

### *Determination of Industry Support for the Petition*

Section 732(c) of the Act, as amended by the URAA, requires that the Department determine, prior to the initiation of an investigation, that a minimum percentage of the domestic industry supports an antidumping petition. A petition meets those minimum requirements if (1) domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product; and (2) those domestic producers or workers expressing support account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

A review of production data provided in the petition reveals that the petitioners, three known domestic producers of the domestic like product as defined in the petition, account for more than 25 percent of the total production of the domestic like product and for more than 50 percent of that produced by companies expressing support for, or opposition to, the petition. Accordingly, the Department determines that this petition is supported by the domestic industry.

### *Scope of the Investigation*

The product covered by this investigation is bicycles of all types, whether assembled or unassembled, complete or incomplete, finished or unfinished, including industrial bicycles, tandems, recumbents, and folding bicycles. For purposes of this investigation, the following terms are defined as follows irrespective of any different definition that may be found in Customs rulings, U.S. Customs law, or the *Harmonized Tariff Schedule of the United States (HTSUS)*: (1) The term "unassembled" means fully or partially unassembled or disassembled; (2) the term "incomplete" means lacking one or more parts or components with which the complete bicycle is intended to be equipped; and (3) the term "unfinished" means wholly or partially unpainted or lacking decals or other essentially aesthetic material. Specifically, this investigation is intended to cover: (1) Any assembled complete bicycle, whether finished or unfinished; (2) any unassembled complete bicycle, if shipped in a single shipment, regardless of how it is packed and whether it is finished or unfinished; and (3) any incomplete bicycle, defined for purposes of this investigation as a frame and fork set, assembled or unassembled,

finished or unfinished, and imported in the same shipment with any two of the following components, whether or not assembled together with the frame and fork set: (a) The rear wheel; (b) the front wheel; (c) a rear derailleur; (d) a front derailleur; (e) any one caliper or cantilever brake; (f) an integrated brake lever and shifter, or separate brake lever and click stick lever; (g) crankset; (h) handlebars, with or without a stem; (i) chain; (j) pedals; and (k) seat (saddle), with or without seat post and seat pin.

The scope of this investigation is not intended to cover bicycle parts except to the extent that they are attached to or in the same shipment as an unassembled complete bicycle or an incomplete bicycle, as defined above.

Complete bicycles are classifiable under subheadings 8712.00.15, 8712.00.25, 8712.00.35, 8712.00.44, and 8712.00.48 of the 1995 HTSUS. Incomplete bicycles, as defined above, may be classified for tariff purposes under any of the aforementioned HTSUS subheadings covering complete bicycles or under HTSUS subheadings 8714.91.20–8714.99.80, inclusive (covering various bicycle parts). The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this investigation is dispositive.

### *Export Price and Normal Value*

Export price was based on retail prices observed in the United States in mid-1994. The petitioners adjusted the starting prices for retail gross margin, the importer's selling expenses (used as a surrogate for importer's mark-up), foreign inland freight, CIF movement charges, and U.S. customs duty.

The petitioners assert that the PRC is a non-market economy (NME) within the meaning of sections 771(18) of the Act and in accordance with section 773(c) of the Act. Accordingly, the normal value of the product should be based on the producer's factors of production, valued in a surrogate market economy country. In previous investigations, the Department has determined that the PRC is an NME, and the presumption of NME status continues for the initiation of this investigation. See, e.g., *Final Determination of Sales at Less Than Fair Value: Pure Magnesium and Alloy Magnesium from the People's Republic of China*, 60 FR 16437 (March 30, 1995).

It is our practice in NME cases to construct normal value from the factors of production of those factories that produced bicycles sold to the United States during the period of investigation.

In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters. See, e.g., *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the PRC*, 59 FR 22585 (May 2, 1994).

The petitioners based the PRC producers' factors of production (i.e., raw materials, labor, and energy) for bicycles on research conducted by a private consulting firm in the PRC. The petitioners valued these factors, where possible, on a publicly available published Indonesian government survey of the bicycle manufacturing and/or bicycle component industries in Indonesia, the surrogate country selected. Indonesia was selected as the surrogate country because (1) its level of economic development is comparable to that of the PRC, and (2) it is a significant producer of bicycles.

For each of the bicycle models used in the fair value comparisons, certain components are imported from the market-economy countries where they are produced. In those instances, the petitioners valued the components in question based on the F.O.B. foreign port prices that the petitioners pay, as they state their prices are equal to or less than the prices paid by any other bicycle manufacturer in the world.

The petitioners also based factory overhead, and selling, general, and administrative expenses on data published by the Indonesian government on the bicycle manufacturing industry.

The petitioners based profit on a publicly available published study of the Indonesian bicycle industry.

Based on a comparison of the export prices to the factors of production, the average calculated dumping margin is 74.95 percent.

### *Fair Value Comparisons*

Based on the data provided by the petitioners, there is reason to believe that imports of bicycles from the PRC are being, or likely to be, sold at less than fair value. If it becomes necessary at a later date to consider the petition as a source of facts available, we may review the calculations.

### *Initiation of Investigation*

We have examined the petition on bicycles and have found that it meets the requirements of section 732 of the Act, including the requirements concerning the material injury or threat of material injury to the domestic producers of a domestic like product by reason of the complained-of imports,