregard the profit.

Because we assume that it is to a respondent's benefit that the profit be taken out of deductions to USP but included in deductions to FMV, we place the burden on respondents to demonstrate whether these transactions are, or are not, at arm's length.

In our October 30, 1991, deficiency questionnaire, we asked Toyota if its subsidiaries provide movement expenses at arm's-length prices. Toyota did not answer this question. Thus, since Toyota did not provide any evidence that such prices were established at arm's-length, we have used the reported related-party charges, inclusive of profit, in our calculations. This treatment is consistent with our treatment of other U.S. movement expenses provided by wholly owned subsidiaries of Toyota. Where Toyota chose to demonstrate that such services were provided at arm's-length prices, we included the suppliers' profits in the prices.

Comment 13

Petitioners maintain that the Department properly treated as direct selling expenses certain third party payments made by CAT. Petitioners contend that not treating these payments as direct selling expenses would be ignoring the direct relationship between the payments and vehicle sales.

Toyota argues that the third party payments should not be considered a selling expense at all, as they are not dependent upon the sale of vehicles.

DOC Position

We agree, in part, with petitioners. In Toyota's responses, and at verification, we found that these payments were tied directly to sales made through the distributor. However, we found that a portion of the payment is due whether sales are made or not. We classified that portion of the payment as an indirect selling expense and the remainder, which would not have been paid but for the sale, as a direct selling expense.

Comment 14

Petitioners argue that, because Toyota had no short-term borrowings during the POI, the Department should use a zero net credit expense in the calculation of FMV.

Toyota counters that the Department correctly calculated its imputed credit expense for the period between the date of sale and the date of receipt of payment. Toyota also maintains that, because it did not have any short-term borrowings during the POI, it calculated its imputed credit expense using the short-term prime rate in Japan. It asserts that this methodology conforms with the Department's longstanding practice to use the prime rate in calculating credit costs when a company has no short-term debt. Toyota cites the Department's Study of Antidumping Adjustments Methodology and Recommendations for Statutory Change (November 1985).

DOC Position

Regardless whether a company chooses to finance its accounts receivables with short-term borrowings, there is an inherent opportunity cost in

carrying the receivables. As we confirmed at verification, the Japanese short-term prime rate is the appropriate measure of opportunity cost for Toyota. Therefore, we have used this rate in our calculation of imputed credit expenses for purposes of the final determination.

Comment 15

Toyota argues that the Department should consider all of its sales in the United States to unrelated distributors to be purchase price sales, not ESP sales, for purposes of the final determination. Toyota maintains that such sales meet the criteria for purchase price sales set forth in the Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet and Strip from the Republic of Korea, 56 FR 16305 (April 22, 1991). These criteria include: (1) The merchandise was purchased or agreed to be purchased by the unrelated U.S. buyer for exportation to the United States prior to the date of importation into the United States; (2) the related selling agent located in the United States acted only as a processor of sales-related documentation and as a communication link with the unrelated U.S. buyer; (3) rather than entering the inventory of the related selling agent, the merchandise in question was shipped directly from the manufacturer to the unrelated buyer, thus not giving rise to storage and associated costs on the part of the selling agent or creating the added flexibility and marketing for the exporter; and (4) direct shipment from the manufacturer to the unrelated buyer was the customary commercial channel for sales of this merchandise between the parties involved.

Petitioners contend that the Department should continue to treat such sales as ESP sales, as TMS is active in all phases of arranging for the importation of the vehicles, delivering them to its distributors, developing marketing strategies, and strengthening the U.S. customer base.

DOC Position

We agree with petitioners. Toyota's related selling agent in the United States, TMS, acted as more than a processor of sales-related documentation. During verification, we observed that TMS is fully responsible for the marketing of the subject merchandise in the United States. TMS works closely with an unrelated advertising agency to formulate marketing strategies, and bears the expenses for the production of media advertisements and the purchasing of print, radio, and television space. In addition, TMS and its related distributors share a portion of the advertising expenses of the Toyota Dealership Associations (TDAs). TDAs combine their resources to finance marketing and advertising programs in their respective geographical regions. Along with bearing a portion of the TDAs' expenses, TMS is also responsible for collecting the fees paid into the pool from each dealer and funneling the pooled fees back to the TDAs.

TMS also plays an active role in the processing of warranty claims, importing parts used to make warranty repairs, and arranging for additional options to be installed in the United States. In addition, we found at verification that it is customary for TMS to take title to the goods prior to the unrelated buyer. We reviewed the documents supporting payments by TMS to TMC for the purchase of the vehicles prior to the sale to the unrelated distributor. Toyota indicated that, during the POI, it maintained minivans in its inventory that it later sold to unrelated distributors.

Given all of these circumstances, we believe that the use of ESP to determine USP is appropriate.

Comment 16

Toyota maintains that, for certain home market sales for which it has not yet received payment, the Department should calculate imputed credit expenses using as the payment period the time between the date of shipment and the date of verification.

Petitioners contend that the preliminary determination was correct in assigning the average payment period for the Prefecture in which the customer in question is located. Petitioners maintain that this methodology is consistent with past Department practice and cites Coated Groundwood Paper from the United Kingdom, 56 FR 5923 (November 4, 1991) (Paper), where the Department used the average credit period for all U.S. sales to calculate credit expense for two bankrupt customers.

DOC Position

We agree with petitioners and have used the average payment period for the Prefecture in which the customer in question is located. In Paper, we used, as the payment period for unpaid U.S. sales, the average payment period for all other ESP sales. The average payment period for the Prefecture in which the customer in question is located is a refinement of, and consistent with, that decision, and is appropriate.

Comment 17

Toyota maintains that the expenses it incurred during the POI with respect to a certain program it offers home market dealers are properly classified as indirect selling expenses, since the associated costs are not tied to any particular vehicle sales.

DOC Position

We agree. Based on our findings at verification, we have determined that Toyota incurred the costs associated with this program regardless whether sales had been made by the dealers participating in the program. Because these expenses cannot be tied to particular sales, we treated them as indirect selling expenses.

Mazda Cost Issues

Comment 18

Petitioners claim that by reporting interest expense on a non-consolidated basis, Mazda has understated its minivan production costs. Petitioners note that the Department's established practice is to calculate respondent's interest expense on a consolidated basis. Petitioners also argue that, since Mazda's consolidated financial statements report interest income and expense inclusive of income earned and expenses incurred by Mazda Credit Corporaton (MCC), application of Department precedent suggests that MCC's expenses be included in Mazda's interest computation. Petitioners cite Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip from the Netherlands, 57 FR 9534 (March 19, 1992) and Final Results of Administrative Review: 3.5" Microdisks and Coated Media Thereof from Japan, 56 FR 58046 (November 15, 1991), where the Department used respondents' consolidated interest expense to calculate the production costs of the subject merchandise.

Mazda claims that net interest expense incurred in the production of MPVs should be calculated using MC's fully-verified, non-consolidated interest income and expense as the best reflection of the borrowing costs incurred by that company to fund its automobile manufacturing operations. Mazda states that by using MC's non-consolidated interest income and expense, the Department avoids disorting the net interest calculation. Mazda asserts that its consolidated financial statement groups MC's financial results with those of several other companies whose business operations vary widely from those of MC. According to Mazda, combining the

borrowing experience of these divergent companies with that of MC leads to a distortion in the interest calculation. Moreover, Mazda argues that use of the non-consolidated data would conform to the Department's practice in analogous cases where a corporate group is consolidated and includes companies in a wide variety of business activities where the companies producing subject merchandise do not exercise control over the operations of other group companies.

Mazda claims that the cases cited by petitioners in support of their argument merely stand for the proposition that under normal circumstances the Department prefers to calculate interest costs on a consolidated basis. Mazda asserts that its circumstances are not ordinary and that the facts are sufficient for the Department to exercise descretion and rely on a more appropriate, non-consolidated methodology.

Finally, Mazda claims that, should the Department employ a consolidated interest expense calculation, MCC should be given special treatment. According to Mazda, MCC operates like a bank and, as such, its operating revenues are derived from interest income on auto loans. Mazda contends that if the Department includes all of MCC's interest expense in its net interest expense calculation, equity dictates that this expense should be offset by all of MCC's interest income including that earned from automobile installment loans which, in a non-financial entity, would be classified as interest income. Mazda states that petitioners' silence indicates that they have no objection to the classification of MCC's installment revenue as interest income and an offset to that company's interest expense.

DOC Position

We agree with petitioners. In rejecting Mazda's claim that the Department should accept the company's non-consolidated interest expense calculation, we followed our well-established practice of deriving net financing costs based on the borrowing experience of the consolidated group of companies. See final Results of Antidumping Duty Administrative Review: Television Receivers, Monochrome and Color, From Japan, 56 FR 34180 (July 26, 1991); and the AFBs Investigation, 54 FR 18992 (May 3, 1989). The Department has followed this practice in those cases involving consolidated groups whose member companies are involved in a wide variety of business activities. Our practice is based on the fact that the group's parent, primary operating company, or other controlling entity, because of its influential ownership interest, has the power to determine the capital structure of each member company within the group.

Mazda's assertion that the members of its consolidated group operate in a wide variety of businesses is inaccurate. Most ot the members of Mazda's consolidated group are either directly or indirectly involved in manufacturing, selling, or financing automobiles produced by Mazda. More importantly, Mazda's claim that the operations of these same divergent businesses are not controlled within the consolidated group of Mazda companies directly contradicts the fundamental principles underlying the economic and accounting concept of consolidation. According to generally accepted accounting principles (GAAP), in most circumstances, majority equity ownership is *prima facie* evidence of corporate control (see "Consolidated Financial Statements", Accounting Research Bulletin No. 51 (New York: AICPA, 1959). As such, Mazda has not presented evidence sufficient to show that the Department's practice of calculating interest expense based on the consolidated group of companies would result in any distortion of the true financing costs of MC's operations.

Regarding Mazda's claim that MCC should be excluded from the calculation of Mazda's consolidated interest expense or, at a minimum, be allowed to offset its interest expense with revenue from automobile installment loans, we determined that, as a member of a consolidated group of companies, the operations of a financing company remain under the controlling influence of the group. Like other members of the consolidated group, the financing company's capital structure is largely determined within the group. Consequently, its interest income and expenses are as much a part of the group's overall borrowing experience as any other member company. See final Results of Antidumping Duty Administrative Review: Antifriction Bearings and Parts Thereof from the Federal Republic of Germany, 56 FR 11736 (July 11, 1991). Additionally, we note that, while we have included in our calculation of Mazda's net interest expense the interest income earned by MCC on its short-term investments of working capital, we have excluded MCC's installment loan revenue. We consider these loans to be long-term investments. The Department's traditional practice has been to exclude income earned from such investments since it does not reflect working capital investments available for the group's daily business activities. See Final Results of Antidumping Duty Administrative Review: Titanium Sponge from Japan, 54 FR 13403 (April 3, 1989); Final Determination of Sales at Less Than Fair Value: Certain All-Terrain Vehicles from Japan, 54 FR 4864 (January 31, 1989); Final Results of Antidumping Duty Administrative Review: Cellular Mobile Telephones from Japan, 54 FR 48011 (November 20, 1989); and Final Results of Antidumping Duty Administrative Review: Fresh Cut Flowers from Columbia, 55 FR 20491 (May 17,1900).

Comment 19

Petitioners allege that Mazda's application of an aggregate, corporate-wide standard cost variance for materials, labor and overhead could distort the company's reported production costs.

Mazda contends that its use of an aggregate variance for all production cost elements is reasonable and that disaggregating its overall variance would not lead to any appreciable difference in the company's reported minivan costs. Mazda cites several factors that it believes demonstrate the reasonableness of applying a single company-wide variance: (1) The company's system of standard cost revisions and the amount of the overall variance indicate that Mazda's standard costs are very precise and the possibility of a distortive variance for any single element of production cost is remote; (2) Mazda's standard costs for purchased parts are revised periodically to reflect the actual market prices that Mazda pays to its suppliers and, therefore, the likelihood of any distortion is also remote; (3) the nature of the company's manufacturing process is such that labor and overhead variances do not vary from vehicle to vehicle; and (4) Mazda's application of its overall variance is consistent with the company's internal financial accounting practices and established Department practice is to accept accounting data that have been prepared in a manner consistent with the respondent's normal accounting principles.

DOC Position

We agree with petitioners. While the Department may accept a respondent's production costs as valued in accordance with that company's normal accounting practices, it will not do so if those accounting practices distort the actual production cost of the subject merchandise. See Final Determination of

Sales at Less Than Fair Value: Tubeless Steel Disc Wheels from Brazil, 52 FR 8947 (May 20, 1987).

Mazda employs a process cost accounting system in which standard materials, labor and overhead costs are calculated for each step of its manufacturing process. Mazda derives materials, labor and overhead production cost variances by calculating the difference between the actual cost that the company incurs for each of these cost elements and the corresponding standard cost. Where actual costs exceed standard costs, an unfavorable variance exists. In preparing the company's financial statements, Mazda aggregates materials, labor, and overhead variances (both favorable and unfavorable) and makes a single variance adjustment to the company's total manufacturing costs for the period, restating those costs from standard to actual cost.

Mazda's accounting methodology for production cost variances provides a reasonably accurate calculation of financial statement cost of sales for the combined costs of all types of vehicles produced by the company. Its application does not necessarily result, however, in an accurate measure of production cost for a single vehicle or line of vehicles since specific cost elements may comprise varying portions of an individual product's total cost. For example, application of a combined unfavorable materials cost variance and favorable labor cost variance to the standard costs of two products with dissimilar ratios of materials and labor costs to total production costs would produce results different from those derived if the two variances were disaggregated and applied separately to each cost element.

For Mazda, we found that the ratio of materials, labor, and overhead costs to total production costs differed for individual minivan models. Moreover, we found that Mazda's use of its aggregate company-wide variance resulted in production costs for individual models that, in some instances, were materially different than those that would have resulted had the company applied specific variance factors to each element of minivan production cost. We, therefore, derived individual variance factors for materials and for labor and overhead and adjusted Mazda's reported production costs for each minivan model to reflect the use of these revised factors.

Comment 20

Petitioners contend that Mazda understated the actual cost of its U.S. further manufacturing operations by excluding from the calculation G&A expenses and net interest expense of MC's U.S. sales agent, MMA. Petitioners argue that these expenses should be included in Mazda's reported further manufacturing costs to correctly reflect the value added to the MPV by the company's U.S. manufacturing operations.

Mazda claims that MMA plays a very limited role in the further manufacturing of U.S. MPVs and that it is therefore inappropriate for the Department to include MMA's G&A and net interest expenses in the company's reported further manufacturing costs. Moreover, Mazda asserts that all of MMA's G&A expenses have been accounted for in the calculation of U.S. indirect selling expenses and to add a portion of these expenses to the further manufacturing calculation would result in double counting.

DOC Position

Mazda's further manufacturing operation consists largely of the installation of single air conditioner units in selected MPV models after the vehicles have been imported into the United States. Parts for the air conditioner units are assembled into kits by Mazda's subsidiary, MANA. The air conditioner kits are then sold to MMA and shipped them to various ports around the United States. At these ports, the kits are installed in MPVs by independent contractors who are paid by MMA.

Contrary to Mazda's claim, MMA's role in Mazda's U.S. further manufacturing operation is not insignificant. In fact, as the company primarily responsible for financing and managing air conditioner kit inventories, directing the logistics of transporting kits to the various U.S. entry ports, and arranging and paying for kit installation subcontractors, MMA is as significant to Mazda's further manufacturing operation as MANA. We therefore adjusted Mazda's reported further manufacturing costs to include MMA's net interest expense. We did not, however, include MMA's G&A expenses in our revised calculation because we verified that these expenses were accounted for as U.S. indirect selling expenses. Because indirect selling expenses are deducted from the USP, including MMA's G&A expense in our revised further manufacturing cost calculation would have resulted in double counting the expense.

Comment 21

Petitioners state that it is established Department policy to include in its calculation of COP and CV certain gains and losses resulting from transactions that Mazda has classified in its financial statements as extraordinary events.

Mazda asserts that the Department has no basis for including these gains and losses in COP and CV because the transactions were classified as extraordinary under Japanese GAAP and because the transactions did not relate to the production of MPVs. Mazda cites the Final Determination of Sales at Less Than Fair Value: Carbon Steel Structural Shapes from Norway, 50 FR 42975 (October 23, 1985) in support of its argument.

DOC Position

We agree with petitioners. The Department typically allows individual respondent companies to report the production costs of subject merchandise as valued under their normal accounting methods and following GAAP of their home country. However, since GAAP differs from country to country, the Department may choose to restate production costs submitted by a respondent company if it determines that the applicable home country GAAP materially differs from U.S. GAAP and that the difference distorts the respondent company's actual production costs. See Final Determination of Sales at Less Than Fair Value: Stainless Steel Hollow Products from Sweden, 52 FR 37810 (October 9, 1987).

Under U.S. GAAP, transactions which give rise to extraordinary events must be both unusual in nature and infrequent in occurrence for the company's normal activities for the environment in which it operates. The gains and losses which Mazda claims should be excluded from COP and CV, although properly classified as extraordinary under Japanese GAAP, do not meet either of these criteria. In fact, U.S. GAAP specifically notes that such gains and losses do not arise from extraordinary events. Contrary to Mazda's assertion, they are a normal part of the company's operations and therefore properly included in its production costs.

Mazda's argument that the gains and losses are unrelated to MPV production cannot be supported by evidence on the record. Rather, the evidence shows they are frequently recurring and are of such a nature that they should be charged to Mazda's company-wide production costs. We have, therefore, adjusted Mazda's G&A expense to account for the gains and losses previously excluded by the company.

Comment 22

Petitioners argue that the Department cannot accept Mazda's reported U.S.

further manufacturing costs. Petitioners claim that the costs incurred by Mazda for air conditioners installed in the United States should be virtually the same as those incurred for installation of air conditioners in the home market. Specifically, petitioners claim that Mazda has not explained the significant difference in the cost of the air conditioner parts kit that the company installs in the U.S. MPV and the kit that it installs in the home market MPV.

Mazda argues that, according to the antidumping statute, the Department is required to deduct from U.S. price the increased value resulting from the company's further U.S. manufacturing operations. Mazda claims that it has fully explained the cost differences between the installation of the U.S. and home market air conditioner units and that the Department therefore has no basis to question the company's reported further manufacturing costs.

DOC Position

We agree with Mazda and, with the exception of those adjustments noted at Comments 20 and 53 of this notice, we have used the company's reported further manufacturing costs to calculate USP.

As we learned during our verification, with the exception of a few minor parts, all of the components purchased for the U.S. air conditioner kits were purchased from unrelated suppliers. Likewise, we learned that Mazda also purchased its home market air conditioner kit from an unrelated source in Japan. During verification, we examined parts from both air conditioner kits and noted that while some kit parts were identical, others were not. Given these differences in the two kits and the fact that they were both purchased largely from different unrelated suppliers, we conclude that Mazda had correctly reported the costs it incurred for the further manufacturing installation of the U.S. air conditioner.

Comment 23

Petitioners assert that the Department's treatment of actual production costs, incurred by one of Mazda's related parts suppliers, must conform to its general treatment of Mazda's related-supplier costs for purposes of the sales below cost analysis. Petitioners state that the Department can either (1) accept Mazda's purchase prices for components as arm's-length transactions for both cost and difmer purposes, or (2) conclude that the actual costs of producing right-hand drive MPVs were below its home market prices. Petitioners maintain, however, that the Department cannot substitute the related suppliers' costs for Mazda's purchase prices for only those component parts verified and incorporate those costs in Mazda's difmer calculation.

Mazda claims that the verified cost data show that well under ten percent of its POI home market sales was made at below-cost prices. Mazda notes that the Department's cost verification report speculates that a number of home market MPV sales may have been made at prices below the company's COP based on the fact that the suppliers' costs changed as a result of changes in Mazda's anticipated production volume for home market MPVs. Mazda states that this speculation would only be correct if (1) contrary to the Department's standard policy, all parts, including those furnished by Mazda's unrelated suppliers, were valued at the suppliers' costs instead of the price paid by Mazda, and (2) the situation with respect to the cost of the home market MPV components verified by the Department was typical of all home market components.

Mazda argues that it is the Department's standard practice in COP and CV cases to value purchases from unrelated suppliers at the cost to the purchaser. Mazda states that it followed this practice in preparing its cost submission and valued parts from its unrelated suppliers at the actual purchase price paid by Mazda. Mazda states that the record is clear that these were arm's-length prices and that they represented the fair market value of the purchased parts. Mazda therefore concludes that the Department has no basis for adjusting or modifying parts prices from the company's unrelated suppliers in the sales-below-cost analysis.

Similarly, Mazda argues that the Department has no basis for adjusting the parts value that the company reported for its related suppliers. Mazda claims that it followed the Department's COP questionnaire instructions in reporting the actual production cost of parts purchased from suppliers in which Mazda held an equity interest of 50 percent or more. Mazda also claims that it reported the cost or transfer price, whichever was greater, for each component purchased from related suppliers in which the company held an interest of between five and 50 percent. Mazda maintains that the Department therefore has no reason to suspect that any of the related-party parts values were incorrectly reported.

Mazda admits that in preparing its COP response, the company incorrectly reported transfer prices for two components purchased from related suppliers that had production costs that exceeded Mazda's purchase price for the parts. Mazda claims that for one of the parts, the company mistakenly neglected to report the supplier's actual production costs.

For the other below-cost component, Mazda explains that, at the time of its COP submission, the company received incorrect cost data from its related supplier showing that the part had been sold to Mazda at a transfer price that was greater than the supplier's production costs. According to Mazda, it later learned from the supplier that the actual per-part cost of the component far exceeded the transfer price charged to Mazda. Mazda states that it informed the Department of this error in a letter dated February 10, 1992.

Mazda objects to the implication in the Department's cost verification report that the circumstances surrounding the second below-cost part could be representative of other home market parts purchased by Mazda from its related suppliers. Mazda claims that the fixed cost factor that accounted for the part's substantial production cost increase did not affect other home market MPV parts. Mazda explains that this is evident from the relationship of the transfer price charged for the below-cost, home market part to that of the comparable part used in the U.S. MPV. According to Mazda, since production volume for the company's home market MPV was far less than that of the U.S. vehicle, the higher price charged for the home market part reflects the heavy fixed cost element incurred by the supplier to produce both parts. Mazda asserts, however, that the price relationship between the below-cost part and its U.S. counterpart is atypical, that is, no other parts from the company's related suppliers have the same high home market transfer price and low U.S. transfer price. As a result, says Mazda, no other related-supplier MPV part included a fixed cost burden as substantial as that of the below-cost, home market part and, therefore, no other such part was sold to Mazda at a below-cost price.

DOC Position

While we concur with Mazda's analysis of related-supplier transfer prices for comparable U.S. and home market MPV parts and how those prices relate to the part's fixed production cost element, we do not agree with Mazda's claim that the second below-cost part noted above represents the only related-supplier component with a home market transfer price that was higher than that

of the comparable U.S. part. In fact, during verification of Mazda and its related supplier, officials at both companies informed us that the circumstances surrounding the increase in per-unit fixed costs for home market parts was not unique to the parts reviewed, but rather could reasonably have affected the cost incurred by other parts suppliers related to Mazda.

We identified comparable U.S. and home market MPV parts purchased by Mazda from its related suppliers. For these parts, where the home market price was higher than the U.S. price, we computed an estimate of the home market parts' production costs based on the ratio of the two transfer prices and the cost-to-transfer price ratios of the related-supplier parts verified by the Department. For unique home market parts (*i.e.*, home market parts that are not used in U.S. minivan), as BIA, we computed an estimated production cost based on the highest transfer price ratio for U.S. and home market comparable parts.

Comment 24

Mazda claims that the Department incorrectly calculated the selling expense components of CV at the preliminary determination. Because the Department calculated the selling expenses by dividing the average home market selling expenses over the average COM of U.S. MPVs and then applied the resulting percentage to the COM for each U.S. sale, the Department's calculations neither reflects Japanese selling expense activity nor selling expenses which should be associated with U.S. MPVs. Mazda maintains that the correct formula is to divide home market expenses by the average COM of home market MPVs and use that percentage to determine CV selling expenses. Mazda claims that such a formula would reflect the relationship between home market selling expenses and home market manfacturing costs and would allow the Department correctly to apply that relationship to U.S. sales.

Petitioners state that the methodology adopted by the Department in the preliminary determination is consistent with the antidumping statute, which instructs the Department to calculate CV by adding to the COM "an amount for general expenses" that is "usually reflected in sales of merchandise * * * under consideration * * * by producers in the country of exportation * * *" Petitioners state that Department practice is to calculate SG&A for purposes of CV by reference to the "actual" level of expenses incurred on comparable home market sales. Petitioners claim that Mazda's approach would understate the "actual" expenses incurred in the home market, as the average expenses expressed as a percentage of U.S. COM are well below the level actually incurred on each MPV sold in the home market.

DOC Position

We agree with petitioners and disagree with Mazda. Under section 773(e) of the Act, the Department is required to include in CV "an amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise under consideration which are made by producers in the country of exportation * * *" (emphasis added). In accordance with this language, at the preliminary determination the Department's methodology (calculating a per-unit amount of home market selling expenses and expressing that amount as a percentage of U.S. COM) allowed us to capture fully the amount of general expenses usually reflected in the sale of home market class or kind merchandise. Contrary to Mazda's assertion, this methodology is not mathematically incorrect. Since the percentage of the average U.S. COM is applied to each individual U.S. COM, the correct amount of selling expenses is allocated to each CV model.

We have examined our methodology, as well as alternative methods of calculating these expenses, including (1) Mazda's alternative of expressing home market selling expenses as a percentage of home market COM and (2) an additional approach of expressing home market selling expenses as a per-unit amount. While we can see that there are indeed alternatives to the approach taken at the preliminary determination, we are not convinced that these alternatives are more reasonable than our methodology. Accordingly, we have not changed the methodology from that used at the preliminary determination.

Mazda Sales Issues

Comment 25

Mazda requests that the Department use third country sales to determine FMV because its home market is too small in relation to the volume of its U.S. sales to form a reasonable basis for FMV. According to Mazda, one purpose of the antidumping legislation is to prevent foreign manufacturers from using excess profits earned in one market to support low-priced sales to another market. Mazda argues that, because the United States is Mazda's principal market, any excess profits earned by Mazda on its low volume of home market sales are far too small to allow any meaningful support of its U.S. prices.

In support of its position, Mazda cites several cases in which the Department used U.S. sales as part of the viability test. (See Final Determination of Sales at Less Than Fair Value: Small Business Telephones From Korea, 54 FR 53141 (December 27, 1989) (SBTS) and Final Determination of Sales at Less Than Fair Value: Motorcycle Batteries From Taiwan, 47 FR 9267 (March 4, 1982) (Motorcycle Batteries). In those cases, after determining viability by comparing the volume of home market sales to the volume of third country sales, the Department also compared the volume of home market sales to the volume of U.S. sales. According to Mazda, this additional test is supported by the legislative history of the viability provision in the statute.

Mazda submitted a sales response for its largest third country market, Canada, and argues that, even though this response was not verified, it was submitted in anticipation of verification and, therefore, can be considered a realistic estimate of Mazda's selling practices. Mazda contends that this would be consistent with the Department's approach in the Final Determination of Sales at Less Than Fair Value: Personal Word Processors from Japan, 56 FR 31101 (July 9, 1991) (PWPs), where the Department used an unverified response in the final determination.

Petitioners state that Japan is the appropriate market to use as FMV as (1) Mazda's home market is viable according to the Department's traditional viability test, (2) Canada is an inappropriate third country market because it is integrated with the U.S. market, and (3) the Canadian data submitted by Mazda is unverified. Petitioners contend that PWPs does not provide Department precedent on the use of an unverified response, as the Department used the response in that case in order to apply BIA. Petitioners assert that, if this case is to be decided on BIA, the data in the petition are clearly the appropriate BIA.

DOC Position

In accordance with 19 CFR 353.48(a), our practice has been to determine that a company's home market is viable if the volume of its home market sales is at least five percent of the volume of its third country sales. (See Final Determination of Sales at Less Than Fair Value: Silicon Metal from Brazil, 56 FR 26977 (June 12, 1991); (Preliminary

Determination of Sales at Less Than Fair Value: Steel Wire Rope from India, 56 FR 16322 (April 22, 1991); and section 773(a) of the Act.) As the volume of Mazda's home market sales meets this test, we are upholding our preliminary determination that Mazda's home market is viable.

Regarding the cases cited by Mazda in support of its argument, we note that these cases involved circumstances which were significantly different than those present here. In SBTS, the Department used U.S. sales in the viability test for one of several respondents because that respondent had no third country sales during the POI. Consequently, the Department was unable to use the viability test set out in the regulations in order to test whether the respondent's home market sales volume was adequate for comparison purposes. The Department tested the volume of home market sales against the volume of U.S. sales, rather than automatically using CV.

In Motorcycle Batteries, the Department also considered the volume of U.S. sales as part of its determination of home market viability for only one of a number of respondents. However, in that case, the volume of U.S. sales made by the respondent was not the only determinant of viability. More important was the fact that there was substantial dissimilarity between the company's home market and U.S models. Given the particular circumstances of that case, the Department determined that it was appropriate to use home market sales as the basis for FMV for one model and third country sales as the basis for FMV for those home market products determined to be too dissimilar to U.S. models to make reasonable comparisons. The Department did not determine that it was appropriate to disregard home market sales entirely, even though the volume of home market sales was less than five percent in relation to the volume of U.S. sales.

Finally, we recognize that petitioners have raised the issue of whether Canada is an appropriate basis for FMV given the degree of integration of the U.S. and Canadian automobile markets. However, as we have found the volume of home market sales adequate for comparison purposes, this issue is moot.

Comment 26

Based on allegations made by petitioners that the Department's "standard" POI (*i.e.*, the six month period prior to and including the month of filing of the petition) would not capture certain seasonal variations in Mazda's pricing, we established an eight-month POI for Mazda. Mazda argues that the Department should reverse this decision and use the traditional six-month POI, in order to avoid subjecting Mazda to a significant increase in the margin resulting solely from significantly different exchange rates in effect during October and November 1991. Mazda contends that the Department's practice is to extend the normal six-month POI only where good cause exists, *i.e.*, where the standard six-month period does not "adequately reflect the sales practices of the firms subject to the investigation." Final Determination of No Sales at Less Than Fair Value: Electrolytic Manganese Dioxide from Ireland, 54 FR 8776 (March 2, 1989), *aff'd in relevant part, Bomont Industries* v. *United States*, 718 F. Supp. 958, 960 (CIT 1989) Mazda contends that good cause to depart from normal practice is not present here, since the impact of seasonality on the preliminary margin was *de minimis*. As a second (and less preferable) alternative, Mazda argues that the Department should minimize Mazda's exposure to the "aberrant" exchange rates by dropping from its analysis all October and November sales of 1991 models, while including October and November end-of-model-year sales of 1990 models.

Petitioners state that Mazda has offered no new proof that the Department's prior determination was incorrect; however, petitioners argue, if the Department reopens the POI issue, it should follow the decision made in antidumping duty investigation of certain internal combustion forklifts from Japan in which the Department lagged the POI by several months due to the widespread use of post-sale incentives (see Forklift Trucks, *supra*.

DOC Position

We disagree with Mazda and are continuing to use an eight-month POI for this respondent. In our decision memorandum on this issue, dated September 12, 1991, we noted that the evidence on the record indicated seasonality with respect to Mazda's pricing. We noted that this behavior follows a predictable pattern of price increases and decreases dependent upon the introduction of new model vehicles in the fourth quarter and an attempt on the part of Mazda to liquidate its inventory of older model vehicles through price reduction programs. Using these findings, we concluded that there was sufficient information on the record to justify expanding the POI for Mazda from six to eight months. Mazda has provided no additional information which would cause us to reconsider this issue.

We note that Mazda's argument is not based on the contention that the Department's initial determination, that seasonality existed with respect to Mazda's pricing, is incorrect. Rather, it contends that the particular POI set by the Department is inappropriate because it captures two months in which "abnormal" exchange rates prevailed. In accordance with § 353.60(b) of the Department's regulations, the Department may account for substantial changes or fluctuations in exchange rates. Mazda has not demonstrated or even alleged, that these provisions apply. Accordingly, we have applied the prevailing exchange rates to all sales in accordance with our normal methodology in making the final determination.

Comment 27

Mazda argues that the Department should accept a level-of-trade adjustment based on U.S. data for sales comparisons between its home market dealers and its U.S. distributor. Mazda states that it is unreasonable for the Department to require it to base its claim on home market data as it does not sell to distributors in the home market and that, consequently, there is no home market data on which to base a claim. Mazda further states that the Court of International Trade indicated in *Fundicao Tupy S.A.* v. *United States*, 678 F. Supp. 898 (CIT), *aff'd* 859 F.2d 915 (Fed. Cir. 1988), that making an adjustment to account for cost differences inherent in different levels of trade is the Department's "duty."

Petitioners argue that the Department correctly rejected Mazda's level-of-trade claim at the preliminary determination. They note that the CIT has upheld the Department's discretion to reject claims based solely on U.S. experience. (See *Fundicao Tupy S.A.* v. *United States*, *supra*; *Silver Reed America, Inc.* v. *U.S.*, 711 F. Supp. 627 (CIT 1989); and *American Permac, Inc.* v. *U.S.*, 703 F. Supp. 97 (CIT 1988)). In addition, they state that the way in which Mazda reported its U.S. selling expenses has already taken into account any cost differences in selling at different levels of trade in the home and U.S. markets.

DOC Position

We agree with petitioners and have disallowed this adjustment because it is based on U.S. experience. It is not now, nor has it ever been, the Department's practice to allow level-of-trade adjustments which are based on U.S. experience. To do so would require the Department to assume that the cost differences involved in selling in the

foreign and U.S. markets are the same. There is no reasonable basis on which to make such an assumption. As correctly noted by petitioners, this position has been upheld by both the CIT and the Court of Appeals for the Federal Circuit.

Comment 28

Mazda argues that the Department should accept as reported its incentive payments made on home market new car sales. Mazda contends that the inaccuracies found at verification with respect to the way that it applied new car incentive payments to home market sales were immaterial. However, Mazda argues that, if we determine that its methodology is unreasonable, the correct data is on the record and should be used.

Petitioners argue that the Department should reject Mazda's new car incentives in their entirety, as (1) it was possible for Mazda to apply them accurately to the appropriate sales, (2) Mazda was given several opportunities to supply accurate data, (3) the incentive amounts reported were significantly overstated, and (4) certain of the payments appear to relate to non-MPV sales or MPV sales outside the POI. Petitioners argue that the Department has denied incentive claims in the past when the problems with the data were not nearly so egregious, and that if the Department fails to draw a sharply adverse inference from Mazda's decision not to present its data in a way that accurately reflects the company's prices and costs, it will encourage more elaborate efforts to package data in future cases. Regarding the revised data provided by Mazda, petitioners argue that there is no way to check the accuracy of this data. In addition, petitioners allege that these data do nothing more that illustrate the substantial errors in Mazda's earlier submission. Petitioners add that, if the Department is unprepared to reject these data in their entirety, it should follow the decision made in Final Results of Administrative Review of Antidumping Duty Order: Color Television Receivers from Korea, 49 FR 50420 (December 28, 1984) and treat payments under the incentive programs that have been allocated to, but not directly linked to, MPVs sold during the POI as an indirect selling expense.

DOC Position

At verification, we found that the way in which Mazda linked its incentive payments to individual sales resulted in various inaccuracies in the amounts reported. Accordingly, we find that it is appropriate to use BIA to determine the amount of these payments. As BIA, we are using the amounts reported in the sales listing. Accepting Mazda's data as reported has an appropriately adverse effect in calculating COP and, because we are basing FMV on CV, incentive payments were not further included in our analysis.

Comment 29

Mazda argues that the methodology that it used to calculate incentive payments to home market corporate customers (reporting the average rebate paid to each dearler) was reasonable. Mazda argues that it used an averaging methodology because tying the correct rebate amount to individual MPV sales would have required an extensive manual search through its records. According to Mazda, the Department does dot require respondents to undertake unduly burdensome tasks in order to obtain information which is not maintained in their accounting records. Finally, Mazda argues that the sample selected for verification of these incentive programs was not representative.

Petitioners argue that the pattern of overreporting of rebates suggests that Mazda's selection of an allocation methodology was deliberate and results-driven. Petitioners further suggest that it would have been a fairly simple task to report the correct incentive payments, especially since there are only a small number of home market sales during the POI, and that much of the work could have been done by Mazda's dealers. Consequently, petitioners argue that the Department should reject all of Mazda's corporate customer incentive claims.

DOC Position

At verification, we found that Mazda had consistently overreported these rebates, at times by a significant amount. We disagree with Mazda that, because the sample of transactions reviewed was small, it was necessarily unrepresentative. Accordingly, we find that it is appropriate to use BIA to determine the amount of these payments. As BIA, we have used the amounts reported by Mazda in its sales listing, for the reasons cited in the preceding comment.

Comment 30

On the day that the petition was filed, Mazda implemented a rebate program to clear out long-term inventory held by its dealers. Petitioners claim that the timing of this program raises the question of whether it was established in order to lower Mazda's home market price for purposes of this investigation. Therefore, petitioners ask the Department to disallow this program.

DOC Position

We disagree with petitioners. Although no previous program had been implemented for MPVs, we learned at verification that Mazda occasionally had similar programs for other vehicle lines. Therefore, we see no indication that Mazda implemented this program to circumvent the antidumping law, as petitioners imply. Accordingly, we have used it in our analysis for purposes of the final determination.

Comment 31

Petitioners argue that the Department should exclude from the home market sales listing all sales made to Mazda's dealers for use as demonstrator vehicles. Petitioners claim that these sales are equivalent to U.S. sales made under Mazda's demo/lease program and that Mazda excluded demo/lease vehicles from its U.S. sales listing. Petitioners' reason that both programs involve vehicles which are sold to the public in a "used" condition.

DOC Position

We disagree with petitioners. We have retained these sales in the sales listing as, contrary to U.S. experience, the home market vehicle is new when it is sold to Mazda's customer.

Comment 32

Mazda argues that it is inappropriate to calculate U.S. and home market warranty expenses as period expenses (*i.e.*, expenses incurred during the POI divided by the quantity of retail sales made during the POI. Rather, Mazda contends that dividing period expenses by cumulative MPV sales is more representative of Mazda's actual warranty experience on minivans. In addition, Mazda claims that it is entitled to a "start-up" adjustment to its home market warranty expenses as it introduced the MPV in the home market after it introduced the MPV in the United States. Mazda contends that it is inappropriate to compare costs at different stages of the warranty cycle without some adjustment, as warranty costs increase exponentially (rather than arithmetically) over time. Mazda finally argues that, if the Department prefers a period approach, it should adjust the warranty costs incurred in Japan during the POI by the percentage that U.S. costs increased during a comparable period in the MPV's warranty cycle. According to Mazda, this methodology takes into account the fact that the absolute incidence of

warranty claims may differ between the United States and Japan because of road conditions, etc.

Petitioners argue that adjusting for the timing difference noted by Mazda requires the Department to speculate on future warranty costs. According to petitioners, there is nothing in the record to substantiate the underlying assertion that, over time, Mazda's home market warranty experience will be the same as, or even similar to, its U.S. experience. Rather, petitioners state that home market warranty costs should be less than the costs in the United States at comparable points in time due to the learning curve effect. Furthermore, petitioners note that Mazda's argument fails to take into account the relationship between prices and costs (*i.e.*, as costs rise, so should prices). Finally, petitioners argue that the Department has departed from its normal practice of calculating period expenses only under exceptional circumstances which are not present here.

DOC Position

We agree with petitioners and have followed the methodology used at the preliminary determination to calculate warranty expenses. Specifically, we have calculated a per-unit adjustment based on warranty experience during the POI because it is the Department's practice to base warranty expenses on POI experience except in unusual circumstances. As Mazda has not demonstrated that its POI experience was not reflective of its actual warranty costs, we see no reason to depart from our normal practice in this case.

We also have disallowed Mazda's start-up adjustment because making the adjustment would require us to speculate on future warranty costs in Japan or to speculate on the relationship between U.S. and Japanese warranty experience. Mazda has provided no factual support for any of its requested adjustments; nor has it given the Department an adequate basis on which to speculate about future warranty costs. For example, Mazda has made no effort to demonstrate how warranty experience changes over time in its home market, as it did not provide comparable warranty data on other home market vehicles. Nor has Mazda demonstrated a warranty cost relationship between other home market and U.S. vehicles. Consequently, we have determined that it is inappropriate to allow the claimed adjustment.

Comment 33

Petitioners argue that Mazda's use of employee headcount to allocate home market indirect selling expenses incurred by the Customer Satisfaction Promotion (CSP) and Business Logistics (BL) Divisions skews the indirect selling expense calculation as the activity level of these two divisions is more a function of sales value than headcount. In addition, petitioners claim that Mazda's use of headcount has had the practical result of allocating significant expenses away from U.S. sales and to export sales to third country markets.

Petitioners also state that Mazda has allocated SG&A expenses to parts sales without recognizing that a significant portion of parts-related expenses support vehicle sales. Petitioners reason that parts are used both in vehicle production and for warranty purposes, not just for replacement purposes. Accordingly, petitioners argue, a portion of the parts costs should be allocated to minivan sales.

Mazda contends that its use of headcount is a more accurate means of apportioning the indirect selling expenses incurred by the CSP and BL Divisions than sales value because these divisions perform many functions for the home market which, for U.S. sales, are performed by Mazda's U.S. sales agent, MMA. Mazda contends that to allocate the Japan-side expenses on the basis of sales volume would mean attributing to U.S. sales the vast majority of Mazda's indirect selling expenses, which is clearly disproportionate to the amount of effort devoted to U.S. sales-related activities in Japan.

Regarding petitioners' argument that Mazda's headcount methodology results in allocating expenses away from U.S. sales and to third country sales, Mazda notes that the other overseas divisions handle sales to a significantly larger number of markets and that, consequently, it is logical that these divisions should employ more people (and, by extension, incur more expenses). Finally, Mazda notes that the Department has accepted headcount as a reasonable methodology in past cases.

Regarding parts costs, Mazda contends that relevant parts expenses have been appropriately included in either manufacturing costs or in U.S. indirect selling expenses. Therefore, Mazda asserts, no adjustment should be made.

DOC Position

We agree with Mazda and have accepted Mazda's headcount methodology to allocate indirect selling expenses. We disagree with petitioners that this methodology is distortive. At verification, we reviewed Mazda's calculations and determined that they were reasonable. In this case, using Mazda's employee headcount methodology is more accurate than using sales value, in that it is a better indicator of the amount of effort devoted by corporate headquarters employees to making sales in the different markets. In addition, we agree with Mazda that relevant parts expenses have been correctly captured in Mazda's reported manufacturing and selling expenses. Accordingly, we have not reallocated parts expenses for purposes of the final determination.

Comment 34

Petitioners contend that Mazda's indirect selling expenses should be recalculated to reflect more accurately expenses incurred in selling MPVs. Petitioners note that Mazda admitted in its case brief that it underestimated the amount of indirect selling expenses attributable to the sale of MPVs. Petitioners contend that these expenses must be revised upward in order to capture the full amount of home market indirect selling expenses included in CV.

Mazda contends that the amount by which its indirect selling expenses are understated is not significant.

DOC Position

We agree with petitioners. Based upon our review of the documents obtained at verification, we find that Mazda understated its home market indirect selling expenses and that this understatement is material. Consequently, we have adjusted the percentage reported for purposes of the final determination.

Comment 35

Petitioners contend that, although Mazda did not issue any commercial paper in the home market during the POI, the Department should revisit the credit expenses issue to determine whether either Mazda's records or the documents taken at verification support a different home market interest rate calculation.

DOC Position

At verification, we found that Mazda had correctly reported its home market short-term interest rate during the POI.

Accordingly, we have used this interest rate to calculate the home market credit expense for purposes of the final determination.

Comment 36

Petitioners request that the Department revise Mazda's indirect selling expense calculation to capture amortized costs for certain fixed assets used for advertising or promotional

purposes. Petitioners state that the Department found at verification that Mazda failed fully to include these costs.

DOC Position

At verification, we found that Mazda did not include in its reported indirect selling expenses amortized costs for certain assets for April and May 1991. As we do not have the actual costs for these months on the record, we are using BIA to determine them. As BIA, we are using the average monthly amortization cost reported by Mazda for the cost for each of the months in question.

Comment 37

Mazda argues that we should exclude MMA's U.S. repurchase program expenses from the margin calculations because the expenses associated with this program are incurred on the sale of used, not new, MPVs. Mazda contends, however, that if we treat these expenses as related to new MPV sales, we should treat these costs as direct advertising costs rather than sales-specific expenses.

Mazda states that two separate transactions occur with respect to the vehicles sold under the fleet repurchase program: (1) The original sale to the rent-a-car company and (2) the subsequent repurchase and resale of the same vehicle to a Mazda dealer as a used car. Mazda argues that the expenses in the first transaction are incurred whether the vehicle is eventually repurchased or not and that these expenses are properly included in the Department's margin analysis. Mazda contends that the costs incurred in the second transaction are entirely separate and distinct from those incurred on the sale of the *new* vehicle and therefore should be excluded from the Department's analysis for purposes of the final determination.

In order to demonstrate that this approach is consistent with Department precedent, Mazda cites the final results of two administrative reviews (see Final Results of Administrative Review: Drycleaning Machinery from West Germany, 50 FR 1256 (January 10, 1985) and 50 FR 32154 (August 8, 1985) (collectively Drycleaning). According to Mazda, in Drycleaning, the Department denied a respondent's request to consider the profit or loss on the resale of trade-in merchandise as a direct selling expense. Mazda contends that, in doing so, the Department carefully distinguished between the costs attributable to the original sale and the costs attributable to the subsequent resale. As such, Mazda states that the Department cannot include Mazda's repurchase expenses as either direct or indirect selling expenses in this case.

Mazda argues that if the Department concludes that the costs of the repurchase program must be attributed to new MPV sales, it should treat the expenses as direct advertising expenses attributable to all sales. Mazda argues that it has presented substantial information establishing that it participates in the repurchase program primarily for the purpose of increasing the public's exposure to its vehicles. This information includes, among other things, various internal memoranda which discuss Mazda's motivation for implementing the program. Mazda notes that, although these memoranda list other benefits than sales promotion, those purposes were secondary. As proof that its motivation was primarily to increase Mazda's exposure, Mazda notes that (1) all Mazda vehicles are exposed to the public through the program on a national basis, (2) the rent-a-car program does not negatively impact the value of its vehicles overall, and (3) the repurchase program provides a steady supply of used cars for Mazda dealers which allows the dealers to increase customer traffic consisting of potential new car buyers.

In addition, Mazda argues that the bases on which the Department made its preliminary determination to treat these expenses as sales-specific were incorrect. First, Mazda argues that the fact that it is possible to assign these expenses to individual sales does not mandate their treatment as sales-specific expenses. For example, Mazda notes that the Department does not make warranty adjustments on a sales-specific basis. Second, regarding the Department's concern that the rent-a-car companies do not provide for additional Mazda advertising or promotional literature, Mazda contends that additional advertisement by the rental company is not necessary to achieve Mazda's goal of public exposure to Mazda vehicles through first hand experience.

Finally, regarding the concern that promotional efforts directed at customers requesting a Mazda trial vehicle involve an element of chance, Mazda notes that the theory behind the program is that rent-a-car customers who have had positive experiences driving rented Mazda vehicles will be more inclined to consider buying a Mazda vehicle when they make a purchasing decision, rather than that customers will have more opportunities to test drive specific vehicles. Regarding this last point, Mazda cites a survey submitted by Mazda which shows that rental experience has had a very high level of positive impact on rental customers.

Petitioners state that the Department properly treated the costs associated with fleet sales to rent-a-car companies as sales-specific expenses. Petitioners claim that the repurchase agreement is part and parcel of the original sales contract and the costs of the transaction can be traced from the sale of the vehicle to the fleet customer through repurchase and resale at auction. Petitioners argue that the cite to Drycleaning is not relevant and would only apply if the issue was whether to adjust prices for a trade-in allowance that an automobile dealer might give a retail customer for the customer's used car.

In addition, petitioners disagree with Mazda's attempt to classify these expenses as direct advertising expenses. Petitioners contend that to treat the expenses incurred by Mazda under its repurchase program as advertising is to ignore the realities of the U.S. motor vehicle market. Furthermore, petitioners contend that the support that Mazda has offered for its position in fact disapproves it. For example, petitioners state that the survey provided by Mazda shows that rental car customers are not more likely to purchase a particular vehicle because they have driven it while renting. Finally, petitioners argue that the costs associated with Mazda's repurchase program are vehicle-specific. Petitioners contend that Mazda's warranty analogy is flawed, in that the Department would assign warranty expenses to particular sales, if possible. (See Final Results of Administrative Review: Color television Receivers from Korea, 49 FR 50420 (December 28, 1984).

DOC Position

We agree with petitioners that Mazda's repurchase and resale expenses are part of the original sales transaction. Accordingly, we have included these expenses in our analysis. We base this determination on the fact that the repurchase is effected as a direct and necessary condition of the original sale. While the resale is contractually not part of the original transaction, it happens as a direct and necessary consequence of the repurchase. In addition, the gain or loss on the resale is the only available measurement of the gain or loss on the repurchase. Therefore, we have used the gain or loss on the resale in our analysis.

The position enunciated in Drycleaning is inapposite here for two reasons: (1) The issue there concerned expenses associated with the sale of

two machines, a used one and a new one, and (2) the repurchase of the used drycleaning machine was not a contractual obligation of its sale as a new machine. Here the expenses are all associated with the original sale of a new vehicle and contemplated at the time of the sale.

Regarding whether these expenses should be treated as sales-specific or as direct advertising, we agree with petitioners that these expenses are more appropriately treated as sales-specific expenses. The expenses in question are clearly linked to each original fleet sale. It is the Department's general policy to assign selling expenses to specific sales whenever possible. Accepting Mazda's argument that these are advertising expenses would require the Department to weigh the various benefits gained through the implementation of the repurchase program and to determina which of these benefits provided Mazda's primary motivation. Not only are we disinclined to base the categorization of any expense upon the intent behind that expense, in this case it is beyond the Department's ability to measure Mazda's intent with any degree of certainty. Accordingly, we have assigned these expenses to specific vehicles for purposes of the final determination.

Comment 38

Petitioners argue thet Mazda improperly excluded demo/lease sales from its U.S. sales listing. Petitioners allege that because these vehicles are imported as new vehicles, they are subject to the antidumping investigation. According to petitioners, these sales represent a significant volume of U.S. sales during the POI. Petitioners further argue that Mazda did not completely exclude these sales from questionnaire response in that it used the volume and value of these sales in its selling expense allocations. Petitioners claim that the result of this is to lower the amount of U.S. selling expenses allocated to each minivan sold to dealers. Moreover, petitioners claim that Mazda included similar vehicles in its home market sales listing. However, petitioners contend that, if the Department determines that these vehicles have been properly excluded, the costs of the program should be treated as a direct selling expense. Petitioners maintain that Mazda's use of these vehicles as demo/lease cars result in a direct cost to Mazda which should be reflected in the Department's analysis.

Mazda states that it properly excluded these sales from its U.S. sales listing because they were sales of used MPVs. Mazda states that the language of the antidumping statute clearly indicates that the responsibility of the Department is to investigate sales of subject merchandise in the United States and that, although the demo/lease vehicles were new at the time of importation, they were used (and therefore not subject merchandise) when sold to the first unrelated customer. Moreover, Mazda maintains that it was not inconsistent in its treatment of U.S. and home market demo vehicles; Mazda notes that its home market sales of these vehicles were included in the sales listing because they were sales of new minivans.

Mazda argues thet these sales revenues were properly included in the calculation of U.S. indirect selling expenses because such expenses were incurred to support demo/lease sales just as they were incurred in order to make sales of new vehicles. Finally, Mazda contends that petitioners' suggestion that these expenses be treated as direct selling expenses is without merit. Mazda states that it is the Department's practice to treat as direct expenses only those expenses that are directly attributable to sales of the product under investigation. Mazda contends that the direct costs of the demo/lease program are not incurred in connection with the sale of new vehicles, but of used vehicles which are not under investigation.

DOC Position

Petitioners mischaracterized our action in the preliminary determination. The vehicles in question will be subject to an antidumping duty order, if one is issued, because they are new when they are imported into the United States. The Department, however, is not required to examine every sales transaction in determining whether sales have been made at less than fair value. Mazda requested thet it be excused from reporting these sales because the demo/lease vehicles in question were in a used condition when they were sold to the first unrelated purchaser. Because these vehicles were not new minivans at the time of sale to the first unrelated purchaser and because they comprisé a very small percentage of Mazda's total sales during the POI, we instructed Mazda not to report these sales in its sales listing. Nonetheless, it is entirely appropriate to include the sales in the denominator used to apply U.S. indirect selling expenses to USP.

Comment 39

Petitioners argue that Mazda has improperly classified MDA advertising, as well as certain regional advertising, as indirect selling expenses. Petitioners state that, to the extent that a respondent maintains that U.S. advertising is not a direct expense, it bears the burden of proof that it is not direct. Petitioners argue that Mazda has not met the burden of proof in this case. According to petitioners, MDA advertising meets the Department's direct advertising test as it is (1) product-specific and (2) directed at the customer's customer. Petitioners contend that both (1) the fact that Mazda is not able to control the nature of the advertising and (2) the fact that Mazda does not formally keep track of how the advertising funds are spent are irrelevant to whether this expense is classified as direct or indirect. Petitioners also note that Mazda tracks how MDA funds are spent through a report prepared by its advertising agency.

Petitioners contend that Mazda improperly calculated the amount of MDA advertising applicable to MPVs. Petitioners note that Mazda allocated DMA advertising to MPVs based on the sales value of MPVs in relation to Mazda's total U.S. sales. Petitioners contend that the proper allocation is based on the proportion of total MDA advertising actually spent on MPVs, which can be derived from the report prepared by Mazda's advertising agency.

Mazda contends that its MDA expenses are appropriately classified as indirect advertising because they are not incurred with respect to the product under investigation at the time that Mazda agrees to make its contribution. Mazda argues that these expenses are incurred regardless of whether MPVs are produced and sold by MMA or whether MPVs are advertised with MDA dollars. According to Mazda, this lack of control over the use of these funds makes these expenses "fixed" from Mazda's perspective. Regarding regional (including co-op) advertising, Madza contents that, like its MDA expenditures, it considers these expenses to be a general promotional expense. Moreover, Mazda states that is has no information on an overall basis concerning which vehicles were advertised with co-op dollars. Consequently, Mazda argues that treating MDA and regional advertising expenses as direct would be contrary to the reality of Mazda's business practices, as well as contrary to the Department's established view of direct expenses as those uniquely related to the sales under review.

Regarding the percentage used to allocate MDA advertising to MPVs,

Mazda argues that there is no basis for adjusting the percentage used, as the report cited by petitioners is only an "informal" and, by Department standards, imprecise indication of how total MDA media dollars are expended. Mazda notes that this report is used by MMA solely as a general information tool and that the numbers on this report cannot be reconciled with the expenditures on MMA's books.

DOC Position

We agree with petitioners and have reclassified the MDA advertising in question as direct. We agree that the issue of whether Mazda has control over how MDA funds are used is irrelevant. Ultimately, when the money is spent, the advertising is product-specific and directed at the customer's customer. Therefore, the two conditions under which the Department considers advertising to be direct have been met. Moreover, we note that the effect of the advertising on Mazda's sales is the same whether or not Mazda had control over the specific use of the funds. Under the same principle, we have also reclassified co-op and other types of regional advertising as direct.

Regarding the percentage used to allocate MDA advertising to MPVs, we have used the percentage found in the report prepared by Mazda's advertising agency. Although this percentage represents only an estimate, we believe that it is the most accurate reflection of Mazda's advertising experience with respect to MPVs. In addition, as this report shows that a portion of MDA funds were spent on brand advertising, we have classified this portion as indirect advertising and have allocated part of it to MPVs.

Mazda argues that the numbers on the report cannot be tied directly to its accounting records. We note that Mazda used a percentage of advertising related to MPVs generated from the same agency to report its direct advertising expense. The numbers used to derive that percentage also could not be tied directly into Mazda's accounting system. However, we accepted Mazda's methodology in that instance because it was a reasonable reflection of Mazda's advertising experience. Moreover, we are not using the absolute amount of the MDA expenditures shown on the report, merely the percentage. Therefore, the fact that the absolute number cannot be tied into Mazda's records is not controlling in this instance.

Comment 40

Petitioners argue that fees paid to Mazda's U.S. advertising agency should be classified as a direct expense because they are billed as a percentage of the advertising expense. Petitioners further contend that Mazda classified similar fees in the home market as direct and included them in home market advertising.

In addition, petitioners request that the Department adjust the amount of the fees allocated to MPVs to reflect the percent of MPV-related advertising to vehicle-specific advertising placed by the agency. According to petitioners, the methodology used by Mazda, relative sales value, is incorrect in that it relies on the assumption that advertising expenses are constant across not only all vehicle lines but also parts sales.

Mazda argues that its advertising agency fee is properly classified as indirect and that petitioners' argument is based on a misunderstanding of one of the verification exhibits. Mazda maintains that its advertising agency is not paid on a percentage basis but rather through an annually negotiated commission. According to Mazda, this commission covers the agency's provision of a variety of services in connection with advertising and marketing of MMA's products, including parts and services, as well as vehicles. Mazda further notes that the fee cannot be related to any particular product line, or even to the level of advertising activity. Finally, Mazda contends that its treatment of its U.S. advertising agency's fee is not inconsistent with its treatment of its home market advertising fees as the home market fees were paid on a different basis.

DOC Position

We agree with petitioners. Because these fees are incurred in order to advertise Mazda's products, it is appropriate to treat them in the same way that we are treating advertising expenses. Accordingly, we have split these fees into direct and indirect expenses in the same proportion as Mazda's overall advertising dollars are spent on direct and indirect advertising.

Comment 41

Petitioners claim that fees paid by Mazda to an outside service to administer various U.S. incentive programs are an integral part of the cost of the programs and should be included in specific per-vehicle incentive costs. Alternatively, petitioners state that these fees should be treated as a direct selling expense and allocated over all sales. In addition, petitioners contend that Mazda incorrectly allocated these fees to MPVs by using a value of sales methodology. Petitioners contend these fees should be reallocated based upon the level of incentives paid on MPVs relative to total incentive payments.

Mazda maintains that these expenses were correctly classified as indirect selling expenses. Mazda states that the unrelated company in question renders overall service as if it were an "extension" of MMA and that it is compensated for its services by payments that are based neither on the number or types of vehicles sold nor the number of incentive programs run, but rather for each task that it completes (*e.g.*, for generating computer tapes, etc.). Consequently, Mazda argues, it would be inappropriate to link these fees to specific incentive programs or to classify them as a direct expense.

DOC Position

We agree with petitioners. Because these fees are paid for each task performed by Mazda's incentive administration service, they are appropriately considered part of the vehicle-specific incentive costs. However, as there is insufficient information on the record to allow the Department to calculate a vehicle-specific amount, we have treated these fees as a direct selling expense and have applied them to all sales reported in Mazda's U.S. sales listing.

Comment 42

Petitioners contend that Mazda's direct and indirect selling expenses should be calculated as a percentage of net price, rather than gross price. Petitioners maintain that the inclusion of dealer contributions to MDAs in gross unit price has a distortive impact on the Department's analysis.

Mazda argues that it is appropriate to use gross unit price to calculate U.S. indirect selling expenses because the ratios used by Mazda to calculate indirect selling expenses for U.S. sales were derived from the MPV gross invoice total, which includes MDA contributions.

DOC Position

We agree with petitioners that calculating selling expense percentages using gross unit prices can be distortive. However, we have not recalculated the percentages reported by Mazda using net price because we do not have complete information on the record that would allow us to recalculate these percentages accurately. We note, however, that, as the MDA amounts included in Mazda's gross unit prices are small, excluding them from our calculation would have an insignificant effect on the margin. Accordingly, we have used the methodology reported by

Mazda for purposes of the final determination.

Comment 43

Mazda argues that the Department should accept its U.S. pre-delivery expenses as reported. Mazda contends that it demonstrated at verification that it had correctly reported these expenses.

DOC Position

We agree. Accordingly, we have used the data provided by Mazda for purposes of the final determination.

Comments 44

Mazda argues that it would be inappropriate to calculate an inventory carrying cost for the time that the vehicles bought back under its repurchase program are held in inventory. Mazda argues that the inventories in question are of used vehicles which are not subject to this investigation.

Petitioners maintain that the Department should impute an inventory carrying cost for these vehicles, as the cost is an integral part of the Mazda's repurchase program.

DOC Position

We agree with petitioners. We have imputed an inventory carrying cost for the vehicles in question, as this cost is incurred as a direct consequence of Mazda's repurchase program. In addition, we have imputed an inventory carrying gain for those vehicles which were auctioned before they were repurchased.

Comment 45

Petitioners contend that the Department should reclassify certain U.S. port charges, reported by Mazda as indirect selling expenses, as direct expenses. Petitioners argue that Mazda made no effort to demonstrate that the charges in question are related only to general selling activity. Petitioners note that Mazda treated similar vehicle preparation charges incurred in Japan as direct selling expenses. Therefore, petitioners maintain that these expenses should be reclassified as direct.

Mazda maintains that it correctly classified the U.S. port charges in question as indirect selling expenses. Mazda notes that it classified only fixed port charges as indirect selling expenses, as these expenses were incurred without regard to the number of vehicles sold or processed and were therefore not directly related to vehicle sales. Mazda further notes that it explained its reasons for classifying each specific component of these expenses as indirect in a number of submissions to the Department. Regarding petitioners' comment that Mazda treated similar vehicle-specific preparation expenses in the home market as direct selling expenses, Mazda states that this argument is not relevant because Mazda reported all variable port expenses as direct selling expenses in its U.S. sales listing.

DOC Position

We agree with Mazda that the U.S. port charges in question were correctly classified as indirect selling expenses, as these expenses did not vary with the number of vehicles sold. However, regarding home market preparation (or pre-delivery inspection) expenses, we agree with petitioners that the fixed portion of these expenses is analogous to the port charges classified by Mazda as an indirect selling expense. Consequently, we have reclassified the fixed portion of Mazda's home market pre-delivery inspection expenses as indirect.

Comment 46

Petitioners state that Mazda's cost verification report questions the validity of Mazda's parts costs and that, therefore, the Department should reject the profit adjustment taken on Mazda's warranty parts costs. Mazda contends that this argument is moot, as petitioners state in their cost brief that "the evidence in the record does not dictate a finding that transfer prices between Mazda and its related suppliers occur on other than an arm's length basis."

DOC Position

We disagree with petitioners. We have made no adjustment to the reported costs since, as petitioners mentioned, there is no indication that the transactions in question were anything other than arm's length in nature.

Comment 47

Petitioners argue that Mazda understated its calculation of U.S. indirect selling expenses by improperly excluding parts expenses, a portion of which petitioners claim are related to minivan sales. Petitioners state that the burden of demonstrating which of the parts costs incurred by Mazda are MPV-related and which are not is on Mazda. Petitioners state that, if Mazda cannot supply the necessary data, a sales-based allocation of the excluded costs should be added to Mazda's indirect selling expenses calculation.

Mazda argues that it correctly included those U.S. parts expenses related to minivan sales in its U.S. indirect selling expense calculation. Specifically, Mazda states that it included those parts expenses identified in its books and records as being related to the movement and sale of vehicles. In addition, Mazda states that its warranty calculations fully account for the costs of the parts used in warranty repair. Finally, Mazda states that it properly excluded from its calculations those parts expenses associated with repair parts sales and distribution, as these expenses are irrelevant to Mazda's cost of selling new vehicles.

DOC Position

We agree with Mazda. In its calculation of U.S. indirect selling expenses, Mazda properly included expenses of parts related to the sale of new vehicles. Consequently, we find no basis for adjusting Mazda's U.S. indirect selling expenses as requested by petitioners.

Comment 48

Petitioners contend that Mazda incorrectly excluded an interest penalty related to taxes from its calculation of U.S. indirect selling expense. Petitioners state that the fact that the taxes were due in a preceding year does not transform the interest payment into something other than a period expense. In addition, petitioners contend that the fact that the interest rate charged on the penalty was high does not distinguish this interest payment from any other interest payment during the POI on loans taken out before the period.

Mazda states that this payment was correctly excluded from its calculation of U.S. indirect selling expenses. Mazda notes that the Department routinely excludes income taxes from its calculation of SG&A, even though they are period expenses. Mazda maintains that, if taxes are not considered an appropriate element of selling expenses, it would be illogical to include interest payments made on taxes payable with respect to a prior delayed tax payment. Moreover, Mazda argues that this delayed tax payment can also be properly viewed as an extraordinary expense, as it was unusual in nature and infrequent in occurrence.

DOC Position

We agree with Mazda. It is irrelevant whether this interest penalty is related to a prior tax payment or whether this interest was paid on another type of debt obligation, since it is the Department's practice to exclude all types of interest expenses from the calculation of SG&A. Because the Department imputes credit expense on individual sales, the inclusion of these

expenses in indirect selling expenses would double-count a company's cost of borrowing. Consequently, we find that Mazda properly excluded this payment from its calculation of indirect selling expenses.

Comment 49

Petitioners contend that Mazda improperly excluded certain promotional expenses from its calculation of U.S. indirect selling expenses. Petitioners state that the primary purpose of Mazda's participation in these promotional activities was to promote Mazda's corporate image and thereby affect indirectly the sale of its products, including MPVs. Petitioners also contend that Mazda improperly excluded certain expenses related to non-subject merchandise from its calculation of U.S. indirect selling expenses.

Mazda contends that the promotional expenses referenced by petitioners were properly excluded from its calculations, as these expenses are not incurred in connection with programs targeted to the promotion of MPVs. Rather, Mazda argues, these programs are targeted at purchasers of other products produced by Mazda. Mazda contends that it included in indirect selling expenses those expenses related to programs which highlight the MPV as well as programs which are designed to promote Mazda's brand image. Mazda contends that the programs in question do neither.

Regarding petitioners' second argument, Mazda contends that these expenses were properly excluded, as they are irrelevant to the sale of MPVs. Mazda contends that it is axiomatic that only those expenses which are directly or indirectly related to the sales of the product under investigation may be properly included in the Department's adjustments to price. Mazda argues that it would be unreasonable for the Department to expect U.S. MPV pricing to reflect the costs at issue. Moreover, Mazda contends that there is no legal basis for suggesting that such an approach would be appropriate. Consequently, Mazda contends that petitioners' argument should be rejected.

DOC Position

We agree with Mazda. Regarding the promotional expenses in question, we have reviewed the documents obtained at verification and found that the relevant programs were not targeted at, and logically did not encompass, MPVs. Accordingly, we have determined that Mazda appropriately excluded these expenses from its calculation of U.S. indirect selling expenses.

Regarding petitioners' second comment, this issue was raised in petitioners' case brief for the first time in this proceeding. As there is no information on the record of this investigation regarding the expenses referenced by petitioners, we have no basis either to evaluate petitioners' argument or to make the adjustment requested by petitioners.

Comment 50

Petitioners ask the Department to (1) ensure that the refunds of U.S. customs duty reported by Mazda do not exceed 2.5 percent of the value of the excluded costs and (2) ensure that all MPVs that entered the United States during the POI as "trucks" are assessed the applicable 25 percent duty.

Mazda affirms that it correctly reported the U.S. customs duty on U.S. imports of MPVs.

DOC Position

At verification, we examined Mazda's calculations of U.S. customs duties and duty refunds and found that these adjustments had been correctly reported. Consequently, no further adjustments are necessary.

Comment 51

Petitioners argue that Mazda's U.S. sales verification report indicates that Mazda attempted systematically to overstate its U.S. prices by understating the U.S. brokerage, harbor maintenance fees, and merchandise processing fees on three of the five sales examined at verification. Petitioners contend that the Department should increase these movement charges for all vehicles in the U.S. sales listing by the amount of understatement found at verification.

Mazda contends that the discrepancies noted at verification were minor. In addition, Mazda states that one of the "errors" cited by petitioners had been corrected in a pre-verification submission to the Department. Mazda argues that the fact that the Department found only one discrepancy should in itself be evidence of the high level of reliability of Mazda's sales data. Thus, Mazda argues, petitioners' request should be rejected.

DOC Position

We agree with Mazda. The errors found at verification with respect to these movement charges were minor and clerical in nature. Contrary to petitioners' assertion, we found no evidence of systematic understatement of these charges.

Consequently, we have used the amounts reported by Mazda for purposes of the final determination, revised to correct for clerical errors found at verification.

Comment 52

According to Mazda, the U.S. sales verification report notes that MMA was unable to demonstrate that an item in its fleet goodwill account was reported in Mazda's U.S. sales listing. Mazda contends that all expenses in the fleet goodwill account were appropriately reported by Mazda as part of its SG&A and, consequently, it would not have been possible to tie this expense to an individual sale in the sales listing. Thus, Mazda argues, this cost was properly reported.

DOC Position

We agree that this cost is properly included in SG&A. Accordingly, we have made no adjustment to the expenses in question for purposes of the final determination.

Comment 53

Mazda contends that it correctly calculated U.S. installation charges for single air conditioners as the weighted-average installation cost at each port. Mazda contends that the fact that these charges were calculated as a weighted-average is accurate in that it is not materially different from the results of reporting on a port-specific basis. In addition, Mazda contends that it is appropriate to report a weighted-average cost because Mazda does not price single air conditioners to its dealers based on the port of installation.

DOC Position

The Department's preference is for actual costs calculated on a vehicle-specific basis, rather than average costs. Accordingly, we have recalculated these costs on a port-specific basis for purposes of the final determination because it is more accurate to do so.

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of new minivans from Japan subject to this investigation which are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of liquidation will remain in effect until

CALENDAR OF HEARING

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

Subject	:	MINIVANS FROM JAPAN
Inv. No.	:	731-TA-522 (Final)
Date and Time	:	May 21, 1992 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, S.W., Washington, D.C.

In Support of Imposition of
Antidumping Duties:

Wilmer, Cutler & Pickering
Washington, D.C.
On behalf of

Chrysler Corporation, Detroit, MI

Ford Motor Company, Dearborn, MI

General Motors Corporation, Detroit, MI

John D. Greenwald
Wilmer, Cutler & Pickering

Dr. William F. Finan
Law & Economics Consulting Group, Inc.

Dr. George Eads, Vice President and Chief Economist,
Product Planning and Economics
General Motors Corporation

Robert A. Perkins, Vice President, Washington Affairs,
Chrysler Corporation

Thomas J. Webb, Manager, Financial Studies Department,
Ford Motor Company

Robert C. Cassidy, Jr.)--OF COUNSEL

- MORE -

In Opposition to the Imposition of
Antidumping Duties:

Squire, Sanders & Dempsey
Washington, D.C.
On behalf of

Toyota Motor Sales, U.S.A. Inc.
Toyota Motor Corporation

George Borst, Vice President for Strategic
and Product Planning
Toyota Motor Sales, U.S.A., Inc.

John Kwoka, Jr., Professor
George Washington University

Bruce Malashevich, President
Economic Consulting Services, Inc.

Robert H. Huey)
Ritchie T. Thomas)
Dana M. Stein) --OF COUNSEL
Callie Georgeann Pappas)

Akin, Gump, Hauer & Feld
Washington, D.C.
On behalf of

Mazda Motor Corporation

Mazda Motor of America

Warren E. Connelly,
Akin, Gump, Hauer & Feld, L.L.P.

Janet Thompson, Vice President, Marketing
Mazda Motor of America, Inc.

George Peterson, President
AutoPacific Group, Inc.

Michael Luckey, President
Luckey Consulting Group

Warren E. Connelly)
Shannon Herzfeld) --OF COUNSEL
James D. Southwick)

- END -

APPENDIX C

U.S. AND CANADIAN PRODUCTION AND FACTORY SALES OF PASSENGER CARS AND TRUCKS AND BUSES

Table C-1
Passenger cars: U.S. and Canadian production, by firms, 1989-91

Item and firm	Quantity (vehicles) 1989	1990	1991
U.S. production:			
Chrysler	915,899	726,742	510,147
Ford	1,677,081	1,377,351	1,171,680
GM	3,213,752	2,755,284	2,496,006
Subtotal	5,806,732	4,859,377	4,177,833
Diamond Star	90,727	148,379	153,936
Honda	362,274	435,437	451,199
Mazda	216,501	184,428	165,314
Nissan	115,584	95,844	133,505
Subaru	-	32,461	57,945
Toyota	231,279	321,523	298,847
Subtotal	1,016,365	1,218,072	1,260,746
Total	6,823,097	6,077,449	5,438,579
Canadian production:			
Chrysler	33,904	24,679	17,565
Ford	435,518	385,271	324,025
GM	416,856	417,693	414,747
Subtotal	886,278	827,643	756,337
CAMI	660	43,306	84,460
Honda	86,447	104,572	98,049
Hyundai	43,250	25,606	28,201
Toyota	20,859	60,804	67,843
Volvo Corp	8,004	8,064	8,095
Subtotal	159,220	242,352	286,648
Total	1,045,498	1,069,995	1,042,985
U.S. and Canadian production:			
Chrysler	949,803	751,421	527,712
Ford	2,112,599	1,762,622	1,495,705
GM	3,630,608	3,172,977	2,910,753
Subtotal	6,693,010	5,687,020	4,934,170
CAMI	660	43,306	84,460
Diamond Star	90,727	148,379	153,936
Honda	448,721	540,009	549,248
Hyundai	43,250	25,606	28,201
Mazda	216,501	184,428	165,314
Nissan	115,584	95,844	133,505
Subaru	-	32,461	57,945
Toyota	252,138	382,327	366,690
Volvo Corp	8,004	8,064	8,095
Subtotal	1,175,585	1,460,424	1,547,394
Total	7,868,595	7,147,444	6,481,564

Source: Motor Vehicle Manufacturers Association.

Table C-2
Trucks and buses: U.S. and Canadian production, by firms, 1989-91

Item and firm	Quantity (vehicles) 1989	1990	1991
U.S. production:			
Chrysler	402,024	353,991	402,026
Jeep	257,493	180,195	180,108
Ford	1,497,095	1,381,509	1,240,820
Chevrolet	1,219,003	1,073,262	870,409
GMC	373,395	330,696	289,209
Isuzu	-	34,489	58,351
Mack	18,552	15,243	10,390
Mercedes-Benz	2,143	1,610	1,294
Navistar International	76,492	71,576	63,241
Nissan	123,057	139,404	131,519
Oldsmobile	4,270	29,336	34,628
Pontiac	8,136	41,582	31,236
Toyota	-	-	2,535
Other	80,290	65,888	59,656
Total	4,061,950	3,718,781	3,375,422
Canadian production:			
Chrysler	375,507	308,696	323,462
Jeep	72,163	60,638	66,403
Ford	153,098	132,019	103,982
Chevrolet	226,011	213,729	205,027
GMC	97,592	80,189	79,195
Mack	3,007	1,843	1,362
Navistar International	10,344	8,312	6,546
Other	9,233	7,041	4,508
Total	946,955	812,467	790,485
U.S. and Canadian production:			
Chrysler	777,531	662,687	725,488
Jeep	329,656	240,833	246,511
Ford	1,650,193	1,513,528	1,344,802
Chevrolet	1,445,014	1,286,991	1,075,436
GMC	470,987	410,885	368,404
Isuzu	-	34,489	58,351
Mack	21,559	17,086	11,752
Mercedes-Benz	2,143	1,610	1,294
Navistar International	86,836	79,888	69,787
Nissan	123,057	139,404	131,519
Oldsmobile	4,270	29,336	34,628
Pontiac	8,136	41,582	31,236
Toyota	-	-	2,535
Other	89,523	72,929	64,164
Total	5,008,905	4,531,248	4,165,907

Source: Motor Vehicle Manufacturers Association.

Table C-3
Passenger cars and trucks and buses: U.S. production and factory sales, 1989-91

Item	Quantity (vehicles) 1989	1990	1991
Production:			
Passenger cars	6,823,097	6,077,449	5,438,579
Trucks and buses	4,061,950	3,718,781	3,375,422
Total vehicles	10,885,047	9,796,230	8,814,001
Factory sales:			
Passenger cars	6,807,416	6,049,749	5,407,120
Trucks and buses	4,061,950	3,718,781	3,372,885
Total vehicles	10,869,366	9,768,530	8,780,005

Source: Motor Vehicle Manufacturers Association.

Table C-4
Passenger cars and trucks and buses: Factory sales from U.S. and Canadian plants, by destination, 1989-91

Item	Quantity (vehicles) 1989	1990	1991
U.S. plants:			
Passenger cars:			
U.S. domestic	6,181,094	5,501,871	4,874,218
Exports to Canada	501,250	416,459	381,564
Other exports	125,072	131,419	151,338
Total factory sales	6,807,416	6,049,749	5,407,120
Trucks and buses:			
U.S. domestic	3,751,910	3,448,214	3,035,267
Exports to Canada	246,175	207,559	235,431
Other exports	63,865	63,008	102,187
Total factory sales	4,061,950	3,718,781	3,372,885
Total vehicles:			
U.S. domestic	9,933,004	8,950,085	7,909,485
Exports to Canada	747,425	624,018	616,995
Other exports	188,937	194,427	253,525
Total factory sales	10,869,366	9,768,530	8,780,005
Canadian plants:			
Passenger cars:			
Canadian domestic	96,451	102,557	106,399
Exports to U.S	780,800	795,621	670,826
Other exports	5,181	3,725	2,829
Total factory sales	882,432	901,903	780,054
Trucks and buses:			
Canadian domestic	175,166	125,850	107,853
Exports to U.S	744,729	660,176	649,011
Other exports	27,060	26,441	33,621
Total factory sales	946,955	812,467	790,485
Total vehicles:			
Canadian domestic	271,617	228,407	214,252
Exports to U.S	1,525,529	1,455,797	1,319,837
Other exports	32,241	30,166	36,450
Total factory sales	1,829,387	1,714,370	1,570,539

Source: Motor Vehicle Manufacturers Association.

APPENDIX D

U.S. RETAIL SALES OF PASSENGER CARS AND TRUCKS AND BUSES

Table D-1
Passenger cars: U.S. retail sales, by firms, 1989-91

Item and firm	Quantity (vehicles) 1989	1990	1991
North American produced:			
Chrysler	917,506	795,096	636,994
Ford	2,099,773	1,880,389	1,572,770
GM	3,276,941	3,141,157	2,783,692
Subtotal	6,294,220	5,816,642	4,993,456
Diamond Star	32,018	49,877	69,496
Honda	389,472	464,118	482,097
Hyundai	-	19,661	18,930
Mazda	41,584	72,657	77,356
Nissan	103,134	109,575	112,800
Subaru	86	15,818	49,345
Suzuki	-	-	684
Toyota	212,388	348,540	332,623
Subtotal	778,682	1,080,246	1,143,331
Total	7,072,902	6,896,888	6,136,787
Imports:			
Chrysler	102,187	65,738	65,524
Ford	78,093	63,214	63,280
GM	160,145	167,826	125,768
Subtotal	340,425	296,778	254,572
Other	2,358,939	2,106,545	1,783,327
Total imports	2,699,364	2,403,323	2,037,899
Total retail sales	9,772,266	9,300,211	8,174,686

Source: Motor Vehicle Manufacturers Association.

Table D-2
Passenger cars and trucks and buses: U.S. retail sales, 1989-91

Item and firm	Quantity (vehicles) 1989	1990	1991
Passenger cars:			
North American produced	7,072,902	6,896,888	6,136,787
Imports	2,699,364	2,403,323	2,037,899
Total	9,772,266	9,300,211	8,174,686
Trucks and buses:			
North American produced	4,403,299	4,215,003	(1)
Imports	537,921	631,159	(1)
Total	4,941,220	4,846,162	(1)
Total vehicles:			
North American produced	11,476,201	11,111,891	(1)
Imports	3,237,285	3,034,482	(1)
Total	14,713,486	14,146,373	(1)

[1] Not available.

Source: Motor Vehicle Manufacturers Association.

APPENDIX E

MINIVANS, FULL-SIZE VANS, SPORT-UTILITY VEHICLES, AND STATION WAGONS: SELECTED TRADE AND EMPLOYMENT DATA BY COMPANY

Table E-1
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. capacity, production, and capacity utilization, by types of vehicles and by firms, 1989-91

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*

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

Table E-2
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. producers' U.S. shipments, by types of vehicles and by firms, 1989-91

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*

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

Table E-3
Minivans, full-size vans, sport-utility vehicles, and station wagons: End-of-period inventories of U.S. producers, by types of vehicles and by firms, 1989-91

Item	1989	1990	1991
*	*	*	*
*	*	*	*
*	*	*	*

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

Table E-4
Average number of production and related workers producing minivans, full-size vans, sport-utility vehicles, and station wagons, hours worked, wages and total compensation paid to such employees, and hourly wages and total compensation, productivity, and unit labor costs, by types of vehicles and by firms, 1989-91

Item	1989	1990	1991
*	*	*	*

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

APPENDIX F

MINIVANS, FULL-SIZE VANS, SPORT-UTILITY VEHICLES, AND STATION WAGONS: CERTAIN SALIENT DATA OF THE U.S. MARKET

Table F-1
Minivans: Certain salient data of the U.S. market, 1989-91

Item	Reported data 1989	1990	1991	Percentage change 1989-91
U.S. consumption:				
Quantity (vehicles)	***	***	***	***
Value (million dollars)	***	***	***	***
U.S. imports:				
U.S. shipments of minivans from Japan:				
Quantity (vehicles)	***	***	***	***
Share of consumption	***	***	***	***[1]
Value (million dollars)	***	***	***	***
Share of consumption	***	***	***	***[1]
Unit value (per vehicle)	$***	$***	$***	***
U.S. producers:				
Average-of-period capacity (vehicles)	761,109	914,109	914,109	20.1
Production (vehicles)	666,285	696,054	642,411	-3.6
Average-of-period capacity utilization (percent)	87.5	76.1	70.3	-17.3[1]
U.S. shipments:				
Quantity (vehicles)	592,487	624,720	551,315	-6.9
Value (million dollars)	8,353	9,029	8,051	-3.6
Unit value (per vehicle)	$14,098	$14,452	$14,604	3.6
Export shipments:				
Quantity (vehicles)	73,614	73,192	91,705	24.6
Value (million dollars)	1,011	1,042	1,434	41.8
Unit value (per vehicle)	$13,732	$14,235	$15,635	13.9
End-of period inventories (vehicles)	5,197	***	2,730	-47.5
Ratio of inventories to production (percent)	0.8	***	0.4	-0.4[1]
Production and related workers (PRWs)	12,481	11,765	10,625	-14.9
Hours worked by PRWs (1,000 hours)	23,376	23,829	22,661	-3.1
Wages paid to PRWs (1,000 dollars)	450,852	491,544	443,462	-1.6
Total compensation paid to PRWs (1,000 dollars)	697,950	754,475	718,977	3.0
Hourly wages paid to PRWs	$19.29	$20.63	$19.57	1.5
Hourly total compensation paid to PRWs	$29.86	$31.66	$31.73	6.3
Productivity (vehicles per 1,000 manhours)	28.5	29.2	28.3	-0.5
Unit labor costs (per vehicle)	$1,048	$1,084	$1,119	6.8
Net sales (million dollars)	9,348	9,966	9,539	2.0
Operating income (million dollars)	1,203	848	481	-60.0
Operating income as a percent of net sales	12.9	8.5	5.0	-7.8[1]

[1] Percentage point change during 1989-91.

Note.--Because of rounding, figures may not add to the totals shown. Ratios and percentage changes are calculated from the unrounded figures; averages are computed using data of firms supplying both numerator and denominator information.

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

Table F-2
Minivans and full-size vans: Certain salient data of the U.S. market, 1989-91

Item	Reported data			Percentage change
	1989	1990	1991	1989-91
	*	*	*	*	*	*	*

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

Table F-3
Minivans and sport-utility vehicles: Certain salient data of the U.S. market, 1989-91

Item	Reported data 1989	1990	1991	Percentage change 1989-91
U.S. consumption:				
Quantity (vehicles)	***	***	***	***
Value (million dollars)	***	***	***	***
U.S. imports:				
U.S. shipments of minivans from Japan:				
Quantity (vehicles)	***	***	***	***
Share of consumption	***	***	***	***[1]
Value (million dollars)	***	***	***	***
Share of consumption	***	***	***	***[1]
Unit value (per vehicle)	$***	$***	$***	***
U.S. producers:				
Average-of-period capacity (vehicles)	1,603,061	1,902,888	2,024,876	26.3
Production (vehicles)	1,432,962	1,450,335	1,334,588	-6.9
Average-of-period capacity utilization (percent)	89.4	76.2	65.9	-23.5[1]
U.S. shipments:				
Quantity (vehicles)	1,279,726	1,309,366	1,168,758	-8.7
Value (million dollars)	18,799	20,149	18,377	-2.2
Unit value (per vehicle)	$14,690	$15,389	$15,723	7.0
Export shipments:				
Quantity (vehicles)	153,595	141,750	167,243	8.9
Value (million dollars)	2,237	2,188	2,738	22.4
Unit value (per vehicle)	$14,566	$15,437	$16,369	12.4
End-of period inventories (vehicles)	***	***	***	***
Ratio of inventories to total shipments (percent)	***	***	***	***[1]
Production and related workers (PRWs)	26,692	25,668	21,862	-18.1
Hours worked by PRWs (1,000 hours)	51,406	49,209	43,660	-15.1
Wages paid to PRWs (1,000 dollars)	993,181	992,972	882,497	-11.1
Total compensation paid to PRWs (1,000 dollars)	1,560,555	1,548,499	1,425,758	-8.6
Hourly wages paid to PRWs	$19.32	$20.18	$20.21	4.6
Hourly total compensation paid to PRWs	$30.36	$31.47	$32.66	7.6
Productivity (vehicles per 1,000 manhours)	27.9	29.1	29.8	7.0
Unit labor costs (per vehicle)	$1,089	$1,080	$1,095	0.5
Net sales (million dollars)	***	***	***	***
Operating income (million dollars)	***	***	***	***
Operating income as a percent of net sales	***	***	***	***[1]

[1] Percentage point change during 1989-91.

Note.--Because of rounding, figures may not add to the totals shown. Ratios and percentage changes are calculated from the unrounded figures; averages are computed using data of firms supplying both numerator and denominator information.

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

Table F-4
Minivans and station wagons: Certain salient data of the U.S. market, 1989-91

Item	Reported data 1989	1990	1991	Percentage change 1989-91
*	*	*	*	*	*	*

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

Table F-5
Minivans, full-size vans, and sport-utility vehicles: Certain salient data of the U.S. market, 1989-91

Item	Reported data 1989	1990	1991	Percentage change 1989-91
*	*	*	*	*	*	*

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

Table F-6
Minivans, full-size vans, and station wagons: Certain salient data of the U.S. market, 1989-91

Item	Reported data 1989	1990	1991	Percentage change 1989-91
U.S. consumption:				
Quantity (vehicles)	***	***	***	***
Value (million dollars)	***	***	***	***
U.S. imports:				
U.S. shipments of minivans from Japan:				
Quantity (vehicles)	***	***	***	***
Share of consumption	***	***	***	***[1]
Value (million dollars)	***	***	***	***
Share of consumption	***	***	***	***[1]
Unit value (per vehicle)	$***	$***	$***	***
U.S. producers:				
Average-of-period capacity (vehicles)	1,693,935	1,735,273	1,762,509	4.0
Production (vehicles)	1,235,000	1,143,441	1,096,740	-11.2
Average-of-period capacity utilization (percent)	72.9	65.7	62.2	-10.7[1]
U.S. shipments:				
Quantity (vehicles)	1,124,363	1,050,493	958,763	-14.7
Value (million dollars)	14,795	14,182	13,265	-10.3
Unit value (per vehicle)	$13,159	$13,501	$13,835	5.1
Export shipments:				
Quantity (vehicles)	114,802	104,728	138,516	20.7
Value (million dollars)	1,519	1,432	2,092	37.7
Unit value (per vehicle)	$13,234	$13,669	$15,102	14.1
End-of period inventories (vehicles)	17,961	6,180	5,641	-68.6
Ratio of inventories to total shipments (percent)	1.8	0.6	0.6	-1.2[1]
Production and related workers (PRWs)	21,232	20,072	18,483	-12.9
Hours worked by PRWs (1,000 hours)	41,495	38,719	39,366	-5.1
Wages paid to PRWs (1,000 dollars)	848,036	822,279	822,850	-3.0
Total compensation paid to PRWs (1,000 dollars)	1,235,040	1,184,035	1,228,679	-0.5
Hourly wages paid to PRWs	$20.44	$21.24	$20.90	2.3
Hourly total compensation paid to PRWs	$29.76	$30.58	$31.21	4.9
Productivity (vehicles per 1,000 manhours)	29.8	29.1	27.1	-8.9
Unit labor costs (per vehicle)	$1,000	$1,049	$1,151	15.1
Net sales (million dollars)	16,267	15,451	14,706	-9.6
Operating income or (loss) (million dollars)	1,629	741	(253)	-115.5
Operating income or (loss) as a percent of net sales	10.0	4.8	(1.7)	-11.7[1]

[1] Percentage point change during 1989-91.

Note.--Because of rounding, figures may not add to the totals shown. Ratios and percentage changes are calculated from the unrounded figures; averages are computed using data of firms supplying both numerator and denominator information.

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

Table F-7
Minivans, sport-utility vehicles, and station wagons: Certain salient data of the U.S. market, 1989-91

Item	Reported data			Percentage change
	1989	1990	1991	1989-91
	*	*	*	*
	*	*	*	*
	*	*	*	*
	*	*	*	*

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

Table F-8
Minivans, full-size vans, sport-utility vehicles, and station wagons: Certain salient data of the U.S. market, 1989-91

Item	Reported data 1989	1990	1991	Percentage change 1989-91
U.S. consumption:				
Quantity (vehicles)	***	***	***	***
Value (million dollars)	***	***	***	***
U.S. imports:				
U.S. shipments of minivans from Japan:				
Quantity (vehicles)	***	***	***	***
Share of consumption	***	***	***	***[1]
Value (million dollars)	***	***	***	***
Share of consumption	***	***	***	***[1]
Unit value (per vehicle)	$***	$***	$***	***
U.S. producers:				
Average-of-period capacity (vehicles)	2,535,887	2,724,052	2,873,276	13.3
Production (vehicles)	2,001,677	1,897,722	1,788,917	-10.6
Average-of-period capacity utilization (percent)	78.9	69.6	62.3	-16.7[1]
U.S. shipments:				
Quantity (vehicles)	1,811,602	1,735,139	1,576,206	-13.0
Value (million dollars)	25,242	25,303	23,590	-6.5
Unit value (per vehicle)	$13,933	$14,583	$14,966	7.4
Export shipments:				
Quantity (vehicles)	194,783	173,286	214,054	9.9
Value (million dollars)	2,746	2,578	3,396	23.7
Unit value (per vehicle)	$14,096	$14,876	$15,864	12.5
End-of period inventories (vehicles)	***	***	***	***
Ratio of inventories to total shipments (percent)	***	***	***	***[1]
Production and related workers (PRWs)	35,443	33,975	29,720	-16.1
Hours worked by PRWs (1,000 hours)	69,525	64,099	60,365	-13.2
Wages paid to PRWs (1,000 dollars)	1,390,365	1,323,707	1,261,885	-9.2
Total compensation paid to PRWs (1,000 dollars)	2,097,645	1,978,059	1,935,460	-7.7
Hourly wages paid to PRWs	$20.00	$20.65	$20.90	4.5
Hourly total compensation paid to PRWs	$30.17	$30.86	$32.06	6.3
Productivity (vehicles per 1,000 manhours)	28.8	29.1	28.6	-0.6
Unit labor costs (per vehicle)	$1,048	$1,060	$1,121	7.0
Net sales (million dollars)	***	***	***	***
Operating income (million dollars)	***	***	***	***
Operating income as a percent of net sales	***	***	***	***[1]

[1] Percentage point change during 1989-91.

Note.--Because of rounding, figures may not add to the totals shown. Ratios and percentage changes are calculated from the unrounded figures; averages are computed using data of firms supplying both numerator and denominator information.

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

APPENDIX G

U.S. SHIPMENTS OF MINIVANS BY SELECTED TYPES OF FEATURES

Table G-1
Minivans: U.S. shipments of domestic product and U.S. shipments of imports, by selected types of features, 1989-91

Item	1989	1990	1991
*	*	*	*	*	*	*

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

APPENDIX H

SUMMARY OF 1990 UAW CONTRACT

SUMMARY OF 1990 UAW CONTRACT

Salary/Wages and Holidays:

* * * * * * *

Job security:

* * * * * * *

Layoff benefits:

* * * * * * *

Table H-1
Total number of laid off production and related workers receiving compensation under union contracts and the total compensation paid to such workers, by types of vehicles, 1989-91

Item	1989	1990	1991
* * * * * * *			

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

APPENDIX I

MINIVANS, FULL-SIZE VANS, SPORT-UTILITY VEHICLES, AND STATION WAGONS: INCOME AND LOSS EXPERIENCE

Table I-1
Income and loss experience of U.S. producers on their full-size van operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*	*	*	*

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

Table I-2
Selected financial data by quarter of U.S. producers on their full-size van operations, fiscal years 1989-91

Item	1st qt	2nd qt	3rd qt	4th qt
1989				
*	*	*	*	*	*	*
1990				
*	*	*	*	*	*	*
1991				
*	*	*	*	*	*	*

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

Table I-3
Income and loss experience of U.S. producers on their sport-utility vehicle operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*

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

Table I-4
Selected financial data by quarter of U.S. producers on their sport-utility vehicle operations, fiscal years 1989-91

Item	1st qt	2nd qt	3rd qt	4th qt
1989				
*	*	*	*	*
1990				
*	*	*	*	*
1991				
*	*	*	*	*

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

Table I-5
Income and loss experience of U.S. producers on their station wagon operations, fiscal years 1989-91

Item	1989			1990			1991
	*	*	*	*	*	*	*

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

Table I-6
Selected financial data by quarter of U.S. producers on their station wagon operations, fiscal years 1989-91

Item			1st qt	2nd qt	3rd qt	4th qt
1989						
	*	*	*	*	*	*
1990						
	*	*	*	*	*	*
1991						
	*	*	*	*	*	*

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

Table I-7
Income and loss experience of U.S. producers[1] on their minivan, full-size van, sport-utility vehicle, and station wagon, operations, fiscal years 1989-91

Item	1989	1990	1991
	Quantity		
Net sales	1,989,375	1,892,822	1,738,554
	Value (million dollars)		
Net sales	27,807	27,599	26,241
Cost of goods sold	21,146	22,031	22,393
Gross profit	6,661	5,568	3,848
Selling, general, and administrative expenses	2,760	2,996	2,830
Operating income or (loss)	3,901	2,572	1,018
Shutdown expenses	96	124	65
Interest expense	47	101	189
Other income or (loss), net	(49)	(46)	(123)
Net income or (loss) before income taxes	3,709	2,301	641
Depreciation and amortization included above	691	993	1,101
Cash flow[2]	4,400	3,294	1,742
	Per vehicle average[3]		
Net sales	$13,978	$14,581	$15,094
Cost of goods sold	10,629	11,639	12,880
Gross profit	3,348	2,942	2,213
General, selling, and administrative expenses	1,387	1,583	1,628
Operating income or (loss)	1,961	1,359	586
Net income or (loss) before income taxes	1,864	1,216	369
	Share of net sales (percent)		
Cost of goods sold	76.0	79.8	85.3
Gross profit	24.0	20.2	14.7
Selling, general, and administrative expenses	9.9	10.9	10.8
Operating income or (loss)	14.0	9.3	3.9
Net income or (loss) before income taxes	13.3	8.3	2.4
	Number of firms reporting		
Operating losses	0	1	2
Net losses	0	1	2
Data	3	4	4

[1] Producers and their respective vehicles are: Chrysler--minivans and sport-utility vehicles; Ford--minivans, full-size vans, sport-utility vehicles, and station wagons; GM--minivans, full-size vans, sport-utility vehicles, and station wagons; and, Subaru-Isuzu--sport-utility vehicles, station wagons. All have a Dec. 31 fiscal close. GM indicated that the financial data on sport-utility vehicles and station wagons are estimates.

[2] Cash flow is defined as net income or loss plus depreciation and amortization.

[3] Because of rounding, figures may not add to values shown.

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

Table I-8
Selected financial data by quarter of U.S. producers[1] of minivans, full-size vans, sport-utility vehicles, and station wagons, fiscal years 1989-91

Item	1st qt	2nd qt	3rd qt	4th qt
	Quantity			
1989				
Net sales	549,309	562,820	427,291	449,955
	Value (million dollars)			
Net sales	7,694	7,786	6,074	6,253
Cost of goods sold	5,698	5,754	4,734	4,960
Gross profit	1,996	2,032	1,340	1,293
SG&A	720	705	646	689
Operating income or (loss)	1,276	1,327	694	604
	Quantity			
1990				
Net sales	453,583	578,167	458,450	402,622
	Value (million dollars)			
Net sales	6,507	8,521	6,689	5,882
Cost of goods sold	5,175	6,482	5,452	4,922
Gross profit	1,332	2,039	1,237	960
SG&A	704	817	766	709
Operating income or (loss)	628	1,222	471	251
	Quantity			
1991				
Net sales	338,543	492,203	423,790	484,018
	Value (million dollars)			
Net sales	4,971	7,173	6,481	7,616
Cost of goods sold	4,462	6,017	5,438	6,476
Gross profit	509	1,156	1,043	1,140
SG&A	606	736	669	819
Operating income or (loss)	(97)	420	374	321

[1] Producers and their respective vehicles are: Chrysler--minivans and sport-utility vehicles; Ford--minivans, full-size vans, sport-utility vehicles, and station wagons; GM--minivans, full-size vans, sport-utility vehicles, and station wagons; and, Subaru-Isuzu--sport-utility vehicles and station wagons. All have a Dec. 31 fiscal close. GM indicated that the financial data on sport-utility vehicles and station wagons are estimates.

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

APPENDIX J

CHRYSLER'S INCOME-AND-LOSS EXPERIENCE ON ITS CANADIAN MINIVAN OPERATIONS

Table J-1
Income and loss experience of Chrysler on its Canadian minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*

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

Table J-2
Income and loss experience as a percent of net sales by Chrysler on its Canadian minivan operations, fiscal years 1989-91

(In percent)

Item	1989	1990	1991
*	*	*	*

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

Table J-3
Income and loss experience per vehicle by Chrysler on its Canadian minivan operations, fiscal years 1989-91

Item	1989	1990	1991
*	*	*	*

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

APPENDIX K

IMPACT OF IMPORTS ON U.S. PRODUCERS' GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

Response of U.S. producers to the following questions:

1. Since January 1, 1989, has your firm experienced any actual negative effects on its growth, investment, ability to raise capital, or existing development and production efforts as a result of imports of minivans from Japan?

* * * * * * *

2. Does your firm anticipate any negative impact of imports of minivans from Japan?

* * * * * * *

3. Has the scale of capital investments undertaken been influenced by the presence of imports of minivans from Japan?

* * * * * * *

APPENDIX L

THE INDUSTRY IN JAPAN: STAFF NOTES OF PLANT TOURS[1]

[1] These notes were prepared by Michael Hagey, the Commission's auto analyst. The views and opinions expressed herein are his and may not necessarily reflect those of the entire staff. The plant tours were taken in connection with this investigation.

MAZDA MOTOR CORP. Hiroshima, Japan, April 2, and April 4, 1992.

* * * * * * *

TOYOTA MOTOR CORP., Toyota City, Japan, April 4, and April 7, 1992.

* * * * * * *

APPENDIX M

U.S. SHIPMENTS, APPARENT CONSUMPTION, AND MARKET PENETRATION OF MINIVANS, FULL-SIZE VANS, SPORT-UTILITY VEHICLES, AND STATION WAGONS, BY CALENDAR QUARTERS

Table M-1
Minivans: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Quantity (vehicles)				
1989:					
Producers' U.S. shipments	155,151	156,589	123,733	157,014	592,487
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1990:					
Producers' U.S. shipments	165,832	188,821	145,606	124,461	624,720
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1991:					
Producers' U.S. shipments	100,107	161,792	138,292	151,124	551,315
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (million dollars)				
1989:					
Producers' U.S. shipments	2,178	2,205	1,744	2,226	8,353
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1990:					
Producers' U.S. shipments	2,423	2,739	2,050	1,816	9,029
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1991:					
Producers' U.S. shipments	1,470	2,333	2,023	2,225	8,051
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

Table continued on next page.

Table M-1--Continued
Minivans: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Share of the quantity of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
	Share of the value of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Total	***	***	***	***	***

Note.--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.

Table M-2
Full-size vans: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Quantity (vehicles)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	119,574	127,284	98,530	97,178	442,566
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	90,643	123,540	86,523	57,629	358,335
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	56,229	94,949	67,680	80,634	299,492
	Value (million dollars)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	1,450	1,546	1,193	1,165	5,354
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	1,081	1,470	1,048	690	4,288
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	687	1,155	834	1,019	3,696

Table continued on next page.

Table M-2--Continued
Full-size vans: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Share of the quantity of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
	Share of the value of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Canada	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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

Table M-3
Sport-utility vehicles: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Quantity (vehicles)				
1989:					
Producers' U.S. shipments	195,094	206,289	159,116	126,740	687,239
Importers' U.S. shipments:					
Japan	42,625	33,483	44,342	46,870	167,320
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	64,586	58,364	74,182	67,928	265,060
Apparent consumption	259,680	264,653	233,298	194,668	952,299
1990:					
Producers' U.S. shipments	135,415	208,497	182,699	158,035	684,646
Importers' U.S. shipments:					
Japan	46,839	41,251	41,425	43,798	173,313
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	66,293	73,603	65,987	68,434	274,317
Apparent consumption	201,708	282,100	248,686	226,469	958,963
1991:					
Producers' U.S. shipments	120,636	158,489	159,685	178,633	617,443
Importers' U.S. shipments:					
Japan	31,029	33,080	36,655	34,454	135,218
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	49,776	59,982	58,987	62,323	231,068
Apparent consumption	170,412	218,471	218,672	240,956	848,511
	Value (million dollars)				
1989:					
Producers' U.S. shipments	2,965	3,128	2,429	1,923	10,446
Importers' U.S. shipments:					
Japan	564	468	674	671	2,377
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	846	787	1,025	921	3,579
Apparent consumption	3,811	3,915	3,455	2,844	14,026
1990:					
Producers' U.S. shipments	2,176	3,387	2,966	2,591	11,121
Importers' U.S. shipments:					
Japan	738	658	688	711	2,795
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	978	1,037	988	1,001	4,004
Apparent consumption	3,154	4,425	3,954	3,592	15,125
1991:					
Producers' U.S. shipments	2,018	2,633	2,680	2,994	10,325
Importers' U.S. shipments:					
Japan	527	567	625	617	2,336
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	737	871	882	938	3,429
Apparent consumption	2,755	3,504	3,562	3,933	13,754

Table continued on next page.

Table M-3--Continued
Sport-utility vehicles: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Share of the quantity of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	75.1	77.9	68.2	65.1	72.2
Importers' U.S. shipments:					
Japan	16.4	12.7	19.0	24.1	17.6
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	24.9	22.1	31.8	34.9	27.8
1990:					
Producers' U.S. shipments	67.1	73.9	73.5	69.8	71.4
Importers' U.S. shipments:					
Japan	23.2	14.6	16.7	19.3	18.1
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	32.9	26.1	26.5	30.2	28.6
1991:					
Producers' U.S. shipments	70.8	72.5	73.0	74.1	72.8
Importers' U.S. shipments:					
Japan	18.2	15.1	16.8	14.3	15.9
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	29.2	27.5	27.0	25.9	27.2
	Share of the value of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	77.8	79.9	70.3	67.6	74.5
Importers' U.S. shipments:					
Japan	14.8	12.0	19.5	23.6	16.9
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	22.2	20.1	29.7	32.4	25.5
1990:					
Producers' U.S. shipments	69.0	76.6	75.0	72.1	73.5
Importers' U.S. shipments:					
Japan	23.4	14.9	17.4	19.8	18.5
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	31.0	23.4	25.0	27.9	26.5
1991:					
Producers' U.S. shipments	73.3	75.1	75.2	76.1	75.1
Importers' U.S. shipments:					
Japan	19.1	16.2	17.5	15.7	17.0
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	26.7	24.9	24.8	23.9	24.9

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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

Table M-4
Station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Quantity (vehicles)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	115,987	129,723	85,179	114,517	445,406
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	88,567	101,037	85,825	91,634	367,063
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	85,851	105,155	88,544	87,176	366,726
	Value (million dollars)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	1,409	1,556	1,035	1,436	5,436
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	1,132	1,272	1,057	1,088	4,549
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption	1,096	1,350	1,119	1,133	4,697

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Table M-4--Continued
Station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Share of the quantity of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
	Share of the value of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***

Note.--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.

Table M-5
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Quantity (vehicles)				
1989:					
Producers' U.S. shipments	501,536	513,331	394,271	402,464	1,811,602
Importers' U.S. shipments:					
Japan	78,619	92,872	91,118	90,716	353,325
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	13,415	12,755	8,903	13,707	48,780
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1990:					
Producers' U.S. shipments	409,455	530,121	425,539	370,024	1,735,139
Importers' U.S. shipments:					
Japan	86,733	88,130	88,474	95,493	358,830
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	13,649	15,197	10,935	11,871	51,652
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1991:					
Producers' U.S. shipments	308,167	446,104	387,063	434,872	1,576,206
Importers' U.S. shipments:					
Japan	76,449	75,246	83,732	86,816	322,243
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	8,138	12,130	6,441	6,673	33,382
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (million dollars)				
1989:					
Producers' U.S. shipments	6,960	7,152	5,523	5,607	25,242
Importers' U.S. shipments:					
Japan	997	1,182	1,257	1,218	4,654
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	272	255	177	266	971
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1990:					
Producers' U.S. shipments	5,911	7,731	6,209	5,453	25,303
Importers' U.S. shipments:					
Japan	1,262	1,323	1,345	1,424	5,354
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	280	303	232	241	1,056
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
1991:					
Producers' U.S. shipments	4,588	6,555	5,842	6,604	23,590
Importers' U.S. shipments:					
Japan	1,184	1,174	1,323	1,438	5,119
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	165	242	136	166	709
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

Table continued on next page.

Table M-5--Continued
Minivans, full-size vans, sport-utility vehicles, and station wagons: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, by quarters, 1989-91

Item	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Total
	Share of the quantity of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
	Share of the value of U.S. consumption (percent)				
1989:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1990:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***
1991:					
Producers' U.S. shipments	***	***	***	***	***
Importers' U.S. shipments:					
Japan	***	***	***	***	***
Canada	***	***	***	***	***
Mexico	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	***	***	***	***

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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

APPENDIX N

DESCRIPTIONS OF THE 15 SPECIFIED IMPORTED JAPANESE MINIVAN PRODUCTS SUGGESTED BY U.S. PRODUCERS AND THE IMPORTERS

PRODUCT DESCRIPTIONS

Two-Wheel Drive, 7-Passenger Minivans:

PRODUCT 1:[1] **Competitive with or most comparable to the specified base-model** imported Japanese Mazda MPV Wagon, 2-wheel drive, V-6 engine with AUTOMATIC transmission. This imported minivan has 7-passenger seating and is equipped with automatic transmission and single air conditioning during 1989-92 MYs. **A** detailed description of the Mazda product 1, showing features as the standard **for MYs 1989-92, follows immediately below.**

Base vehicle equipment

3.0L V-6 engine
4-speed automatic transmission
7-passenger seating
AM-FM-cassette
Rear anti-lock braking system (except 1989 MY, which had no ABS)
Power mirrors
Intermittent wipers
Tinted glass
Tilt steering
Rear wiper/washer and rear defroster
Full-flat reclining second and third-row seats

Options included

Air conditioning (single)

PRODUCT 2:[2] **Competitive with or most comparable to the specified imported** Japanese Mazda MPV Wagon, 2-wheel drive, V-6 engine, with package A (package 1 in 1989 MY). This imported minivan has 7-passenger seating and is equipped with automatic transmission and single air conditioning during 1989-92 MYs. **A** detailed description of the Mazda product 2, showing features as the standard **for MYs 1989-92, follows immediately below.**

Base vehicle equipment

SAME AS PRODUCT 1

Package A (package 1 in 1989 MY)

Power windows and locks
Cruise control
Privacy glass (except 1989 MY, which had no privacy glass)

Other options included

Air conditioning (single) *
*** ITEM IN PRODUCT 1**

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[1] **Suggested by U.S. producers as a large-volume minivan product imported from Japan.**

[2] **Suggested by Mazda as a large-volume minivan product imported from Japan.**

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 3:[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV Wagon, 2-wheel drive, V-6 engine with package A (package 1 in 1989 MY). This imported minivan has 7-passenger seating and is equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Mazda product 3, showing features as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment

SAME AS PRODUCTS 1 AND 2

Package A (package 1 in 1989 MY)

SAME AS PRODUCT 2

Other options included
Air conditioning (dual)

PRODUCT 4:[2] Competitive with or most comparable to the specified imported Japanese Mazda MPV Wagon, 2-wheel drive, V-6 engine, with package B (package 3 in 1989 MY). This imported minivan has 7-passenger seating and is equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Mazda product 4, showing features as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment

SAME AS PRODUCTS 1, 2, AND 3

Package B (package 3 in 1989 MY)
Power windows and locks *
Cruise control *
Privacy glass (except 1989 MY, which had no privacy glass) *
P215/65R15 tires
Alloy wheels
Electric (push-button) heater controls
Audio upgrade (1989 model year only)
Body color door handles (standard in 1992 MY), grille, and license plate holder
* PACKAGE ITEMS IN PRODUCTS 2 AND 3

Other options included
Air conditioning (dual) *
* ITEM IN PRODUCT 3

[1] Suggested by U.S. producers as a large-volume minivan product imported from Japan.
[2] Suggested by Mazda as a large-volume minivan product imported from Japan.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 5:[1] Competitive with or most comparable to the specified imported Japanese Toyota Van Deluxe (1989 MY only) and Toyota Previa Deluxe Model 5122, 2-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 5, showing features of the 1991 MY Toyota Previa Deluxe as the standard for MYs 1989-92, **follows immediately below.**

Base vehicle equipment
- 2.4L (2.2L in 1989 MY) 4-cylinder engine
- 4-speed automatic transmission
- Tinted glass
- Remote fuel door release
- Driver-side airbag (1992 MY only)

Convenience package included
- 7-passenger seating (standard in 1989 MY)
- Reclining second and third-row seats (standard in 1989 MY)
- Rear defogger
- Tilt steering (standard in 1992 MY)

Speed control package included
- Cruise (speed) control
- Intermittent wipers (standard in 1989 and 1992 MYs)
- Rear wiper/washer

Other options included
- AM-FM stereo, no cassette

PRODUCT 6:[2] Competitive with or most comparable to the specified imported Japanese Toyota Van Deluxe (1989 MY only) and Toyota Previa Deluxe Model 5122, 2-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 6, showing features of the 1991 MY Toyota Previa Deluxe as the standard for MYs 1989-92, **follows immediately below.**

Base vehicle equipment

SAME AS PRODUCT 5

Speed control package included

SAME AS PRODUCT 5

Other options included
- AM-FM cassette
- Conventional spare tire
- Air conditioning (dual)

Convenience package included

SAME AS PRODUCT 5

Power package included
- Power windows (not available in 1989 MY)
- Power door locks
- Power mirrors (not available in 1989 MY)

[1] Suggested by U.S. producers as a large-volume minivan product imported from Japan.

[2] Suggested by Toyota as a large-volume minivan product imported from Japan.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 7:[1] Competitive with or most comparable to the specified imported Japanese Toyota Van LE (1989 MY only) and Toyota Previa LE Model 5132, 2-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 7, showing features of the 1991 MY Toyota Previa LE as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment
- 2.4L (2.2L in 1989 MY) 4-cylinder engine *
- 4-speed automatic transmission *
- Tinted glass *
- Remote fuel door release *
- 7-passenger seating *
- Reclining second and third-row seats *
- Rear defogger *
- Tilt steering *
- Intermittent wipers *
- Power door locks **
- Rear wiper/washer *
- Cruise (speed) control (standard in 1990-92 MYs) *
- Privacy glass (standard in 1990-92 MYs)
- Conventional spare tire **
- Driver-side airbag (1992 MY only) *

* ITEMS IN PRODUCTS 5 AND 6 (AS BASE OR OPTION ITEM)
** ITEMS IN PRODUCT 6 (AS BASE OR OPTION ITEM)

Power package included
- Power windows (standard in 1992 MY) *
- Power mirrors (standard in 1992 MY) *
- Fog lamps (only 1989 MY)

* ITEMS IN PRODUCT 6

Other options included
- AM-FM cassette *
- Air conditioning (dual) *
- Cruise (speed) control (optional in 1989 MY) *
- Privacy glass (optional in 1989 and 1992 MYs)
- Four-wheel anti-lock brake system
- Captain's chair seat package
- Aluminum alloy wheels

* ITEMS IN PRODUCT 6

[1] Suggested by Toyota as a large-volume minivan product imported from Japan.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 8:[1] Competitive with or most comparable to the specified imported Japanese Toyota Van LE (1989 MY only) and Toyota Previa LE Model 5132, 2-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 8, showing features of the 1991 MY Toyota Previa LE as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment	Power package included
SAME AS PRODUCT 7	SAME AS PRODUCT 7

Other options included
- AM-FM cassette stereo
- Air conditioning (dual) *
- Cruise control (optional in 1989 MY) *
- Privacy glass (optional in 1989 and 1992 MY) *

* ITEMS IN PRODUCT 7

PRODUCT 9:[1] Competitive with or most comparable to the specified imported Japanese Toyota Van LE (1989 MY only) and Toyota Previa LE Model 5132, 2-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 9, showing features of the 1991 MY Toyota Previa LE as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment

SAME AS PRODUCTS 7 AND 8

Power package included

SAME AS PRODUCTS 7 AND 8

Other options included
- AM-FM cassette stereo with 7 speakers
- Air conditioning (dual) *
- Cruise control (optional in 1989 MY) *
- Privacy glass (optional in 1989 and 1992 MY) *
- Aluminum alloy wheels **

* ITEMS IN PRODUCTS 7 AND 8

** ITEMS IN PRODUCT 7

[1] Suggested by U.S. producers as large-volume minivan products imported from Japan.

Four-Wheel Drive, 7-Passenger Minivans:

PRODUCT 10:[1] **Competitive with or most comparable to the specified imported** Japanese Mazda MPV Wagon, 4-wheel drive, V-6 engine, with package C. This imported minivan has 7-passenger seating and is equipped with automatic transmission and dual air conditioning during 1990-92 MYs. Mazda's 4-wheel drive minivan first became available during the 1990 model year. **A detailed description of the Mazda product 10, showing features as the standard for MYs 1990-92, follows immediately below.**

Base vehicle equipment

- 3.0L V-6 engine
- 4-speed automatic transmission
- 7-passenger seating
- AM-FM-cassette
- Rear anti-lock braking system
- Power mirrors
- Intermittent wipers
- Tinted glass
- Tilt steering
- Rear wiper/washer
- Rear defroster
- Full-flat reclining second and third-row seats
- P215/65R15 tires
- Alloy wheels
- Conventional spare tire

Package C included

- Power windows and locks
- Cruise control
- Privacy glass
- Body-color door handles (standard in 1992 MY), grille, and license plate holder
- Electric (push-button) heater controls

Other options included

- Air conditioning (dual)

PRODUCT 11:[2] **Competitive with or most comparable to the specified imported Japanese Mazda MPV Wagon, 4-wheel drive, V-6 engine, with package C and towing** package. This imported minivan has 7-passenger seating and is equipped with automatic transmission and single air conditioning during 1990-92 MYs. Mazda's 4-wheel drive minivan first became available during the 1990 model **year. A detailed description of the Mazda product 11, showing features as the standard for MYs 1990-92, follows immediately below.**

Base vehicle equipment

SAME AS PRODUCT 10

Towing package included

- Automatic leveling system
- Automatic transmission oil cooler

Package C included

SAME AS PRODUCT 10

Other options included

- Air conditioning (single)

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[1] Suggested by U.S. producers as a large-volume minivan product imported from Japan.

[2] Suggested by Mazda as a large-volume minivan product imported from Japan.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 12:[1] Competitive with or most comparable to the specified imported Japanese Toyota 4WD LE Van (1989 MY only) and Toyota Previa All-Trac LE Model 5152, 4-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 12, showing features of the 1991 MY Toyota Previa All-Trac LE as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment
- 2.4L (2.2L in 1989) 4-cylinder engine
- 4-speed automatic transmission
- Tinted glass
- Remote fuel door/tailgate releases
- 7-passenger seating
- Reclining second and third-row seats
- Rear defogger
- Tilt steering wheel
- Intermittent wipers
- Power door locks
- Rear wiper/washer
- Cruise control
- Privacy glass
- Conventional spare tire
- Tachometer (1989 MY only)

Power package included
- Power windows
- Power mirrors

Other options included
- AM-FM cassette stereo
- Air conditioning (dual)
- Cruise control (optional 1989 MY)
- Privacy glass (optional 1989 and 1992 MY)

PRODUCT 13:[2] Competitive with or most comparable to the specified imported Japanese Toyota 4WD LE Van (1989 MY only) and Toyota Previa All-Trac LE Model 5152, 4-wheel drive, 4-cylinder engine. These imported minivans have 7-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 13, showing features of the 1991 MY Toyota Previa All-Trac LE as the standard for all MYs 1989-92, follows immediately below.

Base vehicle equipment

SAME AS PRODUCT 12

Power package included
- Power windows *
- Power mirrors *
- Fog lamps (MY 1989 only)

* ITEMS IN PRODUCT 12

Other options included
- AM-FM cassette stereo *
- Air conditioning (dual) *
- Cruise control (optional 1989 MY) *
- Privacy glass (optional (1989 MY) *
- Aluminum alloy wheels
- Captain's chair seat package

* ITEMS IN PRODUCT 12

[1] Suggested by U.S. producers as a large-volume minivan product imported from Japan.

[2] Suggested by Toyota as a large-volume minivan product imported from Japan.

Two-Wheel Drive, 5-Passenger Minivans:

PRODUCT 14:[1] Competitive with or most comparable to the specified base-model imported Japanese Mazda MPV Wagon/Van, 2-wheel drive, 4-cylinder engine with MANUAL transmission. This imported minivan has 5-passenger seating and is equipped with manual transmission and single air conditioning during 1989-91 MYs. Mazda's 4-cylinder minivan with manual transmission was not available in MY 1992. A detailed description of the Mazda product 14, showing features as the standard for MYs 1989-91, follows immediately below.

Base vehicle equipment	Options included
2.6L I4 engine	Air conditioning (single)
5-speed manual with overdrive transmission	
5-passenger seating	
AM/FM-cassette/clock and tachometer	
Rear anti-lock brake system (1989 MY had no ABS)	
Velour upholstery and bodyside moldings	
Intermittent wipers	
Tinted glass	
Tilt steering	
Rear wiper/washer and rear defroster	

PRODUCT 15:[1] Competitive with or most comparable to the specified base-model imported Japanese Toyota Van Deluxe (1989 MY only) and Toyota Previa Deluxe Model 5122, 2-wheel drive, 4-cylinder engine. These imported minivans have 5-passenger seating and are equipped with automatic transmission and dual air conditioning during 1989-92 MYs. A detailed description of the Toyota product 15, showing features of the 1991 MY Toyota Previa Deluxe as the standard for MYs 1989-92, follows immediately below.

Base vehicle equipment
- 2.4L 4-cylinder engine
- 4-speed automatic overdrive transmission
- Tinted glass
- Remote fuel door release
- Cloth seat/door trim
- AM-FM stereo, NO cassette

Options included
- Air conditioning (dual)

[1] Suggested by U.S. producers as large-volume minivan products imported from Japan.

APPENDIX O

DESCRIPTIONS OF THE SPECIFIED COMPARISON U.S.-PRODUCED MINIVAN PRODUCTS SUGGESTED BY U.S. PRODUCERS

PRODUCT DESCRIPTIONS

Two-Wheel Drive, 7-Passenger Minivans:

PRODUCT 1[1]

(a) FORD Aerostar XL Plus Regular Length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo*p883Xradio
- Rear anti-lock brakes

Options included
- Air conditioning (single)
- Cassette
- Rear window defroster
- Tilt steering (incl. speed control)
- Bodyside molding
- Rear seat bed
- Privacy glass
- 4-speed automatic overdrive transmission

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Anti-lock brakes
- Cassette/radio

(c) GENERAL MOTORS Oldsmobile Silhouette 2WD--The Oldsmobile Silhouette 2WD minivan has 7-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- Air conditioning (single)
- 7-passenger seating
- AM-FM stereo/clock
- Power front disc brakes
- Intermittent wiper/rear wiper
- Deep-tinted glass
- Tachometer
- Dual remote mirrors
- Tilt steering wheel
- Locking aluminum wheels
- Body side moldings

Options included
- Rear window defroster
- Cassette

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 1 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 1 was suggested by U.S. producers.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 1[1]--Continued

(d) GENERAL MOTORS Pontiac Transport 2WD--The Pontiac Transport 2WD minivan has 5-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- AM-FM stereo/clock
- Power front disc brakes
- Intermittent wiper/rear wiper
- Tinted glass
- Tachometer
- Dual remote mirrors

Options included
- Air conditioning (single)
- Cassette
- Rear window defroster
- Tilt wheel
- 7-passenger seating

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 1 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 1 was suggested by U.S. producers.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 2[1]

(a) FORD Aerostar XLT Regular Length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (single)
- Tilt steering (incl. speed control)

Options included
- Cassette
- Rear window defroster
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Rear seat bed
- 4-speed automatic overdrive transmission

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Anti-lock brakes
- Premium cassette radio
- Sunscreen glass

(c) GENERAL MOTORS Pontiac Transport 2WD--The Pontiac Transport 2WD has 7-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- AM-FM stereo/clock
- Power front disc brakes
- Intermittent wiper/rear wiper
- Tinted glass
- Tachometer
- Dual remote mirrors

Options included
- Air conditioning (single)
- Cassette
- Rear window defroster
- Tilt wheel
- Power windows
- 7-passenger seating
- Power locks
- Cruise control

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 2 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 2 was suggested by Mazda.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 3[1]

(a) FORD Aerostar XLT Regular Length--

Base vehicle equipment
- 3.0L V6 engine
- Automatic transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (single)
- Tilt steering (incl. speed control)

Options included
- Cassette
- Rear window defroster
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Rear seat bed
- Air conditioning (dual)

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Air conditioning (dual)
- Anti-lock brakes
- Premium cassette radio
- Power windows
- Sunscreen glass

(c) GENERAL MOTORS GMC Safari SLE 2WD Extended-length--The GMC Safari SLE 2WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Rear anti-lock brakes
- Body side molding
- Intermittent wipers
- Tinted glass
- Rally wheels

Options included
- Air conditioning (dual)
- Power locks/windows
- Dual power remote mirrors
- 7-passenger seating
- Full deep-tinted glass
- Cassette

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 3 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 3 was suggested by U.S. producers.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 4[1]

(a) FORD Aerostar Eddie Bauer Regular Length

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- Remote fuel door release
- Rear wiper/washer
- AM-FM/cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt wheel (incl. speed control)
- Rear window defroster
- Rear seat bed
- Aluminum wheels

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- 4-speed automatic overdrive transmission

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Air conditioning (dual)
- Anti-lock brakes
- Premium cassette radio
- Sunscreen glass
- Aluminum wheels

(c) GENERAL MOTORS Pontiac Transport 2WD--The Pontiac Transport 2WD has 7-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- AM-FM stereo/clock
- Power front disc brakes
- Intermittent wiper/rear wiper
- Deep-tinted glass
- Tachometer
- Dual remote mirrors

Options included
- Air conditioning (single)
- Cassette
- Rear window defroster
- Tilt wheel
- Power windows
- 7-passenger seating
- Power locks
- Cruise control

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 4 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 4 was suggested by Mazda.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 5[1]

(a) FORD Aerostar XL Plus Extended-length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo radio
- Rear anti-lock brakes

Options included
- Air conditioning (dual)
- Rear window defroster
- Tilt steering (incl. speed control)
- Bodyside molding
- Privacy glass
- Rear seat bed
- 4-speed automatic overdrive transmission

(b) CHRYSLER Dodge Grand Caravan SE/ Plymouth Grand Voyager SE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror

Options included
- Air conditioning (dual)
- Defroster
- Power convenience package

(c) GENERAL MOTORS Oldsmobile Silhouette 2WD--The Oldsmobile Silhouette 2WD has 7-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- Air conditioning (single)
- 7-passenger seating
- AM-FM stereo
- Intermittent wiper/rear wiper
- Deep-tinted glass
- Tachometer
- Dual remote mirrors
- Tilt steering wheel
- Locking aluminum wheels
- Bodyside molding

Options included
- Cruise control
- Rear window defroster

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 5, Model 5122, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 5 was suggested by U.S. producers.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 6[1]

(a) FORD Aerostar XLT Extended-length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (single)
- Tilt steering (incl. speed control)

Options included
- Cassette
- Rear window defroster
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Rear seat bed
- 4-speed automatic overdrive transmission
- Air conditioning (dual)

(b) CHRYSLER Dodge Grand Caravan SE/ Plymouth Grand Voyager SE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror

Options included
- Air conditioning (dual)
- Power convenience package
- Deluxe convenience Package
- Conventional spare tire
- Premium cassette radio
- Storage package

(c) GENERAL MOTORS Oldsmobile Silhouette 2WD--The Oldsmobile Silhouette 2WD has 7-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- Air conditioning (single)
- 7-passenger seating
- AM-FM stereo/clock
- Intermittent wiper/rear wiper
- Deep-tinted glass
- Tachometer
- Dual remote mirrors
- Tilt steering
- Aluminum wheels
- Body side moldings

Options included
- Rear defogger
- Cassette
- Speed control

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 6, Model 5122, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 6 was suggested by Toyota.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 7[1]

(a) FORD Aerostar Eddie Bauer Extended-length

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- Remote fuel door release
- Rear wiper/washer
- AM-FM/cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt wheel (incl. speed control)
- Rear window defroster
- Rear seat bed
- Aluminum wheels

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- 4-speed automatic overdrive transmission

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Air conditioning (dual)
- Conventional spare tire
- Sunscreen glass
- Premium cassette radio
- Anti-lock brakes
- Aluminum wheels
- Captain's chair package

(c) GENERAL MOTORS GMC Safari SLT 2WD Extended-length--The GMC Safari SLT 2WD extended-length has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Anti-lock brakes
- Body side molding
- Intermittent wipers
- Deep-tinted glass

Options included
- Air conditioning (dual)
- Power mirrors
- Power windows
- Power locks
- Cassette
- Full glass
- 7-passenger seating
- Dual power remote mirrors
- Tilt wheel
- Rear window defroster
- Aluminum wheels
- Fog lamps

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 7, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 7 was suggested by Toyota.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 8[1]

(a) FORD Aerostar XLT Extended-length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (single)
- Tilt steering (incl. speed control)

Options included
- Air conditioning (dual)
- Cassette
- Rear window defroster
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Rear seat bed

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Air conditioning (dual)
- Power convenience package
- Conventional tire
- Sunscreen glass
- Cassette/radio

(c) GENERAL MOTORS GMC Safari SLT 2WD Extended-length--The GMC Safari SLT 2WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Rear anti-lock brakes
- Bodyside molding
- Intermittent wiper
- Deep-tinted glass
- Rally wheels

Options included
- Air conditioning (dual)
- Power mirrors/windows/locks
- Cassette
- Full glass
- 7-passenger seating
- Dual power remote mirrors
- Tilt wheel
- Rear window defroster

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 8, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 8 was suggested by U.S. producers.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 9[1]

(a) FORD Aerostar Eddie Bauer Extended-length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 7-passenger cloth seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt steering (incl. speed control)
- Rear window defroster
- Rear seat bed
- Aluminum wheels

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Console

(b) CHRYSLER Dodge Grand Caravan LE/ Plymouth Grand Voyager LE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Air conditioning (dual)
- Power convenience package
- Conventional tire
- Sunscreen glass
- Premium radio
- Aluminum wheels

(c) GENERAL MOTORS GMC Safari SLT 2WD Extended-length--The GMC Safari SLT 2WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Rear anti-lock brakes
- Bodyside molding
- Intermittent wiper
- Deep-tinted glass
- Rally wheels

Options included
- Air conditioning (dual)
- Power mirrors/windows/locks
- Cassette
- Full glass
- 7-passenger seating
- Dual power remote mirrors
- Tilt wheel
- Rear window defroster
- Aluminum wheels
- Premium stereo with 7 speakers

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 9, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 9 was suggested by U.S. producers.

Four-Wheel Drive, 7-Passenger Minivans:

PRODUCT 10[1]

(a) FORD Aerostar Eddie Bauer 4WD Regular Length

Base vehicle equipment
- 4.0L V6 engine
- 4-speed automatic overdrive transmission
- Tinted glass
- Remote fuel door release
- Rear wiper/washer
- AM-FM cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt wheel (incl. speed control)
- Rear window defroster
- Rear bed seat and aluminum wheels

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Console

(b) CHRYSLER Dodge Grand Caravan LE AWD/ Plymouth Grand Voyager LE AWD--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Anti-lock brakes
- Premium cassette/radio
- Power windows
- Sunscreen glass
- Aluminum wheels

(c) GENERAL MOTORS GMC Safari SLT 4WD Extended-length--The GMC Safari SLT 4WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Rear anti-lock brakes
- Body side molding
- Intermittent wipers
- Deep-tinted glass
- Rally wheels

Options included
- Air conditioning (dual)
- Speed control
- Power locks
- Power windows
- Dual power remote mirrors
- 7-passenger seating
- Full glass

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 10 with 4-wheel drive and 7-passenger seating. The specified Japanese minivan product 10 was suggested by U.S. producers.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 11[1]

(a) FORD Aerostar Eddie Bauer 4WD Regular Length

Base vehicle equipment
- 4.0L V6 engine
- 4-speed automatic overdrive transmission
- Tinted glass
- Remote fuel door release
- Rear wiper/washer
- AM-FM cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt wheel (incl. speed control)
- Rear window defroster
- Rear bed seat
- Aluminum wheels

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Towing package

(b) CHRYSLER Dodge Grand Caravan LE AWD/ Plymouth Grand Voyager LE AWD--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Anti-lock brakes
- Premium cassette/radio
- Sunscreen glass
- Aluminum wheels
- Towing package

(c) GENERAL MOTORS GMC Safari SLT 4WD Extended-length--The GMC Safari SLT 4WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Anti-lock brakes
- Body side molding
- Intermittent wipers
- Deep-tinted glass

Options included
- Air conditioning (single)
- Speed control
- Power locks
- Power windows
- Dual power remote mirrors
- 7-passenger seating
- Cassette
- Full glass
- Alloy wheels
- Trailering package
- Cooling package

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 11 with 4-wheel drive and 7-passenger seating. The specified Japanese minivan product 11 was suggested by Mazda.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 12[1]

(a) FORD Aerostar Eddie Bauer 4WD Extended-length--

Base vehicle equipment
- 4.0L V6 engine
- 4-speed automatic overdrive transmission
- Tinted glass
- Remote fuel door release
- Rear wiper/washer
- AM-FM cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt wheel (incl. speed control)
- Rear window defroster
- Rear seat bed

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)
- Console

(b) CHRYSLER Dodge Grand Caravan LE AWD/ Plymouth Grand Voyager LE AWD--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Power convenience package
- Sunscreen glass
- Premium radio

(c) GENERAL MOTORS GMC Safari SLT 4WD Extended-length--The GMC Safari SLT 4WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Rear anti-lock brakes
- Bodyside molding
- Intermittent wiper
- Deep-tinted glass
- Rally wheels

Options included
- Air conditioning (dual)
- Power mirrors/windows/locks
- Cassette
- Full glass
- 7-passenger seating
- Dual power remote mirrors
- Tilt wheel
- Rear window defroster

[1] Competitive with or most comparable to the specified imported Japanese Toyota All-Trac (4-wheel drive) Van and Previa LE product 12 (Model 5152) with 7-passenger seating. The specified Japanese minivan product 12 was suggested by U.S. producers.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 13[1]

(a) FORD Aerostar Eddie Bauer 4WD Extended-length

Base vehicle equipment
- 4.0L V6 engine
- 4-speed automatic overdrive transmission
- Tinted glass
- Remote fuel door release
- Rear wiper/washer
- AM-FM cassette/clock stereo radio
- Rear anti-lock brakes
- Air conditioning (dual)
- Tilt wheel (incl. speed control)
- Rear window defroster
- Rear bed seat
- Aluminum wheels

Options included
- Bodyside molding
- Privacy glass
- Power convenience group (locks, mirrors, windows)

(b) CHRYSLER Dodge Grand Caravan LE AWD/ Plymouth Grand Voyager LE AWD--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror
- Speed control
- Tilt steering
- Front air conditioning
- Rear defroster
- Power door locks

Options included
- Sunscreen glass
- Premium cassette/radio
- Captain's chair package

(c) GENERAL MOTORS GMC Safari SLT 4WD Extended-length--The GMC Safari SLT 4WD extended-length minivan has 7-passenger seating and is equipped with a 150 HP V6 engine with automatic transmission and dual air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 4.3L V6 engine (150 HP)
- 4-speed automatic transmission
- AM-FM stereo
- Anti-lock brakes
- Body side molding
- Intermittent wipers
- Deep-tinted glass
- Rally wheels

Options included
- Air conditioning (dual)
- Power mirrors
- Power windows
- Power locks
- Cassette
- Full glass
- 7-passenger seating
- Dual power remote mirrors
- Tilt wheel
- Rear window defroster
- Cruise control
- Fog lamps
- Aluminum wheels

[1] Competitive with or most comparable to the specified imported Japanese Toyota All-Trac (4-wheel drive) Van and Previa LE product 13 (Model 5152) with 7-passenger seating. The specified Japanese minivan product 13 was suggested by Toyota.

Two-Wheel Drive, 5-Passenger Minivans:--Continued

PRODUCT 14[1]

(a) FORD Aerostar XL Regular Length--

Base vehicle equipment
- 3.0L V6 engine
- 5-speed manual overdrive transmission
- Tinted glass
- 5-passenger vinyl seating
- Remote fuel door release
- Rear wiper/washer
- AM-FM/clock stereo radio
- Rear anti-lock brakes

Options included
- Air conditioning (single)
- Cloth seats
- Cassette
- Rear window defroster
- Tilt steering (incl. speed control)
- Bodyside molding

(b) CHRYSLER Dodge Grand Caravan SE/ Plymouth Grand Voyager SE--

Base vehicle equipment
- 3.3L V6 engine
- 4-speed automatic transmission
- AM-FM radio
- 7-passenger seating
- Intermittent wiper
- Remote mirror

Options included
- Front air conditioning
- Anti-lock brakes
- Cassette/radio
- Rear defroster

(c) GENERAL MOTORS Pontiac Transport 2WD--The Pontiac Transport 2WD has 5-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
- 3.1L V6 engine (120 HP)
- 3-speed automatic transmission
- 5-passenger seating
- AM-FM stereo/clock
- Power front disc brakes
- Intermittent wiper/rear wiper
- Tinted glass
- Tachometer
- Dual remote mirrors

Options included
- Air conditioning (single)
- Cassette
- Rear window defroster
- Tilt wheel

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 14 with 2-wheel drive, 5-passenger seating, and manual transmission. The specified Japanese minivan product 14 was suggested by U.S. producers.

Two-Wheel Drive, 5-Passenger Minivans:--Continued

PRODUCT 15[1]

(a) FORD Aerostar XL Extended-length--

Base vehicle equipment
3.0L V6 engine
5-speed manual overdrive transmission
Tinted glass
Vinyl seating
Remote fuel door release
Rear wiper/washer
AM-FM/clock stereo radio
Rear anti-lock brakes

Options included
Air conditioning (dual)
Cloth seats
4-speed automatic overdrive transmission
Bodyside molding

(b) CHRYSLER Dodge Grand Caravan SE/ Plymouth Grand Voyager SE--

Base vehicle equipment
3.3L V6 engine
4-speed automatic transmission
AM-FM radio
7-passenger seating
Intermittent wiper
Remote mirror

Options included
Air conditioning (dual)

(c) GENERAL MOTORS Oldsmobile Silhouette 2WD--The Oldsmobile Silhouette 2WD has 7-passenger seating and is equipped with a 120 HP V6 engine with automatic transmission and single air conditioning. A detailed description follows immediately below.

Base vehicle equipment
3.1L V6 engine (120 HP)
3-speed automatic transmission
Air conditioning (single)
7-passenger seating
AM-FM stereo/clock
Intermittent wiper/rear wiper
Deep-tinted glass
Tachometer
Dual remote mirrors
Tilt steering wheel
Locking aluminum wheels
Bodyside molding

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 15, Model 5122, with 2-wheel drive, 5-passenger seating, and automatic transmission. The specified Japanese minivan product 15 was suggested by Toyota.

APPENDIX P

DESCRIPTIONS OF THE SPECIFIED COMPARISON U.S.-PRODUCED MINIVAN PRODUCTS SUGGESTED BY THE TWO JAPANESE IMPORTERS

PRODUCT DESCRIPTIONS

Two-Wheel Drive, 7-Passenger Minivans:

PRODUCT 1:[1]

a) Ford Aerostar XL minivan (1989-91 MYs) and XL Plus minivan (1992 MY)[2]--Automatic transmission 44T and Package 401A are in all MYs shown; other equipment comparable to the Mazda product 7, identified in feature descriptions of the Ford model and specific to individual model years, are shown immediately below.

1989-90 MYs--FM-Cassette 586 and rear window defroster 874.

1991-92 MYs--FM-Cassette 589 and rear window defroster 57Q.

b) Chevrolet Lumina APV[2]--7-Passenger seating ZP7, rear defroster C49, and FM-cassette UM6 are in all MYs shown; other equipment comparable to the Mazda product 7, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1990 MY--Preferred equipment group 1.

1991 MY--Preferred equipment group 1 (WVA1).

1992 MY--Preferred equipment group 1 (WVA1) and 3-speed automatic transmission MX1.

c) Chevrolet Astro CS minivan[2]--8-passenger seating ZP8 and dual power mirrors D48 are in all MYs shown; other equipment comparable to the Mazda product 7, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1989 MY--4-speed automatic transmission MX0, air conditioning C60, cassette UM6, and complete body glass ZW6.

1990-91 MYs--Preferred equipment group 2 (ASA2), FM-cassette UM6, and complete body glass ZW6.

1992 MY--Preferred equipment group 2 (ASA2) and FM-cassette UM6.

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 1 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 1 was suggested by U.S. producers.

[2] Identified by Mazda, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 2[1]

a) Ford Aerostar XLT minivan[2]--Automatic transmission 44T is in all MYs shown; other equipment comparable to the Mazda product 1, identified in feature dascriptions of the Ford model and specific to individual model years, are shown immediately below.

1989 MY--Package 402A, and power convenience group 903.

1990 MY--Package 403A, and power convenience group 903.

1991-92 MYs--Package 403A.

b) Chevrolet Lumina CL APV[2]--7-Passenger seating ZP7, rear defroster C49, and deep-tinted glass AJ1 are in all MYs shown; other equipment comparable to the Mazda product 1, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1990 MY--Preferred equipment group 1, power door locks AB5.

1991-92 MYs--Preferred equipment group 1 (WVAL).

c) Chevrolet Astro CL minivan[2]--Equipment comparable to the Mazda product 1, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1989 MY--4-speed automatic transmission with overdrive MXO, 8-passenger seating ZP8, operating convenience package ZQ2, Convenience group ZQ3, air conditioning C60, dual power mirrors D48, complete body glass ZW6, and cassette UM6.

1990-91 MYs--Preferred equipment group 5 (ASA5), dual power mirrors D48, and deep-tinted glass AJ1.

1992 MY--Preferred equipment group 4 (ASA4) and deep-tinted glass AJ1.

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 2 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 2 was suggested by Mazda.

[2] Identified by Mazda, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 3[1]

a) Ford Aerostar XLT minivan[2]--Automatic transmission 44T and high capacity air conditioning 574 are in all MYs shown; other equipment comparable to the Mazda product 8, identified in feature descriptions of the Ford model and specific to individual model years, are shown immediately below.

1989 MY--Package 402A and power convenience group 903.

1990 MY--Package 403A and power convenience group 903.

1991-92 MYs--Package 403A.

b) Chevrolet Lumina APV[2]--7-Passenger seating ZP7, deep-tinted glass AJ1, and rear defroster C49 are in all MYs shown; other equipment comparable to the Mazda product 8, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1990 MY--Preferred equipment group 1 and power door locks AB5.

1991 MY--Preferred equipment group 1 (WVA1).

1992 MY--Preferred equipment group 1 (WVA1), 3-speed automatic transmission MX1, and front and rear air conditioning C34.

c) Chevrolet Astro CL minivan[2]--Front and rear air conditioning C69 is in all MYs shown; other equipment comparable to the Mazda product 8, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1989 MY--4-speed automatic transmission MX0, 8-passenger seating ZP8, dual power mirrors D48, operating convenience package ZQ2, convenience group ZQ3, cassette UM6, and complete body glass ZW6.

1990-91 MYs--Preferred equipment group 5 (ASA5), dual power mirrors D48, and deep-tinted glass AJ1.

1992 MY--Preferred equipment group 4 (ASA4) and deep-tinted glass AJ1.

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 3 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 3 was suggested by U.S. producers.

[2] Identified by Mazda, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 4[1]

a) Ford Aerostar XLT minivan[2]--Automatic transmission 44T and high capacity air conditioning 574 are in all MYs shown; other equipment comparable to the Mazda product 2, identified in feature descriptions of the Ford model and specific to individual model years, are shown immediately below.

1989 MY--Package 402A, power convenience group 903, and alloy wheels 616.

1990 MY--Package 403A, power convenience group 903, and alloy wheels 646.

1991-92 MYs--Package 403A and alloy wheels 646.

b) Chevrolet Lumina CL APV[2]--7-passenger seating ZP7, rear defroster C49, deep-tinted glass AJ1, and alloy wheels PH3 are in all MYs shown; other equipment comparable to the Mazda product 2, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1990 MY--Preferred equipment group 1 and power door locks AB5.

1991 MY--Preferred equipment group 1 (WVAL).

1992 MY--Preferred equipment group 1 (WVAL) and front and rear air conditioning C34.

c) Chevrolet Astro CL minivan[2]--Front and rear air conditioning C69 and alloy wheels PF3 are in all MYs shown; other equipment comparable to the Mazda product 2, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1989 MY--4-speed automatic transmission with overdrive MXO, 8-passenger seating ZP8, operating convenience package ZQ2, Convenience group ZQ3, dual power mirrors D48, complete body glass ZW6, and cassette UM6.

1990-91 MYs--Preferred equipment group 5 (ASA5), dual power mirrors D48, and deep-tinted glass AJ1.

1992 MY--Preferred equipment group 4 (ASA4) and deep-tinted glass AJ1.

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 4 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 4 was suggested by Mazda.

[2] Identified by Mazda, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 5[1]

The 1992 domestic model descriptions for the suggested product-11 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

a) Ford Aerostar XL Plus minivan--Preferred equipment package 401A, 3.0L V-6 engine, 4-speed automatic transmission, rear air conditioning, and rear window defroster.

b) Chevrolet Lumina APV--Preferred equipment group 2, 3.1L V-6 engine, 3-speed automatic transmission, front and rear air conditioning, rear window defroster, deep tinted glass, 7-passenger seating.

c) Chevrolet Astro Standard minivan--Preferred equipment group 3, 4.3L V-6 EFI engine, 4-speed automatic transmission, front and rear air conditioning, and rear window defroster.

PRODUCT 6[3]

The 1991 domestic model descriptions for the suggested product-4 comparison minivans are listed below; similar equipment should be used for the 1989-90 and 1992 MYs.[2]

a) Ford Aerostar XL Plus minivan--Package 401A, regular length, 3.0L V-6 engine, 4-speed automatic transmission, rear defogger, AM-FM-cassette, power convenience group (power windows, door locks, and mirrors), and bodyside protection molding.

b) Chevrolet Lumina APV--3.1L V-6 engine, 3-speed automatic transmission, preferred equipment group 2, 7-passenger seating, rear defogger.

c) Chevrolet Astro CL minivan--Regular length, 4.3L V-6 engine, 4-speed automatic transmission, preferred equipment group 2, operating convenience group ZQ2, driver's convenience group ZQ3, power door locks, dual air conditioner, AM-FM-cassette, 8-passenger seating.

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[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 5, Model 5122, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 5 was suggested by U.S. producers.

[2] Identified by Toyota, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 6, Model 5122, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 6 was suggested by Toyota.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 7[1]

The 1991 domestic model descriptions for the suggested product-5 comparison minivans are listed below; similar equipment should be used for the 1989-90 and 1992 MYs.[2]

a) Ford Aerostar XLT minivan--Package 403A, regular length, 3.0L V-6 engine, 4-speed automatic transmission, dual air conditioner, forged aluminum wheels.

b) Chevrolet Lumina CL APV--3.1L V-6 engine, 3-speed automatic transmission, preferred equipment group 1, 7-passenger seating, rear defogger, power door locks, deep tinted glass, and cast aluminum wheels.

c) Chevrolet Astro CL minivan--Regular length, 4.3L V-6 engine, 4-speed automatic transmission, preferred equipment group 5, dual air conditioner, 7-passenger (captain's chair) seating, power mirrors, deep tinted glass, and cast aluminum wheels.

PRODUCT 8[3]

The 1992 domestic model descriptions for the suggested product-12 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

a) Ford Aerostar XLT Standard minivan--Preferred equipment package 403A, 3.0L V-6 engine, 4-speed automatic transmission, rear air conditioning, and AM-FM ETR stereo with cassette.

b) Chevrolet Lumina CL APV--Preferred equipment group 1, 3.1L V-6 engine, 3-speed automatic transmission, front and rear air conditioning, and rear window defroster.

c) Chevrolet Astro Standard minivan--Preferred equipment group 4, 4.3L V-6 EFI engine, 4-speed automatic transmission, front and rear air conditioning, and rear window defroster.

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[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 7, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 7 was suggested by Toyota.

[2] Identified by Toyota, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 8, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 8 was suggested by U.S. producers.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 9[1]

The 1992 domestic model descriptions for the suggested product-13 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

a) Ford Aerostar XLT Standard minivan--Preferred equipment package 403A, 3.0L V-6 engine, 4-speed automatic transmission, rear air conditioning, and AM-FM ETR stereo with cassette/6 speakers, and forged aluminum wheels.

b) Chevrolet Lumina CL APV--Preferred equipment group 1, 3.1L V-6 engine, 3-speed automatic transmission, front and rear air conditioning, rear window defroster, and locking cast aluminum wheels.

c) Chevrolet Astro Standard minivan--Preferred equipment group 4, 4.3L V-6 EFI engine, 4-speed automatic transmission, CL package, front and rear air conditioning, rear window defroster, AM/FM ETR stereo with cassette with front and rear speakers and graphic equalizer, and cast aluminum alloy wheels.

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 9, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 9 was suggested by U.S. producers.

[2] Identified by Toyota, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

Four-Wheel Drive, 7-Passenger Minivans:

PRODUCT 10[1]

a) Ford Aerostar XLT minivan[2]--Package 403A, alloy wheels 646, and high capacity air conditioning 574 are in all MYs shown; other equipment comparable to the Mazda product 9, identified in feature descriptions of the Ford model and specific to individual model years, are shown immediately below.

1990 MY--Power convenience group 903.

1991-92 MYs--Nothing additional to that described above.

b) Chevrolet Astro CL minivan[2]--Alloy wheels PF3, deep-tinted glass AJ1, and front and rear air conditioning C69 are in all MYs shown; other equipment comparable to the Mazda product 9, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1990-91 MYs--Preferred equipment group 5 (ASA5)

1992 MY--Preferred equipment group 4 (ASA4).

PRODUCT 11[3]

a) Ford Aerostar XLT minivan[2]--Package 403A and alloy wheels 646 are in all MYs shown; other equipment comparable to the Mazda product 3, identified in feature descriptions of the Ford model and specific to individual model years, are shown immediately below.

1990 MY--Power convenience group 903/trailer towing package 555.

1991 MY--Trailer towing package 535.

1992 MY--Trailer towing package 534.

b) Chevrolet Astro CL minivan[2]--Trailering special, H.D. (Z82), alloy wheels PF3, and deep-tinted glass AJ1 are in all MYs shown; other equipment comparable to the Mazda product 3, identified in feature descriptions of the General Motors model and specific to individual model years, are shown immediately below.

1990-91 MYs--Preferred equipment group 5 (ASA5)

1992 MY--Preferred equipment group 4 (ASA4).

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 10 with 4-wheel drive and 7-passenger seating. The specified Japanese minivan product 10 was suggested by U.S. producers.

[2] Identified by Mazda, these are all-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning. Prices of the domestic comparison 4-wheel drive minivans for model year 1989 were also requested if the U.S.-producer produced such vehicles in that year.

[3] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 11 with 4-wheel drive and 7-passenger seating. The specified Japanese minivan product 11 was suggested by Mazda.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 12[1]

The 1992 domestic model descriptions for the suggested product-14 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

a) Ford Aerostar 4WD XLT Standard minivan--Preferred equipment package 403A, 4.0L V-6 engine, 4-speed automatic transmission, front and rear air conditioning, and AM-FM stereo with cassette/6 speakers.

b) Chevrolet Astro AWD Standard minivan--Preferred equipment package group 4, 4.3L V-6 CPI engine, 4-speed automatic transmission, CL package, front and rear air conditioning, and rear window defroster.

PRODUCT 13[3]

The 1992 domestic model descriptions for the suggested product-15 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

a) Ford Aerostar 4WD XLT Standard minivan--Preferred equipment package 403A, 4.0L V-6 engine, 4-speed automatic transmission, front and rear air conditioning, AM-FM stereo with cassette/6 speakers, and forged aluminum wheels.

b) Chevrolet Astro AWD Standard minivan--Preferred equipment package group 5, 4.3L V-6 CPI engine, 4-speed automatic transmission, CL package, front and rear air conditioning, rear window defroster, power mirrors, deep-tinted glass, 7-passenger (captain's chair) seating, and cast aluminum alloy wheels.

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[1] Competitive with or most comparable to the specified imported Japanese Toyota All-Trac (4-wheel drive) Van and Previa LE product 12 (Model 5152) with 7-passenger seating. The specified Japanese minivan product 12 was suggested by U.S. producers.

[2] Identified by Toyota, these are 4-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Competitive with or most comparable to the specified imported Japanese Toyota All-Trac (4-wheel drive) Van and Previa LE product 13 (Model 5152) with 7-passenger seating. The specified Japanese minivan product 13 was suggested by Toyota.

Two-Wheel Drive, 5-Passenger Minivans:--Continued

PRODUCT 14[1]

a) Ford Aerostar XL minivan[2]--Manual transmission, 3.0L V6 engine, and air conditioning 572 are in all MYs shown; other equipment comparable to the Mazda product 6, identified in feature descriptions of the Ford model and specific to individual model years, are shown immediately below.

1989-90 MYs--FM-Cassette 586, rear window defroster 874, and rear wiper washer 873.

1991 MY--FM-Cassette 589 and rear window defroster 57Q.

b) Chevrolet Astro CS minivan[2]--Equipment comparable to the Mazda product 6, identified in feature descriptions of the General Motors model and specific to MY 1989 (the only MY that manual transmission was available), are shown immediately below.

1989 MY--4.3L V6 engine, air conditioning C60, cassette UM6, complete body glass arrangement ZW6, and custom cloth seat trim K4.

PRODUCT 15[3]

The 1992 domestic model descriptions for the suggested product-10 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[4]

a) Ford Aerostar XL Standard minivan--Preferred equipment package 402A, 3.0L V-6 engine, 4-speed automatic transmission, rear air conditioning.

b) Chevrolet Lumina APV--3.1L V-6 engine, 3-speed automatic transmission, front air conditioning.

c) Chevrolet Astro Standard minivan--Preferred equipment group 2, 4.3L V-6 engine, 4-speed automatic transmission, front and rear air conditioning.

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[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 14 with 2-wheel drive, 5-passenger seating, and manual transmission. The specified Japanese minivan product 14 was suggested by U.S. producers.

[2] Identified by Mazda, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 5-passenger seating (unless otherwise specified), manual transmission, and air conditioning. Prices of the domestic comparison 2-wheel drive manual transmission minivans for model year 1992 were also requested if U.S. producers produced such vehicles in that year.

[3] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 15, Model 5122, with 2-wheel drive, 5-passenger seating, and automatic transmission. The specified Japanese minivan product 15 was suggested by Toyota.

[4] Identified by Toyota, these are 2-wheel drive U.S.-produced minivans with standard length (not extended-length or long wheelbases), 5-passenger seating, automatic transmission, and air conditioning.

APPENDIX Q

DESCRIPTIONS OF THE SPECIFIED COMPARISON IMPORTED CANADIAN MINIVAN PRODUCTS SUGGESTED BY CHRYSLER AND THE TWO JAPANESE IMPORTERS

PRODUCT DESCRIPTIONS

Two-Wheel Drive, 7-Passenger Minivans:

PRODUCT 1:[1]

Base-Wagon Dodge Caravan/Plymouth Voyager minivans[2]--3.0L V-6 engine EFA, FM-cassette RAS, and 7-passenger seating CYE are in all MYs shown; other equipment comparable to the Mazda product 1, identified in feature descriptions of the Chrysler models and specific to individual model years, are shown immediately below.

1989 MY--3-speed automatic transmission DGA and value wagon ATX discount package AFK.

1990 MY--4-speed automatic transmission DGB, air conditioning HAA, and rear window defroster GFA.

1991 MY--4-speed automatic transmission DGB and family value discount package AFW.

1992 MY--4-speed automatic transmission DGB and family value package 2B.

CHRYSLER Dodge Caravan LE/Plymouth Voyager LE minivans[3]--

Base vehicle equipment	Options included
3.0L V6 engine	3.3L V6 engine
3-speed automatic transmission	4-speed automatic transmission
AM-FM radio	Anti-lock brakes
7-passenger seating	Premium cassette/radio
Intermittent wiper	
Remote mirror	
Speed control	
Tilt steering	
Front air conditioning	
Rear defroster	
Power door locks	

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 1 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 1 was suggested by U.S. producers.

[2] Identified by Mazda, these are 2-wheel drive imported Canadian minivans with a standard (not long) wheelbase, 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Identified by Chrysler, these are imported Canadian minivans.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 2[1]

Dodge Caravan SE/Plymouth Voyager SE minivans[2]--3.0L V-6 engine EFA is in all MYs shown; other equipment comparable to the Mazda product 2, identified in feature descriptions of the Chrysler models and specific to individual model years, are shown immediately below.

1989 MY--3-speed automatic transmission DGA, luxury equipment discount package AFF and 7-passenger seating CYE.

1990 MY--4-speed automatic transmission DGB, power convenience package AJP, Deluxe convenience package AJK, FM-Cassette RAS, air conditioning HAA, rear window defroster GFA, sunscreen glass GAE, and 7-passenger seating CYE.

1991 MY--4-speed automatic transmission DGB, power convenience package AJP, deluxe convenience package AJK, family value discount package AFW, FM-cassette RAS, and sunscreen glass GAE.

1992 MY--4-speed automatic transmission DGB, power convenience group AJP, deluxe convenience group AJK, family value package 2B, FM-cassette RAS, and sunscreen glass GAE.

CHRYSLER Dodge Caravan LE/Plymouth Voyager LE minivans[3]--

Base vehicle equipment	Options included
3.0L V6 engine	3.3L V6 engine
3-speed automatic transmission	4-speed automatic transmission
AM-FM radio	Anti-lock brakes
7-passenger seating	Premium cassette radio
Intermittent wiper	Sunscreen glass
Remote mirror	
Speed control	
Tilt steering	
Front air conditioning	
Rear defroster	
Power door locks	

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 2 with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 2 was suggested by Mazda.

[2] Identified by Mazda, these are 2-wheel imported Canadian minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Identified by Chrysler, these are imported Canadian minivans.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 5[1]

The 1992 Canadian model descriptions for the suggested product-5 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

Dodge Caravan Base/Plymouth Voyager Base minivans--Regular wheelbase, 2.5L 4-cylinder EFI engine, 3-speed automatic transmission, family value package 22T, 7-passenger seating group, rear window defroster, deluxe convenience group (speed control and tilt steering wheel).

PRODUCT 6[3]

The 1991 Canadian model description for the suggested product-6 comparison minivans are listed below; similar equipment should be used for the 1989-90 and 1992 MYs.[2]

Dodge Caravan SE/Plymouth Voyager SE minivans--Regular wheelbase, 3.0L V-6 engine, 4-speed automatic transmission, family value package 26D, AM-FM-cassette, power windows, and conventional spare tire.

PRODUCT 7:[4]

The 1991 Canadian model description for the suggested product-7 comparison minivans are listed below; similar equipment should be used for the 1989-90 and 1992 MYs.[2]

Dodge Caravan/Plymouth Voyager LE minivans--Regular wheelbase, 3.3L V-6 engine, 4-speed automatic transmission, LE luxury value package 28K, conventional spare tire, anti-lock brakes, quad command seating, and cast aluminum wheels.

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[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 5, Model 5122, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 5 was suggested by U.S. producers.

[2] Identified by Toyota, these are 2-wheel drive imported Canadian minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 6, Model 5122, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 6 was suggested by Toyota.

[4] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 7, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 7 was suggested by Toyota.

Two-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 8[1]

The 1992 Canadian model descriptions for the suggested product-8 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

Dodge Caravan LE/Plymouth Voyager LE minivans--Regular wheelbase, 3.0L V6 MPI engine, 3-speed automatic transmission, LE luxury package 24K.

PRODUCT 9:[3]

The 1992 Canadian model descriptions for the suggested product-9 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

Dodge Caravan LE/Plymouth Voyager LE minivans--Regular wheelbase, 3.0L V6 MPI engine, 3-speed automatic transmission, LE luxury package 24K, AM-FM cassette with equalizer and 6 infinity speakers, cast aluminum wheels, and sport handling group.

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[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 8, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 8 was suggested by U.S. producers.

[2] Identified by Toyota, these are 2-wheel drive imported Canadian minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa LE product 9, Model 5132, with 2-wheel drive and 7-passenger seating. The specified Japanese minivan product 9 was suggested by U.S. producers.

Four-Wheel Drive, 7-Passenger Minivans:

PRODUCT 10[1]

Dodge Caravan SE Wagon/Plymouth Voyager SE Wagon minivans[2]--Sunscreen glass GAE and FM-cassette RAS are in all MYs shown; other equipment comparable to the Mazda product 10, identified in Chrysler's feature descriptions specific to individual model years, are shown immediately below.

1991 MY--Power convenience package AJP, deluxe convenience package AJK, family value discount package AFW, and alloy wheels WJF.

1992 MY--Power convenience group AJP, deluxe convenience group AJK, family value package 2B, and alloy wheels WJV.

CHRYSLER Dodge Caravan LE AWD/Plymouth Voyager LE AWD minivans[3]--

Base vehicle equipment	Options included
3.3L V6 engine	Anti-lock brakes
3-speed automatic transmission	Premium cassette/radio
AM-FM radio	Power windows
7-passenger seating	Sunscreen glass
Intermittent wiper	Aluminum wheels
Remote mirror	
Speed control	
Tilt steering	
Front air conditioning	
Rear defroster	
Power door locks	

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 10 with 4-wheel drive and 7-passenger seating. The specified Japanese minivan product 10 was suggested by U.S. producers.

[2] Identified by Mazda, these are all-wheel drive imported Canadian minivans with a standard (not long) wheelbase, 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Identified by Chrysler, these are imported Canadian minivans.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 11[1]

Dodge Caravan SE/Plymouth Voyager SE minivans[2]--Trailer towing package H.D. (AHT), and FM-cassette RAS are in all MYs shown; other equipment comparable to the Mazda product 11, identified in Chrysler's feature descriptions specific to individual model years, are shown immediately below.

1991 MY--Power convenience package AJP, deluxe convenience package AJK, family value discount package AFW, alloy wheels WJF, and sunscreen glass GAE.

1992 MY--Power convenience group AJP, deluxe convenience group AJK, family value package 2B, alloy wheels WJF, and sunscreen glass GAE.

CHRYSLER Dodge Caravan LE AWD/Plymouth Voyager LE AWD minivans[3]--

Base vehicle equipment	Options included
3.3L V6 engine	Anti-lock brakes
4-speed automatic transmission	Premium cassette/radio
AM-FM radio	Sunscreen glass
7-passenger seating	Aluminum wheels
Intermittent wiper	Towing package
Remote mirror	
Speed control	
Tilt steering	
Front air conditioning	
Rear defroster	
Power door locks	

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 11 with 4-wheel drive and 7-passenger seating. The specified Japanese minivan product 11 was suggested by Mazda.

[2] Identified by Mazda, These are 4-wheel drive imported Canadian minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Identified by Chrysler, these are imported Canadian minivans.

Four-Wheel Drive, 7-Passenger Minivans:--Continued

PRODUCT 12[1]

The 1992 Canadian model descriptions for the suggested product-12 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

Dodge Caravan LE AWD/Plymouth Voyager LE AWD minivans--Regular wheelbase, 3.3L V6 engine, 4-speed automatic transmission, and LE luxury package 28K.

PRODUCT 13:[3]

The 1992 Canadian model descriptions for the suggested product-13 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

Dodge Caravan LE AWD/Plymouth Voyager LE AWD minivan--Regular wheelbase, 3.3L V6 engine, 4-speed automatic transmission, LE luxury value package 28K, conventional spare tire, cast aluminum wheels, and quad command seating.

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[1] Competitive with or most comparable to the specified imported Japanese Toyota All-Trac (4-wheel drive) Van and Previa LE product 12 (Model 5152) with 7-passenger seating. The specified Japanese minivan product 12 was suggested by U.S. producers.

[2] Identified by Toyota, these are 4-wheel drive imported Canadian minivans with standard length (not extended-length or long wheelbases), 7-passenger seating (unless otherwise specified), automatic transmission, and air conditioning.

[3] Competitive with or most comparable to the specified imported Japanese Toyota All-Trac (4-wheel drive) Van and Previa LE product 13 (Model 5152) with 7-passenger seating. The specified Japanese minivan product 13 was suggested by Toyota.

Two-Wheel Drive, 5-Passenger Minivans:

PRODUCT 14[1]

Base-Wagon Dodge Caravan/Plymouth Voyager minivans[2]--2.5L 4-cylinder engine and FM-cassette RAS are in all MYs shown; other equipment comparable to the Mazda product 14, identified in Chrysler's feature descriptions specific to individual model years, are shown immediately below.

1989 MY--Value wagon discount package AFJ.

1990 MY--Air conditioning HAA and rear window defroster GFA.

CHRYSLER Dodge Caravan SE/Plymouth Voyager SE minivans[3]--

Base vehicle equipment
2.5L I4 engine
3-speed automatic transmission
AM-FM radio
7-passenger seating
Intermittent wiper
Remote mirror

Options included
Front air conditioning
Anti-lock brakes
Cassette/radio
Rear defroster
Deluxe convenience package

[1] Competitive with or most comparable to the specified imported Japanese Mazda MPV wagon product 14 with 2-wheel drive, 5-passenger seating, and manual transmission. The specified Japanese minivan product 14 was suggested by U.S. producers.

[2] Identified by Mazda, these are 2-wheel drive imported Canadian minivans with standard length (not extended-length or long wheelbases), 5-passenger seating (unless otherwise specified), manual transmission, and air conditioning. Prices of the imported Canadian comparison 2-wheel drive manual transmission minivans for model years 1991-92 were requested if the producer produced such vehicles in these periods.

[3] Identified by Chrysler, these are imported Canadian minivans.

Two-Wheel Drive, 5-Passenger Minivans:--Continued

PRODUCT 15[1]

The 1992 Canadian model descriptions for the suggested product-15 comparison minivans are listed below; similar equipment should be used for the 1989-91 MYs.[2]

Dodge Caravan Base/Plymouth Voyager Base minivans--Regular wheelbase, 2.5L 4-cylinder EFI engine, 3-speed automatic transmission, family value package 22T.

[1] Competitive with or most comparable to the specified imported Japanese Toyota Van and Previa Deluxe product 15, Model 5122, with 2-wheel drive, 5-passenger seating, and automatic transmission. The specified Japanese minivan product 15 was suggested by Toyota.

[2] Identified by Toyota, these are 2-wheel drive imported Canadian minivans with standard length (not extended-length or long wheelbases), 5-passenger seating, automatic transmission, and air conditioning.

Table R-15a
Product 15: Net U.S. delivered selling prices of comparison U.S.-produced minivan products, as suggested by U.S. producers, by quarter, October 1988-December 1991

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

Table R-15b
Product 15: Descriptions of the specified Japanese minivan product and, as suggested by U.S. producers, comparison U.S.-produced minivan products

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

APPENDIX R

PRICES AND QUANTITIES OF THE SPECIFIED JAPANESE MINIVAN PRODUCTS, PRICES OF THE SPECIFIED U.S.-PRODUCED MINIVAN PRODUCTS SUGGESTED BY U.S. PRODUCERS (AND QUANTITIES OF THE FORD PRODUCTS), AND MARGINS OF UNDER/OVERSELLING BETWEEN THE DOMESTIC AND JAPANESE PRODUCTS

Table S-1a
Product 1: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-1b
Product 1: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

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

Table S-2a
Product 2: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarters, October 1988-December 1991

* * * * * * *

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

Table S-2b
Product 2: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

* * * * * * *

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

Table S-3a
Product 3: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-3b
Product 3: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

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

Table S-4a
Product 4: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarters, October 1988-December 1991

* * * * * * *

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

Table S-4b
Product 4: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

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

Table S-5a
Product 5: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-5b
Product 5: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-6a
Product 6: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-6b
Product 6: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-7a
Product 7: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-7b
Product 7: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-8a
Product 8: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-8b
Product 8: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-9a
Product 9: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-9b
Product 9: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-10a
Product 10: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table S-10b
Product 10: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

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

Table S-11a
Product 11: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table S-11b
Product 11: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

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

Table S-12a
Product 12: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table S-12b
Product 12: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-13a
Product 13: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table S-13b
Product 13: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

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

Table S-14a
Product 14: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Japanese importers, comparison U.S.-produced minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table S-14b
Product 14: Descriptions of the specified Japanese minivan product and, as suggested by Mazda, the comparison U.S.-produced minivan products

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

Table S-15a
Product 15: Net U.S. delivered selling prices of comparison U.S.-produced minivan products, as suggested by Japanese importers, by quarter, October 1988-December 1991

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

Table S-15b
Product 15: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, the comparison U.S.-produced minivan products

* * * * * * *

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

APPENDIX T

PRICES AND QUANTITIES OF THE SPECIFIED JAPANESE MINIVAN PRODUCTS, PRICES OF THE SPECIFIED IMPORTED CANADIAN MINIVAN PRODUCTS, AND MARGINS OF UNDER/OVERSELLING BETWEEN THE CANADIAN AND JAPANESE PRODUCTS

Table T-1a
Product 1: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table T-1b
Product 1: Descriptions of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-2a
Product 2: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table T-2b
Product 2: Descriptions of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-3a
Product 3: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

* * * * * * *

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

Table T-3b
Product 3: Descriptiona of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-4a
Product 4: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-4b
Product 4: Descriptions of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-5a
Product 5: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan product and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-5b
Product 5: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan products

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

Table T-6a
Product 6: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan product and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-6b
Product 6: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan products

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

Table T-7a
Product 7: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan product and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-7b
Product 7: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan products

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

Table T-8a
Product 8: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-8b
Product 8: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan products

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

Table T-9a
Product 9: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan product and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-9b
Product 9: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan products

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

Table T-10a
Product 10: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-10b
Product 10: Descriptions of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-11a
Product 11: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-11b
Product 11: Descriptions of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-12a
Product 12: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-12b
Product 12: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan product

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

Table T-13a
Product 13: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Toyota, a comparison imported Canadian minivan product and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-13b
Product 13: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan product

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

Table T-14a
Product 14: Net U.S. delivered selling prices and quantities of the specified minivan product imported from Japan and, as suggested by Chrysler and Mazda, comparison imported Canadian minivan products and margins of under/overselling, by quarter, October 1988-December 1991

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

Table T-14b
Product 14: Descriptions of the specified Japanese minivan product and, as suggested by Chrysler and Mazda, Chrysler's imported Canadian minivan products

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

Table T-15a
Product 15: Net U.S. delivered selling prices of the specified comparison imported Canadian minivan product, suggested by Toyota, by quarter, October 1988-December 1991

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

Table T-15b
Product 15: Descriptions of the specified Japanese minivan product and, as suggested by Toyota, Chrysler's imported Canadian minivan products

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