POLYETHYLENE TEREPHTHALATE FILM, SHEET, AND STRIP FROM JAPAN AND THE REPUBLIC OF KOREA

Determinations of the Commission in Investigations Nos. 731–TA–458 and 459 (Final) Under the Tariff Act of 1930, Together With the Information Obtained In the Investigations

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Note.--Information that would reveal the business proprietary operations of individual concerns may not be published and, therefore, has been deleted from this report Such deletions are indicated by asterisks

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos 731-TA-458 and 459 (Final)

POLYETHYLENE TEREPHTHALATE FILM, SHEET, AND STRIP
FROM JAPAN AND THE REPUBLIC OF KOREA

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines,[2] 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 materially injured by reason of imports from Japan and the Republic of Korea of polyethylene terephthalate film, sheet, and strip,[3] provided for in subheading 3920.62.00 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 these investigations effective November 28, 1990, following preliminary determinations by the Department of Commerce that imports of polyethylene terephthalate film, sheet, and strip (PET film) from Japan and the Republic of Korea 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 investigations and of a public hearing to be held in

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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] Acting Chairman Brunsdale dissenting.

[3] The product subject to investigation by the Department of Commerce is all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from the scope of these investigations are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches (0 254 micrometers) thick.

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 December 19, 1990 (55 F R 52105). Subsequently, the Department of Commerce extended the date for its final determinations in the investigations and the Commission revised its schedule to conform with Commerce's new schedule (56 F.R 872, January 9, 1991). The hearing was held in Washington, DC, on April 18, 1991, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONERS SEELEY G. LODWICK,
DAVID B. ROHR, AND DON E. NEWQUIST

We determine that an industry in the United States is materially injured by reason of imports of polyethylene terephthalate (PET) film, sheet, and strip from Japan and the Republic of Korea that the Department of Commerce (Commerce) has determined are sold at less than fair value (LTFV).

I. LIKE PRODUCT

A. General legal principles

To determine whether a domestic industry is materially injured by reason of LTFV imports, or is threatened thereby, the Commission must first define the "like product" and the "domestic industry." Section 771(4)(a) of the Tariff Act of 1930 defines the relevant domestic industry as the "domestic producers as a whole of the like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of the product."[1] 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]

The Commerce has defined the imported articles subject to these investigations as:

> all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from the scope of [these] investigation[s] are metallized films and other finished films that have had at least one of their surfaces modified by the

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[1] 19 U.S.C. § 1677(4)(A).

[2] 19 U.S.C. §1677(10).

application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches (0.254 micrometers) thick.[3] [4]

Our decision regarding the appropriate like product or products in an investigation is a factual determination, and we have applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[5] In analyzing like product issues, we generally consider a number of factors including: (1) physical characteristics and uses, (2) interchangeability of the products, (3) channels of distribution, (4) customer and producer perceptions of the products, (5) the use of common manufacturing facilities and production employees, and (6), where appropriate, price.[6] No single factor is dispositive, and we may consider other factors we deem relevant based on the facts of a given investigation. We may find a like product to be broader than the imported products described in Commerce's scope

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[3] 56 Fed. Reg. 16301, 16305-306 (Apr. 22, 1991).

[4] While we must accept Commerce's determination as to which merchandise is sold at less than fair value (LTFV), we determine which domestic products are like the imported articles subject to investigation by Commerce. See Algoma Steel Corp. Ltd. v. United States, 12 CIT ___, 688 F. Supp. 639 (1988), aff'd, 865 F.2d 240, (Fed. Cir. 1989); Torrington v. United States, 14 CIT ___, 747 F. Supp. 744 (1990), appeal pending, Appeal No. 91-1084 (Fed. Cir. 1991).

[5] Asociacion Colombiana de Exportadores de Flores v. United States, 12 CIT ___, 693 F. Supp. 1165, 1168, n.4 (1988) (Asocoflores); Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390 (Final), USITC Pub. 2150 (Jan. 1989).

[6] E.g., Fresh and Chilled Atlantic Salmon From Norway, Invs. Nos. 701-TA-302, 731-TA-454 (Final) USITC Pub. 2371 (Apr. 1991); Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final), USITC Pub. 2163 (Mar. 1989).

of investigation,[7] or we may find two or more like products.[8] We have found minor variations to be an insufficient basis for a separate like product analysis. Rather, we look for clear dividing lines among possible like products.[9]

B. **Background**

PET film[10] is a clear, flexible, transparent, or translucent material which is produced from PET polymer, a linear thermoplastic polyester resin. It is a high performance plastic film that is generally more expensive than other plastic films and therefore tends to be used only for applications that require its unique properties, such as high tensile strength, durability, heat resistance, good gas barrier properties, dimensional stability, chemical

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[7] See, e.g., Chrome-Plated Lug Nuts from the People's Republic of China, Invs. Nos. 731-TA-474-475 (Preliminary) USITC Pub. 2342 (Dec. 1990); Generic Cephalexin Capsules from Canada, Inv. No. 731-TA-423 (Final), USITC Pub. 2211 (Aug. 1989); Shock Absorbers and Parts, Components, and Subassemblies Thereof from Brazil, Inv. No. 731-TA-421 (Preliminary), USITC Pub. 2128 (Sept. 1988); Natural Bristle Paint Brushes from the People's Republic of China, Inv. No. 731-TA-244 (Final), USITC Pub. 1805 (Jan. 1986).

[8] See, e.g., American NTN Bearing Manufacturing Corp. v. United States, 14 CIT ___, 739 F. Supp. 1555, 1560 n.6 (1990) ("An ITC 'like product' investigation is conducted for a different purpose than the 'class or kind' investigation made by ITA . . . ITC may determine during the course of its investigation that the class or kind of merchandise defined by ITA as being within the scope of ITA's investigation may consist of more than one like product. ITC can reach this result despite the finding by ITA that only one class or kind of merchandise is covered by ITA's investigation.")

[9] E.g., Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Invs. Nos. 303-TA-19 and 20, 731-TA-391-399 (Final), USITC Pub. 2185 (May 1989).

[10] The term PET film encompasses PET film, sheet, and strip. Nearly 100 percent of the responses to the Commission's questionnaires indicate PET film originates as a master roll of film, and is subsequently cut into strip or, in rare instances, cut into sheets. Staff Report at A-4 n.4 (hereinafter Report). PET film is sold to end-users who incorporate the PET film into an end product, usually by subjecting it to further processing, such as depositing a coating on the substrate of PET film. See, e.g., Southwall's prehearing brief at 3.

inertness, and clarity.[11] PET film can be manufactured to have a broad range of additional chemical, physical and thermal properties, making it suitable for a wide range of applications by manipulating various processing variables. These properties are achieved by regulating the thickness of the film, by adding small amounts of chemicals during its manufacture, by manipulating conditions such as temperature, pressure, and stretching during processing, or by applying surface finishes.

Virtually all PET film is biaxially oriented, which is achieved by stretching the polymer at elevated temperatures, first in a lengthwise direction and then in a lateral direction. This biaxial orientation creates the PET film's crystalinity, thus improving its tensile strength, heat resistance, and gas barrier properties so that the film is suitable for such applications as food packaging, electrical insulation, and printing sheets. PET film is available in thicknesses ranging from ranging from approximately 2 gauge to 1,400 gauge (2 to 14 mils or 0.002 to 0.014 inches).[12]

In these final investigations, the parties proposed nine different like product definitions. Petitioners asserted that the appropriate like product is a single like product co-extensive with Commerce's scope, i.e. all subject PET film.[13] As a secondary argument, some parties asserted that any single like product must be broader than Commerce's scope and include PET films that are thickly coated during the production process, such as Cronar®, Estar®, and

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[11] Report at A-4.

[12] Report at A-4-A-5.

[13] Petitioners' prehearing brief at 13-43.

other PET film equivalent to Cronar® and Estar® (hereinafter collectively referred to as equivalent PET film).[14]

Three respondents proposed dividing the like product into four parts: magnetic PET film, packaging PET film, industrial PET film, and graphics PET film (and including equivalent PET film in the graphics like product).[15] One respondent agreed with the packaging, industrial, and graphics subdivisions, but would have further subdivided magnetic PET film into nontensilized magnetic and tensilized magnetic PET film.[16] Another party agreed that tensilized magnetic PET film should be a separate like product.[17] One respondent and one purchaser proposed distinguishing ultra-thin PET film from the industrial category as a separate like product.[18] Finally, an importer/purchaser proposed distinguishing optical grade UV-absorbing PET film from the graphics subdivision as a separate like product.[19] [20]

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[14] Respondent Teijin's prehearing brief at 19-22; 3M's posthearing brief at 11; Southwall's prehearing brief at 17-30.

[15] See Respondent Teijin's prehearing brief at 4; SKC's prehearing brief at 12; respondent Kolon's posthearing brief at 1-5.

[16] See Respondent Toray's prehearing brief at 18-26. Tensilized PET film has very high tensile strength properties which are produced through multiple stretchings in the longitudinal direction. Report at A-7, n.6.

[17] See 3M's prehearing brief at 25.

[18] See Toray's prehearing brief at 24-26; IIMAK's prehearing brief (specifically distinguishing ultra-thin PET film for use in making thermal transfer ribbon) at 3-11.

[19] See Southwall's prehearing brief at 7-15.

[20] In these final investigations, the parties have not suggested that pigmented or silicone-coated base PET film are separate like products.

C. **Analysis**

In these final investigations, we determine that all PET film, including equivalent PET film, is a single like product. This like product is, thus, somewhat broader than the imported articles subject to Commerce's investigation.[21]

1. **A single like product**

As explained in detail below, we first determine that the generally similar physical characteristics, regardless of end use, of PET film (setting aside for the moment equivalent PET film), U.S. producer perceptions, U.S. production processes, and channels of distribution all indicate that PET film is a continuum product without clear dividing lines between the multiple like products proposed by respondents. Although there are many distinct end uses for different types of PET film, end use alone would argue for finding literally dozens of separate like products in these investigations.

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[21] Some of the like products proposed by the parties in these final investigations are not produced in the United States. Such proposals attempt to sidestep the fact that the statute requires us to determine which U.S.-made products are like or most similar to the imports subject to investigation. See Sony Corp. v. United States, 13 CIT ___ 712 F.Supp. 978, 981 (1989); Asocoflores, 693 F.Supp. at 1167. We have rejected the argument (often styled as a request to "exclude" certain products) that it can define a like product to be something not produced in the United States. See, e.g., Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Invs. Nos. 303-TA-19 and 20 (Final) and Invs. Nos. 731-TA-391-399 (Final), USITC Pub. 2185 (May 1989) at 36. Therefore, a product not produced in the United States, as a general rule, is not an appropriate candidate for a separate like product determination, unless material retardation of an unestablished industry is a genuine issue. See Antifriction Bearings, USITC Pub. 2185 at 39 n.78. Although two parties raised material retardation issues in connection with their requests to subdivide the like product, we do not reach the question of whether their allegations of material retardation with respect to their alleged subdivided industries are bona fide because we find that a single like product definition is warranted under the statute.

Physical characteristics -- All PET film is produced from the same polymer resin and all PET film exhibits the same essential characteristics: high tensile strength, durability, heat resistance, good gas-barrier properties, dimensional stability, chemical inertness, and clarity. All PET film shares the same basic chemistry.[22]

Many of the physical properties required for specific end uses of PET film are imparted during the production process. Thus, at the end of production, the PET films may have differing physical characteristics which affect performance and end use.[23] For example, magnetic PET film has a special surface that facilitates coating, lower debris levels, thermal stability, high tensile strength, and is abrasion resistant.[24] Packaging PET film has higher adhesive and barrier properties and tends to center around 48 gauge.[25] Industrial PET films have higher heat stability and dielectric strength.[26] Graphics PET films have higher optical qualities, anti-static properties, and are generally fairly thick, ranging from 92 to 1000 gauge.[27] Tensilized magnetic PET film has superior strength due to additional stretching.[28] Ultra-thin industrial PET film is just that, ultra-thin, 25 (or

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[22] Report at A-4, A-9.

[23] Report at A-11-A-12.

[24] SKC's prehearing brief at 20-22; Teijin's prehearing brief, exhibit 1.

[25] SKC's prehearing brief at 22-23; Kolon's posthearing brief at 2.

[26] SKC's prehearing brief at 23-24.

[27] SKC's prehearing brief at 18-20; Kolon's posthearing brief at 2-3.

[28] Toray's prehearing brief at 21.

24) gauge or less.[29] Optical grade UV-absorbing PET film absorbs UV radiation, and is UV stabilized to do so over a long period of time.[30]

These specialized qualities are produced by introducing additives to the molten PET polymer before extrusion, adding specialized surface treatments during stretching, and by changing the direction and number of stretches.[31] In this way, particularized types of PET film are engineered to emphasize certain of the essential characteristics common to all PET film: high tensile strength, durability, heat resistance, good gas-barrier properties, dimensional stability, chemical inertness, and clarity.

In our opinion, these common characteristics are such that respondents have not been able to delineate clear dividing lines between the types of PET film. Industrial PET film may be ultra-thin, or medium gauge, or relatively thick. Even respondents cannot agree on the thickness of graphics PET film: one respondent proposes that graphics film is 400 to 700 gauge, while another asserts instead that it ranges from 92 to 1000 gauge.[32] Some magnetic PET film may be 48 to 142 gauge, while magnetic PET film for floppy disks may be 300 to 350 gauge.[33] Further, all PET film has low debris levels.[34] In addition, all PET film is stretched to attain relatively high tensile

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[29] Toray's prehearing brief at 24 (24 gauge or less); IIMAK's prehearing brief at 2 (25 gauge or less for use in making thermal transfer ribbon).

[30] Southwall's prehearing brief at 9.

[31] Report at A-4. Magnetic, industrial, and graphics PET film all appear to receive additives to the molten base polymer. All types of PET film may be primed or pretreated during the production process.

[32] Compare SKC's prehearing brief at 19 (400-700 gauge) with Kolon's posthearing brief at 3 (92-1000 gauge).

[33] Compare SKC's prehearing brief at 19 (48-142 gauge) with Polyester (PET) Film, Chemical Economics Handbook, SRI International 1988 at 580.1172L.

[34] Southwall's prehearing brief, exhibit D, Polyester Films, 12 Encyclopedia of Polymer Science and Engineering at 205-206; Report at A-11.

strength; tensilized magnetic PET film is stretched more to achieve a higher tensile strength.[35] Further, all nontensilized magnetic PET film is balanced PET film, as is PET film destined for all other end uses.[36]

While some types of PET film are obviously different than other types, the differing types of PET film physically represent gradations along a spectrum of attributes ranging from the thinnest to the thickest, the clearest to the most opaque, or the most balanced or unbalanced orientation because there do not appear to be clear physical divisions between the proposed like products.[37]

Interchangeability -- There is some indication in the record that some types of PET film may be employed in different end uses.[38] The record shows, however, that most PET films have distinct, mutually exclusive, end uses based on purchaser requirements and are not generally substitutable for one another in a particular end use.[39] Standing alone, this like product criterion provides some support for a finding that there is more than one like product. However, the record also indicates that there are as many as 150 different end uses for PET film and, thus, potentially as many like products as dedicated uses. Moreover, we have never viewed complete interchangeability as a

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[35] Report at A-5, n.6; Southwall's prehearing brief, exhibit D at 199.

[36] Petitioners' prehearing brief, tab E at 4-6; Southwall's prehearing brief, exhibit D at 199.

[37] Report at A-17.

[38] Petitioners' prehearing brief at 25-28.

[39] Report at A-43

definitive requirement for inclusion of multiple domestic products in single like product.[40]

Customer and producer perceptions -- Many, if not most, end users believe that the PET film they use is different from all other PET film. Magnetic PET film purchasers state that other PET films are not interchangeable with the particular magnetic media PET film they purchase.[41] Purchasers of ultra-thin PET film, optical grade PET film, and industrial PET film used for hot-foil stamping all stated that no other PET film could be used in their particular end product.[42]

On the whole, U.S. producers view all PET film (excluding equivalent PET film) as a continuum of PET film product, although even the petitioning U.S. producers recognize the existence of different market segments within this PET film. Du Pont does internal marketing analyses of different market segments[43] and representatives of petitioners freely referred to the graphics, industrial, magnetic, and packaging market segments when describing the industry.[44]

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[40] See, e.g., Industrial Nitrocellulose from Brazil, Japan, People's Republic of China, Republic of Korea, United Kingdom, West Germany, and Yugoslavia, Inv. Nos. 731-TA-439-445 (Preliminary), Pub. No. 2231 (Nov. 1989) at 6; Granular Polytetrafluoroethylene Resin From Italy and Japan, Invs. Nos. 731-TA-385-386 (Final), USITC Pub. 2122 (Aug. 1988) at 9-10 (product with a myriad of end uses and somewhat different production processes was a single like product) See also Asocoflores, 693 F. Supp. at 1168.

[41] Hearing transcript (Tr.) at 128-38.

[42] Tr. at 170 (Mr. Hood, Southwall), 176-77 (Mr. Aldous, IIMAK), 201 (Mr. Kutsch, Foilmark).

[43] See Teijin's prehearing brief, Ex. 1 at 8-9 and Ex. 5.

[44] See, e.g., Tr. at 39-40.

In sum, customers perceive a myriad of PET film like products while the majority of U.S. producers view all PET film (exclusive of equivalent PET film) as a continuous product.

Production processes, facilities, and employees[45] -- All PET film shares basically the same production process of creation of a molten polymer, extrusion of the polymer through a die, cooling of the polymer sheet on a cooling drum, stretching in the machine and transverse directions, and winding.[46] The majority of U.S. producers have common lines of production regardless of the particular type of PET film being produced.[47] At these firms, the same workers produce all types of PET film.[48] While all production lines may not be exactly the same, we do not find that the suggested differences between production lines are significant because the basic production line for all PET film is essentially the same.

Channels of distribution -- All PET film has basically the same channels of distribution: in all market segments a substantial portion goes to nonrelated end uses, a significant amount goes to related end users, and a small amount to nonrelated distributors. While more magnetic PET film goes to related end users than do other types of PET film, and no magnetic PET film

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[45] In making its like product determination, we focus on the production facilities, equipment, and employees of U.S. producers. Information regarding production processes of PET film in Japan and Korea is irrelevant in making this determination.

[46] Report at A-9-A-11.

[47] Report at A-12. 3M stated that is has some dedicated lines for magnetic PET film. Tr. at 121 (Mr. Kendall, 3M). As discussed below, Cronar® and Estar® are produced on separate production lines in separate facilities.

[48] Report at A-22.

goes to nonrelated distributors, the general pattern of distribution of all PET film is the same.[49]

Price[50] -- In these investigations, the staff gathered pricing data on twelve products, two from the packaging PET film segment, four from the industrial PET film segment, two from the graphics PET film segment (one of these products was also an industrial product), and five from the magnetic PET film segment. During the period of investigation, prices in each market segment covered generally the same range over the period of investigation.[51] We find that these pricing data lend support to our conclusion that there is a single like product to the extent that the consistently overlapping prices do not support a multiple like product determination.

Thus, we determine that the general similarity in physical characteristics, the general similarity in production processes and production facilities, the single product perceptions of U.S. producers, and the similar channels of distribution indicate that PET film (exclusive of equivalent PET film) is a single like product in these final investigations.

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[49] Respondent Teijin's assertion that the channels of distribution are different because magnetic base film end users do not purchase other types of base PET film focuses too closely on particular end users. Distribution of a product to the same class of purchasers here provides support for a single like product definition.

[50] The Commission considers price a like product criteria when it is appropriate to do so. See, e.g., Fresh and Chilled Atlantic Salmon From Norway, Invs. Nos. 701-TA-302, 731-TA-454 (Final) USITC Pub. 2371 (Apr. 1991) at 8; Sweater Wholly or in Chief Weight of Manmade Fibers from Hong Kong, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-448-450 (Final), USITC Pub. 2312 (Sept. 1990) at 16.

[51] Report at A-46 (Tables 22-27), A-51 (Tables 27-29).

2. The like product also includes Cronar®, Estar®, and PET film equivalent to Cronar® and Estar® (equivalent PET film)

We also find that the like product should be broadened to include U.S.-produced equivalent PET film.

Physical characteristics -- At the end of the production process, equivalent PET film is physically distinct from other PET film because it has at least one of its surfaces coated with a resinous layer more than 0.00001-inch thick.[52] We find that equivalent PET film is a particularized type of PET film destined for the graphics market that contains the essential characteristics discussed above common to all PET film, in addition to its specialized adhesive characteristics.

Interchangeability -- As with other PET film, equivalent PET film requires further coating in order to be incorporated into downstream products. It does not appear that other PET film may be substituted for equivalent PET film in the production of these downstream film products. The record also shows, however, that equivalent PET film has other minor uses and may be substituted in these end uses by other PET film.[53] Broadly speaking, equivalent PET film is used in the same general way as graphics PET film, as a substrate for down-stream (photo)graphic products. As with most other PET film, however, other PET film cannot substitute for the specific end uses to which most equivalent PET film is put.

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[52] Report at B-40.

[53] Southwall's prehearing brief at 28; Tr. at 191 (Mr. Bailey, Labelon)

Channels of distribution -- Almost all equivalent PET film is consumed captively by U.S. producers, and, thus is transferred to related end users.[54] Although a significant portion of other PET film is consumed by related end users, the majority of other PET film is sold to nonrelated end users.[55] Thus, the channels of distribution of equivalent PET film are somewhat different from those of other PET film.

Production processes -- We determine that the production processes and equipment for other PET film and equivalent PET film are substantially the same, but do not discuss this element of our analysis further in order to protect business proprietary information. We note, however, that in contrast to the production of other PET film, the majority of U.S. producers of equivalent PET film have dedicated facilities, machinery, and equipment for this product.

We include equivalent PET film within the like product because both groups of PET film share common physical characteristics, both groups are produced using generally the same production process, and because equivalent PET film has generally the same end use as certain PET films destined for the graphics submarket. The term "PET film" as used in the rest of these views refers to all PET film, including equivalent PET film.

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[54] For this reason, prices of equivalent base PET film and other base PET film cannot be compared because there is no reliable market price for equivalent base PET films.

[55] Report at A-17, n.27.

II. DOMESTIC INDUSTRY

Section 771(4)(A) of the Tariff Act of 1930 defines domestic 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.[56]

A. Related Parties

Under section 771(4)(B) of the Tariff Act of 1930, when a producer is related to an exporter or importer of the product under investigation, or is itself an importer of that product, we may exclude such producers from the domestic industry in "appropriate circumstances".[57] Application of the related parties provision is within our discretion based upon the facts presented in each case.[58]

We generally apply a two-step analysis in determining whether to exclude a domestic producer from the domestic industry under the related parties provision. We consider first whether the company is a related party under section 771(4)(B), and second, whether, in view of the producer's related status, there are "appropriate circumstances" for excluding the company in question from the definition of the domestic industry. The related parties provision is employed to avoid any distortion in the aggregate data bearing on the condition of the domestic industry that might result from including

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[56] 19 U.S.C. § 1677(4)(A).

[57] 19 U.S.C. S 1677(4)(B).

[58] Empire Plow Co. v. United States, 11 CIT 847, 675 F. Supp. 1348, 1352 (1987).

related parties whose operations are shielded from the effects of the subject imports.[59]

In these final investigations, one respondent asserts that Du Pont and Hoechst Celanese should be excluded as related parties because they are involved in joint ventures with subject foreign producers to produce the product under investigation.[60] While the existence of the joint ventures arguably makes these producers "related," we see no reason to exclude either petitioner. These prospective joint ventures have not affected the data collected by the Commission in these final investigations because they were announced towards the end of the period of investigation and the creation of new PET film production lines takes a minimum of two years.[61] [62]

Further, the confidential record also indicates that appropriate circumstances do not exist to exclude any U.S. producers from the U.S. industry who have imported PET film from Japan or Korea during the period of investigation because their domestic operations do not appear to have been shielded from, or benefitted by, the unfairly traded imports at issue.[63]

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[59] Heavy Forged Handtools from the People's Republic of China, Inv. No. 731-TA-457 (Final), USITC Pub. 2357 (Feb. 1991) at 18.

[60] Report at A-16.

[61] Report at A-6, A-16.

[62] Compare Gray Portland Cement and Cement Clinker from Mexico, Inv. No. 731-TA-451 (Preliminary), USITC Pub. 2235 (Nov. 1989) at 19 (U.S. cement producer owned by Mexican cement producer not excluded because purchase completed after the period of investigation).

[63] Report at A-23, A-25, A-28 (Table 11), A-39-A-40 (Table 20), B-73.

B. Captive Production

In these final investigations, petitioners again argue that captive production should be excluded from the domestic industry. We included all domestic production within the domestic industry when making our preliminary determinations in these investigations,[64] and we do so again in these final investigations. It has been the Commission's practice to include all domestic production of the like product in the domestic industry, whether captively consumed or sold in the open market.[65] The Commission has noted that there is no statutory basis for excluding captive production from the industry.[66] We, therefore, include captive production within the domestic industry, but are mindful of the fact that unfairly trade imports "may not affect open-market producers and integrated producers in the same way."[67]

Thus, the domestic industry in these final investigations includes all U.S. producers of PET film, and all their production of PET film, whether for commercial or captive consumption.

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[64] Polyethylene Terephthalate Film, Sheet and Strip from Japan, the Republic of Korea and Taiwan, Invs. Nos. 731-TA-458-460 (Preliminary), USITC Pub. 2292 (June 1990) at 12-13.

[65] See e.g., Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991) at 24; Thermostatically Controlled Appliance Plugs and Internal Probe Thermostats Therefor From Canada, Japan, Malaysia, and Taiwan, 701-TA-292 and Invs. Nos. 731-TA-400 and 402-404 (Final), USITC Pub. 2152 (Jan. 1989); Hydrogenated Caster Oil From Brazil, Inv. No. 731-TA-236 (Final) USITC Pub. 1884 (Jan. 1986) at 4, n.8 (Stern, Liebeler, Eckes, Lodwick, Rohr).

[66] See Thermostatically Controlled Appliance Plugs and Internal Probe Thermostats Therefor From Canada, Japan, Malaysia, and Taiwan, 701-TA-292 and Invs. Nos. 731-TA-400 and 402-404 (Final), USITC Pub. 2152 (Jan. 1989), quoting Industrial Phosphoric Acid from Belgium and Israel, Invs. Nos. 701-TA-285-286 (Preliminary) and 731-TA-365-366 (Preliminary), USITC Pub. 1931 (Dec. 1986) at 7, n.20.

[67] See, e.g., Electrolytic Manganese Dioxide from Greece and Japan, Inv. No. 731-TA-406 and 408 (Final), USITC Pub. 2177 (Apr. 1989) at 9.

III. STANDING

On March 26, 1991, respondent Toray filed a request with the Commission to "dismiss the petition" based on petitioners' lack of standing to pursue these investigations.[68] Toray argued that petitioners have not established that a majority of the domestic PET film industry supports their petition. Toray also asserts that the Commission cannot rely on the assumption that Commerce will address the issue of petitioners' standing because the Commission must assure itself that it has the proper legal authority to act.[69]

We deny Toray's request. As we recently stated, we do not have authority under the statute to terminate an investigation for lack of standing.[70]

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[68] Although styled a "request," Toray's document is effectively a motion to terminate for lack of standing. The Commission's rules do not provide for such a motion, even if styled as a request, and as a general matter we discourage "motions" in title VII practice. Consequently, we dispose of the request at this time. See Gray Portland Cement from Japan, Inv. No. 731-TA-461 (Final), USITC Pub. 2376 (Apr. 1991) at 3 n.5.

[69] Letter from A. Paul Victor, counsel for respondent Toray, to Secretary Mason, dated March 25, 1991 citing Suramericana de Aleaciones Laminades, C.A. v. United States, 14 CIT ___, 746 F. Supp. 139 (1990), appeal pending (Fed. Cir. 1991).

[70] See Gray Portland Cement from Japan, Inv. No. 731-TA-461 (Final), USITC Pub. 2376 (Apr. 1991) at 5-13, 45-46.

VI. CONDITION OF THE DOMESTIC INDUSTRY[71] [72]

In assessing the condition of the domestic industry, we consider, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, financial performance, capital investment, and research and development efforts.[73] No single factor is dispositive, and in each investigation we consider the particular nature of the industry involved and the relevant economic factors that have a bearing on the state of the industry.[74] Material injury is "harm which is not inconsequential, immaterial or unimportant."[75]

Despite information in the record showing an increase between 1987 and 1990 in domestic capacity, in production, in shipments,[76] and in the average hourly wages of U.S. production workers and total compensation paid,[77] as well as a slight decline in U.S. producers' inventories during the period of

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[71] We note that much of the information on which we base our decision is business proprietary, and, therefore, our discussion of the condition of the industry must necessarily be of a general nature.

[72] During the course of this investigation, it came to our attention that some counsel may not have been complying properly with the Commission's service requirements. Service is to be made to the addresses listed on the Commission's service lists and certificates of service must accompany all documents filed with the Commission, or served on other parties to the investigation. 19 C.F.R. § 201.16. In the future, the Commission may determine not to accept information and documents that are not properly served and filed. See Tr. at 12 (Acting Chairman Brunsdale reading statement on behalf of the Commission).

[73] 19 U.S.C. § 1677(7)(C)(iii).

[74] See 19 U.S.C. § 1677(7)(C)(iii), which requires us to consider the condition of the industry in the context of the business cycle and condition of competition that are distinctive to the domestic industry. See also H.R. Rep. 317, 96th Cong., 1st Sess. 49 (1979); S. Rep. 249, 96th Cong., 1st Sess. 88 (1979).

[75] 19 U.S.C. § 1677(7)(A).

[76] Report at A-20 (Table 5), B-41 (Table D-1).

[77] Report at A-22, producers' questionnaire responses.

investigation,[78] we find that the domestic PET film industry is materially injured.

Although total domestic consumption of PET film increased moderately from 1987 to 1990, domestic production and domestic shipments increased at only approximately half the rate of domestic consumption.[79] Capacity utilization increased from 1987 to 1988, and then declined in 1989 and 1990.[80] The number of production and related workers, as well as hours worked, decreased slightly over the period of investigation.[81]

More significantly, the financial performance of the domestic industry deteriorated dramatically during the period of investigation. Operating income declined precipitously from 1988 to 1989, and increased only modestly from 1989 to 1990 while remaining substantially below the 1988 level. Operating margins showed a similar decline, from 17.3 percent in 1987 to 6.6 percent in 1989 and 9.8 percent in 1990, as did the return on book value of fixed assets and return on total assets.[82] In addition, cash flow decreased significantly during the period of investigation and capital expenditures and research and development expenses declined in 1990.[83] At the same time, the

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[78] Report at A-22, B-41 (Table D-1).

[79] Report at A-20 (Table 5), B-41 (Table D-1), B-45 (Table D-6).

[80] Report at A-20 (Table 5), B-41 (Table D-1).

[81] Producers' questionnaires responses.

[82] Report at B-47 (Table D-7), B-48 (Table D-8). Commissioner Rohr notes that while the industry's operating income margins declined considerably from the very high levels of the first two years of the investigation, they remained at not inconsiderable levels even in 1989 and improved in 1990. He notes that a characteristic of the Commission's methodology for the calculation of operating income margins is that it results in higher ranges of operating income margins for capital intensive industries, such as the one producing PET film. He interprets the data in this investigation to be indicative of material injury.

[83] Report at B-48 (Table D-7), B-56.

cost of goods sold increased substantially, both absolutely and as a share of net sales, but the unit value of net sales did not rise to keep pace with the increased cost of goods sold.[84] Accordingly, we find that the domestic industry is materially injured.

V. CUMULATION

We are required to cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with one another and with the like product of the domestic industry in the United States market.[85] In assessing whether imports compete with each other and with the domestic like product, we have generally considered four factors, including:

> (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
>
> (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
>
> (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
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> (4) whether the imports are simultaneously present in the market.[86]

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[84] Report at A-26 (Table 10), A-28 (Table 12), B-41 (Table D-1), B-42 (Table D-2), B-51 (Table D-7).

[85] 19 U.S.C. § 1677(7)(C)(iv).

[86] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278 through 280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 12 CIT ___, 678 F. Supp. 898 (1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

While no single factor is determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[87] Only a "reasonable overlap" of competition is required.[88]

Petitioners argue that imports from Japan and Korea should be cumulated in these final investigations. They assert that imports from both countries compete aggressively in the United States, both with each other and with the domestic like product in all segments of the subject PET film market.[89] Respondents argue that cumulation is not appropriate because Japanese imports do not compete with imports from Korea or with the domestic like product because they serve different market sectors and because Japanese imports are of a higher quality.[90]

In these final investigations, we find that there is a reasonable overlap in competition among U.S. produced, Japanese, and Korean PET film. Although the assessment of whether the imports from Japan and Korea each compete with each other and the domestic like product is complicated by the fact that there are many different types of PET film, we determine that there is sufficient competition overall to warrant cumulatively assessing the volume and effects of the subject imports from Japan and Korea.

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[87] See Wieland Werke, AG v. United States, 13 CIT ___, 718 F. Supp. 50 (1989); Granges Metallverken AB v. United States, 13 CIT ___, 716 F. Supp. 17 (1989); Florex v. United States, 13 CIT ___, 705 F. Supp. 582 (1989).

[88] See Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); Florex, 705 F. Supp. at 592 ("[c]ompletely overlapping markets is [sic] not required.").

[89] Petitioners' prehearing brief at 52-55.

[90] Toray's prehearing brief at 38-47; Southwall's prehearing brief at 30-33.

We recognize that competition among U.S. produced, Japanese, and Korean PET film differs somewhat by submarket segment.[91] However, the CIT has held that:

> The Commission need not track each sale of individual sub-products and their counterparts to show that all imports compete with all other imports and all domestic like products . . . the Commission need only find evidence of reasonable overlap in competition.[92]

The shipment data show that imports from Japan and Korea, and the domestic like product are each shipped into each of the major end-use market segments.[93] The Commission collected pricing data from all three countries on PET film products from each market segment, further indicating that PET film from all three countries is present in all four major market segments in sufficient quantities to allow the collection of pricing data.[94] Further, a significant number of purchaser questionnaires show purchases of, and qualifications to sell,[95] directly competitive PET film from U.S., Japanese, and Korean producers in the same market segments, particularly in the

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[91] U.S. producers compete in all four submarket segments. Japanese imports are more concentrated in the magnetic base PET film submarket segment than is the Korean product. Conversely, the Korean imports are more concentrated in the packaging and industrial base PET film submarket segments than are Japanese imports. Japanese and Korean base PET film is almost equally present in the graphics submarket. Report at A-27 (Table 4), B-79-B-88 (Tables H-1 to H-4)).

[92] Granges Metallverken AB v. United States, 13 CIT ___, 716 F. Supp. 17, 21, 22 (1989).

[93] Report at A-19 (Table 4), B-67-B-75 (Tables H-1 to H-5). In addition, questionnaire data show a not insignificant, although decreasing, amount of shipments of imports from Japan into the packaging base PET film market segment and an increased amount of shipments from Korea into the magnetic base PET film market segment between 1987 and 1990. Report at A-19 (Table 4).

[94] Report at A-44-A-52.

[95] The CIT and the Federal Circuit have recognized that offers or advertisements to sell in the same market segments also provides support for a finding of reasonable overlap of competition. See Fundicao Tupy, 678 F. Supp. at 900, aff'd and adopted, 859 F.2d 915 (Fed. Cir. 1988).

packaging, industrial, and graphics market segments. Some of these sales and qualifications to sell were to common purchasers.[96] Moreover, the indications in the record of quality differences between PET film from all three countries were not significant enough when examining the record as a whole to indicate that these is no reasonable overlap in competition.[97] [98] Further, data collected on lost sales and lost revenues allegations corroborate our finding of competition between the Japanese imports, the Korean imports, and the U.S. like product.[99]

The channels of distribution for PET film in all market segments are similar, with the majority of imports from each of three countries and the domestic like product being shipped to nonrelated end users, providing further indication of competition.[100]

In sum, we believe there is a reasonable overlap in competition between PET film as a whole, as well as in all submarket segments, from Japan, Korea, and the United States which requires us to cumulate the imports in these final investigations.

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[96] Purchasers' questionnaire responses.

[97] Report at A-49-A-50 and purchasers' questionnaire responses.

[98] See Thermostatically Controlled Appliance Plugs and Probe Thermostats Therefor from Canada, Hong Kong, Japan, Malaysia, and Taiwan, Invs. Nos. 701-TA-290-292, 731-TA-400-404 (Preliminary), USITC Pub. 2087 (June 1988) at 17, n.47 (Commissioner Rohr distinguishing the type of egregious quality differences found by the Commission in Certain Welded Carbon Steel Pipes and Tubes from the People's Republic of China, Inv. No. 731-TA-292 (Final), USITC Pub. 1885 (Aug. 1986)).

[99] Report at A-52-A-57.

[100] Report at A-17, n.27.

IV. MATERIAL INJURY BY REASON OF LTFV IMPORTS FROM JAPAN AND KOREA

In making a final determination in an antidumping or countervailing duty investigation, we determine whether an industry in the United States is materially injured "by reason of" the imports under investigation.[101] We may consider alternative causes of injury, but we will not weigh causes.[102] We do not determine that imports are the principal or even a substantial cause of material injury.[103] Rather, we determine whether imports are a cause of material injury.[104]

In these final investigations, we find that the volume of imports from Japan and Korea and the increase in their market share are significant. The volume and value of imports of PET film from Japan and Korea increased significantly throughout the period of investigation.[105] In addition, as the

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[101] 19 U.S.C. § 1673d(b).

[102] E.g., Citrosuco Paulista S.A. v. United States, 12 CIT ___, 704 F. Supp. 1075, 1101 (1988). Alternative causes may include:

> 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).

[103] "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." S. Rep. No. 249 at 74-75.

[104] LMI-La Metalli Industriale, S.p.A. v. United States, 13 CIT ___, 712 F. Supp. 959, 971 (1989), citing, British Steel Corp. v. United States, 8 CIT 86, 593 F. Supp. 405, 413 (1984); Hercules, Inc. v. United States, 11 CIT 710, 673 F. Supp. 454, 481 (1987). See also Maine Potato Council v. United States, 9 CIT 293, 613 F. Supp. 1237, 1244 (1985) (The Commission must reach an affirmative determination if it finds that imports are more than a "de minimis" cause of injury.)

[105] Report at B-45 (Table D-6).

volume of imports increased, so did the share of the domestic market captured by those imports, giving Japanese and Korean exporters an increasing share of the U.S. market. The volume percentage of the U.S. market held by imports of PET film from Japan and Korea increased substantially during the period of investigation, from 10.3 percent in 1987 to 14.1 percent in 1990. The value percentage of the U.S. market held by imports of PET film from Japan and Korea underwent a similar increase, from 12.5 percent to 15.8 percent.[106]

Further, data in these final investigations indicate that prices of imports of PET film from Japan and Korea have adversely affected prices of domestic PET film. In 230 quarters of price comparisons reported by producers and importers, underselling by imports of PET film occurred in 129 quarters, or 56 percent of the price comparisons. In 147 quarters of price comparisons reported by purchasers, underselling by imports of PET film occurred in 86 quarters, or approximately 59 percent of the price comparisons. The evidence of underselling appears across all submarkets of the PET film industry.[107] We thus find significant underselling by the subject imports.

Moreover, evidence indicates that Japanese and Korean imports have had a price depressing effect on the prices of PET film in the United States. Prices of domestically produced PET film generally fell during the latter part of the period of investigation,[108] and the unit value of net sales did not

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[106] Report at B-46 (Table D-6). The import penetration of cumulated Japanese and Korean PET film increased in the magnetic, graphics, and industrial submarkets as well. Although import penetration declined in the packaging submarket, it remained at a significant level at the end of the period of investigation. Report at B-41 (Table D-1), B-67-B-76 (Tables H-1 to H-5).

[107] Report at A-47-A-49 (Table 25), A-52-A-53 (Table 30).

[108] Report at A-46 (Tables 22-24), A-51 (Tables 27-29).

keep pace with the increased cost of goods sold.[109] At the same time, the market share of Japanese and Korean imports of PET film rose,[110] while prices of imports of PET film from both Japan and Korea generally declined.[111]

Furthermore, the price depressing effect of the subject imports may particularly be found in examining the commercial shipments market, where the subject imports compete most directly with domestic PET film. Between 1988 and 1989, increased subject imports displaced some domestic commercial shipments, while putting downward pressure on domestic prices. At the same time, the subject imports captured virtually all of the increase in commercial consumption of PET film.[112]

This pattern also appears in the combined commercial and captive consumption data where the subject imports' share of the U.S. PET film market increased 3.8 percentage points (by quantity), while domestic producers lost 4.3 percent of that market over the period of investigation.[113]

Further evidence of the adverse impact that the subject imports have had on the domestic industry appears in the financial performance of the domestic industry. Operating income and operating margins, which declined overall, show an even greater decline in the commercial shipments market where the imports have their most direct impact.[114] This decline in operating income and operating margins indicates further negative effects on the domestic

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[109] Report at A-26 (Table 10), A-28 (Table 12), B-41 (Table D-1), B-42 (Table D-2), B-51 (Table D-7).

[110] Report at B-46 (Table D-6).

[111] Report at A-46 (Tables 22-24), A-51 (Tables 27-29).

[112] Report at B-45 (Table D-6).

[113] Report at B-45 (Table D-6).

[114] Report at A-26.

industry. The PET film industry is capital intensive,[115] and as such requires high operating margins in order to sustain its competitiveness. The record indicates that the decline in profitability caused the domestic industry to significantly decrease its capital expenditures.[116]

Based upon the information collected in these final investigations, we determine that the domestic PET film industry is materially injured by reason of imports from Japan and Korea sold at LTFV.

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[115] Report at A-9.

[116] Report at A-30, B-56.

DISSENTING VIEWS OF ACTING CHAIRMAN ANNE E. BRUNSDALE

Polyethylene Terephthalate Film, Sheet, and Strip From Japan and the Republic of Korea Investigations Numbers 731-TA-458 and 459 (Final)

In these investigations, I find that the domestic industry producing Polyethylene Terephthalate film, sheet, and strip (PET film) is not materially injured or threatened with material injury by reason of imports of these products from Japan and the Republic of Korea that are sold at less than fair value.[1]

I concur with my colleagues' discussion of the issues of related parties, the treatment of captive production, and the appropriateness of cumulating imports from the two countries subject to investigation. I deal here with the remaining issues -- like product and definition of the domestic industry, standing to bring the case, material injury, and threat.

Like Product and the Domestic Industry

I find that there is one like product consisting of all subject PET films. However, this like product does not include DuPont's Cronar and Kodak's Estar and similar specialized PET films, which

[1] 19 U.S.C. 1673d(b). Material retardation is not an issue in these investigations and therefore will not be discussed further.

are not within the Department of Commerce's definition of the imported product subject to the current investigations.[2]

End-Use Substitutability. In my view, the first consideration in defining a like product in a Title VII case is whether purchasers of a domestic product would switch to a different domestic product if the relative prices of the two products changed.[3] If purchasers would readily switch, then both products should be included in the same like-product definition.[4] An examination of

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[2] Staff Report at B-40. Cronar and Estar fall outside of Commerce's definition because a performance-enhancing resinous layer of more than 0.00001 inch is added to at least one surface of the film.

[3] By tradition, the Commission majority considers a list of six or seven or eight factors in its like-product determinations. These include: "(1) physical characteristics, (2) uses, (3) interchangeability of products, (4) channels of distribution, (5) production processes, (6) customer or producer perceptions, (7) common manufacturing facilities and production employees, and (8) price." (Tungsten Ore Concentrates From the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991) at 4.) As I discuss below, most of these factors provide information about the two factors I consider important -- end-use substitution and substitution in production. Thus, the approach set forth here does not represent a radical change from Commission practice. In my view, it does, however, represent a significant refinement in that it provides a framework within which to consider these factors.

[4] In defining a like product, the Commission is merely determining the domestic product that it will consider in looking for any material injury, or threat thereof, caused by the dumped imports. The imports that are subject to duties if the Department of Commerce finds that dumping has occurred and the Commission reaches an affirmative injury determination are those imports included in the Commerce Department's definition of the articles subject to investigation. The Commission's definition of like product, even if broader than Commerce's definition of

(continued...)

the ease of switching from one product to another involves a determination of whether the products are, in the words of the statute, "similar in characteristics and uses," and whether the domestic product is "like" the imported product in certain respects.[5]

To take an example, red automobiles seem to be the same like product as blue automobiles. Both types of automobiles have the same uses. A slight decline in the price of red autos relative to that of blue autos is likely to lead many consumers to buy red rather than blue cars. On the other hand, men's trousers and women's skirts probably are not the same like product. Although both might be broadly defined as clothing, their differences mean that a decline in the price of women's skirts will not lead many men to buy skirts rather than trousers.

The willingness of consumers to switch from one product to another is important in defining the like product because the presence or absence of such switching will determine, at least in part, whether the effects of any dumped imports are restricted to a single domestic product or whether significant effects spill over onto the producers of other products. To see this, consider a case in which only one product is dumped and the dumping causes

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[4](...continued)
the articles subject to investigation, does not expand the range of imports that the Commission considers to be unfairly traded and that are potentially subject to duties.

[5] 19 U.S.C 1677(10).

domestic producers of that product to lower their price. Assume further that the lower price of the one product leads substantial numbers of consumers of a similar domestic product to switch to the dumped product. This will cause demand for the second, non-dumped product to decline, causing a decline in its price or volume of sales. As a result of the switching, the adverse effects on either domestic product is smaller than if there had been no switching. However, the effects of the dumped imports are felt by producers of both products.

On the other hand, in cases where consumers will not switch from one product to another, the price depression or suppression resulting from any dumped imports will not cause a decline in the demand for the similar product. Including the second product in the like product in such a case would dilute the effects of the dumping because one would be including a product which is sold in a market where there were no adverse effects.[6]

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[6] Of the factors listed in n.3, physical characteristics, uses, interchangeability of products, customer perceptions, and price provide evidence related to substitutability in end use.

An additional factor -- channels of distribution -- may appear to provide evidence of end use substitutability or the lack of such substitutability. For example, purchase of the two products by entirely different groups of purchasers might suggest that the products are not close substitutes. However, the type of evidence on channels of distribution collected by the Commission staff tells us virtually nothing about substitutability. In the current case, we are provided with information on the percent of each type of PET film going to related distributors, nonrelated distributors, related end users, and nonrelated end users. With one exception, sales to nonrelated end users accounted for the largest percentage of sales of both domestic and imported PET film for all four types

(continued...)

In the present case, consideration of end-use substitutability would suggest that there should be multiple like products. The record contains considerable evidence of differences among the four primary types of PET film -- industrial, packaging, graphics, and magnetic. The different characteristics seriously limit substitutability among the different types, if not making it altogether impossible.[7] For example, magnetic-base PET film must have exceptionally smooth surfaces and be free of debris in order to be coated with a uniform layer of magnetic material. Such a uniform layer is needed for the finished magnetic tape to work correctly. In addition, magnetic-base PET film must be resistant to scratching and have a high tensile strength.[8] Purchasers of magnetic film

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[6](...continued)
of PET film. (Staff Report at A-17 - A-18.) However, we do not know whether the nonrelated end users purchasing magnetic PET film are the same as those purchasing industrial-base PET film; and it is the latter information that would be necessary to tell us anything about substitutability in end use.

[7] Petitioners pointed to some overlap in the price of the four types of PET film as evidence that all PET film is a single like product. (Petitioners' Pre-Hearing Brief at 34-36) However, while significant price differences may provide evidence that products are not substitutes in end use and therefore may belong in separate like-product categories, price similarities do not provide evidence that products are substitutes and therefore part of the same like product. That a Lexus LS400 automobile costs $38,000 while a Toyota Tercel costs less than $9,000 is probably evidence that consumers who purchase the Lexus do not consider the Tercel a good substitute. On the other hand, the overlap in the prices of men's and women's shoes does not establish that consumers see them as substitutes.

[8] Toray's Pre-Hearing Brief at 18, SKC's Pre-Hearing Brief at 20-22, Teijin's Pre-Hearing Brief at Exhibit 1.

have indicated that they would not consider buying other PET films.[9]

Similarly, buyers of graphics-base PET film would not consider buying a PET film that lacked the special optical qualities (such as transparency and brilliance) needed for their uses. In addition, graphics-base PET film must have anti-static properties to keep the finished products -- *e.g.*, microfiche -- from sticking together. Graphics film is also usually thicker than other PET films.[10] Packaging-base PET film must frequently be approved by the U.S. Food and Drug Administration and must provide a superior barrier against the passage of gases and odors, heat, and moisture. It also must be easy to handle and must be chemically inert so that it will not interact with the packaged substances.[11]

Differences in the characteristics needed for particular uses of PET film extend beyond the four general groupings. Importer Southwall Technologies, Inc., indicated that the UV-absorbing optical grade film it uses has the unique properties -- extreme clarity and UV-absorption and stabilization -- needed in the production of its "Heat Mirror" products and that these

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[9] Affidavit of Eric Dix of Tandy Electronics, submitted as Exhibit 6 of Teijin's Pre-Hearing Brief, at paragraph 10. See also, Teijin's Pre-Hearing Brief, Exhibit 1, at 7.

[10] SKC's Pre-Hearing Brief at 18-20.

[11] Toray's Pre-Hearing Brief at 23-24.

characteristics are not provided by other kinds of PET film.[12] Similarly, Minnesota Mining and Manufacturing (3M) testified at the hearing that non-tensilized magnetic PET film is not a substitute for the tensilized film 3M imports. Tensilized film is needed to make long-playing audio cassettes in order to keep the tape in the cassette from breaking.[13,14]

Production Substitutability. Thus, the inability to substitute one type of PET film for another suggests that there should be a large number of different like products in the present case. However, the relative ease with which producers can shift from producing one type of PET film to another leads me to conclude that the various PET film products are all parts of a single like product. The ease of shifting production provides additional information about the extent to which the domestic product is

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[12] See Southwall's Pre-Hearing Brief at 2-4 and 9-10.

[13] Hearing Transcript at 113 (Testimony of Lee Kendall, Manager, Purchasing and Package Engineering Systems, 3M).

[14] Tensilized PET film is not currently produced in the United States. (Id. at 113-114 (Testimony of Lee Kendall)) Therefore, tensilized film cannot be a like product. However, this does not preclude a separation of the analysis of the effects of any dumping of tensilized film from the effects of any dumping of other film. See Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390 (Final), USITC Pub. 2150 (January 1989) at 26-28 (Views of Acting Chairman Anne E. Brunsdale) and 58-95 (Concurring and Dissenting Views of Commissioner Ronald A. Cass).

"like" or "similar in characteristics" to the imported product subject to investigation.[15]

If producers can shift from one product to another quickly and without significant cost, this will cause the effects of dumping of one product to be felt by producers of the other product, even if consumers cannot substitute. If the price of one product is suppressed or depressed by dumped imports, thus reducing the profitability of that product, producers are likely to shift into the other, relatively more profitable product. This increase in the supply of the non-dumped product will cause its price and profitability to decline, while the decrease in the domestic supply of the other product will reduce any adverse effects on the remaining producers of that product.[16]

For example, even if consumers would not buy red cars if the price was lower than for blue cars, producers could easily switch to producing blue cars rather than red if it were more profitable to do so. And this would cause the effects of any dumped imports of red cars to be felt by producers of both products.

Evidence in the present case suggests that some shifts from the production of some types of PET film to other types do not involve significant costs. The record indicates that domestic producers can and do produce PET films for different uses on the

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[15] 19 U.S.C. 1677(10).

[16] Of the factors listed in n.3 above, production processes, producer perceptions, and common manufacturing facilities and production employees relate to substitutability in production.

same lines.[17] Although it may not always be possible to shift a line from producing one type of PET film to another, such shifts appear possible in a significant number of cases. For example, in order to meet the low debris requirement for magnetic-base PET film, it is necessary to produce the film in special clean rooms. These rooms contain elaborate vacuum cleaners and static electricity equipment in order to protect the finished product from microscopic airborne contamination.[18] Therefore, if a PET film line is producing industrial PET film and is located in an area that does not have this equipment, shifting that line to the successful production of magnetic film would probably require significant additional investment. However, the presence of these clean room facilities would not hinder the production of industrial or packaging films on a line currently producing magnetic film.

Similarly, where other special equipment is needed to produce a particular type of PET film -- for example, where special coating equipment or special winding equipment is needed -- the absence of that equipment may delay production of the product requiring the specialized equipment. However, a film product that does not require the specialized equipment could be

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[17] Staff Report at A-9 and Petitioners' Post-Hearing Brief and Answers to Commission Questions at A-16 - A-19.

[18] Staff Report at A-11.

produced on the line that had that equipment just by turning off the specialized equipment.

Additional evidence of substitutability in production is found in the costs of converting machines from the production of one product to another. While respondents attempted to support their argument for separate like products by pointing out that they produce different products on different machines, this does not establish that they would not find it profitable to change the products produced on a particular machine in response to a change in the relative profitability of producing different products. Indeed, they indicated that changing the chemical composition of the PET film produced on a machine would take up to [***] hours.[19] Making such a change does involve some cost in lost production time, etc., and a profit-maximizing producer will seek to avoid frequent changes involving such costs. However, the cost would not be very high if incurred as part of a long-term change in production plans due to a change in the relative profitability of producing different types of PET film. Thus, at least in some cases, it appears to be relatively easy to switch from producing a PET film that uses one chemical compound to a film that uses another if the relatively profitability of the two products were to change.

The record also shows cases in which PET films designed for a variety of different uses apparently are produced from a single

[19] SKC's Post-Hearing Brief, Appendix A, at 12.

chemical compound.[20] Thus, in these cases, there would seem to be even less down time in converting between types of film. Given the evidence that it is not difficult to switch among types of PET film in terms of production, I conclude that all of the subject PET films should be included within a single like product.

Cronar and Estar. A final like-product issue is whether to include DuPont's Cronar and Kodak's Estar within the like product. Cronar and Estar are specialized PET films that are outside the scope of the Commerce Department's investigation because of the amount of coating applied during the production process. In determining whether Cronar and Estar should be included within the like-product definition, I again examine the issues of substitutability in end use and substitutability in production.

As with other PET films, there appears to be little, if any, substitutability between Cronar or Estar and other PET films.[21] Other films cannot be substituted for Cronar and Estar in their major uses.[22]

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[20] Petitioners' Post-Hearing Brief and Answers to Commission Questions at A-5 and Producer's Questionnaire Response of DuPont. See also, Petitioners' Pre-Hearing Brief at 25-26.

[21] Cronar and Estar are used [***]. (Staff Report at B-40.)

[22] There is some evidence that limited quantities of a PET film that is similar to Cronar and Estar are used in the production of (continued...)

Looking at production substitutability, lines that are going to produce Cronar, Estar, or equivalent products differ from those used to produce subject PET films.[23] While a line that is used to produce Cronar or Estar probably could be converted to produce at least some other PET film products, it does not appear to be feasible to convert a line that is not designed to produce Cronar and Estar to producing these products.

The direction of this substitutability is important in my determination that Cronar and Estar should not be included in the like product in these investigations. Since Commerce did not include any products that compete directly with Cronar and Estar in its investigation, the relevant question is whether the effects of an unfairly low price of subject PET film products will spill over into the market for Cronar and Estar. Since users of Cronar and Estar do not find other PET film products substitutes for those products to any significant extent, the market for Cronar and Estar could only be affected if producers of other included products could easily begin production of products that compete with Cronar and Estar, and they cannot.

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[22](...continued)
such products as anti-lacerative windshields and in certain graphics uses and that subject PET film can also be used for such purposes. (Southwall's Pre-Hearing Brief at 28; Hearing Transcript at 191 (Testimony of Wesley Bailey, Plant Manager at Labelon Corporation).) However, these uses are a relatively small part of the total use of Cronar, Estar, and equivalent PET film products.

[23] [***] (Staff Report at B-40, n.1.)

Therefore, the effects of any dumping will not be felt in those markets, and it would be inappropriate to include those products within the like product.

Definition of the Domestic Industry. Since there is a single like product consisting of all PET film that is subject to the Commerce Department's investigation and since, as discussed in the majority's opinion, no firms should be excluded as related parties, I find that the domestic industry consists of all domestic producers of the subject PET film.

Standing to Bring the Case

Respondent Toray Industries argued that petitioners lack standing to bring this case, at least as regards certain types of PET film. There are two parts to their argument. First, Toray asserted that firms in support of the petition produce less than 50 percent of total U.S. production of certain types of PET film. Second, they argued that two of the petitioners -- DuPont and Hoechst -- cannot be representative of the domestic industry because they have formed joint ventures with Japanese PET film producers.[24]

[24] Toray's Pre-Hearing Brief at 10-12.

As I have noted recently,[25] the question of whether the Commission has the authority to terminate an investigation for lack of standing is a complicated question involving both statutory and policy considerations; and the question of Commission authority in this area is currently before the Federal Circuit in the appeal of Suramerica de Aleaciones Lamindada, C.A. v. U.S..

However, I need not reach the question of the Commission's authority in the present case, as I find respondent's claims on this issue to be without merit. Because I have found a single like product, I need not consider whether firms accounting for a majority of production in separate industries support the petition. It is sufficient to note that petitioners account for well over half of total U.S. production of subject PET film.[26] As to the issue of whether petitioners can be representative of the domestic industry, I do not believe that forming a joint venture with a Japanese firm disqualifies a firm from being representative of the U.S. industry.

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[25] Gray Portland Cement and Cement Clinker From Japan, Inv. No. 731-TA-461 (Final), USITC Pub. 2376 (April 1991) at 68-69 (Views of Acting Chairman Anne E. Brunsdale).

[26] Staff Report at A-17, Table 3.

Material Injury by Reason of Dumped PET Film Imports

In determining whether or not the domestic industry producing PET film is materially injured by reason of dumped imports,[27] I consider, as the statute directs, the volume of subject imports, the effects of these imports on the price of the like product, and the effects on the domestic industry producing the like product.[28] As is obvious from these statutory factors, and as I have stated so often in the past,[29] a coherent and transparent analysis of the kind demanded by the statute requires an assessment of the domestic market and an understanding of the role of the subject imports within that market. Economics, which is the study of markets and how they change, is an ideal source of the tools necessary for making that assessment.

Application of the tools of economics involves little more than organizing and evaluating the evidence in the record in a

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[27] Of course, the elimination of the dumped imports could be accomplished by raising the price of those imports to the point where they are no longer being dumped.

[28] 19 U.S.C. 1677(7)(B).

[29] See, e.g., Certain Steel Pails from Mexico, Inv. No. 731-TA-435 (Final), USITC Pub. 2277, at 24-28 (May 1990) (Additional Views of Chairman Anne E. Brunsdale); Certain Residential Door Locks and Parts Thereof From Taiwan, Inv. No. 731-TA-433 (Final), USITC Pub. 2253, at 33-36 (January 1990) (Additional Views of Chairman Anne E. Brunsdale); Certain Electrical Conductor Aluminum Redraw Rod from Venezuela, Inv. Nos. 701-TA-287 (Final) and 731-TA-378 (Final), USITC Pub. 2103, at 42-46 (August 1988) (Dissenting Views of Chairman Anne E. Brunsdale); and Color Picture Tubes from Canada, Japan, the Republic or Korea, and Singapore, Inv. Nos. 731-TA-367-370 (Final), USITC Pub. 2046, at 23-32 (December 1987) (Additional Views of Vice Chairman Anne E. Brunsdale).

manner that permits me to assess the impact of the dumped imports in a rigorous fashion. These tools are not surrogates for the statutory factors. Rather, they permit me to analyze in a direct fashion the volume effect, the price effect, and the overall impact of the dumped imports on the domestic industry as the law specifically and unambiguously requires.[30]

Volumes and Prices of LTFV Imports. The first factor that we are directed to consider is the volume and prices of the LTFV imports. This directive -- which is of course consistent with an economic analysis of the effects of the dumped imports -- calls for an examination of the market share of the dumped imports and the margins of dumping.

The smaller the sales of the dumped imports as a share of the domestic market, the smaller the effect of those imports on the domestic market. Similarly, the smaller the dumping margin, the smaller the effect. The dumping margin measures the difference between the fair price of the imports and the unfair price at which they are being sold. The effect of the dumped imports will depend on how much below the fair price they are actually priced. The greater the difference, the greater the number of purchasers who will shift from the domestic like product to the dumped imports in order to obtain the benefits of a reduced price.

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[30] 19 U.S.C. 1677(7)(B).

In the current case, the dumping margins as determined by the Department of Commerce are quite small. Commerce found that the Japanese prices averaged 6.32 percent below fair levels, while the Korean prices averaged 4.88 percent below fair levels.[31] These very small dumping margins suggest that the effects of the dumped imports are likely to be small.

During the period of investigation the market share of imports of Japanese PET film rose slightly.[32] Korean imports of PET film increased somewhat faster, though they started from a much lower base.[33]

Together, the volume and prices of the LTFV imports suggest that the degree to which the competition between the imports and the domestic like product is based on price will be important in determining whether the effect of the dumped imports is material. If the products are good substitutes so that price is an important consideration in choosing a supplier, the volume of the imports may be large enough so that even the relatively small price decrease indicated by the dumping margins could have caused

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[31] Staff Report at A-13.

[32] In quantity terms, Japanese imports increased from [***] percent of apparent U.S. total consumption in 1987 -- including both captive and commercial shipments -- to [***] percent in 1990. In value terms, Japanese imports increased from [***] percent to [***] percent of U.S. consumption. (Staff Report at A-42, Table 21.)

[33] In 1987, Korean imports accounted for only [***] percent of U.S. apparent consumption by quantity and [***] percent by value. By 1990, these imports amounted to [***] percent of U.S. consumption by quantity and [***] percent by value.(Id.)

material injury. However, if the imported and domestic products are not good substitutes and any competition is heavily affected by non-price factors, it is unlikely that the domestic industry is materially injured.

Effect on Prices and Volumes Sold by Domestic Industry. As suggested above, consideration of the dumping margins and import penetration figures alone is not sufficient to determine, as I must, how the domestic industry producing PET film is affected by the dumped imports. In order to evaluate the effects on the volume of sales and on the prices at which these sales are made, I must know how purchasers and suppliers respond to changes in the prices of the imported product and the domestic like product. The key attribute of dumped imports is their unfairly low price, and it is through this low price that the effects on the domestic industry are felt and must be evaluated.

(1) Substitutability. One of the key factors affecting the degree of injury from dumped imports is the extent to which a reduction in the price of the unfairly traded import will lead U.S. buyers to purchase the unfair imports rather than the domestic like product. If purchasers believe the domestic and imported products are close substitutes, the dumped imports are more likely to have caused material injury. With a high level of substitutability, a small decrease in the price of the imported product may lead a large fraction of purchasers to shift from the

domestic product to the unfairly traded import. If, on the other hand, the level of substitutability is low, the price decline occasioned by dumping will lead fewer purchasers to switch to the imported product, which in turn makes it is less likely that the domestic industry will be materially injured.

The degree of substitutability between products of different producers can be quantified using a concept that economists call the elasticity of substitution.[34] A high elasticity of substitution indicates that products are good substitutes, while a low elasticity indicates the obverse.

As in all final Title VII cases, the Commission's Applied Economics Division performed a valuable service by providing the Commission with its judgment on the degree of substitutability between the imported and domestic products, as well as its judgment on other relevant economic variables. In this case, staff judged that Japanese PET film and the domestic like product are only moderately substitutable but that the substitutability between Korean PET film and the domestic product is higher.[35]

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[34] The elasticity of substitution is defined as the percentage change in the relative quantities demanded of two goods resulting from a 1 percent change in their relative prices.

[35] Economic Memorandum, Investigation No. 731-TA-458 and 459 (Final), Polyethylene Terephthalate (PET) Film, Sheet and Strip from Japan and the Republic of Korea, May 20, 1991, (INV-O-089) at 15. In numeric terms, staff places placed the elasticity of substitution between Japanese and U.S. PET film in the range of 3 to 5, and that between Korean and U.S. film in the range of 5 to 10.

Staff pointed to several types of evidence in support of their conclusion. First, a quarter of purchasers reported that they used imported and domestic PET film for different purposes.[36] Consistent with this, magnetic-base film accounted for the largest percentage of Japanese imports, while film for industrial uses accounted for the largest share of sales of domestic and Korean PET film. Conversely, packaging uses accounted for the smallest percentage of sales of U.S. and Japanese film, while magnetic uses accounted for the smallest percentage of Korean sales.[37]

Second, 92 percent of purchasers reporting on their reasons for choosing to buy PET film from one source rather than another stated that quality was the most important consideration. Third, almost 60 percent of responding purchasers reported that Japanese PET film was of a higher quality than the domestic product and only [***] responded that the U.S. product was of higher quality. In contrast, almost 60 percent of those comparing the quality of Korean PET film with the domestic product found quality levels comparable, with the other 40 percent split quite evenly between the view that the Korean product was of higher quality than the domestic and the view that the Korean product was of lower quality.[38]

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[36] Id.

[37] Id. at 17.

[38] Id. at 15-16.

Finally, purchasers were asked why they chose imported PET film when U.S. film was available at lower prices. Of those who reported purchasing Japanese film under such circumstances, 56 percent said they did so because the quality of the Japanese product was superior, 24 percent found the Japanese product more readily available, and 20 percent pointed to a desire for multiple sources of supply. There were considerably fewer purchasers who reported buying Korean PET film when the U.S. product was available at lower price. Of those who did, 38 percent pointed to higher quality of the imported product and 62 percent expressed a desire for multiple sources.[39]

Testimony at the hearing provides additional evidence supporting a finding of limited substitutability between the Japanese and domestic products, particularly in the area of magnetic-base film which accounted for almost two-thirds of the Japanese imports.[40] Mr. Menard of BASF, a large producer of magnetic tape, testified that his firm had purchased thin-sliced audio-base PET film from DuPont until the early part of the 1980s when problems in its production process prompted DuPont to stop making the product in question.[41] In addition, Mr. Menard, Mr. Marks of Tandy, and Mr. Kelsey of Ampex all testified that they

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[39] Id.

[40] Staff Report at A-19, Table 4.

[41] Hearing Transcript at 129 (Testimony of Ronald Menard).

had experienced quality problems with video-base PET film produced by the domestic producers.[42]

Respondent Toray judged that the elasticity of substitution is lower than that suggested by staff. It pointed to the lack of substitutability between different kinds of PET film, the fact that U.S. producers do not make certain kinds of PET film -- in particular, tensilized film -- the need for a supplier to be qualified by a particular purchaser, and the presence of contracts.[43] Respondent Teijin made similar arguments and similarly concluded that the elasticity of substitution is lower than that suggested by staff.[44] Staff responded that these factors were taken into consideration in their initial estimates and that the contracts in this industry contain meet-or-release

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[42] Hearing Transcript at 129 (Testimony of Ronald Menard), 131 (Testimony of Stephen Marks), and 133 (Testimony of Paul Kelsey).

I am aware that there was also testimony that foreign producers have, on occasion, been disqualified or failed to be qualified for particular uses by particular purchasers. (Hearing Transcript at 151-152.) While this may appear to be evidence that foreign and domestic PET film products are of similar quality and therefore highly substitutable, drawing such an inference would be incorrect. In evaluating the substitutability of two products, the issue is not whether the two products meet, or fail to meet, the needs of the same number of purchasers. Rather, the question is whether the same purchasers can use both products. An import is no more a substitute for a domestic product if those who purchase the domestic product find the import unacceptable than if those who purchase the import find the domestic product unacceptable. In either case, the fact that one product cannot be used by some buyers is evidence of limited substitutability.

[43] Toray's Post-Hearing Brief, Attachment B, at 7-8.

[44] Teijin's Post-Hearing Brief, Appendix G, at 5-9.

clauses.[45] These clauses require a supplier to meet lower prices offered by competitor or release the purchaser from the contract.[46]

As to the effect of contracts, I note that there is some dispute about the extent of meet-or-release clauses in the contracts. One producer of PET film reported that a significant percentage of its business is on the basis of contracts and that such contracts do not contain meet-or-release clauses.[47] Further, even if such clauses are present in the contract, the presence of the contract may still reduce the likelihood that a purchaser will change suppliers in response to a lower price offer from a competitor of its current supplier, since the current supplier can keep the business by matching the lower price.

Petitioners argued that the imported and domestic PET film are considerably more substitutable than staff suggests.[48] This judgment was based on a table entitled "Price/Volume Elasticity of Japanese/Korean Imports (Est. Impact of 10% Increase/Decrease in Prices)," which was provided in Petitioners' Post-Hearing

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[45] Economics Memorandum at 18-21.

[46] See, *e.g.*, the contract language reported in Petitioners' Post-Hearing Brief at A-25.

[47] [***].

[48] The specific value petitioners assigned to the elasticity of substitution was 11.9. (Petitioners' Post-Hearing Brief at A-31.)

Brief.[49] Information of this type, if properly documented and subjected to scrutiny by opposing parties, has the potential to considerably advance the Commission's ability to evaluate the economic parameters needed to understand the effects of dumped imports. Unfortunately, in this case the numbers were supplied without any documentation as to source or how they were developed. In addition, they were first provided in a post-hearing brief so that other parties had no opportunity to raise questions about them. Finally, as staff notes, the figures imply an extremely high elasticity of demand for imports. For all of these reasons, I cannot place any reliance on these figures in this investigation, though I would encourage parties to offer such figures in future investigations, subject to the caveats that they be provided early and in a form where the source of the information is transparent to all concerned and that an opportunity is provided for cross-examination regarding the data.

Because I place somewhat more weight than staff does on the evidence of the lack of substitutability between Japanese and U.S. PET film, particularly in the magnetic area, and because I find that contracts can reduce substitutability even if they contain meet-or-release clauses, I find that the elasticity of

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[49] Id. at A-33.

substitution is in the lower or middle part of the ranges suggested by staff.[50]

(2) Changes in total quantity purchased. The injury a domestic industry suffers as a result of dumped imports will also depend on the responsiveness of the aggregate demand for that product to a change in price. If demand is highly responsive, the lower dumped price will generate a large increase in total sales of the product. In such a case, a relatively large portion of the increased sales of the dumped imports will be sales that would not have been made had the price been higher, and a relatively small portion will be sales lost by domestic producers. By contrast, if the total quantity does not increase significantly with the decrease in price, most of the increased sales of the unfair imports will come from the domestic producers or from other sources of imports. Thus, the greater the price responsiveness of total demand, the smaller the likelihood that the domestic industry will be materially injured.

The economic concept used in measuring this effect is the elasticity of aggregate demand.[51] The higher this elasticity the more responsive demand is to a change in price.

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[50] Specifically, I place the elasticity of substitution between Japanese and U.S. PET film in the range of 3 to 4 and that between Korean and U.S. PET film in the range of 5 to 8.

[51] The elasticity of demand is defined as the percentage change in the quantity of a product sold resulting from a 1 percent change in the average price of the product.

In this case, the Applied Economics Division judged that the demand for PET film is in the range of moderately inelastic to slightly elastic.[52] This conclusion is based on an analysis of the availability of substitute products that could be used in each of the four primary areas that use PET film -- industrial, packaging, graphics, and magnetic.

As with their discussion of substitutability, petitioners relied on unsubstantiated and undocumented figures to suggest that the quantity of PET film sales would change very little in response to a change in price.[53] As I observed before, I cannot make any use of this evidence because I was not told where it came from or how it was developed, and other parties were provided no opportunity to comment on it.[54]

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[52] In numeric terms, the aggregate elasticity of demand was judged to be in the range of 0.6 to 1.2. (Economic Memorandum at 21.)

[53] Specifically, the elasticity of aggregate demand was placed at 0.29 (Petitioners' Post-Hearing Brief at A-31)

[54] In a pre-hearing submission, petitioners sought to establish the elasticity of demand for video tapes by using information on the price of such tapes at retail, what they took to be the marginal cost of manufacture, and a formula purported to relate an industry's price, its marginal cost, and the industry's elasticity of demand. (See Petitioners' Pre-Hearing Brief at 80-82.) At the hearing, my economic adviser pointed out that the assumed relationship between price and marginal cost only applied in the case of a profit-maximizing monopolist -- *i.e.*, a market with only one seller. He also noted that the market for video cassettes was not a monopoly. (Hearing Transcript at 95-97.) In a post-hearing submission, petitioners provided a textbook argument suggesting that firms in an oligopoly -- *i e.*, a market in which there are just a few sellers -- will attempt to set

(continued...)

Respondent Toray argued that demand is somewhat more responsive to a change in price than was suggested by staff and based this on the belief that staff had understated the degree of price responsiveness in industrial, packaging, and magnetic uses. Respondent suggested that demand in the industrial and packaging areas is more responsive to a change in price than staff suggested because of the large number of substitutes for PET film that exist in these areas.[55] Staff responded that its analysis had already taken the availability of such substitutes into consideration.[56]

Toray advanced two reasons for believing that the demand for PET film for magnetic uses is more responsive to price than suggested by staff, which based its conclusions on the lack of substitutes for PET film in this area. First, Toray noted that the demand for finished cassettes and other consumer magnetic tape products is likely to be responsive to changes in the price

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[54](...continued)
their price so that the formula would apply. (Petitioners' Post-Hearing Brief at A-36 - A-43.) The also provided data on 1989 sales of blank video tapes, showing individual market shares for nine different firms that produce the product. (Id. at A-43.) These data show that the Herfindahl-Hirschman Index (HHI), a commonly used measure of market concentration, is no higher than 954 in the video tape market. According to the Department of Justice's Merger Guidelines, such a market is considered unconcentrated and a merger that created this low level of concentration would be of virtually no concern because of the difficulty of any implicit coordination such as is implied by petitioners' assumptions.

[55] Toray's Post-Hearing Brief, Appendix B, at 3.

[56] Economic Memorandum at 24.

of these products. Second, if the price of these products produced in the United States were to rise appreciably, it is likely that we would see a significant increase in imports of finished cassettes and similar products.

I find Toray's argument persuasive and therefore conclude that the demand for PET film is likely to be somewhat more responsive to changes in price than staff suggested.[57]

(3) Price responsiveness of domestic supply. How dumped imports affect the domestic industry will also depend on the responsiveness of domestic supply to a change in price -- that is, the elasticity of domestic supply.[58] If domestic supply is highly elastic -- in other words, if a slight decrease in price causes domestic firms to contract their production by a relatively large amount -- any effect of dumping is likely to be found primarily in decreased quantities sold by the domestic firms rather than in depressed or suppressed prices for the product. On the other hand, if the elasticity of supply is lower, dumping may have a smaller quantity effect along with greater price depression or suppression.

Staff judged that an increase in price in the United States resulting from the elimination of dumped imports would bring

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[57] In particular, the elasticity of aggregate demand may be as high as 1.8.

[58] The elasticity of domestic supply is the percentage change in the quantity of domestic production resulting from a 1 percent change in the domestic goods's price.

forth only a limited increase in the quantity of PET film supplied by domestic producers.[59] They noted high levels of capacity utilization and the limited quantity of exports.[60]

Respondent Toray argued that the quantity of domestic PET film sold in the United States would be even less responsive to a price increase than what staff suggested. They made three arguments in support of this claim. First, according to Toray, effective capacity utilization in 1989 and 1990 was higher than the reported figures because the relatively low 1989 and 1990 figures are the result of added capacity and it takes time to get new capacity operating at full capacity.[61] I find some merit to this argument.[62]

Second, Toray argued that the presence of contracts limits the ability of domestic producers to shift sales from the export to the domestic market when price increases make sales in the domestic market relatively more profitable.[63] Staff responded that the contracts contain meet-or-release clauses and therefore

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[59] They place the elasticity of supply in the range of 1 to 3. (Economics Memorandum at 7.)

[60] Capacity utilization ranged from a high of [***]. (Staff Report at A-20, Table 5.) Export data are reported in id. at A-21, Table 6.

[61] Toray's Post-Hearing Brief, Appendix B, at 9.

[62] Petitioners, on the contrary, argued that substantial excess capacity existed, placing the elasticity of supply in the range of 3 to 5. (Petitioners' Pre-Hearing Brief at 82-83.) I fail to see the evidence of the excess capacity petitioners see.

[63] Toray's Post-Hearing Brief, Appendix B, at 10.

would not constrain such shifts. As discussed previously, the evidence on whether the contracts contain such clauses is mixed.[64] Even if such clauses are present, they require sellers to match lower prices offered by competitors or permit customers to get out of contracts. It is not certain that they provide the seller with the ability to raise price or get out of an export contract if the price rises in the United States.

Finally, Toray argued that domestic producers would not divert sales from export markets in response to an increase in the price in the United States because export sales were more profitable than domestic sales.[65] If it is, indeed, more profitable to make an additional export sale than an additional domestic sale, I agree that this would decrease the amount of shifting that would occur in response to the small price increases likely to result from the elimination of dumping in this case.[66]

While I find plausibility in all of respondent Toray's arguments, they do not, in my judgment, justify a substantial

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[64] See page 53, above.

[65] Toray's Post-Hearing Brief at 10-11.

[66] Data in the Staff Report do suggest that export sales command higher prices than domestic sales and that the profits on export sales are greater. (See Staff Report at A-21, Table 6, and A-25, A-27.) However, this may be due to differences in the mix of products involved in export and domestic sales. Unfortunately, the data on the record are not sufficient to determine whether or not this is the explanation.

change in staff's judgment of the value of the elasticity of supply.[67]

(4) Effect on Domestic Volumes and Prices. Examination of all the relevant information leads me to conclude that dumped imports from Japan and Korea have not caused significant depression or suppression of the prices domestic PET film producers can charge, nor have they significantly reduced the volume of sales made by these firms. The small dumping margins indicate that the prices of the imported products would have been only very slightly higher if they were fairly priced. This, plus the limited substitutability between the imports and the domestic like product, means that the dumped imports are causing only a very small decline in the price at which domestic PET film would sell and in the quantity of sales that are made.

Effect on Domestic Producers. In addition to considering the impact of dumping on the sales volume of the domestic industry and the prices at which those sales occurred, the statute directs us to examine "the impact of such merchandise on domestic producers of like products. . . ."[68] In conducting this

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[67] I find that a slight lowering of the upper end of the proposed range may be appropriate. Therefore, I place the elasticity of supply between 1.0 and 2.5.

[68] 16 U.S.C. 1677(7)(B)(i)(III).

examination, we are instructed to consider such factors as industry employment, investment, and utilization of capacity.[69]

The effect of the dumped imports on these factors follows from their effect on industry volume and price. For example, the effect on industry employment is directly related to the effect on volume since an industry's employment level will rise or fall with changes in its production. In the current case, I believe dumping did not have a material impact on employment because it had no material effect on industry output.

Investment levels depend on the expected future profitability of the industry. If dumped imports cause significant declines in industry prices or sales and if these declines are expected to persist into the future, firms may not find it profitable to engage in as much investment as they would have without the dumping. Again, I find no material impact on investment given the slight impact of dumped imports on volume and price.

If dumped imports do not cause a significant reduction in investment, production capacity will not be materially affected by the dumped imports. Indeed, in this case, domestic capacity to produce subject PET film increased by more than 10 percent between 1987 and 1990.[70] Further, if capacity and the volume of

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[69] 19 U.S.C. 1677(7)(C)(iii).

[70] Staff Report at A-20, Table 5.

sales have not been materially altered, capacity utilization will not be significantly changed.

No Material Injury. In conclusion, the dumped imports of PET film from Japan and South Korea, which are priced only slightly below a fair price, have had no significant effect on the price or volume of sales of the domestic like product. Moreover, they have also had no significant effect on employment or investment in the domestic industry. Therefore, I conclude that the dumped imports are not materially injuring the domestic industry.

In reaching this conclusion, I have of course considered the general condition of the domestic industry.[71] In particular, I am cognizant that the domestic industry suffered a substantial decline in profitability between 1988 and 1989.[72] While some or all of my colleagues may believe that this decline in profitability provides evidence of the adverse effects of the dumped imports,[73] I note that, as is true in many of the cases that come before this Commission, other events may be at least partially responsible for this change, and it would be incorrect

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[71] Since much of the information relevant to a consideration of the condition of the industry is confidential, I do not attempt to review it here.

[72] See Staff Report at A-26, Table 10.

[73] I do not know how my colleagues will justify their affirmative votes in this case because of the Commission's practice of not sharing opinions prior to their public release.

to place the full blame for this decline on the presence of dumping.[74]

First, respondents argued that this decline in profitability was the result of increases in production costs. The record appears to support this position. More than three-quarters of the decline in domestic firm profits between 1988 and 1989 appears to be the result of increases in the cost of producing PET film, not the result of price declines.[75] In addition, there is evidence of substantial increases in raw material costs between 1988 and 1989.[76]

Of course, one may wonder why such substantial cost increases did not lead to price increases. One answer may be that contractual relationships limit the ability to adjust prices in the short run.[77] Another is that, in a capital intensive industry such as this, in which variable inputs account for a

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[74] Indeed, it may be incorrect to place any of the blame on the dumping. There is no evidence on the record that any dumping occurred before the last two months of 1989 as the Department of Commerce's investigation covered the period November 1, 1989, through April 30, 1990. (56 Federal Register 16301 and 16306.)

[75] See Memorandum Entitled "Investigations Nos. 731-TA-458-459 (Final): Polyethylene terephthalate film, sheet, and strip (PET film) from Japan and the Republic of Korea -- Unit and Variance Analysis," May 15, 1991 (INV-O-082).

[76] Staff Report at A-29, Table 12.

[77] See Teijin's Pre-Hearing Brief at 27. As discussed above, there is disagreement concerning the importance of contracts and whether such contracts contain meet-or-release clauses. However, even if contracts contain such clauses, it is not clear that this provides the manufacturer with the flexibility to increase its price in the face of cost increases. (See page 60, above.)

relatively small percentage of total costs,[78] firms attempt to operate at full capacity all of the time and, in the short run, price is determined by what customers are willing to pay for this full-capacity level of output.[79] Thus, it is not surprising that price would not rise in response to a short run increase in costs.

Second, as noted above, there was a substantial increase in domestic capacity during the period of investigation. More than half of this increase occurred between 1988 and 1989 and the bulk of the remaining increase occurred between 1989 and 1990.[80] Output did not expand to the same degree, causing capacity utilization to decline somewhat, though it remained quite high.[81] This decline in capacity utilization may indicate that expansion at least temporarily outstripped the need for the product, which would place downward pressure on price. Alternatively, it may indicate that firms faced start-up problems in getting their new

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[78] Evidence of the relatively low level of variable costs in this industry are found in the high gross profit-to-sales ratios. (See Staff Report at A-26, Table 10.)

[79] In particular, firms will continue to operate at full capacity provided the price of the product exceeds the variable cost of producing an additional unit of output. Provided price covers the variable costs of production, the firm is better off by continuing to produce at full capacity as it maximizes its profits or, in the absence of profits, maximizes its contribution to fixed costs, which minimizes losses. (This argument is suggested by the economist representing Respondent Toray. See Toray's Pre-Hearing Brief, Economic Submission, at 25-30.)

[80] Staff Report at A-20, Table 5.

[81] Id.

equipment up to full capacity.[82] If this is the explanation, the result would be increased costs not matched by increased revenues. In either case, profits would be expected to suffer.

Finally, one domestic producer -- [***] -- appears to have had significant production problems during the period of investigation,[83] which have had a substantial effect on the overall financial performance of the industry.[84]

No Threat of Material Injury

In addition to addressing the question of material injury to the domestic industry, I must consider whether the dumped imports of PET film pose a threat of future material injury. The statute provides a list of nine factors that I am to consider in making this determination.[85] In addition, the statute instructs me that

> Any determination ... 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.

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[82] Such start-up problems are apparently not uncommon in this industry. (See Staff Report at A-9.)

[83] These problems, [***]. (Staff Report at A-27.)

[84] I also note that another firm -- [***] -- began production of PET film in [***]. (Staff Report at A-23, Table 7) Given the start-up problems frequently associated with entering a new business and those associated with new equipment to produce PET film, I would not consider the performance of a firm that entered the industry during the period of investigation to be representative of the industry.

[85] 19 U.S.C. 1677(7)(F)(i).

> Such a determination may not be made on the basis of mere conjecture or supposition.[86]

Petitioners argued that they are threatened with future material injury because of a rapid increase in unfair imports, a buildup of PET film capacity in Japan and Korea, the presence of excess capacity in Japan and Korea, and the presence of high inventories. In addition, they argued that they are threatened with future injury because the dumped imports have reduced their ability to make new investments.[87]

I have already addressed the issue of the effect of the dumped imports on new investment.[88] As I noted, because of the very small effects the dumped imports have had on price and volume, I do not find that there has been a material effect on new investment. Statements from domestic producers that they have found it necessary to reduce investments[89] do not, in my view, provide the requisite evidence of real and imminent injury. Even though the producers claim it is the dumped imports, and not other changes in the market for their product, that have caused this reduction in investment, I do not see the evidence that would make such a conclusion more than conjecture.

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[86] 19 U.S.C. 1677(7)(F)(ii) (emphasis added).

[87] Petitioners' Pre-Hearing Brief at 89-93.

[88] See page 62, above.

[89] See Petitioners' Pre-Hearing Brief at 91-93.

Looking at the other claims made by petitioners, I note that the level of import penetration increased during the period of investigation.[90] However, the average increase was less than 1.5 percentage points per year. That is hardly the "rapid increase in U.S. market penetration"[91] that would show real and imminent injury.

Japanese production capacity increased steadily and was 18.3 percent greater in 1990 than in 1987. Projected capacity increases for 1991 and 1992 amount to an additional 5.4 percent. However, production has been, and is projected to continue, rising at the same rate so that capacity utilization has been, and is projected to remain, above 90 percent.[92] Korean capacity more than [***] between 1987 and 1990, and projected capacity increases in 1991 and 1992 would push total capacity up another 9.5 percent. However, like Japan, Korean production rose along with capacity so that capacity utilization has been at or above 90 percent throughout the period of investigation.[93]

As to the level of inventories of the unfair imports held in this country, I note that such inventories amounted to 9.9 percent of U.S. shipments of these products at the end of 1987

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[90] Import penetration rose from [***] percent in 1987 to [***] percent in 1990. (Staff Report at A-41, Table 21.)

[91] 19 U.S.C. 1677(7)(F)(i)(II).

[92] Staff Report at A-35, Table 16.

[93] Id. at A-37, Table 17.

and to 10.0 percent of U.S. shipments at the end of 1990, hardly an indication of a large increase in inventories. Further, inventory levels rose from 1987 to 1988 and have declined since then.[94]

I therefore find no evidence to support a finding of the threat of future injury.[95]

Conclusion: No Injury or Threat of Future Injury

On the basis of the record developed in these investigations, I find that the domestic industry producing subject PET film is not injured by reason of dumped imports from Japan and the Republic of Korea. I also find that there is no threat of future material injury by reason of these imports.

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[94] Id. at A-33, Table 15.

[95] In reaching this decision, I have of course also considered the other factors the statute directs me to consider. In particular, I am aware that an antidumping complaint has been filed in the European Community against Korean thin PET film. (Id. at A-36.) However, a decision has not yet been reached in that case, even as to whether dumping is occurring. I cannot base a decision on the mere assertion of dumping in another market.

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

Following preliminary determinations by the U.S Department of Commerce that imports of polyethylene terephthalate film, sheet, and strip,[1] provided for in subheading 3920.62 00 of the Harmonized Tariff Schedule of the United States, from Japan and the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value (LTFV), the U.S. International Trade Commission, effective November 28, 1990, instituted investigations Nos 731-TA-458 and 459 (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 final investigations, and of the 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 December 19, 1990 (55 F R. 52105).[2] Subsequently, Commerce postponed its final LTFV determinations for Japan (55 F R. 52288, December 21, 1990) and Korea (55 F R. 51742, December 17, 1990). Consequently, the Commission revised its schedule in the investigations to conform with Commerce's new schedule (56 F.R. 872, January 9, 1991) The Commission's hearing was held in Washington, DC, on April 18, 1991.[3]

Commerce's final LTFV determinations were made on April 15, 1991. The applicable statute directs that the Commission make its final injury determinations within 45 days after the final determinations by Commerce, or in these investigations by May 29, 1991.

BACKGROUND

These investigations result from a petition filed by counsel for E.I. du Pont de Nemours & Co. (Du Pont), Wilmington, DE, Hoechst Celanese Corp. (Hoechst), Charlotte, NC; and ICI Americas Inc. (ICI), Wilmington, DE, on April 27, 1990, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of polyethylene terephthalate film, sheet, and strip (collectively referred to as "PET film") from Japan, Korea, and Taiwan In response to that petition the Commission instituted investigations Nos 731-TA-458 though 460 (Preliminary) under section 733 of the Tariff Act of 1930 (19 U.S C § 1673b(a)) and, on June 11, 1990, determined that there was a reasonable indication of material injury by reason of the subject imports from Japan and Korea. The Commission also determined that there was no reasonable indication that an industry in

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[1] The product subject to investigation by the Department of Commerce is all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from the scope of these investigations are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches (0 254 micrometers) thick.

[2] Copies of cited Federal Register notices are presented in app. A. A-3

[3] A list of witnesses appearing at the Commission's hearing is presented in app B.

the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan of PET film that were alleged to be sold in the United States at LTFV.

THE PRODUCT

Product Description

The imported product subject to these investigations consists of all gauges of raw, pretreated, or primed PET film, sheet, and strip, whether extruded or coextruded (hereafter collectively referred to as "subject PET film"),[4] excluding metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous layer more than 0 00001-inch (0.254 micrometers) thick. Metallized PET film and other finished PET film with surface coatings or modifications greater than 0.00001-inch (10 μin) are referred to in this report as "excluded PET film."

PET film was introduced commercially in the 1950s and is also known in the industry as polyester film. It is a clear, flexible, transparent, or translucent material produced from PET polymer, a linear, thermoplastic polyester resin PET film is a high-performance plastic film usually produced by large, diversified, multinational firms It is generally more expensive than other plastic films and is only used when its unique properties are required. PET film has certain inherent desirable qualities such as high tensile strength, durability, heat resistance, good gas-barrier properties, dimensional stability, chemical inertness, and clarity.

PET film is available commercially in a range of widths, thicknesses, and properties depending upon the needs of end users. It can be made as a single layer or can be coextruded with other polymers into a multilayer film encompassing the desired characteristics of each material. PET film is available from the production line in widths generally ranging from about 20 inches up to about 400 inches, and in thicknesses reportedly ranging from about 2 gauge up to about 1,400 gauge (i.e , 0 00002 to 0.014 inches).

The distinct physical properties of the various types of PET film can be imparted into the product either during the polymerization of the PET resin precursor by the addition of chemicals such as slip modifiers (surface modifiers) or color additives, or subsequently during the PET film production process where various surface finishes may also be imparted by externally treating the films' surface(s) Virtually all PET film is biaxially oriented and the usual sequential biaxial process consists of the following four steps, each of which influences the final molecular structure of the film· (1) melt extrusion and quenching, (2) drawing in the longitudinal or machine direction, (3) drawing in the transverse direction, and (4) heat setting. This biaxial

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[4] Although a distinction is occasionally made on the width and thickness of the product, there appears to be no clear industry distinction among PET film, sheet, and strip According to questionnaire responses, close to 100 percent of the subject product is considered "film " All of the subject product originates as a master roll of film, and off-line machinery subsequently cuts the master roll into strip (or in rare instances sheets) according to customer specifications

orientation of the PET film makes it suitable for such applications as food packaging, electrical insulation, and printing sheets by increasing the product's crystallinity[5] and thereby improving its tensile strength, heat resistance, and gas-barrier properties [6] It is important to keep in mind that at the end of the production process the subject PET film is "raw, pretreated, or primed" base film that is usually subjected to additional treatments or processing by other firms before reaching the ultimate consumer.

Uses

The broad range of chemical, physical, and thermal properties available in the PET family of film grades permits this product to enter a wide range of markets. The petitioners report that there are over 150 different areas of application for PET film in the United States. The Commission's questionnaires requested U.S. producers and importers to provide data on the subject PET film by the following general market segments: (1) packaging, (2) industrial, (3) graphics, and (4) magnetic media (further subdivided into video base film, audio base film, computer base film, film for floppy disks, and other film for magnetic media) [7] Firms were also requested to provide

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[5] Crystallinity is a state of molecular structure in some resins attributed to the existence of solid crystals with a definite geometric form Such structures are characterized by uniformity and compactness For a more complete discussion see "Polyesters, Films," Encyclopedia of Polymer Science and Engineering, vol 12, 2d ed , 1988, John Wiley & Sons, Inc. (Exhibit D, Hogan & Hartson prehearing brief).

[6] The tensile properties of PET film can be significantly increased by an additional draw step, usually in the longitudinal or machine direction. These "semi-tensilized" films are useful in products requiring high tensile properties in one direction, such as certain cassette tapes and typewriter or computer printer ribbons Films with very high tensile strength properties, called tensilized film in this report, are produced by a multiple-draw process in the longitudinal direction. This film is used primarily in long-playing magnetic recordings. Tensilized films have high thermal shrinkage in the longitudinal direction and suffer a slight reduction of tensile properties in the transverse direction.

[7] In the preliminary investigations, the petitioners contended that the Commission should find a single like product consisting of all subject PET film. Respondents contended that the like product should be subdivided, but they did not agree on the criteria for drawing lines between separate like products. A number of respondents claimed that the Commission should find at least four like products, with some respondents arguing for as many as eight. Most contended that (1) packaging film, (2) industrial film, (3) graphics film, and (4) magnetic film should be considered separate like products. Other respondents advanced arguments that one or more of these categories should be further subdivided. In the preliminary determinations, the Commission declined to find that separate like products exist, but stated that it would investigate the issue in these final investigations. Polyethylene Terephthalate Film, Sheet, and Strip from Japan, the Republic of Korea, and Taiwan: Determinations of the Commission in Investigations Nos. 731-TA-458 through 460 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations, USITC publication 2292, June 1990, pp. 3-11.

data under a category entitled "other" if they were not sure of the market segment to which certain sales were destined or if the designated uses were not applicable. Data for these subject PET films are presented in table 1.

In addition to the data presented in table 1, the questionnaires requested separate data for the following subject PET films: (a) tensilized magnetic film, (b) non-tensilized magnetic film, (c) chemically-treated packaging film, (d) pigmented film, (e) silicone-coated film (f) ultra-thin capacitor film under 14 gauge (g) ultra-thin semi-tensilized film under 25 gauge for thermal transfer ribbon, and (h) other ultra-thin film (under 25 gauge). It should be noted that data for these products are already included in table 1 (in various end-use categories). Thus, to avoid confusion and the appearance of double counting, data for these films (a through h above) and also optical grade, UV-absorbing PET film are presented in appendix C.

The questionnaires also requested data for Cronar®, Estar®, and equivalent films. Cronar® is produced by Du Pont and Estar® by Eastman Kodak Co. (Kodak). ***. *** [8] Cronar®, Estar®, and equivalent films are specialized coated PET films that, if imported, would fall outside the scope of these investigations as defined by Commerce. Data for Cronar®, Estar®, and equivalent films are presented in appendix D, along with a description of the production and uses of these excluded PET films. The equipment and employees used to produce Cronar® and Estar®,[9] and the uses for these products, are different from those related to the subject PET film; therefore, data for Cronar®, Estar®, and equivalent films are not included in table 1 or in any of the other tables in the body of this report.

As shown in table 1, in 1990, the highest volume PET film markets were the packaging market (e.g., snack foods, boil-in-bag pouches, cheese wrap, meat wrap, peelable lid film, etc) that represented *** percent of reported consumption; the industrial market (e.g., circuit board overlay, motor insulation, membrane switches, etc) that represented *** percent of PET film's reported U.S. consumption, the graphics applications market (e.g., X-ray screens, microfilm/microfiche, drafting films, etc.) that accounted for approximately *** percent of U S. PET film consumption; and the magnetic media market (e g., videotape, audiotape, computer tape, floppy disks, etc.) that accounted for approximately *** percent of reported consumption. "Other" markets accounted for the remaining *** percent of apparent U.S. consumption The shipment data of table 1, by end-use products, are presented in figure 1 for U.S. producers' shipments and figure 2 for U.S. importers' shipments of PET film from all countries.

[8] ***.

[9] ***.

Table 1
Subject PET film. U.S. shipments by producers[1] and importers and apparent U.S. consumption, by end-use markets, 1987-90

Item	1987	1988	1989	1990
	U.S. producers' shipments (1,000 pounds)			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Magnetic film for floppy disks	***	***	***	***
Other magnetic film	***	***	***	***
Subtotal	***	***	***	***
Other[2]	***	***	***	***
Total	***	***	***	***
	U.S. importers' shipments (1,000 pounds)			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Magnetic film for floppy disks	***	***	***	***
Other magnetic film	***	***	***	***
Subtotal	***	***	***	***
Other[2]	***	***	***	***
Total	***	***	***	***
	Apparent U.S. consumption (1,000 pounds)			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Magnetic film for floppy disks	***	***	***	***
Other magnetic film	***	***	***	***
Subtotal	***	***	***	***
Other[2]	***	***	***	***
Total	***	***	***	***

See footnote at end of table.

Table 1--Continued
Subject PET film: U.S shipments by producers[1] and importers and apparent U.S. consumption, by end-use markets, 1987-90

Item	1987	1988	1989	1990
	Share of the quantity of apparent U.S. consumption of subject PET film (percent)			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Magnetic film for floppy disks	***	***	***	***
Other magnetic film	***	***	***	***
Subtotal	***	***	***	***
Other[2]	***	***	***	***
Total	***	***	***	***

[1] Consists of total reported shipments in the U.S. market, whether commercial or captive.
[2] Consists of subject PET film other than for packaging, industrial, graphics, or magnetic media use, or of subject PET film for which the reporting firms were not certain of the market segments to which sales were destined.

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

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

Figure 1
U.S. producers' shipments, by end use

* * * * * * *

Figure 2
U.S. importers' shipments, by end use

* * * * * * *

Manufacturing Processes[10]

The manufacturing facilities for PET film are capital intensive and a 2-year leadtime is required to build a PET line. Additional start-up time is required to adjust the production line to operate at capacity. In order to assure strict thickness control, the manufacturing facilities require strong foundations and reinforced flooring to prevent vibrations. The lines are designed to produce PET film within certain physical specifications of width and gauge and, in the United States, usually produce PET film for numerous end-use applications on the same line. In general, the lines are designated as thin, intermediate, or thick lines based upon the gauges that can be produced on the line There are overlapping gauges that can be produced on thin and intermediate lines or on intermediate and thick lines.

PET resin is prepared from the polymerization of ethylene glycol (from ethane feedstock) with either terephthalic acid (from para-xylene feedstock) or dimethyl terephthalate (also from para-xylene feedstock). In the latter process (usually called the DMT process), dimethyl terephthalate and ethylene glycol are fed into the reactor vessel as liquids. The former process (usually called the TPA process) is initiated by slurrying powdered or granulated terephthalic acid and ethylene glycol before feeding into the reactor vessel. Each process has some unique advantages and disadvantages, but the resultant polymer produced by both processes is essentially the same.

The molten or melt-phase polymer can be pumped directly to film extrusion machines or solidified and pelletized for storage and blending before being fed to the film extruders. Virtually all PET film produced domestically is made by the cast-tenter process.[11] A flow chart of the cast-tenter process, supplied by the petitioners, is shown in figure 3.

Molten polymer is extruded through a slotted die onto some type of "quenching" device, usually a rotating polished metal drum internally cooled by chilled water.[12] The extruded sheet, which generally ranges in width from approximately 20 to 80 inches, is completely solidified into a continuous sheet after one revolution of the "quench drum."

The PET product is initially in the form of a thick film. This film is continuously drawn by a series of rolls and/or edge clamps through heating,

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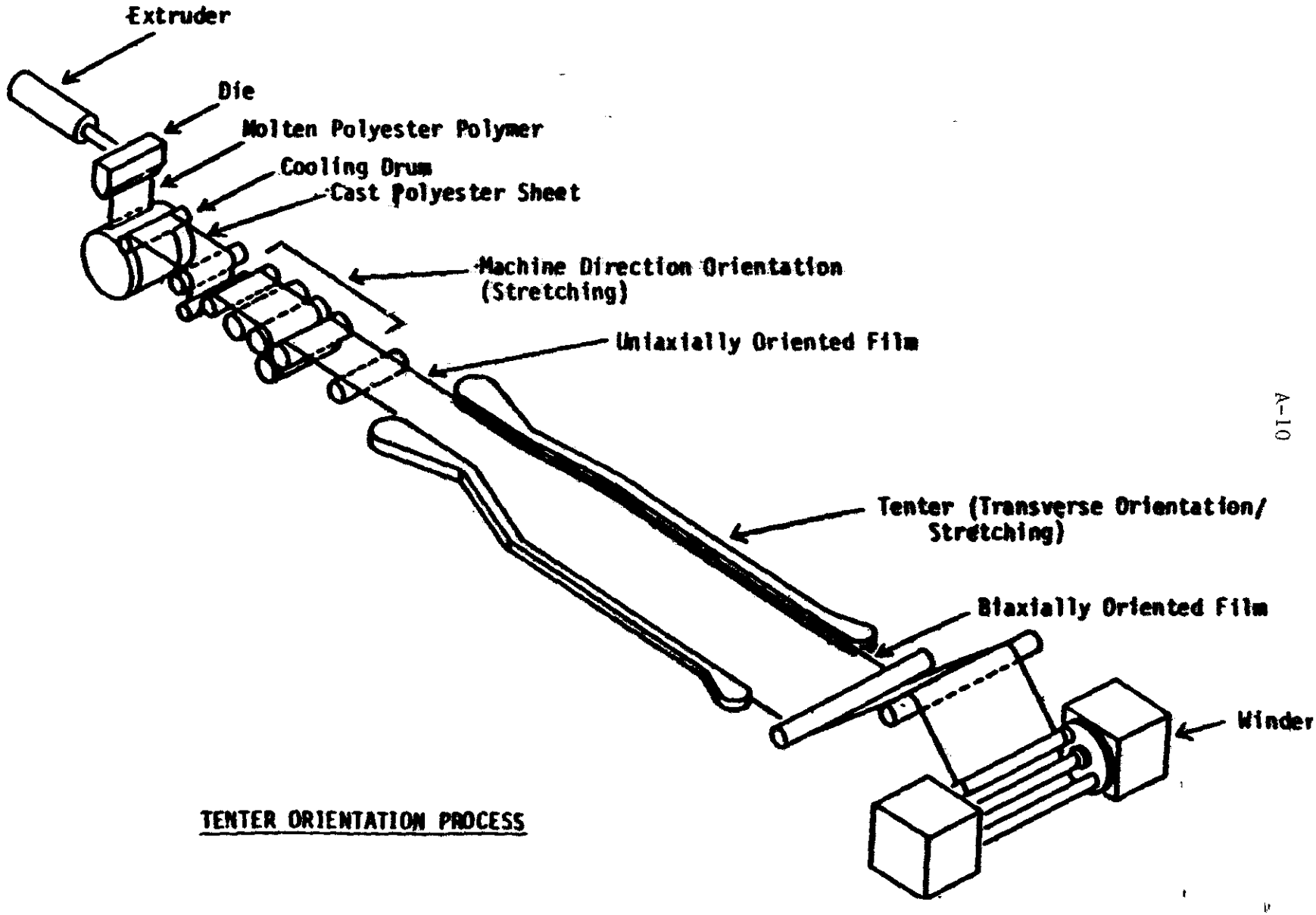
[10] Cronar® is manufactured by Du Pont by a process that differs significantly from that described below. Therefore, the manufacturing process for Cronar® is described in app. D. ***. ***. ***.

[11] Small quantities of PET film also are made by a blow-bubble process in which a tubular film is simultaneously stretched in both directions. This process is less expensive than the cast-tenter process, but gauge and product uniformity reportedly are not as easily maintained

[12] For thin-film processing, contact with a water-cooled roll positioned close to the extruder die is necessary For thicker films, cooling in a water bath is necessary to bring the polymer quickly below the glass transition (Tg) temperature, which for amorphous (noncrystalline) PET polymer is about 165 degrees Fahrenheit. In the subsequent orientation process, the PET polymer is heated above its Tg temperature and stress is applied to orient the polymer chains into an extended alignment with increased molecular orientation and some crystallinity.

Figure 3
Typical cast-tenter process



Source: Antidumping petition on behalf of E.I. duPont de Nemours & Co., Inc.; Hoechst Celanese Corp.; and ICI Americas, Inc.

A-10

stretching, annealing, and cooling until it is stretched approximately 3 to 5 times its original length and width This stretching process, which gives PET film its high tensile strength and thermal stability, is accomplished by the controlled alignment and crystallization of the polymer's long-chain molecules in the principal stretching directions. The process must be precisely controlled to ensure the required thickness and uniformity. Sophisticated control systems are required to regulate speeds, temperatures, and stretch conditions Very often the entire process is contained in a "clean room" environment to protect the finished film from microscopic airborne contamination Elaborate vacuum cleaners and static electricity equipment must be employed to further ensure the ultimate cleanliness of the finished film.

Many of the physical properties required for specific applications are imparted during both the polymerization and film-treatment stages of manufacture. The surface finish is one of the most specialized properties for these applications, because it permits better adhesion by various materials to the surface of the film. Various surface finishes can be created by the inclusion of microscopic particles of specific sizes and concentrations in the molten polymer, or by externally treating one or both of the surfaces of the film. Chemical, physical, and thermal characteristics are imparted by the use of proprietary chemicals and/or unique combinations of the extrusion, heating, stretching, annealing, cooling, and surface treatment steps. The petitioners report that this technology is generally proprietary among the various PET film manufacturers and adds materially to manufacturing costs.

Production in the United States of the various types of subject PET film (i e., for magnetic media, for electrical use, etc.) is conducted on the same types of production lines but, in some instances, the production must be interrupted to modify the amounts or types of additives or surface treatments required. Some types are sold in high volume and have production runs of weeks, other types are periodically run for only hours or days.[13] The efficiency of the production process is strongly affected by the frequency of changes in the production lines.

Property differences among types of PET film include film thickness, surface treatment, and polymerization additives The chemical base of polyethylene terephthalate is the same for all PET film and the addition of minor amounts of additive chemicals does not change the basic chemistry The production process--either batch or continuous--is essentially the same and results in film that has identical basic chemistry but not necessarily equal performance characteristics. All PET film represents gradations along a spectrum of attributes ranging from the thinnest to the thickest, the clearest to the most opaque, or the most balanced or unbalanced biaxial orientation.[14]

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[13] 3M has specific lines dedicated to magnetic media PET film (transcript of hearing, p. 115).

[14] Counsel for Toray contends that there is a significant and unique gap in gauges between ultra-thin PET film and all other PET films (prehearing brief of Toray, p. 25). ***.

The film is wound into large rolls, "master rolls," which can be either sold directly to customers or slit and rewound into smaller rolls to match the customer's equipment In general, there are fewer plant manufacturing specifications for PET film than end-use or market designations In other words, in the petitioners' U S plants, PET film is produced so that it can meet the physical specifications required by as many end users as possible In some instances, production rolls of PET film are slit, with parts of the same master roll going to different customers for different end uses.[15] Trim from the edges of master rolls, waste from slitting, and excessive inventories are shredded and recycled back into the production process. Thus, there is little material waste in the production and in-plant slitting processes. However, this makes it difficult to reconcile production data with shipment and inventory data

PET film customers manufacture semifinished or finished products from these base films Their processes can generally be characterized as coating, metallizing, forming, dying, punching, or laminating

In response to a series of questions in the questionnaires, none of the responding producers reported producing products other than PET film on the same equipment used to produce PET film; none reported the production of excluded PET film on the equipment used to produce the subject PET film;[16] *** *** Of the responding firms, only 3M reported that some of its lines are dedicated to the production of PET film for a particular end use;[17] however, *** *** provided lengthy multi-page responses to questions about the extent of any equipment modifications and related downtime involved in shifting between production of different end-use categories of PET film and about the cost of converting production lines from one type of subject PET film to another.[18] *** provided succinct responses to these questions as follows:

"***. *** ***. ***. *** "

Substitute Products

In some applications, there are few substitutes that could compete with PET film without sacrificing performance characteristics of the product (e g., strength, flatness, clarity, tear resistance, thermal stability, and chemical resistance). These applications, where few substitutes exist, are primarily graphics[19] and magnetic recordings,[20] for which quality specifications are relatively high.

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[15] Transcript of hearing, pp 16 and 103.

[16] ***.

[17] Transcript of hearing, p 115.

[18] ***.

[19] However, cellulose triacetate may serve as a substitute product for microfilm and motion picture film.

[20] Polyethylene naphthalate (PEN) film is used in some tensilized films for magnetic media, but it is more expensive than PET film

However, in other applications, for which certain PET film performance characteristics may not be needed, PET film competes with a wide variety of substitute materials These applications tend to fall in the low end of the product range, where other plastic films (e g , polyvinyl chloride, polypropylene, cellophane, polystyrene, and polyethylene films), paper, and aluminum or other metal foils may be considered as lower-priced substitutes. Applications for which a variety of substitute products may exist are primarily packaging and general-purpose industrial applications.

With regard to substitutability among the different types of subject PET film, properties and performance characteristics of the film can vary substantially, depending on the application for which a type of PET film is produced and sold On the other hand, identically the same PET film can be, and is, sold for different end uses. The briefs and testimony of the parties address these issues.

U.S. Tariff Treatment

Imports of PET film are provided for in subheading 3920 62.00 of the Harmonized Tariff Schedule of the United States (HTS).[21] The column 1-general rate of duty for PET film, applicable to imports from Japan and Korea, is 4.2 percent ad valorem. Prior to 1989, PET film was provided for in schedule 7 of the former Tariff Schedules of the United States (TSUS), primarily under TSUS item 771 43

THE NATURE AND EXTENT OF SALES AT LTFV

Effective April 22, 1991, Commerce determined (in final determinations) that imports of polyethylene terephthalate film, sheet, and strip (PET film) from Japan and the Republic of Korea are being, or are likely to be, sold in the United States at LTFV (56 F.R. 16300). Commerce's final margins are presented in the following tabulation (in percent ad valorem).

Country and firm	LTFV margin (Percent ad valorem)
Japan:	
Teijin Ltd.	3.03
Toray Industries Inc.....	14.00
All others.....	6.32
Republic of Korea:	
SKC Ltd. and SKC America .	5.38
Cheil Synthetics Inc.....	3.88
All others.	4.88

[21] The petitioners claim that only a portion of PET film imports since Jan. 1, 1989, have been properly entered under subheading 3920.62.00. Information obtained in response to the importers' questionnaire in these investigations indicates that PET film generally has been imported under subheading 3920.62.00. Questionnaire responses indicate that some PET film has been imported under subheadings 3920.63.10 and 3920.99.20.

THE U.S. MARKET

Apparent U.S. Consumption

The data collected by the Commission on apparent U.S. commercial consumption and on total apparent U S. consumption (commercial plus captive) of PET film are presented in table 2.

Total reported apparent U S. commercial consumption, by quantity, increased by *** percent from 1987 to 1988, decreased by *** percent from 1988 to 1989, and rose *** percent from 1989 to 1990 In terms of value, total reported apparent U S commercial consumption increased by *** percent from 1987 to 1988, increased by *** percent from 1988 to 1989, and decreased by *** percent from 1989 to 1990 Total reported apparent U S consumption (commercial and captive), by quantity, increased in each of the years 1988-90. By value, total apparent U.S consumption increased from 1987 to 1989 and then decreased from 1989 to 1990

U.S. Producers

The following tabulation presents information about the U.S. producers of PET film:

Company and plant locations[1]	Annual capacity (Millions of pounds)	Trademark
Bemis Company Inc (Curwood)--		Esterphane®
New London, WI		
Oshkosh, WI . . .	***[2]	
E I du Pont de Nemours & Company Inc --		
Brevard, NC	***	Cronar®
Circleville, OH . .	***	Mylar®
Florence, SC. . . .	***	Cronar®
Florence, SC.	***	Mylar®
Eastman Kodak Company--		Estar®
Rochester, NY		
Windsor, CO.	***[2]	
Hoechst Celanese Corp.--		
Greer, SC.	***	Hostaphan®
ICI Americas Inc --		
Hopewell, VA	***	Melinex®
Minnesota Mining and Manufacturing Co --		
Decatur, AL	***	
Greenville, SC . .	***	
Rhone-Poulenc Inc --		
Holcomb, NY.	***	Terphane®
Toray Plastics (America) Inc --		
North Kingstown, RI	***	
Total	***	

[1] According to SRI International (SRI), General Binding Corporation (GBC) produces blown polyester film and coextruded polyester film for captive use in Addison, IL SRI reports that the firm has about *** pounds per year of film capacity

[2] Total for both locations

Source 1991 Directory of Chemical Producers, United States of America, SRI International, 1991

Table 2
Subject PET film: U S. producers' domestic commercial and captive shipments, U S. importers' U S. shipments, apparent U S. commercial consumption, and total apparent U S. consumption, 1987-90[1]

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
U.S producers' commercial shipments	***	***	***	***
U.S. importers' shipments--				
From Japan	41,092	42,975	51,347	53,217
From Korea	10,786	20,001	20,122	26,296
From Japan and Korea, subtotal	51,878	62,976	71,469	79,513
From all other countries	13,551	19,347	14,938	18,580
Subtotal, apparent U S. commercial consumption	***	***	***	***
U S. producers' captive shipments	***	***	***	***
Total, apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
U S producers' commercial shipments	***	***	***	***
U S. importers' shipments--				
From Japan	92,616	106,529	120,468	119,825
From Korea	18,317	34,818	33,876	41,426
From Japan and Korea, subtotal	110,933	141,347	154,344	161,251
From all other countries	30,462	40,710	33,661	38,489
Subtotal, apparent U.S commercial consumption	***	***	***	***
U S. producers' captive shipments	***	***	***	***
Total, apparent U.S. consumption	***	***	***	***
	Unit value (per pound)			
U S. producers' commercial shipments	$***	$***	$***	$***
U S. importers' shipments--				
From Japan	2 25	2 47	2.34	2.25
From Korea	1.69	1.74	1.68	1.58
From Japan and Korea, subtotal	2.14	2.24	2 15	2 02
From all other countries	2 25	2 10	2.25	2 07
Average, apparent U.S. commercial consumption	***	***	***	***
U S. producers' captive shipments	***	***	***	***
Average, apparent U.S consumption	***	***	***	***

[1] All U.S. producers of the subject PET film reported domestic commercial or captive shipments. Thirty U.S. importers reported U.S. shipments of the subject PET film. These shipments are estimated to account for over 90 percent of the subject PET film imported from Japan and Korea in 1990.

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.

The petitioners (Du Pont, Hoechst, and ICI) identified themselves as the major U.S. commercial producers of PET film, together accounting for 95 percent of U S production for the merchant or commercial market [22] -The firms also produce PET film outside the United States--Du Pont in Luxembourg; Hoechst AG (Hoechst's parent company) in Germany, and ICI in the Netherlands, the United Kingdom, and Brazil ICI has recently completed construction of a PET film plant in Japan ***. In late 1990, Du Pont announced a joint venture with the Japanese producer Teijin to manufacture and sell PET film for audio and video applications Initial production will be from a line at Du Pont's Luxembourg plant. A second facility will be built in the United States with full operation planned for late 1992.[23] Hoechst AG and its U.S. subsidiary, Hoechst Celanese Corp., have entered into an agreement in principle with Japan's Mitsubishi Kasei Corp. and Mitsubishi Plastics Industries and their Diafoil Co. on a worldwide joint venture in the PET film market.[24] ***. ***.

Minnesota Mining and Manufacturing Co. (3M) is a large producer of subject PET film, principally for captive use.[25] According to SRI, the Bemis Co. (Curwood), General Binding Corp. (GBC), and Rhone-Poulenc Inc. are relatively small producers of the subject PET film. Toray Plastics (America), Inc (TPA) began production in 1991 of the subject PET film in a U.S. plant at N. Kingstown, RI. ***. TPA is an affiliate of Toray Industries, Inc. (a large Japanese producer of PET film). Eastman Kodak Co. (Kodak) does not produce the subject PET film, but is a large producer of excluded PET film (Estar®).

The Commission sent producers' questionnaires to the eight firms tabulated above. *** of these companies provided the Commission with responses to the request for information, and *** responded that it did not produce the product under investigation. All responding firms, their estimated shares of total reported U.S. production, positions regarding the petition, and locations of corporate offices are presented in table 3.

U.S. Importers

The Commission sent questionnaires to 64 firms that imported, or were believed to import, PET film. In these investigations, *** firms responded that they did not import PET film, 30 firms reported imports of subject PET film, and *** firms only reported imports of excluded PET films (metallized or coated). *** firms did not respond to the Commission's request for information. Data presented in this report are estimated to account for over 90 percent of the subject imports from Japan and Korea.

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[22] Petition, p. 6.

[23] "Du Pont and Teijin in Polyester Venture," Chemical Marketing Reporter, Vol. 238, No. 19, Nov. 5, 1990

[24] "Hoechst, Japanese Firms in Joint PET Film Venture," The Journal of Commerce, Jan 23, 1991. ***.

[25] Petition, p. 8.

Table 3
Subject PET film: U.S. producers,[1] shares of reported U.S. production in 1990, position on the petition, and location

Firm	Share of production (Percent)	Position	Location
* * *	* * *	*	*

[1] Excluding Kodak and its production of Estar®, as previously noted. Kodak's corporate headquarters is in Rochester, NY. ***. ***.

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

Channels of Distribution

U.S. producers and importers of PET film ship the largest share of their total shipments directly to end users and ship the remainder to distributors. However, the end-use markets where PET film is shipped differed somewhat depending on the country of origin Most PET film, domestic and foreign, is produced in response to orders, or anticipated orders, and is shipped directly from the producer to the end user. Some producers transfer PET film to other divisions for captive use.

U.S. producers and importers were requested to report the quantity of PET film shipments in the United States to related distributors, nonrelated distributors, related end users, and nonrelated end users. In 1990, *** percent of the reported PET film shipped by domestic producers went directly to nonrelated end users (NRU). U.S. producers transferred *** percent to related end users (REU)[26] and shipped the remaining *** percent to nonrelated distributors (NRD).[27] Importers of Japanese PET film made *** percent of their shipments to NRU, *** percent to REU, *** percent to NRD, and *** percent to related distributors (RD).[28] Importers of Korean PET film shipped

[26] U.S. producers' U.S. shipments made to related end users are reportedly company transfers of PET film used in the production of other products.

[27] By principal market segments, U.S. producers' 1990 U.S. shipments of packaging PET film were *** percent to NRU, *** percent to REU, and *** percent to NRD; industrial was *** percent to NRU, *** percent to REU, and *** percent to NRD; graphics was *** percent to NRU, *** percent to REU, and *** percent to NRD; magnetic was *** percent to NRU and *** percent to REU; and other PET film was *** to NRU, *** percent to REU, and *** percent to NRD.

[28] By principal market segments, U S. importers' U.S. shipments of Japanese packaging PET film were ***; industrial was ***; graphics was *** percent to NRU, *** percent to REU, *** percent to NRD, and *** percent to RD; magnetic was *** percent to NRU and *** percent to REU; and other PET film was *** percent to NRU and *** percent to REU.

*** percent of their PET film to NRU, *** percent to NRD, and *** percent to REU [29]

U S. importers' U.S shipments of PET film, by market segment and by country of origin, are shown in table 4 These data show that in 1990 the majority of Japanese PET film was sold for use in magnetic media applications (primarily for magnetic video base film) and that lesser amounts were sold in the graphics market and other markets During 1990, reporting importers of PET film from Korea and other countries (***) generally sold to the same end-use markets as U.S producers did.

CONSIDERATION OF ALLEGED MATERIAL INJURY

The information presented in this section of the report is based on responses to Commission questionnaires. *** producers, accounting for virtually all of U.S. producers' capacity to produce the subject PET film, provided responses to the Commission's request for data.[30] Du Pont's response concerning Cronar®, Kodak's response concerning Estar®, and ***, which are not included in the aggregate data, are presented in appendix D.

U.S. Production, Capacity, and Capacity Utilization

Capacity data collected on all PET film on the basis of weight (thousands of pounds) are somewhat inexact because of the wide variety of product mix, shifts in the product mix, and differences in weight among product types.[31] ***. Firms were unable to provide capacity data on the basis of end use because the same equipment is used to produce virtually all types of subject PET film produced by the firms. Reported U.S. average-of-period capacity increased in each year covered in the investigations owing to an increase in capacity by *** of the reporting firms (table 5). Reported capacity was less than apparent U.S consumption of the subject film during 1987-90.

Reported production increased *** percent from 1987 to 1988, decreased *** percent from 1988 to 1989, and increased *** percent from 1989 to 1990. Capacity utilization rose slightly from *** percent in 1987 to *** percent in 1988, then fell to *** percent in 1989 and *** percent in 1990.

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[29] By principal market segments, U.S. importers' U.S shipments of Korean packaging PET film were *** percent to NRU, *** percent to REU, and *** percent to NRD; industrial was *** percent to NRU, *** percent to REU, and *** percent to NRD; graphics was *** percent to NRU and *** percent to NRD; magnetic was ***, and other PET film was *** percent to NRU and *** percent to NRD

[30] ***.

[31] The "capacity" data requested in the Commission's questionnaire consisted of firms' "full production capability" to produce the reported product, based on the maximum level of production that their establishment could reasonably expect to attain under normal operating conditions.

Table 4
Subject PET film: Quantity of U S. importers' U.S. shipments, by end-use markets and by sources, 1987-90[1]

(In thousands of pounds)

Item	1987	1988	1989	1990
	From Japan			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Magnetic film for floppy disks	***	***	***	***
Other magnetic film	***	***	***	***
Subtotal	***	***	***	***
Other	***	***	***	***
Total	41,092	42,975	51,347	53,217
	From Korea[2]			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Other magnetic film	***	***	***	***
Subtotal	***	***	***	***
Other	***	***	***	***
Total	10,786	20,001	20,122	26,296
	From all other sources[2]			
Packaging	***	***	***	***
Industrial	***	***	***	***
Graphics	***	***	***	***
Magnetic media:				
Video base	***	***	***	***
Audio base	***	***	***	***
Computer base	***	***	***	***
Subtotal	***	***	***	***
Other	***	***	***	***
Total	13,551	19,347	14,938	18,580

[1] Data presented are from 30 firms, estimated to account for over 90 percent of total 1990 U.S. imports of the subject PET film from Japan and Korea.
[2] Lists only the specified product categories for which there were reported imports from this source.

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 5
Subject PET film: U.S. capacity, production, and capacity utilization, 1987-90[1]

Item	1987	1988	1989	1990
Capacity (thousand pounds).	***	***	***	***
Production (thousand pounds)....	***	***	***	***
Capacity utilization (percent)..	***	***	***	***

[1] Data presented are from *** firms, accounting for virtually all of 1990 U.S. production of the subject PET film.

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

For the most part, U.S. producers were unable to provide production data by end-use markets, because production is not necessarily for specific end uses.

U.S. Producers' U.S. Shipments (Commercial and Captive) and Export Shipments

Information on U.S. producers' U.S. shipments (commercial and captive), and export shipments, as discussed in this section of the report, is presented in table 6.

COMMERCIAL U.S. SHIPMENTS

Reported U.S. commercial shipments of the subject PET film increased by *** percent in quantity from 1987 to 1988, fell by *** percent from 1988 to 1989, and increased *** percent from 1989 to 1990. In terms of value, U.S. commercial shipments increased by *** percent from 1987 to 1988, fell by *** percent from 1988 to 1989, and fell by *** percent from 1989 to 1990. Unit values increased from 1987 to 1989 but decreased in 1990.

CAPTIVE U.S. SHIPMENTS

In terms of quantity, captive shipments increased *** percent from 1987 to 1988, increased *** percent from 1988 to 1989, and increased *** percent from 1989 to 1990. In terms of value, the trend was similar, with a ***-percent increase from 1987 to 1988, a ***-percent increase from 1988 to 1989, and a ***-percent increase from 1989 to 1990. Unit values increased from 1987 to 1989 and decreased from 1989 to 1990.

Table 6
Subject PET film: U.S producers' U.S. shipments (commercial and captive), export shipments, and total shipments, 1987-90[1]

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
U.S. shipments:				
Commercial	***	***	***	***
Captive	***	***	***	***
Subtotal	***	***	***	***
Export shipments	***	***	***	***
Total shipments	***	***	***	***
	Value (1,000 dollars)			
U.S. shipments:				
Commercial	***	***	***	***
Captive	***	***	***	***
Subtotal	***	***	***	***
Export shipments	***	***	***	***
Total shipments	***	***	***	***
	Unit value (per pound)			
U.S. shipments:				
Commercial	$***	$***	$***	$***
Captive	***	***	***	***
Average	***	***	***	***
Export shipments	***	***	***	***
Average	***	***	***	***

[1] Data presented are from *** firms, accounting for virtually all of 1990 U.S. production of the subject PET film.

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.

TOTAL U.S. SHIPMENTS

U.S. producers' total U.S. shipments increased by *** percent in quantity from 1987 to 1988, increased *** percent from 1988 to 1989, and increased *** percent from 1989 to 1990. These shipments, by value, rose by *** percent from 1987 to 1988, increased *** percent from 1988 to 1989, and dropped by *** percent from 1989 to 1990. Unit values increased from 1987 to 1989 but fell in 1990.

EXPORT SHIPMENTS

*** U S producers reported export shipments of PET film. These export shipments of PET film were reportedly destined for primarily the European, Canadian, and Mexican markets, with minor amounts exported to Japan and Korea On the basis of quantity, exports accounted for *** percent of total U.S. producers' shipments in 1987, *** percent in 1988, *** percent in 1989, and *** percent in 1990. These shipments, by quantity, fell by *** percent from 1987 to 1988, declined by *** percent from 1988 to 1989, and jumped by *** percent from 1989 to 1990. In terms of value, export shipments fell by *** percent from 1987 to 1988, dropped *** percent from 1988 to 1989, and surged upward by *** percent from 1989 to 1990 Unit values of exports increased from 1987 to 1989 and then dropped in 1990.

TOTAL SHIPMENTS

U S producers' total shipments, by quantity, increased by *** percent from 1987 to 1988, fell by *** percent from 1988 to 1989, and increased by *** percent from 1989 to 1990 In terms of value, total shipments increased by *** percent from 1987 to 1988, increased by *** percent from 1988 to 1989, and declined by *** percent from 1989 to 1990 Unit values increased from 1987 to 1989 but fell in 1990 U S. producers' U.S shipments, by firm, are presented in table 7

U.S. Producers' Inventories

For the most part, U.S producers did not provide inventory data by end-use markets; therefore, only inventories for all subject PET film are presented in table 8 End-of-period inventories of PET film rose by *** percent from 1987 to 1988, fell by *** percent from 1988 to 1989, and fell by *** percent from 1989 to 1990. The same trend was reported for inventories as a percent of U.S. shipments and of total shipments Note that production and shipment data reported earlier in this section do not reconcile with inventory data for reasons that were previously discussed in the section of this report entitled "Manufacturing Processes."

U.S. Employment, Wages, and Productivity

*** U S producers supplied data on employment--*** (table 9) ***. *** ***. *** ***. ***.

The number of production and related workers as well as the number of hours worked fell from 1987 to 1988, increased from 1988 to 1989, and fell from 1989 to 1990, however, during 1987-90, wages paid, total compensation paid, and average hourly wages paid increased annually The same workers produce all types of the subject PET film, therefore, firms were unable to provide employment data by end-use markets

In response to the Commission's questionnaire, ***. *** ***.

Table 7
Subject PET film: U.S. producers' U.S. shipments (commercial and captive), by firms, 1987-90[1]

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Commercial shipments				
* *	* *	*	*	*
Captive shipments:				
* *	* *	*	*	*
	Value (1,000 dollars)			
Commercial shipments.				
* *	* *	*	*	*
Captive shipments:				
* *	* *	*	*	*

[1] Data presented are from *** firms, accounting for virtually all U.S. production of the subject PET film. Data are the sums of firms' data reported by end use and should equal reported totals for subject PET film; however, ***.

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

Table 8
Subject PET film: U.S. producers' end-of-period inventories, inventories as a share of U.S. shipments, and inventories as a share of total shipments, as of Dec. 31, 1987-90[1]

	Dec. 31 of--			
Item	1987	1988	1989	1990
Inventories (1,000 pounds)....	***	***	***	***
Inventories as a share of U.S. shipments (percent). ..	***	***	***	***
Inventories as a share of total shipments (percent) ..	***	***	***	***

[1] Data presented are from *** firms, accounting for virtually all of 1990 U.S. production of the subject PET film.

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

Table 9
Subject PET film: Average number of production and related workers, hours worked, wages paid, hourly wages, total compensation paid, productivity, and unit labor costs, 1987-90[1]

Item	1987	1988	1989	1990
Number of production and related workers....	***	***	***	***
Hours worked by production and related workers (1,000 hours).....	***	***	***	***
Wages paid to production and related workers (1,000 dollars).....	***	***	***	***
Average hourly wages paid to production and related workers.....	$***	$***	$***	$***
Total compensation paid to production and related workers (1,000 dollars).....	***	***	***	***
Productivity (pounds/hour). ..	***	***	***	***
Unit labor costs (per pound)...	$***	$***	$***	$***

[1] Data presented are from *** firms, accounting for *** percent of 1990 U.S. production of the subject PET film.

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

Financial Experience of U.S. Producers

*** producers (***), accounting for approximately *** percent of 1990 U.S. production of subject PET film, furnished usable financial data. Additional financial data were provided by Du Pont and Kodak for their excluded Cronar® and Estar® films, respectively.[32] Generally, separate financial data were not provided at the establishment level since these producers either produce PET film exclusively within their plants or they maintain separate divisional financial data for other establishment products.[33]

*** ***. In order to present the financial condition of the industry, the per-unit transfer values would normally be adjusted to a fair market value, rather than cost. ***, a reasonable fair market value is difficult to determine for a number of reasons, including--

1. *** on which a market value could be based.
2. ***.
3. ***; therefore, an average value for PET film is not appropriate.
4. ***

For the reasons indicated above, ***

The staff conducted a verification of Du Pont's data. There were revisions in the following areas: *** [34] *** ***. ***.

The income-and-loss experience of the U.S. producers on their operations producing subject PET film is presented in table 10. Net sales increased by *** percent from *** in 1987 to *** in 1988. In 1989 sales were ***, a decline of *** percent from 1988 sales. Net sales in 1990 were ***, a decline of *** percent from 1989 sales. Operating income was *** in 1987, *** in 1988, *** in 1989, and *** in 1990. Operating income margins, as a ratio to net sales, were *** percent in 1987, *** percent in 1988, *** percent in 1989, and *** percent in 1990. *** of the companies incurred operating losses in 1987, *** incurred operating losses in 1988 and 1990, and *** did so in 1989.

The volume of export sales was approximately *** percent of total industry shipments during the period of investigation. Although the unit values of export sales declined sharply between 1987 and 1990, these values were higher than the unit values of the U.S. commercial shipments. Profit margins were higher on exports (no additional costs were directly attributable to exports), but the overall effect on industry profitability was not

---

[32] Financial data on these products are presented in app. D.

[33] Only *** reported establishment data that were different than its data on subject PET film. Its establishment data included ***.

[34] ***.

Table 10
Income-and-loss experience of U.S. producers[1] on their operations producing subject PET film, fiscal years 1987-90[2]

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales	***	***	***	***
Cost of goods sold	***	***	***	***
Gross profit	***	***	***	***
Selling, general, and administrative expenses	***	***	***	***
Operating income or (loss)	***	***	***	***
Startup or shutdown expense	***	***	***	***
Interest expense	***	***	***	***
Other income or (expense), net	***	***	***	***
Net income or (loss) before income taxes	***	***	***	***
Depreciation and amortization	***	***	***	***
Cash flow[3]	***	***	***	***
	Ratio to net sales (percent)			
Cost of goods sold	***	***	***	***
Gross profit	***	***	***	***
Selling, general, and administrative expenses	***	***	***	***
Operating income or (loss)	***	***	***	***
Net income or (loss) before income taxes	***	***	***	***
	Number of firms reporting			
Operating losses	***	***	***	***
Net losses	***	***	***	***
Data	***	***	***	***

[1] The producers that provided data are ***
[2] All fiscal years ended December 31, except for ***.
[3] Cash flow is defined as net income or loss plus depreciation and amortization
[4] ***

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

significant due to low volume. These data are shown in the tabulation below (as a ratio to net sales, in percent):

Item	1987	1988	1989	1990
Operating income or (loss):				
Export shipments.....	***	***	***	***
Domestic shipments.....	***	***	***	***
All shipments.....	***	***	***	***

Selected income-and-loss data of the U.S. producers on their operations producing subject PET film, by producer, are presented in table 11 The income-and-loss experience on a dollars-per-pound basis, by producer, is shown in table 12. Combined financial data for the subject PET film and excluded PET film are presented in appendix D.

Average aggregate unit sales values increased in 1988, remained the same in 1989, and declined in 1990. Increased costs during 1989, combined with a stable unit sales value, caused a sharp decline in profitability in that year The unit costs of the raw materials[35] rose from 1987 to 1989 and declined in 1990.[36]

Average unit costs were ***-percent higher in 1990 than in 1987, whereas the unit net sales price declined *** percent. Raw material unit costs were up *** percent, direct labor unit costs were up *** percent, and factory overhead unit costs were up *** percent between 1987 and 1990.

***. ***. ***. ***. ***.[37]

The Commission also requested the producers to furnish separate income-and-loss data for several types of PET film: packaging, industrial, graphics, magnetic, and other subject PET film. Generally, the types of records maintained by the producers did not provide reliable data for these specific types of PET film and segment definitions were not consistent among producers.[38]

*** furnished data for all categories except packaging (which it could ***) and the company did not furnish cost data for any type of PET film in 1990 because it *** during that year. *** indicated that its data "represents approximate data (not audited) and produced strictly for internal comparison of profitability of various market segments, since many products are sold into multiple end uses and markets. There is a lot of crossover between the *** areas and thus the figures are indicative only." *** was unable to supply data on any specific PET product. *** provided estimated data. The data provided by these companies are shown in appendix E.

---

[35] Based on questionnaire responses The petitioners use various combinations of 3 basic chemicals in their production processes ***. ***. ***.

[36] ***. In addition, the production processes for the producers includes byproduct recovery costs which reduce the overall raw material input costs

[37] Telephone conversations with ***.

[38] ***. ***. ***.

Table 11
Income-and-loss experience of U S. producers on their operations producing subject PET film, by firms, fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales:				
* *	* *	* *	* *	* *
Operating income or (loss):				
* *	* *	* *	* *	* *
Net income or (loss) before income taxes				
* *	* *	* *	* *	* *
	Ratio to net sales (percent)			
Operating income or (loss):				
* *	* *	* *	* *	* *
Net income or (loss) before income taxes:				
* *	* *	* *	* *	* *

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

RESEARCH AND DEVELOPMENT

Research and development expenses for subject PET film amounted to *** in 1987, *** in 1988, *** in 1989, and *** in 1990 [39]

INVESTMENT ?RODUCTIVE FACILITIES

U.S ducers' investment in property, plant, and equipment and return on investmen are shown in table 13.

CAPITAL EXPENDITURES

Capital expenditures by U.S. producers are shown in table 14.

[39] The producers whose data are included in these figures are *** ***. ***.

Table 12
Income-and-loss experience (on a per-pound basis) of U.S producers on their operations producing subject PET film, by firms, fiscal years 1987-90

(Per pound)

Item	1987	1988	1989	1990
Net sales	*	*	*	*
Cost of goods sold.[1]				
Raw materials:	*	*	*	*
Direct labor	*	*	*	*
Factory overhead	*	*	*	*
Total cost of goods sold	*	*	*	*
Gross profit or (loss):	*	*	*	*
Selling, general and administrative expenses:	*	*	*	*
Operating income or (loss).	*	*	*	*

[1] ***.

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

CAPITAL AND INVESTMENT

The Commission requested U.S producers to describe any actual or potential negative effects of imports of PET film from Japan and Korea on their firm's growth, investment, ability to raise capital, or existing development and production efforts (including efforts to develop a derivative or improved version of PET film). The producers' responses are presented in appendix F.

Table 13
Subject PET film: Value of assets and return on assets of U.S. producers,[1] fiscal years 1987-90

Item	1987[2]	1988	1989	1990
	Value (1,000 dollars)			
Fixed assets:				
Original cost.....	***	***	***	***
Book value[3].....	***	***	***	***
Total assets[4].....	***	***	***	***
	Return on book value of fixed assets (percent)			
Operating return[5].....	***	***	***	***
Net return[6]...	***	***	***	***
	Return on total assets (percent)			
Operating return[5].....	***	***	***	***
Net return[6].....	***	***	***	***

[1] The producers that reported data are ***.
[2] Excludes ***.
[3] *** reported its book value as *** in 1987, *** in 1988, *** in 1989, and *** in 1990.
[4] Defined as book value of fixed assets plus current and noncurrent assets.
[5] Defined as operating income or loss divided by asset value.
[6] Defined as net income or loss divided by asset value.

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

Table 14
Subject PET film: Capital expenditures by U.S. producers,[1] [2] fiscal years 1987-90

(In thousands of dollars)

Item	1987	1988	1989	1990
Land and land improvements...	***	***	***	***
Building and leasehold improvements.....	***	***	***	***
Machinery, equipment, and fixtures.....	***	***	***	***
Total.....	***	***	***	***

[1] The producers that reported data are ***
[2] ***.

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

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 any merchandise, the Commission shall consider, among other relevant factors[40]--
>
> (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,

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[40] Sec. 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."

(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 736, 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) 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.[41]

Available 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 entitled "Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury." 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." Item (I), regarding subsidies, and item (IX), regarding agricultural products, are not relevant in these investigations. Presented below is 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.

U.S. Inventories of PET Film from Japan and Korea

End-of-period inventories held by importers are presented in table 15. These inventories for Japan and Korea increased, on the basis of quantity, from 1987 to 1988, decreased from 1988 to 1989, and decreased slightly from 1989 to 1990. The ratio of U.S. importers' end-of-period inventories to U.S.

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[41] Sec. 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 under investigation) suggests a threat of material injury to the domestic industry "

Table 15
Subject PET film: End-of-period inventories of imported products, importers' U.S. shipments, and ratios of inventories to U.S. importers' shipments, by sources, as of Dec. 31, 1987-90

Item	December 31-- 1987	1988	1989	1990
	Inventories (1,000 pounds)			
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	5,154	8,323	8,030	7,988
All other sources	2,926	3,668	2,831	3,736
Total	8,080	11,991	10,861	11,724
	Importers' U.S. shipments (1,000 pounds)			
Japan	41,092	42,975	51,347	53,217
Korea	10,786	20,001	20,122	26,296
Subtotal	51,878	62,976	71,469	79,513
All other sources	13,551	19,347	14,938	18,580
Total	65,429	82,323	86,407	98,093
	Ratio to U.S. importers' U.S. shipments (percent)			
Japan	***	***	***	***
Korea	***	***	***	***
Average	9.9	13.2	11.2	10.0
All other sources	21.6	18.9	19.0	20.1
Average	12.3	14.6	12.6	12.0

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.

importers' U.S. shipments for Japan and Korea increased from 1987 to 1988, and then decreased from 1988 to 1989, and from 1989 to 1990. As a ratio to their reported U.S. shipments, total end-of-period inventories of imports from Japan and Korea were similar to U.S. producers' end-of-period inventories. Note that import and shipment data may not reconcile with inventory data because of damage in transit, slitting losses, deficiencies in record keeping, or reduction of inventories to scrap for resale.

U.S. Importers' Current Orders for PET Film

In the Commission's questionnaire, importers were asked whether they had imported or arranged for the importation of PET film from Japan or Korea for delivery after December 31, 1990. Nine importers answered "No." Information

received from the 19 importers that answered "Yes" is presented in the following tabulation:[42]

Importer	Country of origin[1]	Quantity (1,000 pounds)	Dates of delivery
* * *	*	* *	*

[1] Although not all importers specified the country of origin, it is assumed that each importer imported from the same country from which it imported prior to Dec. 31, 1990.
[2] *** has imported from ***.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets other than the United States

JAPAN

The following tabulation presents information about the Japanese producers of PET film:

Company and plant locations	Annual capacity (Millions of pounds)
* * *	* * *

Source: Chemical Economics Handbook, SRI International, 1988.

*** Japanese producers provided data on their foreign operations producing the subject products [43] These firms are believed to have represented most (over *** percent) of Japan's annual capacity to produce the subject PET film during 1987-90. Data received by the Commission on these firms are presented in table 16.

There was an increase in capacity in each year of the period under investigation. These increases were reportedly due to the introduction of several new production lines and to the "de-bottlenecking" of existing lines. *** Japanese producers reported practical capacity to produce the subject product on the basis of *** hours per week. ***. ***. ***. ***. ***. ***. ***

Levels of production likewise increased throughout the period of investigation, by 2.2 percent from 1987 to 1988, by 6 0 percent from 1988 to 1989, and by 5.7 percent from 1989 to 1990. Capacity utilization declined from 93.7 percent in 1987 to 90.8 percent in 1988, climbed to 91.4 percent in

[42] In addition, *** responded "Yes" but did not provide information on amounts or delivery dates, and *** simply responded "Yes--Continuously as needed." *** responded that ***. ***.
[43] The firms are ***.

Table 16
Subject PET film Japanese capacity, production, inventories, capacity utilization, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Capacity	403,929	425,951	447,919	477,666	493,837	503,442
Production	378,373	386,576	409,590	432,729	450,191	482,070
End-of-period inventories	38,564	47,271	57,457	56,185	56,060	56,631
Shipments:						
Home market	265,827	269,941	279,984	308,755	336,950	367,112
Exports to--						
The United States	43,882	48,109	52,737	47,677	28,059	27,692
All other markets	62,466	59,406	59,396	69,037	75,220	75,930
Total exports	106,348	107,515	112,133	116,714	103,279	103,622
Total shipments	372,175	377,456	392,117	425,469	440,229	470,734
	Ratios and shares (percent)					
Capacity utilization	93.7	90.8	91 4	90.6	91.2	95.8
Inventories to production	10.2	12.2	14.0	13.0	12.5	11.7
Share of total quantity of shipments:						
Home market	71 4	71 5	71.4	72.6	76.5	78.0
Exports to--						
The United States	11.8	12.7	13.4	11.2	6.4	5.9
All other markets	16.8	15.7	15.1	16.2	17.1	16.1

Note.--Inventories do not reconcile with production and shipments because of rounding errors, the disposal of small amounts of PET film, PET film distributed as sample film, or the recycling of film back into the production process.

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

1989, then slipped back to 90.6 percent in 1990. End-of-period inventories, as well as the ratio of end-of-period inventories to production, rose during 1987-89 before declining in 1990. Shipments to the United States increased during 1987-89, but declined in 1990. Home-market shipments increased during 1987-90, but were almost constant as a share of total shipments.

KOREA

All four firms[44] named in the petition provided the Commission with data in response to its request The data presented in table 17 are believed to represent all subject PET film production in Korea. ***. ***. ***. The Korean capacity to produce the subject product increased rapidly from 1987 to 1990. In addition, production of the subject product also increased in each period of the investigation. Capacity utilization, however, weakened from *** percent in 1987 to 89.8 percent in 1988, increased to 95.6 percent in 1989, and then fell to 90.8 percent in 1990.

End-of-period inventories increased, but the ratio of end-of-period inventories to production fluctuated during 1987-90. Exports to the United States increased during 1987-90, but declined as a percentage of total shipments. Home-market shipments increased rapidly during 1987-90, and also increased as a percentage of total shipments.

The Commission also collected end-use data from Japanese and Korean producers. Such data are presented in appendix G for the principal end-use categories--(1) packaging PET film, (2) industrial PET film, (3) graphics PET film, and (4) magnetic PET. Also, a table is presented in appendix G for "other" subject PET film.

The data of tables 16 and 17 are combined into an aggregate trade table for Japan and Korea in table 18.

EUROPEAN COMMUNITIES' ANTIDUMPING INVESTIGATION CONCERNING IMPORTS FROM KOREA

In September 1987 the Commission of the European Communities (EC Commission) received a complaint lodged by the European Plastic Films, Membrane, and Covering Manufacturers Association (AEC) on behalf of producers representing the total EC production of PET film[45] against imports of PET film originating in Korea.[46] On October 17, 1989, the EC Commission concluded that for the period under investigation, imports of all types of PET film from Korea did not cause injury to the complainant companies and that no material injury in the thin-film sector existed.[47] Subsequent to the notification of the EC Commission findings, the complainant withdrew the complaint because of "changes in the market conditions between the period under investigation--the year 1987--and 1989."

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[44] The four firms are SKC Ltd., Cheil Synthetics, Inc , Kolon Industries, Inc , and STC Corp.

[45] The EC producers were identified as Du Pont de Nemours, Luxembourg; Hoechst AG, West Germany; ICI, United Kingdom; and Rhone-Poulenc, France.

[46] Korean producers identified as exporters of the subject product to the EC are Kolon Industries Inc. and SKC Ltd.

[47] The investigation of dumping covered the year 1987; the trends in the relevant economic factors to determine whether the EC industry was suffering material injury were examined for 1984 to 1987

Table 17
Subject PET film: Korean capacity, production, inventories, capacity utilization, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Capacity	***	170,550	203,700	234,663	256,464	257,016
Production	***	153,135	194,830	213,147	239,197	248,740
End-of-period inventories	***	13,116	23,092	25,039	22,110	18,294
Shipments:						
Home market	***	80,744	108,298	127,555	149,841	155,742
Exports to--						
The United States	***	25,104	26,815	25,474	26,052	26,651
All other markets	***	43,189	49,741	58,171	66,233	70,163
Total exports	***	68,293	76,556	83,645	92,285	96,814
Total shipments	***	149,037	184,854	211,200	242,126	252,556
	Ratios and shares (percent)					
Capacity utilization	***	89 8	95.6	90.8	93.3	96.8
Inventories to production	***	8.6	11 9	11.7	9.2	7.4
Share of total quantity of shipments:						
Home market	***	54.2	58.6	60.4	61.9	61 7
Exports to--						
The United States	***	16.8	14.5	12.1	10.8	10.6
All other markets	***	29 0	26.9	27.5	27.4	27.8

Note.--Inventories may not reconcile with production and shipments.

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

In February 1990, the AEC lodged a complaint alleging that imports of thin PET film originating in Korea are being dumped and are thereby causing injury to the EC thin PET film industry. The product allegedly being dumped is thin PET film, of a thickness below 25 microns,[48] which is used as a base film principally for applications such as capacitors, magnetic tapes, stamping foil, metallization, and packaging. According to EC sources, a determination has not been made, but will likely be made during *** 1991.

[48] Approximately 92 gauge.

Table 18
Subject PET film Aggregate Japanese and Korean capacity, production, inventories, capacity utilization, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Capacity	***	596,501	651,619	712,329	750,301	760,458
Production	***	539,711	604,420	645,876	689,388	730,810
End-of-period inventories	***	60,387	80,549	81,224	78,170	74,925
Shipments:						
Home market	***	350,685	388,282	436,310	486,791	522,854
Exports to--						
The United States	***	73,213	79,552	73,151	54,111	54,343
All other markets	***	102,595	109,137	127,208	141,453	146,093
Total exports	***	175,808	188,689	200,359	195,564	200,436
Total shipments	***	526,493	576,971	636,669	682,355	723,290
	Ratios and shares (percent)					
Capacity utilization	***	90.5	92.8	90.7	91.9	96.1
Inventories to production	***	11.2	13.3	12.6	11.3	10.3
Share of total quantity of shipments:						
Home market	***	66.6	67.3	68 5	71.3	72.3
Exports to--						
The United States	***	13.9	13.8	11.5	7.9	7.5
All other markets	***	19.5	18.9	20.0	20.7	20.2

Note.--Inventory data do not reconcile with production and shipments.

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

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

The Commission sent questionnaires to 64 firms were believed to import PET film. *** firms responded that they did not import the product under investigation, 30 firms reported imports of the subject PET film, and *** firms reported only imports of excluded PET films (metallized or with coatings >10 μ-inch). *** firms did not respond to the Commission's request for information. Data presented in this report are estimated to account for over 90 percent of the subject imports from Japan and Korea.

U.S. imports of PET film from Japan, in terms of quantity, increased by 2.8 percent from 1987 to 1988, increased by 14.1 percent from 1988 to 1989, and increased by 1.2 percent from 1989 to 1990 (table 19). In terms of value, PET film imports from Japan increased by 20.7 percent from 1987 to 1988, increased by

8.5 percent from 1988 to 1989, and decreased by 3 5 percent from 1989 to 1990. Average unit values increased from 1987 to 1988 and declined from 1988 to 1989 and from 1989 to 1990.

Imports of Korean PET film, in terms of quantity, increased by 89.8 percent from 1987 to 1988, decreased by 5.6 percent from 1988 to 1989, and increased by 37.1 percent from 1989 to 1990 In terms of value, PET film imports from Korea increased by 93.6 percent from 1987 to 1988, by 6.5 percent from 1988 to 1989, and by 24.1 percent from 1989 to 1990 Average unit values increased from 1987 to 1989 but fell in 1990

Reported U.S. imports of PET film from all other countries increased by 35.8 percent, on the basis of quantity, from 1987 to 1988, dropped by 27.2 percent from 1988 to 1989, and increased by 44.2 percent from 1989 to 1990. On the basis of value, imports from nonsubject countries increased by 32.7 percent from 1987 to 1988, decreased by 20.3 percent from 1988 to 1989, and expanded by 30.1 percent from 1989 to 1990. Unit values of imports from these countries decreased from 1987 to 1988, increased from 1988 to 1989, and decreased from 1989 to 1990.

U.S. Producers' Imports

*** U.S. producers of PET film reported imports of such film during the period covered by the investigations. The producers' imports are presented, by firms, in table 20.

***. ***. ***. *** reported no imports from Japan or Korea during the period of investigation. Imports for these firms are reported as primarily shipments from affiliated firms in *** ***.

U.S. Market Penetration by the Subject Imports

Market penetration as presented in this section is calculated using data submitted in response to the Commission's questionnaires (table 21).

On the basis of quantity, apparent U.S. consumption increased *** percent from 1987 to 1988, increased *** percent from 1988 to 1989, and increased *** percent from 1989 to 1990 Apparent U.S. consumption, by source, is illustrated in figure 4.

In terms of volume and value, U.S. commercial market penetration, as well as total (commercial plus captive) market penetration by subject imports from Japan and Korea combined increased in every period covered by the investigations. Appendix H contains market penetration tables (similar in format to table 21) by principal end-use segments--(1) packaging, (2) industrial, (3) graphics, (4) magnetic media, and (5) a table for "other" PET film that was not reported in an identifiable market.

Figure 4
Apparent U.S. consumption, by source

* * * * * * *

Table 19
Subject PET film: U.S. imports, by sources, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Japan	43,383	44,587	50,891	51,508
Korea	11,767	22,338	21,086	28,899
Subtotal	55,150	66,925	71,977	80,407
Other sources	15,351	20,847	15,184	21,898
Total	70,501	87,772	87,161	102,305
	Value (1,000 dollars)[1]			
Japan	89,087	107,508	116,697	112,609
Korea	14,933	28,910	30,786	38,220
Subtotal	104,020	136,418	147,483	150,829
Other sources	28,251	37,494	29,885	38,871
Total	132,271	173,912	177,368	189,700
	Unit value (per pound)			
Japan	$2.05	$2.41	$2.29	$2.19
Korea	1.27	1.29	1.46	1.32
Average	1.89	2.04	2.05	1.88
Other sources	1.84	1.80	1.97	1.78
Average	1.88	1.98	2.03	1.85

[1] Landed, duty-paid value.

Note.--Unit values are calculated using data of firms providing both quantity and value information.

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

Table 20
Subject PET film: U.S. producers' U.S. imports, by firms and by sources, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
* * *	*	*	*	*
	Value (1,000 dollars)			
* * *	*	*	*	*

Note.--"Other sources" denotes sources other than Japan or Korea.

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

Table 21
Subject PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, total apparent U.S. consumption, and market penetration shares, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	41,092	42,975	51,347	53,217
Korea	10,786	20,001	20,122	26,296
Subtotal	51,878	62,976	71,469	79,513
Other sources	13,551	19,347	14,938	18,580
Total	65,429	82,323	86,407	98,093
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	92,616	106,529	120,468	119,825
Korea	18,317	34,818	33,876	41,426
Subtotal	110,933	141,347	154,344	161,251
Other sources	30,462	40,710	33,661	38,489
Total	141,395	182,057	188,005	199,740
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the quantity of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***

Table continued on next page.

Table 21--Continued
Subject PET film. Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S commercial consumption, total apparent U.S. consumption, and market penetration shares, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***

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

Market Characteristics

The demand for PET film depends upon the demand for a large number of end-use and intermediate-use applications, including graphics, packaging, flexible magnetic media (video, audio, computer tape, etc.), metallizing, electrical, and other industrial uses.[49]

In general, U.S. producers and importers reported recent growth in the overall demand for PET film, although growth has varied depending on the end-use market. U.S. producers reported growing demand in packaging applications because of increasing use in microwave and other prepared food products. Demand for PET film used in magnetic recording applications has also been growing during the period of investigation, although increasing demand for PET film used in floppy disks and video tape is partially offset by flat or declining demand for computer-tape PET-based film. Applications in metallizing, electrical, and other industrial uses were also reported to be either stable or growing. The demand for PET film used in graphics applications is believed to be relatively flat overall While the demand for layout, reprographic, and masking base film is increasing and the demand for X-ray and other photographic films is constant, the mature market for microfilm base is declining.

PET film competes with a number of substitute materials at the low-price end of the PET product range, but it faces few or no substitute products in higher-end applications. In packaging applications, reported substitutes include paper, cellophane, nylon, polypropylene, foil laminates, and some polyolefins. There are also substitutes in general purpose/industrial applications. PET film reportedly competes with polypropylene in cable wrap; with wet inks using solvents in hot-stamping applications; with polyamide film, varnished glass cloth, and resin-impregnated paper in flexible printed circuits; with polypropylene in pressure-sensitive tapes, and with polyvinyl chloride and polypropylene in various office supplies (e.g., page protectors, overlays, and index tabs). Metallized PET film reportedly competes with nylon, polycarbonate, biaxially oriented polypropylene, olefin extrusions, and polyethylene.[50]

However, in most of the higher-end applications such as graphics and magnetic recordings, accounting for approximately *** percent of total 1990 U.S. consumption of PET film, there were no effective substitutes reported. This is especially true of the PET film used in magnetic-recording applications and in ultra-thin applications such as thermal transfer ribbons and capacitor insulation. There are reportedly no effective substitutes for PET film used in any graphics applications other than microfilm, in which cellulose triacetate is an alternative material. In photographic applications, most or all X-ray and instant films are reportedly PET-based, while motion picture film can be made from cellulose triacetate.[51]

U.S. producers and importers reported, in general, that the different types of PET film are not substitutable for each other. *** of the responding domestic producers stated that the 12 products for which the Commission

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[49] Petition, p. 13.
[50] *** final questionnaire response, p. 79-a.
[51] *** final questionnaire response, p. 79-a.

obtained pricing data were not substitutable. *** reported that some low-tech applications can utilize a range of product types. Eight of the 19 importers responding to this question reported that the products for which the Commission obtained pricing data are not interchangeable. Ten importers stated that two of the products are interchangeable in non-critical applications, and the remaining importer reported that certain PET films can substitute for other PET film products.

Most U.S.-produced and imported PET film is sold directly to end users. A smaller percentage is sold to distributors, or shipped initially to producer-owned warehouses Most U.S. producers and importers sell in all areas of the United States. Overland shipments are usually arranged by the seller and made by truck. Shipping charges typically account for less than 5 percent of the delivered price of PET film

The standard minimum-quantity requirements for U.S.-produced PET film are significantly lower than minimum-quantity requirements for imports. U.S. minimum-quantity requirements range from 500 to 1,000 pounds, while standard minimum import quantities are much greater, ranging from 10,000 to 40,000 pounds (mainly to allow efficient ocean transit by container). U.S. producers and importers generally charge a 5- to 10-cent-per-pound premium for sub-minimum quantity orders. Average lead times for warehouse sales of U.S.-produced and imported PET film were between 1 and 3 days Lead times for domestic made-to-order PET film ranged from 10 to 45 days, whereas imported made-to-order sales required longer lead times of between 45 and 120 days.

The majority of U.S.-produced and imported PET film is sold on a contract basis, although smaller volumes of surplus and second-grade film are sold on a spot basis. Most of the contracts have meet-or-release clauses which allow price changes to occur because of market conditions. Prices are generally quoted on a delivered basis and are usually the result of negotiations for multiple sales over a period of time. In some cases, firms offer quantity discounts, freight and trim allowances,[52] and discounts for multi-year contracts. Since prices are usually negotiated, price lists generally serve only as a starting point for negotiations Typical sales terms are net 30 to 60 days

Questionnaire Price Data

The Commission requested U.S producers and importers to provide quarterly price data between January 1987 and December 1990 for 12 representative PET film products. The selected products are used in a variety of PET film applications Product 1 is used in graphics applications as a microfiche base, product 2 in packaging, products 3, 4, 9, 10 and 11 in magnetic recordings, product 5 in metallized tape, and products 6, 7, 8, and 12 in electrical and general industrial applications For each product listed below, price data for the largest sale and total sales were requested for each quarter:

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[52] Occasionally, when a customer requires immediate shipment from a firm's warehouse stock and the required width is not available, trim allowances are given to adjust to the customer's required width

Product 1: 375-425 gauge microfiche base (graphics)

Product 2: 48-gauge plain packaging (packaging)

Product 3: 57-gauge video base (magnetic)

Product 4: 92-gauge computer base (magnetic)

Product 5: 92-200-gauge metallizing - extra clear (packaging)

Product 6: 700-759-gauge motor insulation (industrial)

Product 7: 48-gauge roll leaf - plain (industrial)

Product 8: 20-gauge capacitor (industrial)

Product 9: 40-gauge tensilized video base (magnetic)

Product 10: 300-gauge floppy disk base (magnetic)

Product 11: 48-gauge audio base (magnetic)

Product 12: 400-500-gauge white pigmented (graphics or industrial)

*** U.S. producers and 23 importers provided price data, although not for all periods or for each product requested.[53] The responding U.S. producers' total sales of the 12 products for which prices were reported accounted for about 20 percent, by quantity, of total reported domestic commercial shipments of PET film in 1990. The responding importers' total sales for the 12 products for which prices were reported accounted for 50 percent of total reported U.S. imports of PET film from Japan and Korea in 1990.

PRICE TRENDS

In general, price movements for U.S.-, Japanese-, and Korean-produced PET film products were mixed during the period January 1987-December 1990.

Quarterly weighted-average net delivered selling prices for U.S. producers' shipments of three PET film products generally increased during 1987-90; product 1, a graphics product used as a microfiche base, and product 5, a packaging product, both increased slightly, and product 10, a magnetic product used as a floppy disk base, increased by approximately *** percent (tables 22-24). Prices for product 6, an industrial product used as motor insulation, after falling in April-June 1987, rose back to the original level by January-March 1988 and remained essentially flat thereafter. Prices for product 7, an industrial product, fluctuated considerably around *** per pound. Prices for products 3 and 4, magnetic products used as a video base

[53] Nine importers also reported limited purchaser price data for nine PET film products. These data are presented below under "Purchasers Responses".

Table 22
Weighted-average net delivered prices of PET film products 1-4 reported by U S producers and importers of Japanese and Korean PET film, by products and by quarters, January 1987-December 1990

(Per pound)

Period	Product 1			Product 2			Product 3			Product 4	
	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Korea
1987:											
		*	*	*	*		*	*	*		
1988:											
		*	*	*	*		*	*	*		
1989:											
		*	*	*	*		*	*	*		
1990:											
		*	*	*	*		*	*	*		

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

Table 23
Weighted-average net delivered prices of PET film products 5-8 reported by U S producers and importers of Japanese and Korean PET film, by products and by quarters, January 1987-December 1990

(Per pound)

Period	Product 5			Product 6			Product 7			Product 8		
	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan	Korea
1987:												
		*	*	*	*		*	*	*			
1988:												
		*	*	*	*		*	*	*			
1989:												
		*	*	*	*		*	*	*			
1990:												
		*	*	*	*		*	*	*			

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

Table 24
Weighted-average net delivered prices of PET film products 9-12 reported by U S producers and importers of Japanese and Korean PET film, by products and by quarters, January 1987-December 1990

(Per pound)

Period	Product 9			Product 10			Product 11			Product 12	
	U.S.	Japan		U.S.	Japan		U.S.	Japan	Korea	U.S.	Japan
1987:											
		*	*	*	*		*	*	*		
1988:											
		*	*	*	*		*	*	*		
1989:											
		*	*	*	*		*	*	*		
1990:											
		*	*	*	*		*	*	*		

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

and computer tape base respectively, fell during the investigation period. Although prices for products 2, a packaging product, 8, an industrial product, and 12, used both in graphics and industrial applications, showed no consistent trend during the period of investigation, prices for both products 2 and 12 were higher in October-December 1990 than in January-March 1987, while prices for product 8 were lower at the end of the investigation period. Not enough prices were available to determine trends for products 9 and 11, both magnetic products. Figures 5-7 show the range and weighted-average prices reported for all 12 U S PET film products

Figure 5
Range and weighted-average delivered prices of U.S. PET film products 1-4, by quarters, January 1987-December 1990

* * * * * * *

Figure 6
Range and weighted-average delivered prices of U.S. PET film products 5-8, by quarters, January 1987-December 1990

* * * * * * *

Figure 7
Range and weighted-average delivered prices of U.S. PET film products 9-12, by quarters, January 1987-December 1990

* * * * * * *

Prices for U.S. importers' shipments of Japanese PET film products 1, 9, and 10 increased during the investigation period; prices for product 3 fell; prices for product 7 generally went up through April-June 1988 before declining through October-December 1990; and prices for products 2, 5, 6, and 8 fluctuated. Data were not sufficient to present a complete price series for Japanese products 11 and 12. No usable prices were reported for Japanese product 4.

After increasing through April-June 1990, prices for U.S. importers' shipments of Korean PET film product 11 fell to the original price of *** per pound by October-December 1990. Prices for product 6 increased through July-September 1988 and then were flat through October-December 1990. Prices for products 2, 3, 5, and 7 fell during the investigation period. Prices for product 1 were flat. The Commission did not receive sufficient data to present a price series for Korean products 4, 8, 9, 10, and 12.

PRICE COMPARISONS

Comparisons of prices for similar U.S.-, Japanese-, and Korean-produced PET film products are presented in table 25. In the majority of cases where comparisons were possible, U.S. prices were lower than Japanese prices. U.S. products were priced lower than Japanese products during 88 of the 148 quarters for which comparisons were available. Prices for Japanese products 6

Table 25
PET film: Average margins of underselling (overselling) by the subject imports from Japan and Korea, by products and by quarters, January 1987-December 1990

(In percent)

Period	Product 1		Product 2		Product 3		Product 4	Product 5		Product 6	
	Japan	Korea	Japan	Korea	Japan	Korea	Korea	Japan	Korea	Japan	Korea
1987:											
		*	*	*	*	*	*	*			
1988:											
		*	*	*	*	*	*	*			
1989:											
		*	*	*	*	*	*	*			
1990:											
		*	*	*	*	*	*	*			

Table 25--continued
PET film: Average margins of underselling (overselling) by the subject imports from Japan and Korea, by products and by quarters, January 1987-December 1990

(In percent)

Period	Product 7		Product 8		Product 9	Product 10		Product 11		Product 12
	Japan	Korea	Japan	Korea	Japan	Japan		Japan	Korea	Japan
1987:										
		*	*	*	*	*	*	*		
1988:										
		*	*	*	*	*	*	*		
1989:										
		*	*	*	*	*	*	*		
1990:										
		*	*	*	*	*	*	*		

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

and 11 were lower than the U.S prices for these products during *** quarters for which comparisons were available, whereas prices for Japanese products 1, 3, 5, 7, 8, 9, 10, and 12 were higher than U.S. prices for these products during 80 of the 104 quarters where comparisons were available. Prices for Japanese product 2 were lower during 8 quarters and higher during 8 quarters than U S. prices in the 16 quarters where comparisons could be made. Margins of underselling for all categories ranged from less than 0.1 to 24.5 percent, and margins of overselling ranged from 0.1 to 131.8 percent.

Comparisons of prices for U.S - and Korean-produced PET film were available for products 1-8 and 11. In most cases, Korean products were priced lower than U.S. products. Korean prices were lower than U S. prices during 81 of the 94 quarters for which comparisons were possible. Prices for Korean products 2, 3, 4, 5, 6, 7, and 11 were lower than the U.S. prices for these products during 80 of the 83 quarters for which comparisons were available,

whereas prices for Korean products 1 and 8 were higher than U.S. prices for these products during 10 of the 11 quarters for which comparisons were available. There were no price comparisons between Korean and U.S. products 9, 10, and 12. Margins of underselling for all categories ranged from 0.2 to 36 7 percent, and margins of overselling ranged from 0.3 to 16.9 percent

PURCHASER RESPONSES

Sixty-one questionnaires were received from purchasers. Most of the purchasers identified themselves as converters who use PET film as an input into other products. Sixty firms provided data on their total purchases, and all firms supplied price data. The distribution of domestic purchases of PET film produced in the United States, Japan, Korea, and all other countries is presented in table 26. Reported purchases of PET film from domestic producers accounted for an average of 32 percent of total reported U.S. shipments of PET film during 1987-90, while purchases of imported PET film accounted for, on average, 62 percent of the total reported imports from Japan, and 40 percent of the total reported from Korea.

Purchasers were asked to list the three major factors generally considered when selecting suppliers The reasons given most often were quality, price, and availability. When asked to compare the uses of the domestic product and the product of the countries from which they imported, 75 percent said that domestic and imported PET film are employed in the same range of uses. Purchasers were asked to make quality comparisons between the domestic product and the product of the countries from which they imported. The response to this question varied; 22 purchasers described Japanese PET film as superior to the U.S. product, 15 reported that the U.S. and the Japanese product are of comparable quality, and 1 stated that the U.S. product is superior to the Japanese product. Also, among this group, 6 purchasers described Korean PET film as superior to the U.S. product, 19 reported that the U.S. and the Korean product are comparable, and 7 stated that the U.S. product is superior to the Korean product.

Purchasers were also asked why they purchased Japanese or Korean PET film during 1987-90 instead of the domestic product when the domestic PET film was available at a lower price. Of those purchasers comparing domestic with Japanese PET film, 14 stated that the superior quality of Japanese PET film was the reason they purchased the Japanese product, 6 said that the Japanese product was more readily available, and 5 wanted multiple sources. Of those purchasers buying Korean PET film when less expensive domestic film was available, three stated that the superior quality of Korean PET film was the reason they purchased the Korean product, and five wanted multiple sources.

All but one purchaser stated that they know the country of origin and the manufacturer of the PET film they purchase. About 60 percent of the purchasers stated that their final customers know or care where the PET film they buy is produced.

Purchasers were requested to provide pricing data for their largest purchases from domestic, Japanese, and Korean PET film suppliers during the period January 1988-December 1990.

Table 26
PET film· Purchases of PET film produced in the United States, and imported from Japan, Korea, and from all other countries, by U.S purchasers, 1987-90

Year	United States		Japan		Korea		Other	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	(1,000 pounds)	(1,000 dollars)	(1,000 pounds)	(1,000 dollars)	(1,000 pounds)	(1,000 dollars)	(1,000 pounds)	(1,000 dollars)
1987	71,155	131,244	22,374	53,535	3,141	5,534	2,739	7,636
1988.....	90,076	162,643	28,001	70,614	6,532	12,018	2,118	5,867
1989.... ..	85,501	168,298	31,943	78,831	9,882	17,238	4,307	10,115
1990.... ..	80,497	153,882	35,415	83,357	11,586	19,148	4,635	11,566

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

Reported weighted-average delivered purchase prices from U.S. producers resulted in complete price series for all products except 9 and 11 (tables 27-29). No purchase prices from U.S. producers were reported for product 9. For product 11, producer prices were reported for 9 out of 12 quarters. Purchase prices generally fell during the period of investigation for domestic products 2 through 5, 7, and 8 Purchase prices were generally flat for products 1 and 11 during most of 1988-90, although the price for product 11 fell during the fourth quarter of 1990. Purchase prices generally increased during the period of investigation for domestic products 6 and 10 Purchase prices for product 12 increased in 1989, then decreased in 1990 to a level above that of 1988.

Purchase prices of imported PET film resulted in complete price series for Japanese PET film products 2, 3, and 7, and Korean PET film products 2, 3, 5, and 7. As with prices for these domestic products, prices for Japanese PET film products 2, 3, and 7 generally declined during the period of investigation. The Korean prices for PET film products 2 and 7 generally declined during January 1988-December 1990 while prices for products 3 and 5 generally increased during the first part of January 1988-December 1990 and generally declined during the latter part of the period. Prices for other imported PET film products showed either a flat or downward trend where trends were discernable

Table 27
Weighted-average net delivered purchase prices of PET film products 1-4 from the United States, Japan, and Korea, as reported by U S purchasers, by quarters, January 1988-December 1990

(Per pound)

Period	Product 1			Product 2			Product 3			Product 4	
	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan
1988:											
	*	*	*	*	*	*	*	*	*		
1989:											
	*	*	*	*	*	*	*	*	*		
1990:											
	*	*	*	*	*	*	*	*	*		

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

Table 28
Weighted-average net delivered purchase prices of PET film products 5-8 from the United States, Japan, and Korea, as reported by U S purchasers, by quarters, January 1988-December 1990

(Per pound)

Period	Product 5			Product 6			Product 7			Product 8		
	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan	Korea	U.S.	Japan	Korea
1988:												
	*	*	*	*	*	*	*	*	*			
1989:												
	*	*	*	*	*	*	*	*	*			
1990:												
	*	*	*	*	*	*	*	*	*			

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

Table 29
Weighted-average net delivered purchase prices of PET film products 9-12 from the United States, Japan, and Korea, as reported by U S purchasers, by quarters, January 1988-December 1990

(Per pound)

Period	Product 9			Product 10			Product 11			Product 12	
	U.S.	Japan		U.S.	Japan		U.S.	Japan		U.S.	Japan
1988:											
	*	*	*	*	*	*	*	*	*		
1989:											
	*	*	*	*	*	*	*	*	*		
1990:											
	*	*	*	*	*	*	*	*	*		

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

The reported purchase information resulted in 147 direct price comparisons between the U S.-produced and imported PET films from Japan and Korea for 11 product categories (table 30). There were 86 instances of underselling, 61 instances of overselling, and one instance of no margin. For the 85 price comparisons with Japan, there were 34 instances of underselling and 51 instances of overselling. For the 62 price comparisons with Korea, there were 52 instances of underselling and 10 instances of overselling. Margins of underselling for all categories ranged from 0.2 to 60.1 percent, and margins of overselling ranged from 0.5 to 124.0 percent.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of the two countries subject to these investigations appreciated in relation to the U.S. dollar over the period from January-March 1987 through October-December 1990 (table 31).[54] The nominal values of the Japanese and Korean currencies appreciated by 17.1 percent and 19.7 percent, respectively. When adjusted for movements in producer price indexes in the United States and the specified countries, the real values of the Japanese and Korean currencies appreciated by 2.8 percent and 14.0 percent, respectively.

Lost Sales And Lost Revenues

FINAL INVESTIGATIONS

In the final investigations, questionnaires were sent to 39 purchasers[55] that domestic producers believed had either purchased Japanese or Korean PET film rather than U.S.-produced PET film, or had received price concessions from domestic producers because of competition from imported Japanese or Korean PET film. *** each submitted lost sales and lost revenues allegations. The lost sales allegations totalled nearly *** on nearly *** pounds of PET film Individually, ***. The lost revenues allegations totalled over ***, with ***. Responses were received from 29 purchasers. These responses represented over *** million pounds or *** percent of the alleged lost sales and over *** million or *** percent of the alleged lost revenues.

Purchasers were first asked some general questions concerning all purchases of PET film. They were asked to estimate for their total purchases of PET film during 1990 how much was U S.-produced and how much was imported. Domestic purchases by these firms averaged nearly 75 percent of their total PET film purchases and imports 25 percent. Purchasers were also asked if they switched at least some purchases of U S.-produced PET film to foreign sources during 1987-90. Nineteen purchasers stated that they switched at least some purchases from U.S.-produced PET film to either Japanese or Korean PET film during the period of investigation, five stated they did not switch any of the

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[54] International Financial Statistics, April 1991.

[55] Every purchaser with a verifiable address listed by producers in the lost sales and lost revenues sections of the final producers' questionnaires was sent a brief questionnaire concerning the allegation.

Table 30
PET film: Average margins of underselling (overselling) by the subject imports from Japan and Korea reported by purchasers, by products and by quarters, January 1988-December 1990

(In percent)

Period	Product 1		Product 2		Product 3		Product 4	Product 5		Product 6	
	Japan	Korea	Japan	Korea	Japan	Korea	Japan	Japan	Korea	Japan	Korea
1988:											
		*	*	*	*	*	*	*			
1989:											
		*	*	*	*	*	*	*			
1990:											
		*	*	*	*	*	*	*			

Table 30--continued
PET film: Average margins of underselling (overselling) by the subject imports from Japan and Korea reported by purchasers, by products and by quarters, January 1988-December 1990

(In percent)

Period	Product 7		Product 8		Product 10		Product 11	Product 12
	Japan	Korea	Japan	Korea	Japan		Japan	Japan
1988:								
		*	*	*	*	*	*	*
1989:								
		*	*	*	*	*	*	*
1990:								
		*	*	*	*	*	*	*

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

purchases from U.S.-produced PET film to either Japanese or Korean PET film, and five did not answer the question. When asked why they switched, purchasers reported that the primary reason Japanese PET film was purchased rather than domestic PET film was product availability (7 purchasers) and product quality (6 purchasers) Price was reported by 4 purchasers. The primary reason Korean PET film was purchased rather than domestic PET film was reported to be price (9 purchasers), followed by product availability (4 purchasers).

Four purchasers responded to specific allegations of sales lost to PET film imported from Japan or Korea Three of these purchasers reported switching to imports from Japan or Korea and their experiences are presented below. Their purchases of imports were for reasons of quality or acceptability, except in one instance of *** buying PET film from *** because of price.

Table 31
Exchange rates:[1] Indexes of nominal and real exchange rates of selected currencies and indexes of producer prices in specified countries,[2] by quarters, January 1987-December 1990

Period	U.S producer price index	Japan			Korea		
		Producer price index	Nominal exchange rate index	Real exchange rate index[3]	Producer price index	Nominal exchange rate index	Real exchange rateindex[3]
1987:							
January-March ..	100 0	100.0	100.0	100.0	100 0	100 0	100.0
April-June.	101.6	99 2	107 4	104 8	101.1	103 4	102.8
July-September . .	102 8	100.5	104.3	101.9	101.2	106.0	104 4
October-December..	103.3	100.1	112 8	109.4	101.6	107.1	105 4
1988:							
January-March....	103.9	99 0	119 7	114 0	103 3	110.9	110 3
April-June...	105 5	98.6	121.9	114.0	103.4	116 3	113 9
July-September...	107 1	99.5	114.6	106.5	104.2	118.4	115.2
October-December..	107 6	98 7	122.3	112.2	104.2	123 0	119.1
1989							
January-March.....	109 9	99.2	119.2	107.6	104 6	126.3	120 2
April-June	111 9	101 8	110.9	101.0	105.4	128.3	120.9
July-September.. .	111.5	102 6	107 6	99 1	105.3	128 0	120 9
October-December..	111 9	102.4	107 1	98 0	105.8	127.2	120.3
1990:							
January-March ...	113.5	102 9	103 6	93 9	106.4	123.9	116.2
April-June.	113.3	103.7	98.7	90.3	108.8	120.5	115.7
July-September....	115 3	103.7	105.5	94.8	110.3	119.6	114.4
October-December..	118.8	104.3	117.1	102.8	113.2	119.7	114.0

[1] Exchange rates expressed in U.S. dollars per unit of foreign currency.
[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 the specified countries.

Note --January-March 1987 = 100.

Source: International Monetary Fund, International Financial Statistics, April 1991.

*** reported that *** bought *** pounds of PET film valued at *** from *** instead of from *** When asked if price was a determining factor in purchasing the foreign-produced PET film, *** responded that quality was the most important consideration since the *** PET film did not have very good *** for *** process He indicated that price was very important in his purchasing decisions

*** also reported that *** bought *** pounds of PET film valued at *** from *** instead of from *** because the *** product was not qualified for *** process *** commented that price is one of the determining factors used by *** in choosing a supplier. He added that *** price was high and the quality was poor.

*** reported that *** bought nearly *** pounds of PET film valued at nearly *** from *** instead of from ***. *** responded that he purchased the foreign-produced PET film because of the superior quality of the Japanese PET film and that price was not a determining factor. In fact, *** stated that *** paid more for the *** PET film than it would have for the equivalent domestic product

*** reported that *** bought *** pounds of PET film valued at *** from *** instead of from ***. When asked if price was a determining factor in purchasing the foreign-produced PET film, *** responded that price was a determining factor and that the *** PET film's quality was excellent.

Twenty-one purchasers provided information on revenues allegedly lost by domestic producers of PET film because of competition from suppliers of Japanese or Korean PET film. Ten purchasers indicated that domestic producers reduced their prices; however, only 2 firms *** indicated that domestic producers' prices were reduced because of competition from suppliers of imported Korean PET film. They provided revised price and quantity data but no other details on the transactions.

PRELIMINARY INVESTIGATIONS

In the preliminary investigations, *** firms reported *** allegations of lost revenues involving *** customers, and *** allegations of lost sales regarding *** customers. Allegations of lost revenues totaled *** and allegations of lost sales *** Staff contacted the *** customers listed below concerning *** allegations representing *** in alleged lost revenues and *** allegations representing *** in alleged lost sales.[56]

*** was named by *** in *** of lost revenues of *** because of competition with imports of PET film produced by *** from Korea. *** confirmed that *** had lowered its price on this product from *** as a result of competition from the Korean product produced by ***, although he was uncertain as to the quantity of PET film involved. While *** is *** domestic supplier, the company is also currently purchasing the imported product from

[56] ***.

. According to ***, the *** price has been "" than ***, whereas *** product was competitively priced with ***. The company has previously purchased PET film from the *** supplier *** and from the *** suppliers ***. The film supplied by *** is manufactured by ***.

*** noted that the Korean companies are more amenable than the Japanese to warehousing PET film in the United States. He observed that *** has offered PET film priced below the domestic product, a Taiwanese product has been offered at ***, and an Indian product has been offered at a low price.[57] Neither the Taiwanese or the Indian products have been purchased. He also commented that the PET film offered by Japanese producers has been slightly more expensive than the domestic product with the exception of PET film offered by ***.

*** was named by *** in *** as a result of competition with a *** product. *** was not able to confirm this allegation and stated that ***. He reported that in *** gave ***.[58] This business was awarded for the period *** at ***, the same price charged by ***, but *** than the *** price received by *** for its remaining sales of this product to ***. *** was awarded this business because it was willing to meet *** price and is a more "responsive" supplier. *** stated that this contract with *** would likely be renewed ***.

*** noted that until recently the Japanese product had been superior to ***, which had been the company's major impetus for purchasing it. However, *** is now the company's preferred supplier because its product is comparable or slightly better than the Japanese product, it is more responsive to requests for product modifications, and it provides faster delivery.[59] In addition to the business transferred from ***, *** supplies *** with *** pounds of PET film monthly at a price of *** per pound. *** also supply *** pounds per month to *** at ***. Since January 1, 1990, *** price has been ***. Prices have decreased over the past year. In 1989, *** prices were ***, ***, and ***.[60] [61] *** stated that ***, a *** company, had recently sent him a letter offering to supply PET film at ***, but he did not feel this product would be satisfactory Purchases are not made from *** because its price is too high and it does not produce the product as frequently as ***.

*** was named by *** in *** of ***, involving ***. According to ***, it lowered its price for this product from *** as a result of pressure from a product from ***. *** of *** stated that this allegation was incorrect. He stated that no negotiations occurred with *** He stated that *** price for this product in 1989 was *** in 1988.

According to ***, negotiations for 1990 prices began in the fall of 1989. Quotes were received from *** ***, ***

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[57] *** said the Taiwanese and Indian products had not been evaluated, but he had heard that the Taiwanese product was of an inferior quality

[58] The monthly amount supplied by *** was reduced from *** pounds to *** pounds.

[59] *** provides next day delivery whereas *** require two days to deliver.

[60] Prices to *** as quoted by ***.

[61] The firm did not know of ***

***. *** *** said this was incorrect. He said he purchased ***. He confirmed that *** had lowered their prices to *** per pound earlier this year in response to his request that they meet the competition from the ***, which are offering this product at less than *** per pound.[62] *** was chosen as a supplier because it supplies a higher quality film than ***. *** reported that the terms and service offered by *** were comparable. He stated that *** price had been comparable to *** over the period of investigation but that the prices offered by the *** companies *** had been lower.[63] He noted that *** had enhanced its position as a supplier by ***.

According to ***, *** in the 1970s but was replaced by *** in the early 1980s when *** ***. ***.

*** was named by *** in *** allegation of lost sales of *** to the *** producer ***. According to ***, he requested lower prices from his suppliers to make his own product, ***, more competitive with imports from ***. He stated that *** had eventually matched *** offer, but only after *** offer had been accepted. He added that *** ***. *** is the only company currently supplying this product. *** have not passed the *** qualification requirement. *** has been a supplier of this product to *** for the past *** years.

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[62] *** stated that he is having difficulty competing with imports of ***.

[63] *** stated that the quality of the *** product was variable. He had purchased a product from *** but returned it because it was of inferior quality.

APPENDIX A

FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-458 and 459 (Final)]

Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea; Revised Schedule for the Subject Investigations

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: December 28, 1990.

FOR FURTHER INFORMATION CONTACT: Tedford Briggs (202-252-1181), Office of Investigations, U S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252 1810. Persons with mobility impairment who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION: On November 28, 1990, the Commission instituted the subject investigations an established a schedule for their conduc (55 FR 52105, December 19, 1990). Subsequently, the Department of Commerce extended the date for its final determinations in the investigations from February 6, 1991, t April 15, 1991. The Commission, therefore, is revising its schedule in th investigations to conform with Commerce's new schedule.

The Commission's new schedule fo the investigations is as follows: reque to appear at the hearing must be filed with the Secretary to the Commission not later than April 4, 1991; the prehearing conference will be held at the U.S. International Trade Commission Building on April 15, 199 (9:30 a.m.); the prehearing staff report will be placed in the nonpublic recor on April 1, 1991; the deadline for filin prehearing briefs is April 11, 1991 (nonbusiness proprietary version due April 12, 1991); the hearing will be he at the U.S. International Trade Commission Building on April 18, 199 (9:30 a m.); the deadline for filing posthearing briefs is April 24, 1991 (nonbusiness properietary version d April 25, 1991), and the deadline for Parties to file additional written comments on business proprietary information is May 1, 1991 (nonbusin proprietary version due May 2, 1991)

For further information concerning these investigations see the Commission's notice of investigation cited above and the Commission's R of Practice and Procedure, part 207, subparts A and C (19 CFR part 207), part 201, subparts A through E (19 C part 201).

AUTHORITY: The investigations are b conducted under authority of the Ta Act of 1930, title VII. This notice is published pursuant to section 207.2 the Commission's rules (19 CFR 207

By order of the Commission.

Issued: January 2, 1991

Kenneth R. Mason,

Secretary.

[FR Doc. 91-455 Filed 1-8-91; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 731-TA-458 and 459 (Final)]

Polyethylene Terephthalate Film, Sheet, and Strip From Japan and the Republic of Korea

AGENCY: International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-458 and 459 (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 and the Republic of Korea (Korea) of polyethylene terephthalate (PET) film, sheet, and strip,[1] provided for in subheading 3920 62.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV). Unless the investigations are extended, Commerce will make its final LTFV determinations on or before February 6, 1991, and the Commission will make its final injury determinations by March 27, 1991 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR part 207), and part 201, subparts A through E (19 CFR part 201).

EFFECTIVE DATE: November 28, 1990.

FOR FURTHER INFORMATION CONTACT: Tedford Briggs (202-252-1181), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of PET film, sheet, and strip from Japan and Korea 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 investigations were requested in a petition filed on April 27, 1990, by E.I. du Pont de Nemours & Co., Wilmington, DE; Hoechst Celanese Corp., Charlotte, NC; and ICI Americas, Inc., Wilmington, DE. In response to that petition the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (55 FR 25181, June 20, 1990).

Participation in the investigations — Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201 11), not later than twenty-one (21) days after the publication of this notice in the Federal Register Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Public service list.—Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will

[1] The product covered by these investigations is all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from the scope of these investigations are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0.00001 inches (0.254 micrometers) thick.

prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each public document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the public service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Limited disclosure of business proprietary information under a protective order and business proprietary information service list.—Pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)), the Secretary will make available business proprietary information gathered in these final investigations to authorized applicants under a protective order, provided that the application be 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 business proprietary information under a protective order. The Secretary will not accept any submission by parties containing business proprietary information without a certificate of service indicating that it has been served on all the parties that are authorized to receive such information under a protective order.

Staff report.—The prehearing staff report in these investigations will be placed in the nonpublic record on February 4, 1991, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 9:30 a m on February 21, 1991, at the U S International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m) on February 7, 1991. 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 February 15, 1991, at the U.S. International Trade Commission Building. Pursuant to § 207.22 of the Commission's rules (19 CFR 207.22) each party in encouraged to submit a prehearing brief to the Commission. The deadline for filing prehearing briefs is February 14, 1991. If prehearing briefs contain business proprietary information, a nonbusiness proprietary version is due February 15, 1991.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonbusiness proprietary summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any business proprietary materials must be submitted at least three (3) working days prior to the hearing (see § 201 6(b)(2) of the Commission's rules (19 CFR 201 6(b)(2))).

Written submissions.—Prehearing briefs submitted by parties must conform with the provisions of § 207.22 of the Commission's rules (19 CFR 207.22) and should include all legal arguments, economic analyses, and factual materials relevant to the public hearing. Posthearing briefs submitted by parties must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on February 27, 1991. If posthearing briefs contain business proprietary information, a nonbusiness proprietary version is due February 28, 1991. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before February 27, 1991.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201 8 of the Commission's rules (19 CFR 201 8) All written submissions except for business proprietary data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any information for which business proprietary treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Business Proprietary Information." Business proprietary submissions and requests for business proprietary treatment must conform with the requirements of §§ 201 6 and 207.7 of the Commission's rules (19 CFR 201.6 and 207.7).

Parties which obtain disclosure of business proprietary information pursuant to § 207.7(a) of the Commission's rules (19 CFR 207 7(a)) may comment on such information in their prehearing and posthearing briefs, and may also file additional written comments on such information no later than March 4, 1991. Such additional comments must be limited to comments on business proprietary information received in or after the posthearing briefs. A nonbusiness proprietary version of such additional comments is due March 5, 1991.

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: December 11, 1990.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc 90-29698 Filed 12-18-90; 8:45 am]

BILLING CODE 7020-02-M

[A-588-814]

Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip from Japan

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce (the Department) has determined that imports of polyethylene terephthalate film, sheet, and strip (hereinafter referred to as PET film) from Japan are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination and have directed the U.S. Customs Service to continue to suspend liquidation of all entries of PET film from Japan. The ITC will determine within 45 days of the publication of this notice whether these imports injure, or threaten material injury to, the U.S. industry.

EFFECTIVE DATE: April 22, 1991.

FOR FURTHER INFORMATION CONTACT: David J. Goldberger, Michelle Frederick or Bradford Ward, 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) 377-4136, 377-0656 or 377-5288, respectively.

SUPPLEMENTARY INFORMATION:

Final Determination

We determine that imports of PET film from Japan are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)) (the Act). The estimated weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

Since publication of the preliminary determination on November 30, 1990, (55 FR 49666), the following events have occurred:

On December 10, Toray Industries, Inc. (Toray), a respondent in the investigation, requested that the Department postpone the final determination until not later than 135 days after the date of publication of the preliminary determination, in accordance with section 735(a)(2) of the Act. Notice of postponement of the final determination until April 15, 1991 was

published on December 21, 1990 (55 FR 52288).

Verifications of the questionnaire responses submitted by the respondents, Teijin, Ltd (Teijin) and Toray were conducted at Teijin's U.S. subsidiary in Atlanta, Georgia on November 28 and 29, 1990, and at Toray's and Teijin's headquarters in Tokyo, Japan from December 3 through 13, 1990.

Interested parties submitted comments for the record in their case briefs dated March 11, 1991, and in their rebuttal briefs dated March 18, 1991 On March 20, 1991, the Department held a public hearing on issues raised in the briefs.

Scope of the Investigation

The product covered by this investigation is all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from the scope of this investigation are metallized films and other finished film that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer more than 0 00001 inches (0 254 micrometers) thick

PET film is currently classifiable under the Harmonized Tariff Schedule (HTS) subheading 3920 62.00 00. The HTS subheading is provided for convenience and customs purposes. The written description remains dispositive as to the scope.

Period of Investigation

The period of investigation (POI) is November 1, 1989 through April 30, 1990.

Such or Similar Comparisons

As stated in our preliminary determination, we have determined that the subject merchandise constitutes a single class or kind, and one such or similar category of merchandise As explained in our preliminary determination, we have only made product comparisons between identical merchandise sold in both markets. For purposes of classifying identical merchandise, we have not considered the width and length of the PET film product as relevant.

Fair Value Comparisons

To determine whether sales of PET film from Japan to the United States were made at less than fair value, we compared the United States price to the foreign market value, as specified in the "United States Price" and "Foreign Market Value" sections of this notice. For both respondents, we compared U S sales of PET film to identical home market sales of PET film.

United States Price

For both Teijin and Toray, we based United States price on purchase price as all U.S. sales were made to unrelated parties prior to importation into the United States, in accordance with section 772(b) of the Act. For those sales by Teijin and Toray made through related U.S. subsidiaries, we based United States price on purchase price for the following reasons:

1. The merchandise in question was shipped directly from the manufacturer to the unrelated buyer, without being introduced into the physical inventory of the related selling agent;

2. This channel was the customary commercial channel for sales of this merchandise between the parties involved; and

3. The related selling agent located in the United States acted only as a processor of sales-related documentation and a communication link with the unrelated U S. buyer.

Where all the above elements are met, we regard the routine selling functions of the exporter as having been merely relocated geographically from the country of exportation to the United States, where the related sales agent performs them. Whether these functions are done in the United States or abroad does not change the substance of the transactions or the functions themselves.

A. Teijin

For Teijin, we calculated purchase price based on f.o.b. Japanese port, c & f, c i.f, or delivered prices. We made deductions, where appropriate, for rebates and price adjustments. We also made deductions, where appropriate, for the costs of foreign inland freight, transport insurance, foreign brokerage and handling, ocean freight and related bank fees, U.S. duty, harbor and U.S. Customs user fees, U S. brokerage and handling, and U S inland freight, in accordance with section 772(d)(2) of the Act.

Teijin did not report the bank fees related to ocean freight in its sales listing. We calculated this expense based on information developed at verification and Teijin's post-verification submissions.

In accordance with section 772(d)(1)(C) of the Act, we added to the United States price, net of price adjustments, the amount of Japanese consumption tax which would have been rebated, or not collected, by reason of exportation of the merchandise.

B Toray

For Toray, we calculated purchase price based on f.o.b Japanese port or delivered U.S. customer prices We made deductions, where appropriate, for price adjustments We also made deductions, where appropriate, for the costs of foreign inland freight and insurance, containerization, foreign brokerage and handling, ocean freight, marine insurance, U.S. duty, harbor and U.S Customs user fees, U S. brokerage and handling, and U S inland freight and insurance, in accordance with section 772(d)(2) of the Act.

In accordance with section 772(d)(1)(C) of the Act, we added to the United States price, net of price adjustments, the amount of Japanese consumption tax which would have been rebated, or not collected, by reason of exportation of the merchandise.

Foreign Market Value

In order to determine whether there were sufficient sales of PET film in the home market to serve as a viable basis for calculating foreign market value (FMV), we compared the volume of home market sales of PET film to the volume of third country sales of PET film, in accordance with section 773(a)(1) of the Act. Both respondents had viable home markets with respect to sales of PET film made during the POI.

A Teijin

For Teijin, we calculated FMV based on delivered prices to unrelated customers in the home market. We made deductions, where appropriate, for rebates, inland freight, and inland insurance. We deducted home market packing costs and added U.S packing costs.

Pursuant to 19 CFR 353 56, we made circumstance of sale adjustments, where appropriate, for differences in pre-sale and post-sale warehousing expenses, technical service expenses, bank fees, factor charges, credit expenses, and credit insurance fees

We added U.S. commissions and subtracted the weighted average home market indirect selling expenses, up to the amount of the commission, from the foreign market value, where appropriate, in accordance with 19 CFR 353 56(b)(1).

As Teijin did not respond to our request to report the home market indirect selling expenses based on the POI, we adjusted the claimed expenses to estimate the portion of the expenses reported that were incurred solely during the POI.

We recalculated Teijin's inland freight claim to reduce the expense by the

amount of rebates paid to Teijin's related freight forwarder.

Teijin did not report technical service expenses and certain additional factor expenses in its sales listing We calculated these expenses based on information developed at verification and in Teijin's post-verification submissions. Finally, we made a circumstance of sale adjustment for the Japanese consumption tax.

B. Toray

For Toray, we calculated FMV based on delivered prices to unrelated and one related customer in the home market. We used these related party sales because the prices to the related party were determined to be at arm's-length, in accordance with 19 CFR 353 45(a). We made deductions, where appropriate, for discounts, rebates, and inland freight and insurance We deducted home market packing costs and added U.S. packing costs.

Pursuant to 19 CFR 353 56, we made circumstance of sale adjustments, where appropriate, for differences in advertising expenses, claim compensation expenses, consignment expenses, post-sale warehousing expenses, credit expenses, and credit interest revenue.

Toray claimed pre-sale warehousing expenses on its home market sales However, for the reasons stated below in comment 4, we rejected Toray's claim.

We recalculated the imputed credit expense on certain U S sales where Toray had imputed credit from delivery date to payment date, rather than factory shipment date to payment date. Since Toray did not provide the factory shipment date for these sales, we estimated the credit period using information developed at verification as best information available.

Finally, we made a circumstance of sale adjustment for the Japanese consumption tax.

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.

Interested Party Comments

Comment 1

Respondents argue that, as the petitioners failed to establish that a majority of the domestic industry affirmatively supports the antidumping investigation, the petitioners lack standing to bring the antidumping complaint and the investigation should be dismissed. Toray and Teijin cite *Suramerica de Aleaciones Laminadas, C A* v. *United States*, Slip Op 90-79 (CIT 1990) (*Suramerica*) as requiring petitioners to show that a majority of the domestic industry affirmatively supports the petition. Because Toray provided information for the record indicating that two domestic companies took a position neither in support of, nor in opposition to, the petition, it argues that the domestic industry does not affirmatively support the petition Teijin contends that there is no evidence on the record to indicate that the three petitioners represent at least fifty percent of the U S production of PET film. Accordingly, the respondents contend there is a "significant likelihood" that U.S producers accounting for a majority of domestic production do not support the petition and that the Department is required by law to either investigate the standing of the petitioners or dismiss the petition for lack of standing

Toray adds that DuPont, one of the petitioners, has entered into and publicly announced a letter of intent to form a joint venture to manufacture and sell polyester film, including the subject merchandise, with Teijin in the United States Another petitioner, Hoechst, has announced its intent to establish a joint venture with a Japanese manufacturer to produce PET film in the United States. On the bases of these proposed business arrangements, Toray argues that DuPont and Hoechst are now related parties of exporters or importers of allegedly dumped merchandise and that, pursuant to section 771(4)(B) of the Act, the Department should exclude them from any analysis of the domestic industry.

Petitioners argue that they have submitted information showing that they collectively account for over ninety-five percent of PET film produced in the United States for sales to unrelated purchasers, and over fifty percent of total U S. production.

DOC Position

The Department's policy has been to accept the representation of the petitioner(s) that the petition has been filed on behalf of the domestic industry. Notwithstanding Suramerica, which the Department is appealing, the Department only considers polling the domestic industry when members of that industry have submitted for the record statements of opposition to the petition. The CIT recently affirmed the Department's interpretation of the prior caselaw as standing for the proposition that the Department has discretion to dismiss, but is not required to dismiss, petitions that are not shown to be actively supported by a majority of the domestic industry (*NTN Bearings Corp. of America* v *United States*, Slip Op 91-13 (CIT February 28, 1991); *SKF USA, Inc, et al.* v. *United States*, Slip Op 91-25 (CIT April 18, 1991))

To date, no such declarations or statements have been received regarding this investigation Accordingly, there is no basis to conclude that the petition was not filed on behalf of the domestic PET film industry

As to the alleged related party issue raised by Toray, there is no information on the record at this time concerning the joint venture business arrangements, or other relationships to foreign producers Thus, there is nothing for the Department to consider

Comment 2

Petitioners claim that the Department's decision to limit the investigation to sales of identical products in the U.S. and home markets distorted the results of this investigation. They allege that, based on petitioners' analysis of the sales listing, the examined transactions were not representative of respondents' sales in the United States because sales that were most likely to have been sold at less than fair value were not included in the Department's margin analysis

Respondents contend that petitioners' evaluation of the sales listings fails to show any distortion in the Department's analysis. Further, respondents point out that petitioners' analysis is flawed because it is based on gross average sales prices, rather than adjusted prices, which should be used for comparison purposes. Additionally, the Department's methodology was fair and reasonable and consistent with other simplification methodologies adopted in past cases, such as Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany (54 FR 18992, 19027-29, May 3, 1989 (AFBs).

Teijin adds that petitoners' objections are result-oriented and are not aimed at the methodology itself because petitioners' failed to raise this complaint in the companion PET Film from the Republic of Korea investigation, in which the Department applied the same methodology of comparing only sales of identical merchandise.

DOC Position

We have based our final determination on comparisons of only identical products in the U.S and home markets. The simplification methodology we adopted in this case is consistent with the methodology used in AFBs Our

reasons for adopting the simplification methodology were fully explained in our memorandum of June 22, 1990 and addressed in the preliminary determination Based upon our verifications of respondents' information, our analysis of the respondents' data, and upon our review of the petitioners' analyses, we have found no evidence that the methodology employed in this investigation has in any way distorted the margin analysis

Comment 3

Petitioners claim that PET film sales made through respondents' U S subsidiaries should be considered on an exporter's sales price basis, rather than on a purchase price basis. Based on the Department's four criteria outlined in Color Picture Tubes from Korea (52 FR 41186, 41187, November 18, 1987), petitioners contend that respondents have only met the first criterion that the merchandise was sold to the unrelated U S purchaser prior to importation. However, petitioners claim that the respondents do not meet the other criteria that (a) the selling agent acts only as a sales document processor and communication link, (b) the merchandise is not entered into the related selling agent's inventory, and (c) direct shipments to the unrelated buyer are the customary commercial channel. Petitioners allege that both related subsidiaries engage in substantial sales activities beyond ministerial responsibilities, as evidenced in part by the amount of selling expense each incurs, and that the PET film enters into the subsidiaries' inventories and title is transferred to them before shipment to the unrelated customer.

Respondents contend that the record clearly shows that all such transactions are properly considered as purchase price transactions. Teijin maintains that all sales through its subsidiary are sold before importation and shipped to the customer without entering the inventory of its U S subsidiary, and that the direct selling expenses incurred by the subsidiary are movement charges already accounted for in the Department's analysis.

Toray responds that the record, especially the verification report, confirms that Toray's sales through its subsidiary met all the criteria for purchase price transactions. Toray notes that the verification report expressly stated that such sales are made prior to importation, enter financial (not physical) inventory, and that the subsidiary acts as "a communication link and processor of sales-related documentation". Furthermore, Toray established that no direct selling expenses were incurred by its subsidiaries for PET film during the POI.

DOC Position

We agree with respondents We examined this issue thoroughly in our analysis of the respondents' questionnaire responses and at verification, and found that these transactions fully met the criteria for treatment as purchase price sales, consistent with our treatment of similar distribution channels in such cases as Industrial Nitrocellulose from the Federal Republic of Germany (55 FR 21058, May 22, 1990) and Industrial Belts and Components and Parts Thereof from Taiwan (54 FR 15496, April 18, 1989). We verified that the merchandise did not enter the physical inventory of the subsidiary All expenses related to subject merchandise sales incurred by the subsidiaries have been properly reported and considered for our margin analysis

Comment 4

Both respondents contend the Department improperly excluded a circumstance of sale adjustment for pre-sale warehousing expenses directly related to home market sales of PET film Teijin contends its pre-sale warehousing expenses were incurred for specific PET film products produced especially for particular home market customers in order to service their particular needs and therefore these expenses are directly related to the sales in question Toray, which allocated its total pre-sale warehousing expense over total PET film shipments, contends there is no legal requirement that these expenses be tied to a specific sale or customer, only that they be tied to home market sales of PET film, and therefore its claim is proper and reasonable. Both respondents cite *Asahi Chemical Industry* v *United States*, 692 F Supp 1376 (CIT 1988) (Asahi), and *La Metalli Industriale S p A.* v. *United States*, 912 F 2d 455 (Fed. Cir 1990) (LMI), in support of their positions

Petitioners argue that neither respondent has demonstrated that these expenses were "directly related" to home market sales of the subject merchandise, as required by Asahi, and therefore the adjustment should be denied.

DOC Position

The Department has made no adjustment for pre-sale warehousing in Teijin's case, and no adjustment in Toray's case. We examined the claims made by both respondents that their pre-sale warehousing expenses are directly related to their home market sales of PET film and found that Teijin adequately supported its claim.

Since LMI establishes that home market pre-sale expenses may not be rejected simply because they were incurred prior to the date of sale, we have considered whether the pre-sale warehousing expenses were directly related to its home market sales of PET film during the POI With respect to Teijin, while we could not tie its pre-sale warehousing expense to specific home market sales, we verified that the expenses were incurred and reported on the basis of specific products sold to specific customers during the POI Furthermore, the stock in question was only available for sale to those specific customers On that basis, we have accepted Teijin's contention that its pre-sale warehousing expenses were directly related to its home market sales of PET film and have allowed the adjustment

While Toray claimed the expense for the same reasons as Teijin, we found that it was not able to show that its claimed expenses were directly related to the sales in question Toray made no attempt to relate the expenses incurred to those sales likely to have incurred the pre-sale warehousing expense, such as sales to particular customers or of specific products Even assuming it did not have to show a direct relationship between the claimed expenses and particular transactions, Toray resorted to a general, overall allocation methodology that made no attempt to tie the pre-sale warehousing expenses to specific products for specific customers In addition, we found at verification that Toray's allocation methodology included a substantial number of sales that did not incur the pre-sale warehousing expense. Accordingly, unlike Teijin, Toray was not able to demonstrate that its claimed pre-sale warehousing expenses were directly related to the sales under investigation. Consequently, we have not made a circumstance of sale adjustment for Toray's claim.

Comment 5

Teijin contends it correctly reported its home market inland freight expenses to include the commission (net of profit) that its related freight forwarder, TBK, receives for performing freight forwarding services.

DOC Position

At verification, we found that the commission TBK receives actually reflects a rebate paid by some of the freight contractors to TBK, which in turn reduces the freight expense on home

market shipments. TBK is a wholly-owned subsidiary of Teijin. In such instances, it is our practice to collapse related entities when examining sales transactions Therefore, we consider the expense as it is incurred to the organization as a whole. Since the freight rebate reduces the cost of freight to Teijin, we have deducted this amount from the reported home market inland freight expense in calculating net foreign market value

Comment 6

Petitioners claim that, as a portion of Teijin's weighted-average short-term interest rate was derived from discounted notes on certain U S sales, this interest expense should be excluded from the weighted-average interest rate applied to home market sales, and applied to the specific U S sales where the notes were discounted

Teijin contends that the inclusion of this expense was appropriate to determine the corporate-wide short-term interest rate Moreover, this portion of the interest expense is such a small component of the weighted-average interest rate that excluding this amount would not affect the weighted-average rate.

DOC Position

Since exclusion of the discount note interest expense would have no impact on the interest rate reported by Teijin, we have accepted Teijin s application of the rate to home market sales While in other situations it may be appropriate to apply the discount note interest rate to the corresponding U S sales, in this particular instance, Teijin has demonstrated that these sales constitute such a small percentage of U S sales that we have accepted the application of the reported interest rate for those sales to determine Teijin's weighted-average short-term rate for purposes of this determination.

Comment 7

Teijin argues that bank charges for currency "lifting", and postage and collection, which Teijin did not report in its original questionnaire responses but the Department found at verification, are not directly related to Teijin's U S sales but are considered general administrative expenses in its financial records Thus, Teijin contends that these expenses should be considered indirect selling expenses and should not be deducted from U S. price in this purchase price situation

DOC Position

Teijin has not provided adequate support for its contention that these bank charges are indirect expenses on its U S. sales. These expenses are incurred as a circumstance of Teijin's sales to the United States and would not have been incurred but for Teijin's sales to the United States Consequently, we have included these expenses as a circumstance of sale adjustment

Comment 8

Teijin contends that ocean freight bank charges, which Teijin did not report in its original questionnaire responses but the Department found at verification, should be disregarded by the Department as insignificant.

DOC Position

The Department made deductions for these bank charges from the U S. price for all U S. sales. Although these expenses may be small, they are not insignificant and are directly related to movement charges incurred by Teijin on certain U.S sales. In addition, the cumulative effect of multiple items, which alone might be considered minor, may be substantial In any event, the Department does not defer to the respondent to determine whether a particular expense should not be reported because the respondent considers the expense insignificant.

Teijin included these charges in its post-verification sales listing, as allocated to those sales which incurred the charge However, Teijin's reporting of those sales which incurred the charge was inconsistent with the support documentation provided. From the information submitted, we were unable to confirm which sales did and did not incur this expense. Therefore, as best information available, we have applied this charge to all U S sales.

Comment 9

Teijin argues that the Department should accept its home market indirect selling expense claim as reported, based on Teijin's fiscal period rather than the POI, for the offset to U S commissions under 19 CFR 353.56(b) Teijin states that it does not maintain such figures on a monthly basis and that these expenses do not vary significantly from month to month. Given these circumstances and the small number of transactions to which this offset adjustment applies, Teijin claims it would be unreasonable for it to recalculate this expense based on the POI.

Petitioners state that Teijin has provided no evidnece that its indirect selling expenses do not vary from month to month and that the Department's request for POI expenses is reasonable

DOC Position

The Department, as in the preliminary determination, has accepted only five-sixths of Teijin's reported home market indirect selling expenses Both respondents were originally informed in our questionnaire, and subsequently during the course of our investigation, that we would only accept data based on the POI Despite our specific requests to report home market indirect selling expenses based on the POI, Teijin refused to do so and, instead, reported these expenses on a six-month fiscal basis which only included five months of the POI. Accordingly, as in our preliminary determination, we accepted only five-sixths of Teijin's claim as best information available to account for the portion of Teijin's fiscal period that fell within our POI. Teijin subsequently has not provided any additional data based on the POI, nor has it provided us with any basis to conclude that its indirect selling expenses are consistent from month to month. Therefore, we are using the same methodology as in our preliminary determination.

Comment 10

Teijin asserts that additional charges related to its U S. factor commission on certain U S. sales, as noted in the Department's verification report, do not represent additional expenses incurred by Teijin, but rather a reconciliation of the factor's account with a Teijin related company. Thus, these charges should not be considered in the Department's final determination

DOC Position

We have included these additonal factor expenses as a circumstance of sale adjustment to the U S sales in question The information provided by Teijin in support of its assertion is insufficient for us to conclude that these expenses were not related in any way to the U S sales in question.

Comment 11

Toray contends that the Department should continue to exclude sales of resold merchandise from its analysis of Toray's U S sales Toray claims that, as the statute requires the Department to examine the first entry of a product into the United States, the merchandise should be excluded because the initial sale to an unrelated U.S customer took place outside of the POI. Moreover, Toray claims that this merchandise is not physically identical to any merchandise sold in the home market, since it failed to meet the nominal specifications required by the original customer, and hence cannot be

considered to be the product identified by those specifications

Petitioner argues that the resold merchandise should be included in the Department's analysis because Toray failed to provide sufficient evidence that the products were not physically identical to home market merchandise

Department Position

Toray has established that the initial sale of the merchandise in question was made to the first unrelated customer prior to the POI. Consistent with our treatment in similar situations (*e.g.*, Stainless Steel Hollow Products from Sweden (52 FR 37810, 37814, October 9, 1987)), we agree that the sale that would be examined under the antidumping statute occurred outside the POI. Accordingly, we have excluded these sales from our analysis.

Continuation of Suspension of Liquidation

We are directing the U.S Customs Service to continue to suspend liquidation, under section 733(d) of the Act, of all entries of PET film from Japan, as defined in the "Scope of Investigation" section of this notice, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register** The U.S. Customs Service shall continue to require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of the subject merchandise from Japan exceeds the United States price as shown below This suspension of liquidation will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/producer/exporter	Margin percentage
Teijin Limited	3 03
Toray Industries, Inc...	14 00
All Others	6 32

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

If the ITC determines that material injury, or threat of material injury, does not exist with respect to PET film, the proceeding will be terminated and all securities posted as a result of the suspension will be refunded or cancelled However, if the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all PET film from Japan, on or after the effective date of the suspension of liquidation, equal to the amount by which the foreign market value exceeds the U.S price

This determination is published pursuant to section 735(d) of the Act (19 U S C 1673d(d)) and 19 CFR 353 20.

Dated: April 15, 1991

Eric I. Garfinkel,

Assistant Secretary for Import Administration

[FR Doc 91-9385 Filed 4-19-91, 8:45]

BILLING CODE 3510-DS-M

[Docket No. A-580-807]

Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip From the Republic of Korea

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce (the Department) has determined that imports of polyethylene terephthalate film, sheet, and strip (hereinafter referred to as PET film) from the Republic of Korea are being, or are likely to be, sold in the United States at less than fair value. We have notified the U S. International Trade Commission (ITC) of our determination and have directed the U.S. Customs Service to continue to suspend liquidation of all entries of PET film from the Republic of Korea. The ITC will determine within 45 days of the publication of this notice whether these imports injure, or threaten material injury to, the U.S. industry.

EFFECTIVE DATE: April 22, 1991.

FOR FURTHER INFORMATION CONTACT: Steven Lim, Mark Wells, or Judith Wey, 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) 377-4087, 377-3003 or 377-8320, respectively.

SUPPLEMENTARY INFORMATION:

Final Determination

We determine that imports of PET film from the Republic of Korea are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S C 1673d (a)) (the Act) The estimated weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

Since publication of the preliminary determination on November 30, 1990 (55 FR 49668), the following events have occurred:

On December 4, 1990, SKC Limited and SKC America, Inc (SKC), a respondent in the investigation, requested that the Department postpone the final determination for a period of 60 days pursuant to section 735(a)(2) of the Act Notice of postponement of the final determination until April 15, 1991 was published on December 17, 1990 (55 FR 51742)

We received responses to the constructed value/cost of production (COP) questionnaire from respondents Cheil Synthetics, Inc. (Cheil) and SKC on December 20 and December 21, 1990, respectively Cheil filed supplemental submissions to its COP questionnaire response on January 4, January 8, and February 4, 1991.

Verifications of the sales questionnaire responses were conducted at SKC's U S subsidiary in Mt. Olive, New Jersey and at SKC's and Cheil's headquarters in Seoul, the Republic of Korea in November and December 1990. Verifications of the COP questionnaire responses were conducted in January 1991 in the Republic of Korea.

Interested parties submitted comments for the record in their case briefs dated March 11, 14, and 15, 1991, and in their rebuttal briefs dated March 18 and 19, 1991. On March 20, 1991, the Department held a public hearing on issues raised in the briefs.

Scope of the Investigation

The product covered by this investigation is all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. The films excluded from the scope of this investigation are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer

more than 0.00001 inches (0.254 micrometers) thick.

PET film is currently classifiable under the Harmonized Tariff Schedule (HTS) subheading 3920.62.00 00. The HTS subheading is provided for convenience and customs purposes. The written description remains dispositive as to the scope.

Period of Investigation

The period of investigation (POI) is November 1, 1989 through April 30, 1990.

Such or Similar Comparisons

As stated in our preliminary determination, we have determined that the subject merchandise constitutes a single class or kind, and one such or similar category of merchandise As explained in our preliminary determination, we have only made product comparisons between identical merchandise sold in both markets. For purposes of classifying identical merchandise, the width and length of the PET film product are not considered relevant.

Fair Value Comparisons

To determine whether sales of PET film from the Republic of Korea to the United States were made at less than fair value, we compared the United States price to the foreign market value or constructed value, as appropriate, as specified in the "United States Price" and "Foreign Market Value" sections of this notice. For both respondents, we compared U.S sales of PET film to identical home market sales of PET film.

United States Price

For SKC, we based United States price on purchase price where sales were made directly to unrelated parties prior to importation into the United States, in accordance with section 772(b) of the Act In accordance with section 772(c) of the Act, where sales to the first unrelated purchaser took place after importation into the United States, we based United States price on exporter's sales price (ESP). For Cheil, we based United States price on purchase price because all sales were made directly to unrelated parties prior to importation into the United States.

A. SKC

For SKC, we calculated purchase price based on c.i.f. U.S port, or delivered prices to unrelated customers in the United States. We made deductions, where appropriate, for the costs of foreign brokerage and handling, foreign inland freight, foreign inland insurance, wharfage, containerization expense, ocean freight, marine insurance, U.S duties, U.S. inland freight, and U.S brokerage and handling We added duty drawback pursuant to section 772(d)(1)(B) of the Act.

We calculated ESP based on delivered or freight collect prices to unrelated customers in the United States We made deductions, where appropriate, for the costs of foreign inland freight, foreign brokerage and handling, wharfage, ocean freight, marine insurance, U.S. duties, U.S inland freight, U.S. brokerage and handling, credit expenses, bank charges, warranty expenses, and indirect selling expenses, including inventory carrying expenses.

We recalculated the inventory carrying expenses reported by SKC on ESP sales in order to account for the average time the merchandise was in the Republic of Korea, in ocean transit, and in the United States

For ESP sales, SKC calculated credit expense using an average collection period For those ESP sales where SKC also provided actual shipment and payment dates, we recalculated credit expense using those dates Where SKC did not report actual shipment and payment dates, we accepted the reported credit expense based on the average collection period As best information available, we used the weighted-average U.S prime rate to impute credit on ESP sales because respondent did not have a U S. short-term borrowings during the POI. We added duty drawback pursuant to section 772(d)(1)(B) of the Act.

In accordance with section 772(d)(1)(C) of the Act, for both purchase price and ESP sales, we added to United States price the amount of value-added tax (VAT) that would have been rebated, or not collected, by reason of exportation of the merchandise.

B. Cheil

For Cheil, we calculated purchase price based on f.o.b. Korean port, c.i.f. U.S port, or delivered prices to unrelated customers in the United States. We made deductions, where appropriate, for discounts. We also made deductions for the costs of foreign brokerage and handling, foreign inland freight, containerization expenses, wharfage, ocean freight, marine insurance, U S. duties, U.S inland freight, and U S. brokerage and handling. We added duty drawback pursuant to section 772(d)(1)(B) of the Act.

In accordance with section 772(d)(1)(C) of the Act, we added to United States price, net of price adjustments, the amount of VAT that would have been rebated, or not collected, by reason of exportation of the merchandise

Foreign Market Value

In order to determine whether there were sufficient sales of PET film in the home market to serve as a viable basis for calculating foreign market value (FMV), we compared the volume of home market sales of PET film to the volume of third country sales of PET film, in accordance with section 773(a)(1) of the Act. Both respondents had viable home markets with respect to sales of PET film made during the POI.

Petitioners alleged that SKC's and Cheil's home market PET film sales were made at prices below the product's cost of production (COP). Based on petitioners' allegation, we gathered and verified PET film produciton cost data for both respondents. If over ninety percent of a respondent's sales were at prices above the COP, we did not disregard any below-cost sales because we determined that the respondent's below-cost sales were not made in substantial quantities over an extended period of time. If between ten and ninety percent of a respondent's sales were at prices above the COP, we disregarded only the below-cost sales. Where we found that more than ninety percent of respondent's sales were at prices below the COP, we disregarded all sales and calculated FMV based on CV. In such cases, we determined that the respondent's below-cost sales were made in substantial quantities over an extended period of time.

A SKC

We calculated the COP for the merchandise using SKC's cost of manufacturing (COM) and general expenses. The company's COM consisted of materials, labor, and overhead costs incurred during film manufacturing General expenses consisted of selling, general, and administrative expenses from the company's financial records, as well as net interest expense and certain other non-operating income and expense items normally included in general expenses for COP.

In calculating COP, we relied largely upon SKC's submitted cost information. We modified portions of that information, however, whenever we determined that it did not accurately quantify or value the company's production costs. The following modifications were made to SKC's submitted cost information:

(1) Materials costs were increased to reflect the cost of polymer used in PET film production during the POI, as

recorded in the company's inventory ledgers;

(2) Research and development costs were revised to reflect the company's normal accounting treatment for such costs;

(3) Foreign exchange gains and losses, amortized portions of deferred foreign exchange gains and losses, and miscellaneous income and expenses were excluded from the company's general expenses calculation; and

(4) Interest expense was recalculated using amounts reported in SKC's financial statements, rather than the interest figures reported in the combined financial statements of the Sunkyong Group, of which SKC is a member.

SKC did not provide COP information for one of its home market PET film products. As the best information otherwise available, we used the average production cost of the most comparable film products as the COP for this film.

We compared home market sales prices, net of all applicable movement charges, to each PET film product's COP Our below-cost analysis of SKC's home market sales prices was restricted to only those sales of identical merchandise chosen for comparison to the United States price.

For those film products determined to have a sufficient number of home market sales made at prices above the COP, we calculated FMV based on delivered prices to unrelated customers in the home market. For both purchase price and ESP sales we made deductions, where appropriate, for inland freight. We added a duty adjustment where the price reported did not include import duties We deducted home market packing costs and added U S packing costs

For comparisons to purchase price sales, pursuant to 19 CFR 353 56, we made circumstance of sale adjustments, where appropriate, for bank charges and credit expenses. For home market and purchase price sales, SKC calculated credit expense using an average collection period For those sales where SKC also provided actual shipment and payment dates, we recalculated credit expense using those dates. Where SKC did not report actual shipment and payment dates, we accepted the reported credit expense based on the average collection period. For purchase price sales, we recalculated credit expense to impute credit using SKC's home market interest rate.

We made further adjustments, where appropriate, for commissions in accordance with 19 CFR 353.56(a)(2). Where commissions were paid on U.S. sales and not paid on home market sales, we allowed an offset amounting to the lesser of the weighted-average home market indirect selling expenses, or the U S commissions in accordance with 19 CFR 353 56(b) of the regulations.

For comparisons to ESP sales, we also deducted indirect selling expenses, including inventory carrying expenses. We subtracted the weighted-average home market indirect selling expenses, up to the amount of the U S. indirect selling expenses, from the foreign market value, where appropriate, in accordance with 19 CFR 353.56(b)(2)

Finally, we made a circumstance of sale adjustment for the VAT.

For those film products determined to have over ninety percent of home market sales made at prices below the COP, we based FMV on the product's constructed value (CV). CV for each of these products we calculated in accordance with section 773(e) of the Act, using SKC's general expenses, home market profit, and U S packing costs All modifications made to SKC's COP information, as described above, were also made to the company's reported CV data.

The COM for each product included materials, labor, and overhead costs incurred during film manufacturing. General expenses consisted of selling, general, and administrative expenses from the company's financial records, as well as net interest expense and certain other non-operating income and expense items normally included in general expenses for CV. Additionally, for purchase price sales, we included in general expenses imputed home market credit expenses and indirect selling expenses. For ESP sales, we included in general expenses imputed home market credit expenses and indirect selling expenses, including inventory carrying costs To avoid overstating general expenses for these imputed amounts, however, we reduced the company's actual net interest expense to account for that portion of the expense incurred in financing accounts receivable and holding finished goods in inventory. We used actual amounts for general expenses because they exceeded the statutory minimum of ten percent of COM.

We revised SKC's submitted home market profit calculation to account for those adjustments made to COM and general expenses, and to reflect the profit usually realized on home market sales of the class or kind of merchandise. The revised profit figure was less than the statutory minimum of eight percent of the total of COM plus general expense. We therefore calculated CV using the statutory minimum profit figure.

Where appropriate, we deducted from CV direct and indirect selling expenses in accordance with 19 CFR 353.56 For those CVs compared to purchase price sales, we deducted amounts for imputed home market credit expense and made circumstance of sale adjustments, where appropriate, for bank charges and credit expenses For CVs compared to ESP sales, we deducted imputed home market credit expenses and weighted-average home market indirect selling expenses (including imputed inventory carrying costs), up to the amount of the U S. indirect selling expenses, from the foreign market value, where appropriate, in accordance with 19 CFR 353.56(b)(2).

B. Cheil

We calculated the COP for the merchandise using Cheil's COM and general expenses. The company's COM consisted of materials, labor, and overhead costs incurred during film manufacturing General expenses consisted of selling, general, and administrative expenses from the company's financial records, as well as net interest expenses and certain other non-operating income and expense items normally included in general expense for COP.

In calculating COP, we relied largely upon Cheil's submitted cost information. We modified portions of that information, however, whenever we determined that it did not accurately quantify or value the company's production costs. The following modifications were made to Cheil's submitted cost information:

(1) Total PET film COM incurred during the POI was reallocated between prime quality (A-grade) and off-specification (B-grade) film products based on the relative sales value of each film grade;

(2) Severance pay included as part of labor costs and salary expenses in COM and in general expenses was revised to reflect the company's normal accounting treatment for such costs;

(3) Foreign exchange gains and losses, amortized portions of deferred foreign exchange gains and losses, miscellaneous income and expenses, and long-term interest income were excluded from the company's general expenses calculation; and

(4) Sale specific, home market package costs were included in the COP rather than the weighted-average package costs originally reported by the company.

We compared home market sales prices, net of all applicable movement charges and discounts, to each PET film product's COP. Our below-cost analysis

of home market sales prices was restricted to only those sales of identical merchandise chosen for comparison to the United States price.

For those film products determined to have a sufficient number of home market sales made at prices above the COP, we calculated FMV based on delivered prices to unrelated customers in the home market. We made deductions, where appropriate, for discounts, loading charges, and inland freight. We deducted home market packing costs and added U.S packing costs.

Pursuant to 19 CFR 353.56, we made circumstance of sale adjustments, where appropriate, for post-sale warehousing expenses, bank charges, slitting costs, and credit expenses.

For those sales involving discounts, we recalculated Cheil's credit expense by deducting discounts from the gross price before imputing credit.

Finally, we made circumstance of sale adjustments for the VAT.

For those film products determined to have over ninety percent of home market sales made at prices below the COP, we based FMV on the product's constructed value (CV) CV for each of these products was calculated in accordance with section 773(e) of the Act, using Cheil's COM, general expenses, home market profit, and U S. packing costs. All modifications made to Cheil's COP information, as described above, where also made to the company's reported CV data.

The COM for each product included materials, labor, and overhead costs incurred during film manufacturing. General expenses consisted of selling, general, and administrative expenses from the company's financial records, as well as net interest expense and certain other non-operating income and expense items normally included in general expenses for CV We also included in general expenses an amount for imputed home market credit expenses. To avoid overstating general expenses for the imputed expense, however, we reduced the company's actual net interest expense to account for that portion of the expense incurred in financing accounts receivable The total general expenses calculated for Cheil exceeded the statutory minimum of ten percent of COM. We therefore used the calculated amount in our CV

We revised Cheil's submitted home market profit calculation to account for those adjustments made to COM and general expenses, and to reflect the profit usually realized on home market sales of the class or kind of merchandise The revised profit figure was greater than the statutory minimum of eight percent of the total of COM plus general expenses. We therefore calculated CV using the company's total actual profit figure.

Pursuant to 19 CFR 353.56, we made circumstance of sale adjustments, where appropriate, for post-sale warehousing expenses, bank charges, slitting costs, and credit expenses.

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.

Interested Party Comments

General Issues

Comment 1. Petitioners contend that the respondents' claimed adjustments for duty drawback may have exceeded the amount of duties paid on raw materials contained in the merchandise exported to the United States. Petitioners question the correlation between costs claimed by respondents for raw materials used to produce certain types of PET film exported to the United States and the cost of materials claimed for purposes of duty drawback.

Petitioners further allege that if there is significant lag time between importation of a material and payment of duty on the material, the duty that is effectively imposed is the nominal amount less the benefit that results from delayed payment. Finally, petitioners request that the Department examine the degree to which the formula used by Korean authorities to calculate raw material usage rates for duty drawback on PET film exports reflect the actual experience of SKC and Cheil.

SKC contends that petitioners' allegation that SKC's reported duty drawback amounts exceeded the actual duties paid on raw materials purchases is without foundation and should be rejected. SKC states that, at verification, the Department examined import and export permits and linked duties paid on actual imports of raw materials to actual exports of finished merchandise containing those materials SKC claims that it has established (i) that the import duty and the duty rebate were directly linked to and dependent upon one another, and (ii) that there were sufficient imports of raw materials to account for the exports of the manufactured products.

Cheil argues that the Department correctly adjusted the U S transaction prices upward to reflect the full amount of duty drawback received for purposes of the preliminary determination. Cheil cites section 772(d)(1)(B) of the Act which states that the Department is required to make an upward adjustment to United States price by "the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of exportation of the merchandise to the United States * * *" Cheil states that the Department must make an upward adjustment to United States price in the full amount of duty drawback received if: (1) The import duty and the duty rebate are directly linked to, and dependent upon, one another; and (2) the company claiming the adjustment can demonstrate that there were sufficient imports of raw materials to account for the duty drawback received on the exports of the manufactured product Cheil claims that it has met this two prong test and should be allowed the full duty drawback adjustment.

Regarding petitioners' assertion that there was a significant lag time between importation of materials and payment of duties on imported materials, SKC argues that the Department found no evidence to support this claim at verification. Cheil also claims that this allegation is irrelevant, stating that Cheil experiences no time lags between when it imports its raw materials and when it pays import duties. Cheil states that it is company practice to pay the duty at the time of importation.

Concerning petitioners' request that the Department examine the formula used by Korean authorities to calculate raw material usage rates for drawback to determine if the formula reflects the actual experience of respondents, SKC states that the material rates employed by the Korean government to determine duty drawback are based on the company's records and not on a formula provided by the Korean government. Cheil argues that there is no evidence to support petitioners' assertion, citing findings at verification that actual usage rates varied only slightly from theoretical usage rates.

DOC Position

We are accepting respondents' claimed adjustments for duty drawback. At verification, we examined respondents' methodologies for calculating duty drawback and the relevant documentation Respondents were able to document claimed duty drawback amounts, as reported in the sales listing. We verified that respondents receive duty drawback for ingredients that are imported and then exported as PET film to the United States. We examined import and export permits, government allowable duty drawback rates, certificate lists of

materials used, material usage rates, and duty drawback refund applications. Respondents tied duty drawback to specific U.S. sales using import permits, export permits, duty drawback applications, and duty drawback refund certificates.

In *Huffy Corp* v. *United States*, 632 F. Supp. 50 (Ct. Int'l Trade 1986), the Court of International Trade stated that an adjustment is appropriate so long as the Department determines that import duties are actually paid and rebated, and there is a sufficient link between the cost to the manufacturer (*i.e.*, import duties paid) and the claimed adjustment (rebate granted) At verification, we determined that duties were in fact paid and rebated, and established the necessary link.

As to petitioners' assumption that there should be a correlation between costs claimed by respondents for raw materials used to produce PET film and the cost of materials claimed for purposes of duty drawback, we disagree. For a variety of reasons, raw materials costs may not precisely correlate to drawback amounts. For example, changes in duty rates and product mix over time, sourcing of raw material inputs (domestic or imported), time lags between import of raw materials and export of finished merchandise, and fluctuating raw materials costs may all affect the calculation of costs and drawback amounts.

Concerning petitioners' allegations that duty drawback may be overstated to the extent that there is a lag time between importation of a material and payment of duty on that material, and that there may be an overstatement in the material utilization rates in the duty drawback formula, we found no evidence at verification to support these claims.

Comment 2

Petitioners disagree with the methodology the Department used for calculating the VAT at the preliminary determination. Petitioners contend that the Department cannot apply the Korean VAT rate to the gross U.S. price of PET film exports, arguing that if a 10 percent VAT is levied on Korean market transactions, the same 10 percent VAT should be added to the f.o b. Korean price of the exported merchandise.

Petitioners also question the amount of the VAT actually paid by SKC and Cheil, arguing that the VAT actually paid is only on the value that they added to the film produced.

SKC argues that the Department has correctly calculated the VAT. SKC claims that the appropriate tax base to which to apply the home market tax rate for purposes of determining the amount to be added to U.S. price is the price to the first unrelated customer in the United States for both purchase price and ESP sales SKC argues that the Department's practice in prior cases of adjusting for the VAT based on the sale price to the first unrelated U.S customer is consistent with its approach in this case, the terms of the antidumping statute, and the Korean VAT law.

Cheil contends that the methodology used for calculating the VAT for purposes of the preliminary determination was correct and consistent with Department practice in recent cases.

DOC Position

We are accepting respondents' claimed adjustments for the VAT. In accordance with section 772(d)(1)(C) of the Act, for both purchase price and ESP sales, we added to United States price, net of price adjustments, the amount of VAT that would have been rebated, or not collected, by reason of exportation of the merchandise.

We disagree with petitioners' first argument that the VAT "actually paid" by SKC and Cheil is limited to the value that they added to the film that they produced. We verified that SKC and Cheil receive from their customers on behalf of the government of the Republic of Korea an amount for VAT equal to ten percent of the price of the film sold. (See also *Comment 6.*)

Petitioners also dispute our determination of the tax base. The tax base in Korea is the net dealer delivered price, which is the price to the first unrelated party. Therefore, to make an appropriate "apples-to-apples" comparison, we used the price to the first unrelated party in the United States as the tax base. It is Department practice to calculate the export tax base for the U.S. sale by reference to the same terms and conditions of sale as are included in the home market tax base because it allows us to maintain the "apples-to-apples" comparison. In this case, since the home market tax is charged against a delivered price, we used a delivered U.S. price as the tax base for the export sales

Therefore, consistent with our normal practice, we calculated the adjustments by multiplying the U.S. tax base by the tax rate and adding the result to U S. price To avoid artificially inflating or deflating margins, we made circumstance-of-sale adjustments equal to the difference in tax per unit.

SKC Issues

Comment 3. SKC contends that duty drawback should be added to U.S. price for ESP transactions. SKC states that the failure to add duty drawback to the U.S. price for ESP transactions was a ministerial error that should be corrected for the final determination.

DOC Position

We agree and have added duty drawback to U.S. price for ESP as well as purchase price transactions. (See also *Comment 1.*)

Comment 4. SKC argues that the Department should immediately issue an amended preliminary determination to correct the alleged ministerial error discussed above. In addition, SKC requests that the Department send revised instructions to the U.S. Customs Service consistent with the amended determination and instruct Customs to release any security for estimated antidumping duties previously collected in excess of the corrected rate

SKC cites the Department's decision to amend the preliminary affirmative countervailing duty determination in *Steel Wire Rope from India* (56 FR 6837, February 20, 1991). In that case, the Department stated that "where the ministerial error results in a change of significant magnitude," the Department will issue an amended preliminary determination. SKC claims that the ministerial error in the PET film investigation affected SKC's margin to at least the same degree as in the Steel Wire Rope from India investigation. SKC argues that the dumping margin determined in the Department's preliminary determination constitutes the limit of the liability of importers on possible future assessments of antidumping duties, and if the Department's preliminary determination remains uncorrected, SKC and its importers may ultimately be subject to the assessment of antidumping duties in excess of the lawful limit under the provisional measures assessment cap as outlined in section 737(a)(1) of the Act.

Petitioners argue that because of the issues related to SKC's duty drawback adjustments (see *Comment 1*), any correction of the margins published at the preliminary determination would be inappropriate.

DOC Position

The Department carefully examined the ministerial error allegation submitted by SKC and determined that the alleged ministerial error did not result in a change of "significant magnitude" that would warrant publishing an amended preliminary

determination The Department is in the process of drafting a regulation that will govern the correction of ministerial errors in preliminary determinations.

Comment 5 Petitioners argue that SKC's method of calculating credit expense, based on its analysis of average monthly accounts and notes receivable balances and monthly sales, results in an overstatement of SKC's home market credit expense because (1) only a sample of home market sales are being used to establish fair value; (2) variations in actual credit expenses appear across sales; and (3) the accounts receivable, notes receivable, and sales data include sales of non-subject merchandise Petitioners allege that this method gives no indication of the actual credit expense incurred on the sample sales that were used for making price-to-price comparisons. Finally, petitioners claim that the credit reported by SKC was found to be greater than the "actual credit period" found on sample transactions examined at verification

SKC contends that it is longstanding Department policy to use the weighted-average accounts receivable turnover method of calculating credit expenses for companies, like SKC, that maintain their accounts receivable on an "open account" payment system SKC states that it maintains an open account payment system in the home market which allows customers to maintain a running balance and pay in increments not related to particular sales SKC argues that the weighted-average accounts receivable turnover formula is the most accurate basis for determining the opportunity cost of making sales on credit rather than on a cash basis, when a company's books and records do not allow the determination of sales-specific credit periods.

Concerning petitioners' claim that the weighted-average credit period reported by SKC was found to exceed the "actual credit period" for selected transactions, SKC claims that they used the average receivables turnover method precisely because there is no identifiable "actual credit period" on any given sale, and thus those payment dates examined at verification were merely dates on which randomly selected notes payable were redeemed SKC argues that these payment dates cannot be directly tied to specific sales transactions

DOC Position

We agree with respondent and have accepted SKC's reported home market credit expenses At verification we checked SKC's methodology used in calculating its home market credit expense. We examined documentation which confirmed the amounts reported for SKC's monthly sales, accounts receivable, and notes receivable balances during the POI We calculated all balances exclusive of non-subject merchandise, as described in the verification report. For home market sales, we attempted to tie the date of payment to individual sales transactions by customer Although we confirmed at verification that SKC and the customer agree on a mutually established credit period, we could not positively tie a payment date to an individual sales transaction Thus, for the purposes of the final determination, we believe the average collection period method of calculating home market credit expense is reasonable.

Regarding petitioners' comment that only a sample of home market sales were being used in establishing fair value, the Department's reasons for adopting the simplification were fully explained in our memorandum of June 22, 1990 and addressed in the preliminary determination Furthermore, petitioners did not provide an explanation as to how using only a sample of home market sales to establish fair value results in a distortion of SKC's credit expense We found no evidence at verification that the methodology employed in this investigation has in any way distorted the analysis of credit expenses for SKC

Comment 6

SKC contends that the Department should make a circumstance of sale adjustment for SKC's credit expenses for advance tax payments SKC claims that it incurs an additional expense, over and above the opportunity cost of making sales on a credit basis rather than on a cash basis, that results from SKC having to forward to the Korean government out-of-pocket tax money that SKC has not yet received form the customer SKC indicates that the Department granted this type of adjustment in previous antidumping proceedings involving the identical Korean VAT law and home market payment system (See Color Television Receivers from Korea (49 FR 50420, December 28, 1984).) SKC contends that the credit adjustment for VAT paid in advance is an imputed adjustment for credit extended by SKC to its customer.

Petitioners argue that if the Department is prepared to grant respondent a credit expense adjustment on the VAT, then a similar deduction must be made to respondent's duty claim for any delay in paying import duties.

DOC Position

We disagree with respondent A circumstance of sale adjustment is not warranted in this case At verification, we reviewed SKC's monthly VAT reports submitted to the government These reports record the amount of VAT payable to and due from the Korean Government When SKC purchases materials or sells its products, company accountants record the amount of VAT SKC pays or is paid on each transaction Each month, the accountants reconcile the company's VAT accounts If the VAT paid or due SKC from its customers exceeds the refundable VAT paid by SKC itself, then the company remits the net difference to the Korean Government. Conversely, if SKC's refundable VAT exceeds the VAT it owes the government, then SKC receives a refund Each month, SKC pays to or receives from the Korean Government the balance stated in its VAT account, since the total amount of VAT paid or received is based on a large number of purchase and sales transactions Therefore, SKC did not actually pay the VAT to the government for each sale of PET film at the time of the sale, but instead maintains a rolling account.

Comment 7

SKC argues that, for purchase price sales, the Department should reduce foreign market value by subtracting home market indirect selling expenses up to the amount of U S commissions reported, as provided in 19 CFR 353.56(b).

Petitioners contend that SKC should not qualify for an offset unless the Department finds that the indirect selling expenses on home market sales are comparable to the commission paid on U.S sales.

DOC Position

We agree with respondent The purpose of the commission offset is to adjust for indirect selling expenses incurred by the respondent in lieu of payments to a commissionaire who would incur similar expenses on behalf of the respondent There is no requirement that the indirect expenses be comparable to the commissions. Therefore, in accordance with 19 CFR 353 56(b), we are granting an offset to foreign market value up to the lesser of the amount of the home market indirect selling expenses or U S commissions

Comment 8

SKC claims that, in accordance with *Timken Co.* v *United States*, 673 F Supp 495 (Ct. Int'l Trade 1987) (Timken), circumstance of sale adjustments for

U S. direct selling expenses should be added to foreign market value, not deducted from U.S. price. Specifically, SKC argues that the adjustments for U.S. credit and warranty expenses should be added to FMV, and not deducted from U S price.

DOC Position

We disagree. We are not following the decision in *Timken* because it is not yet final We maintain that section 773 of the Act does not preclude us from deducting direct selling expenses from ESP. Consequently, in this case we have applied our long-standing practice of making adjustments for direct selling expenses in ESP calculations under section 772(e) of the Act. See Television Receivers, Monochrome and Color, from Japan: Final Results of Antidumping Duty Administrative Review (56 FR 5392, February 11, 1991).

Comment 9

SKC contends that the Department should base its calculation of SKC's purchase price credit costs on the U.S. interest rate. SKC states that, while SKC had no U.S. short-term borrowings, the Department verified that SKC's U S. subsidiary, SKC America, Inc. (SKCA) had access to short-term financing. In the absence of actual U.S borrowings by SKC, respondent argues that the verified short-term U.S interest rate applicable to SKCA should be used as best information available SKC claims that the U.S. interest rate is a more reasonable approximation of the opportunity cost to SKC of selling in the U.S. market on a credit basis, than is the home market interest rate.

Petitioners contend that the credit costs of SKC's U.S. sales were borne by SKC, not its U.S. subsidiary.

DOC Position

We agree with petitioners. It is the Department's policy to use the home market interest rate to compute the respondent's credit expense for U.S. purchase price sales where, as in the case of SKC, the respondent has not received any U.S. financing. See Final Determination of Sales at Less than Fair Value, Certain Forged Steel Crankshafts from the United Kingdom (52 FR 32951, September 1, 1987).

Comment 10

Petitioners argue that SKC's in-transit time (*i.e.*, the length of time from the shipment of the merchandise from SKC's plant to receipt of the merchandise in SKCA's warehouse) for ESP inventory carrying costs is understated because the number of days does not reflect commercial reality. Petitioners add that the home market interest rate should be used to calculate time-in-transit from Korea.

SKC contends that petitioners have misinterpreted its calculation and that it has reported its inventory carrying period as the entire period between the completion of production in Korea and the sale to the first unrelated customer in the United States. SKC explains that it separated the in-transit time into three distinct periods: (1) the period from production in Korea until shipment from the Korean port to the United States; (2) the period from shipment from the Korean port until SKCA's purchase date; and (3) the period from SKCA's purchase date until SKCA's re-sale to its unrelated U.S. customers. SKC claims that while it has calculated a total inventory carrying period based on three separate periods, the in-transit period discussed by petitioners captures only the portion of the in-transit period following SKCA's purchase of the merchandise from SKC. SKC claims that the ocean transit time reported is in full accord with the in-transit time required for ocean shipments to the United States using normal commercial vessels.

DOC Position

We examined documentation at verification and confirmed that SKC's total ESP inventory carrying costs were calculated for the period from production in the Republic of Korea to the sale to the first unrelated customer in the United States. As noted in our preliminary determination, we used SKC's home market interest rate to calculate the in-transit time in the Republic of Korea and the ocean transit time.

Comment 11

Petitioners argue that SKC's reporting of expenses related to the women's basketball team should be treated as a general corporate expense rather than a home market selling expense, as claimed by SKC. Petitioners contend that the basketball team represents the company as a whole, whether in the area of production, or domestic or export sales.

Respondent contends that the women's basketball team is a professional organization used by SKC for sales promotional purposes. SKC claims that, like many Korean companies, it uses professional sports teams to enhance and promote its institutional image. SKC contends that members of the basketball team are hired by SKC only to play basketball and that the sponsorship of the team is a legitimate promotional expense that is properly classified as an indirect selling expense in the same manner as any other institutional advertising or promotional expense.

DOC Position

We agree with petitioners and have reallocated the expenses for the women's basketball team. We have determined that the promotional services provided by the basketball team are related not only to the domestic sales of PET film, but to sales of other SKC products and the corporate name Because only the name "SKC" appears on the jerseys worn by the team members, we believe that the promotional image established by the team is shared by the company as a whole and benefits all products sold by SKC Consequently, we have treated the expenses incurred by the basketball team as a general corporate expense, and reallocated the expenses over SKC's net sales for all products sold during a six-month period in 1989.

Comment 12

Petitioners argue that the methodology SKC used to allocate the company's production costs between A-grade and B-grade PET films does not accurately capture the costs incurred in manufacturing the off-grade product Petitioners contend that SKC's use of a value-based cost allocation method similar to that recommended by the U S. Court of International Trade in *IPSCO, Inc* v. *United States*, 714 F. Supp 1211 (Ct Int'l Trade 1989) (*IPSCO*) is erroneous, and adds that such allocation methods are typically applied to joint products that, unlike A-grade and B-grade PET films, are produced simultaneously from a single set of manufacturing inputs. Petitioners recommend that, at a minimum, B-grade films, like A-grade films, should bear all direct materials and labor costs incurred during production. Petitioners note that B-grade films should also bear an allocated share of indirect production costs, although they concede that certain of these costs could be allocated based on the product's relative sales value.

Respondent claims that it has allocated its PET film production costs between A-grade and B-grade films using a methodology precisely the same as that recommended by the Court in *IPSCO*. Respondent further notes that the relevant factual circumstances surrounding that case and this investigation are indistinguishable. Respondent therefore concludes that its cost allocation methodology is supported by judicial precedent.

DOC Position

We agree with respondent Despite petitioners' claims to the contrary, there are no significant differences between the facts in this investigation and those in the IPSCO case.

In both cases, the respondents intended to manufacture a prime product. Because each respondent's prime grade customers required the merchandise to have specific physical characteristics and the nature of the manufacturing process was such that these specifications were not always met, off-grade merchandise frequently resulted from the prime grade production process. The scope of this investigation and that of the IPSCO case covered both the prime grade and off-specification products.

In arguing against SKC's allocation method, petitioners do not contend that the facts in the two cases are markedly different. Instead, petitioners cite cost accounting texts that describe the theoretically correct method of accounting for joint production costs. Petitioners then distinguish PET film from the prototypical joint product.

Petitioners' arguments are identical to those made by the Department and subsequently rejected by the court in the IPSCO case. In its decision, the court stated that by failing to consider differences in value of prime and off-specification products, the Department made an unreasonable fair value comparison. Given the court's position on this issue and our acceptance of it, and considering the facts in this investigation, we have accepted SKC's value-based allocation methodology for purposes of allocating the company's cost of manufacturing between its A-grade and B-grade PET films.

Comment 13

Petitioners contend that by basing the company's reported raw materials costs on a last-in, first-out (LIFO) valuation method, SKC understated the cost of its raw materials inputs Petitioners note that SKC normally values its raw materials inventory using a year-to-date weighted-average methodology. According to petitioners, material costs as recorded under the company's normal accounting system should be used to value raw materials inputs

Respondent states that SKC used the LIFO method to value PET film raw material costs out of regard for the Department's preference for using actual costs incurred during the POI.

DOC Position

We agree with petitioners. A satisfactory explanation of our position, however, requires a brief and very basic discussion of the PET film production process.

In general, PET film is manufactured in two stages. In the first stage, PET polymers used in the film manufacturing process are produced through the reaction that results from combining certain raw chemicals under controlled conditions. The polymer resulting from this process is then cooled and cut into small pellets, called "chips." These chips are stored in inventory until needed for film production.

In the second production stage, the chips are taken from inventory to film production facilities where they are melted together in large tanks. After melting, special machines stretch the molten polymer into thin PET films.

In its response to the Department's COP questionnaire, SKC based the cost of the raw chemicals used in the company's chip production on prices charged by suppliers during the POI. According to evidence provided by SKC during verification, prices for these chemicals fell significantly prior to and during the POI. The company's use of its most recent raw chemical purchases to value material inputs for film manufacturing therefore distorted production costs, since the methodology did not consider the effects of the falling input prices and the time lag between raw material purchases, chip production, chip inventory storage, and ultimate use in PET film production.

As respondent correctly observes, the Department generally accepts production costs incurred during the POI. In the case of PET film production and its two-stage manufacturing process, however, raw chemicals purchased to manufacture chips during a particular month will not be used immediately in the second-stage film production. This fact leads us to agree with petitioners' contention that SKC understated its raw material costs. Consequently, using amounts recorded in SKC's inventory ledgers, we adjusted the reported material costs to reflect more accurately the cost of chips actually released from inventory into PET film production during the POI This approach is consistent with section 773(e)(1)(A) of the Act that provides that constructed value is to be calculated "at a time preceding the date of exportation of the merchandise under consideration which would ordinarily permit the production of that particular merchandise in the ordinary course of business."

Comment 14

Petitioners contend that it is impossible to verify the accuracy of SKC's product-specific film processing costs because SKC officials calculated these costs using inaccurate and unreasonable allocation methods Petitioners therefore recommend that the Department use an average film processing cost to value the cost of processing different types and grades of PET film.

Respondent notes that SKC's normal cost accounting system does not track processing costs on a per-film basis, and that in order to comply with the Department's cost questionnaire format, company officials had to devise a processing cost allocation methodology. Respondent asserts that the allocation methodology devised by SKC's officials was both reasonable and accurate

DOC Position

We agree with respondent During verification, we confirmed that SKC's cost accounting system does not track product-specific film costs We were able, however, to review the details of the film processing cost allocation methodology devised by SKC's officials We found that the methodology relied largely on engineering and production data normally maintained by the company as part of its PET film manufacturing process. We therefore concluded that for this investigation, SKC's reported film processing costs were reasonable.

Comment 15

Petitioners argue that in reporting the company's film production costs, SKC should calculate research and development (R&D) costs using a method consistent with the company's normal accounting practices Petitioners note that in reporting its PET film costs, SKC reported actual R&D costs incurred during the POI. Petitioners add that SKC's normal accounting practice is to capitalize R&D costs incurred and amortize them over future periods

Respondent argues that it based its reported R&D costs on actual monthly R&D expenditures during the POI, rather than on the amortized R&D expenses from the company's financial statements because this method allowed SKC to easily and accurately identify R&D costs incurred specifically for the class or kind of merchandise under investigation. Respondent adds that SKC's chosen reporting method was in keeping with the Department's normal preference for using actual expenses incurred during the POI.

DOC Position

We agree with petitioners. Where respondent's normal accounting

practices are based on reasonable assumptions that do not materially distort production costs, then these same practices should be followed in calculating COP and CV.

SKC's R&D accounting practice assumes that expenditures for PET film R&D activities in one period will benefit future periods by providing sales revenues from improved PET film products. As a result of this assumption, current R&D expenditures are capitalized and recognized as amortization expenses in the future periods they are presumed to benefit.

At verification, we confirmed that SKC followed this practice in accounting for R&D expenditures in its financial records. Moreover, the company did not establish that its production costs were improperly quantified as a result of following this practice. We therefore adjusted SKC's reported R&D costs to reflect the company's normal accounting practice.

Comment 16

Petitioners state that R&D understated its reported PET film production costs by including in the company's general expenses calculation (1) net gains resulting from current foreign exchange transactions; (2) net income resulting from the amortization of deferred foreign exchange gains and losses; and (3) net gains from disposition of fixed assets Petitioners argue that in past cases, the Department has rejected respondents' claims for adjustments to general expenses resulting from similar non-operating income and expense items

Respondent contends that including the gains and losses resulting from current foreign exchange transactions and fixed asset dispositions in general expenses is consistent with the Department's practice in past cases.

Regarding the amortization of deferred foreign exchange transactions, respondent notes that under Korean accounting principles, unusual and significant foreign exchange gains or losses that exceed five percent of a company's capital stock must be deferred and amortized over a five-year period Respondent states that the amortized portion of the net deferred exchange gain included in SKC's general expenses calculation was due largely to the company's purchase of PET film production equipment. According to respondent, the equipment purchase was financed with U.S. dollar-denominated loans. Shortly after the purchase, the Korean won appreciated dramatically against the U.S. dollar, resulting in a significant foreign exchange gain for the company. Respondent contends that since the deferred exchange gain resulted from SKC's purchase of PET film production equipment, the amortized portion of that gain should be offset against PET film production costs

DOC Position

We agree with petitioner regarding current and deferred foreign exchange gains and losses, and have excluded these amounts from SKC's general expenses. We agree with respondent regarding gains and losses recognized on disposition of fixed assets, and continue to include these amounts in SKC's general expenses.

The Department has long held that current foreign exchange gains and losses are not included in general expenses unless respondent can demonstrate that such gains and losses resulted from transactions directly related to the manufacture of the product under investigation. (See All-Terrain Vehicles from Japan (54 FR 4864, January 31, 1989), and Fresh Cut Flowers from Columbia (55 FR 20941, May 17, 1990)) The Department also maintains this same guideline for income and expenses resulting from the amortization of deferred foreign exchange gains and losses. Moreover, in the case of these deferred exchange transactions, respondents must further demonstrate how and to what extent the amortized gains and losses from prior periods affect the current period's production costs.

At verification, SKC did not demonstrate any relationship between its reported net foreign exchange gains and the company's PET film production operations, nor did it establish any relationship between the company's amortization of deferred exchange gains and its financing of PET film production equipment It should be noted that, in this case, given the applicable Korean accounting principles, the nature of foreign exchange transactions and exchange rate fluctuations, any benefit measured in terms of reduced PET film production costs could prove difficult to substantiate

Regarding the net gain from SKC's disposition of fixed assets, the Department has held in past cases that net losses from the disposition of fixed assets are considered production costs when they result from the sale of equipment used to manufacture the subject merchandise. See Certain Small Business Telephone Systems and Subassemblies Thereof from Korea (54 FR 53149, December 27, 1989). Consequently, as was demonstrated to be the case for SKC, any net gain resulting from the disposition of fixed assets used in manufacturing the subject merchandise would offset production costs.

Comment 17

SKC argues that by calculating interest expense based on the Sunkyong Group's combined financial statements, it followed the Department's standard policy of requiring that expenses be reported on a consolidated basis, whenever possible, due to the fungible nature of capital. SKC adds that basing PET film interest expense on the group-wide combined financial statements more accurately reflects SKC's true borrowing experience since the combined statements eliminate all significant inter-company transactions.

Petitioners assert that the Department should calculate SKC's net interest expense using amounts reported in the company's own financial statements rather than from amounts reported in the combined financial statements for the Sunkyong Group Petitioners note that the Sunkyong Group is composed of many different companies that are involved in many different businesses, and that the average financial expense ratio for the entire group bears no necessary relationship to that of any one company within the group.

DOC Position

We agree with petitioners. We determined that the company's own financial statements, and not those of the Sunkyong Group, provided the most accurate picture of its financing activities for PET film production. The Sunkyong Group prepares combined rather than consolidated financial statements, based largely on limited brother-sister corporate relationships and the existence of some degree of common management control between the group's companies. Respondent did not present any evidence of inter-company production financing arrangements, either through debt or equity, within the Sunkyong Group that would lead us to conclude that SKC's PET film financing costs were most accurately depicted at the combined group level.

Comment 18

Respondent contends that SKC's home market profit calculation, as determined based on the company's home market sales of identical films only, is consistent with the Department's decision to limit its antidumping analysis to only identical films sold in the U.S and home markets.

DOC Position

We disagree with respondent and have recalculated SKC's reported home market profit figure to reflect the profit realized by the company on its sales of the class or kind of PET film merchandise, in accordance with 19 CFR 353 50(a)(2).

Cheil Issues

Comment 19. Petitioners allege that Cheil's duty drawback claim is overstated and should be adjusted to reflect the fact that a certain amount of input material is sourced domestically.

DOC Position

We disagree with petitioners. In making their argument, petitioners have significantly overstated the impact of the domestically sourced material on the calculation of duty drawback. Petitioners have incorrectly concluded that the percentage of particular material inputs sourced domestically reflects the total percentage of materials sourced domestically. At verification, we examined the amount of input material sourced domestically and requested that respondent calculate the actual impact on Cheil's duty drawback claim. Based on this analysis, we concluded that the actual impact of the domestically sourced input on duty drawback is negligible, and we are allowing a duty drawback adjustment, as discussed in *Comment 1.*

Comment 20

Petitioners argue that Cheil, Samsung Company, and Samsung America are not related parties and that sales of PET film through Samsung Company and Samsung America are on an arms-length basis.

Cheil argues that it is related to Samsung Company and Samsung America for purposes of determining U S. price. Cheil cites common stock ownership, shared directors, and common management control as the basis for this claim.

DOC Position

We agree with Cheil. At verification, we carefully examined the relationship between Cheil, Samsung Company, and Samsung America. We confirmed that the three entities are related in terms of common stock ownership, shared directors, and common management control. Accordingly, we are treating Cheil, Samsung Company, and Samsung America as related parties for purposes of determining U.S. price.

Comment 21

Should the Department conclude that Cheil, Samsung Company, and Samsung America are related, petitioners contend that the sales through Samsung Company and Samsung America should be treated as ESP transactions. Petitioners claim that the fact that the PET film sales occurred before the time of importation alone does not make them purchase price sales. Petitioners dispute Cheil's claim that "all sales negotiations take place directly between CSI [Cheil] and the first unrelated purchaser and Samsung Company and Samsung America merely facilitate completion of the sale after the sales terms have been set." Petitioners allege that Samsung America engages in substantial sales activities beyond ministerial responsibilities, as evidenced in part by the fact that Cheil claims Samsung America finances the sales, and that, in certain instances, Samsung America arranges to warehouse the film in the United States.

Cheil argues that their reported sales meet all of the requirements for categorization as purchase price sales. Cheil cites *Color Picture Tubes from Japan* (52 FR 44171, November 18, 1987), where the Department stated that sales by a foreign producer made directly to a related U.S. importer of record will be determined to be purchase price sales if the following criteria are satisfied: (1) The merchandise was purchased or agreed to be purchased by the unrelated U.S. buyer prior to the date of importation from the manufacturer or producer of the merchandise for exportation to the U.S.; (2) the related selling agent located in the U.S. 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 it did not give rise to storage and associated costs on the part of the selling agent or create 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.

DOC Position

We agree with Cheil. We examined this issue thoroughly in our analysis of Cheil's questionnnaire response and at verification, and found that these transactions meet the criteria for treatment as purchase price sales, consistent with our treatment of similar distribution channels in such cases as Industrial Nitrocellulose from the Federal Republic of Germany (55 FR 21058, May 22, 1990) and Industrial Belts and Components and Parts Thereof from Taiwan (54 FR 15496, April 18, 1989) All expenses related to subject merchandise sales incurred by Samsung America have been properly reported and considered for our margin analysis. Concerning the warehousing of merchandise, at verification we confirmed that Cheil does not generally incur warehousing expenses, as direct shipment from Cheil to the unrelated buyer is the customary commercial channel for sales of PET film. Furthermore, the warehousing expense is a post-sale warehousing expense and the merchandize does not enter into Samsung America's inventory, but is stored in a public warehouse until the customer can accept delivery.

Comment 22

Petitioners allege that calculating credit based on an accounts receivable method results in an overstatement of Cheil's home market credit expense and gives no indication of the actual credit expense incurred on the sample of sales that were used for making price-to-price comparisons.

Cheil argues that the fact that the samples sales differed slightly from the overall average is no basis to call into question either Cheil's reliance on the Department's credit formula or the appropriateness of these values. Cheil believes that the credit expenses used for the preliminary determination and verified by the Department are correct.

DOC Position

We agree with Cheil. At verification, we conducted a complete examination of Cheil's home market credit expenses and its open account payment system in the home market which allows customers to maintain a running balance and pay in increments not related to particular sales. Cheil compared the number of credit days in the average collection period number (which was used to calculate home market credit expense) to the actual dates payments were received for six sample transactions. There was only a slight variance between the number of credit days in the average collection period and the actual number of days between shipment and payment Based on this analysis, we believe the average collection period method of calculating home market credit expense is reasonable.

Comment 23

Cheil argues that it is incorrect for the Department to use Cheil's home market borrowing rates to calculate Cheil's U.S. credit expenses for U S. sales made

through Samsung America. Cheil claims that it is more appropriate to use Samsung America's U.S. dollar short-term borrowing rates to form the basis of the calculation of Cheil's credit expenses on U S. sales, since Samsung America has U S dollar-denominated borrowings and receives payments for U.S sales of Cheil's PET film in dollars According to Cheil, Samsung America carries the receivables and incurs the credit expenses for sales through Samsung America.

In support of this position, Cheil cites *LMI-La Metalli Industriale, S p.A.* v *United States*, 912 F.2d 455 (Fed Cir. 1990) (*LMI*), where the court held that the Department should use the U S. dollar borrowing rates of the respondent to calculate credit expenses because it found that the Department could not reasonably presume that a commercial enterprise would borrow at the respondent's home market rate to finance its U.S accounts receivables. In addition, LMI provided evidence that it had obtained dollar-denominated loans at verification.

Petitioners contend that the Department was correct in using the home market borrowing rate to calculate U S. credit expenses, since the sales in question were treated as purchase price transactions, and, therefore, neither Samsung's nor Samsung America's expenses were deducted from the U.S. price.

DOC Position

We agree with respondent. While the Department normally uses a respondent's home market short-term borrowing rate to calculate credit expense on purchase price sales, it has in the past used the U.S. dollar borrowing rates of a respondent to calculate credit expense on purchase price sales. In the recent *LMI* case, the Court of Appeals for the Federal Circuit required the Department to use the U.S. dollar-denominated short-term borrowing rates of the respondent to calculate credit expenses to reflect the commercial realities of the situation. According to the *LMI* decision, where the Department has evidence that a respondent has actually borrowed at U.S. dollar-denominated rates, the Department should use those rates. At verification, we confirmed that Samsung America has U.S. dollar-denominated borrowings and receives payment for Cheil's U.S. sales in dollars. Cheil stated that Korean law prohibits it from borrowing in the home market to finance its U.S. export sales. We traced shipment and payment dates and found that Samsung America does in fact incur the credit expenses on U.S. sales. Based on our analysis at verification and the recent *LMI* case, we are using Samsung America's U.S. dollar denominated borrowing rate to calculate credit expenses on Cheil's U S sales

Comment 24

Petitioners claim that Cheil has not accurately reported slitting costs because it is only reporting the labor element of those costs. Petitioners claim slitting also involves such costs as depreciation, energy, factory overhead, and waste.

Cheil claims there is no basis for petitioners' claim According to Cheil, all costs besides labor are fully absorbed in the costs of the PET film lines

DOC Position

We agree with respondent We verified that all non-labor costs associated with additional slitting are included in the overhead costs of the PET film lines. Direct labor costs have been reported and treated as a circumstance of sale adjustment.

Comment 25

Cheil argues that one of their U.S. sales should be excluded when making fair value comparisons because the sale was a trial order sale and therefore not in the ordinary course of business.

DOC Position

We disagree. There is no requirement that a U.S. sale be in the ordinary course of business; that is only a requirement for home market sales. Notwithstanding, we examined this sale at verification and found it was not outside of the normal course of trade in terms of quantity or commercial price.

Comment 26

Cheil argues that the Department is required to analyze the cost of production of all such or similar merchandise when determining whether to disregard any sales which may be made at prices less than the cost of production in the home market.

Petitioners contend that when the Department has selected a sample of identical home market sales for analysis, the cost of production issue is whether home market sales within any group of "identicals" are below the fully allocated cost of production.

DOC Position

We agree with petitioners. The Department's reasons for adopting the simplification were fully explained in our memorandum of June 22, 1990 and addressed in the preliminary determination. We have limited our COP analysis to those home market products with identical matches in the United States for the following reasons: (1) We have insufficient cost and sales data to compare all home market sales; (2) we found no evidence at verification that the methodology employed in this investigation has in any way distorted the test of whether sales were made at prices below the cost of production in the home market; and (3) in previous analogous circumstances, the Department has limited its COP analysis to identical products (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 18992, May 3, 1989).)

Comment 27

Petitioners argue that Cheil's normal accounting practice understates the actual cost of producing B-grade film. Petitioners further argue that any alternative cost allocation method based on the B-grade film's sales value would similarly distort the product's true production costs. Petitioners specifically note that the value-based cost allocation method recommended by the Court in IPSCO would not apply in this investigation since A-grade and B-grade films are not joint products.

Cheil contends that the Department should accept its reported B-grade film costs, as calculated under the company's normal accounting method. Cheil notes that the company's accounting practice is fully consistent with Korean Generally Accepted Accounting Principles (GAAP), and disputes petitioners' claim that the practice distorts B-grade film costs.

DOC Position

We are with petitioners' contention that the Department should not rely on Cheil's normal accounting practices to compute the company's B-grade film costs. For cost and financial accounting purposes, Cheil assigns a value to the B-grade film resulting from the company's A-grade manufacturing process. This value is based on what Cheil calls the product's "net realizable value" (NRV). In general, the NRV of B-grade film is derived from the product's most recent quarterly sales price, less estimated allowances for selling, general and administrative expenses, and normal profit margin. Cheil values its A-grade production by deducting the total NRV of B-grade film from total PET film manufacturing costs. The remaining net manufacturing costs are then allocated to the A-grade film produced.

Note that under this accounting method, Cheil does not compute costs for its B-grade films by allocating current manufacturing costs between its prime and off-grade products. Rather, the company assigns a value to B-grade production based on the product's selling price. For this reason, we rejected Cheil's reported B-grade film costs. The Department cannot accept, either for COP or for CV, an assigned product cost that is, in effect, the product's sales price.

As an alternative to film costs derived from Cheil's accounting practice, we reallocated the company's PET film COM using a value-based allocation methodology consistent with that recommended by the Court in IPSCO. We disagree with petitioners' contention that such a methodology does not apply to the PET film products under investigation (See also our response to Comment 12.)

Comment 28

Petitioners argue that Cheil's normal accounting practice understates PET film material costs. Specifically, petitioners contend that Cheil's method of accounting for scrap film that is recycled and reintroduced into the film manufacturing process shifts materials costs from those films produced using significant amounts of recycled materials to those films containing largely non-recycled materials.

Cheil contends that the Department should accept its reported material costs, as calculated under the company's normal accounting method. Cheil notes that the company's method of accounting for recycled film is fully consistent with Korean GAAP, and disputes petitioners' claim that the method distorts materials costs.

DOC Position

We agree with respondent that Cheil's accounting practices do not distort the company's PET film material costs Edge trimmings and other scrap film are a normal part of the film production process As demonstrated by Cheil at verification, scrap film is typically recycled into pellets which can either be sold or combined with virgin polymer chips and remelted to produce new PET film.

For cost and financial accounting purposes, Cheil values pellets at their adjusted market selling price, using the same NRV methodology it uses for B-grade film Included in the pellets' NRV, however, are the costs incurred in recycling. Like the NRV for B-grade film, the pellet NRV is deducted from the manufacturing cost of prime grade films. When reintroduced into PET film production, pellets are recorded as raw material costs at their NRV.

Unlike the company's virgin chips, Cheil does not track the unique chemical composition of the pellets it produces. Each pellet is typically a combination of scrap from more then one film type. The company does, however, strictly control the quantities of pellets and virgin chips used in manufacturing different film products. Those purified PET film products manufactured largely from virgin chips generally command higher market prices, while those films produced with pellet fillers are priced more cheaply.

By recognizing the market value of the scrap film pellets, as well as their influence on the value of the finished PET film, Cheil's method of accounting for recycled scrap films provides a reasonable measure of material costs.

Comment 29

Cheil argues that it properly reported the severance pay costs it incurred during the POI. Cheil notes that it normally accounts for severance pay on an accrual basis and, in accordance with Korean law and GAAP, accrues funds in a reserve account to cover the liability incurred by the company for its employees' severance pay. Respondent adds that Cheil's severance pay accrual during the POI far exceeded the company's actual cash severance payments to employees that retired during that same period. Respondent urges the Department to include in Cheil's PET film production costs, the cash severance payments rather than the accrued amounts since the cash payments depict more accurately the company's severance costs.

Respondent further argues that, if the Department determines that the accrued severance expense should be included in Cheil's PET film production costs, then the Department should use the monthly severance pay figures recorded in the company's books during the POI.

Petitioners argue that it Cheil intends to depart from its normal accounting practices, it should do so consistently, and make adjustments that increase as well as decrease PET film production costs.

DOC Position

Regarding respondent's contention that the Department should include cash basis rather than accrued severance payments in film production costs, we disagree Except as discussed below, the accrued amounts reflect the best estimate of Cheil's true severance cost for the POI.

Accrual basis accounting recognizes expenses in the period incurred, regardless of when the actual cash payments are made In Cheil's case, there is no question that, during the POI, the company incurred a liability for the severance pay earned by its employees, whether actually paid during the period or not Severance pay earned by each Cheil employee is determined largely on the length of his or her service with the company As that service time grows, so does Cheil's severance liability to the employee When the employee retires or leaves the company, Cheil must pay, in cash, the liability it owes to the employee.

Because Cheil incurs severance pay liability over its employees' service times, the company's normal accrual basis accounting method recognizes the amount of the liability as it is incurred Cheil accountants estimate the amount of severance earned by each employee during an accounting period. They then fund the company's severance reserve account and recognize in the company's income statement the change in the severance liability Recognizing severance pay costs when actually paid in cash to retiring workers ignores the fact that the liability for these payments is incurred during each worker's career.

With regard to respondent's second claim that, if Cheil's cash basis severance pay costs are rejected, then the Department should rely on the company's actual monthly severance pay accruals during the POI, we again disagree. Each month, Cheil's company accountants accrue an estimated amount for the company's severance liability. At fiscal year-end, the accountants review the balance in the severance reserve account and determine whether it reflects appropriately Cheil's severance liability. If not, adjusting entries are made to either increase or decrease the recorded balance.

During November 1989, the first month of the POI, Cheil accountants did not accrue the normal severance pay estimate. Instead, determining that the reserve balance was overstated, they booked a negative adjusting entry No severance pay was accrued in December, the following month, since the year-end balance was determined to be correctly stated In January through April of the following year, the company accountants again began accruing severance pay amounts.

As an alternative to its cash basis approach, Cheil asks that the Department include in the company's production costs (1) November's severance pay entry that adjusted the account balance for the previous ten month's activity, (2) no severance pay

for December, and (3) the accrued amounts for January through April. We disagree since the November and December entries do not reflect severance costs incurred for those months, but rather they represent adjustments made to correct the account balance for the company's entire 1989 fiscal year. Including the correcting entries in Cheil's severance costs would obviously distort the company's reported film production costs for the POI.

Because we rejected Cheil's cash basis severance pay, as the best information otherwise available we included in the company's film production costs the monthly accrued severance for the four-month period, Janauary through April. Moreover, for the POI months of November and December, we included in film production costs the average monthly severance pay accrual recorded for the January through April period.

Comment 30

Petitioners argue that non-operating income items should be excluded from Cheil's general expenses calculation.

Cheil claims that these items are properly included in the company's general expenses.

DOC Position

The non-operating income and expense items included in Cheil's general expenses calculations were (1) net gains resulting from current foreign exchange transactions; (2) net income resulting from the amortization of deferred foreign exchange gains and losses; and (3) miscellaneous net income. We revised the company's general expenses calculation, excluding each of these items. (See *Comment 16*.) Cheil simply did not establish the requisite relationship that would have caused us to adjust for these expenses.

Regarding Cheil's offsetting claim for miscellaneous net income, the company did not establish during verification that its recorded miscellaneous income and expense amounts were related to the company's PET film production. We therefore excluded the net income amount from Cheil's general expenses.

Comment 31

Cheil argues that its home market profit calculation provides the best estimate of the profit realized from the company's home market sales of the class or kind of merchandise. Cheil's calculated profit figure was less than the statutory minimum amount of eight percent of COM plus general expenses. Respondent therefore contends that, for CV, the Department should determine Cheil's home market profit using the statutory amount.

DOC Position

We disagree with respondent. Cheil's home market profit calculation included revenues, cost of sales, and other expenses from sales of the subject merchandise. The calculation also included revenues and expenses from sales of by-products and other non-subject merchandise related to the production of PET film. We therefore revised Cheil's calculation so that it included only the home market profit realized on the class or kind of subject merchandise, in accordance with 19 CFR 353.50(a)(2).

Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation, under section 733(d) of the Act, of all entries of PET film from the Republic of Korea, as defined in the "Scope of Investigation" section of this notice, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. The U.S. Customs Service shall continue to require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of the subject merchandise from the Republic of Korea exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Manufacturer/Producer/Exporter	Margin Percentage
SKC Limited and SKC America, Inc	5 38
Cheil Synthetics, Inc	3 68
All Others	4 68

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

If the ITC determines that material injury, or threat of material injury, does not exist with respect to PET film, the proceeding will be terminated and all securities posted as a result of the suspension will be refunded or cancelled. However, if the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on all PET film from the Republic of Korea, on or after the effective date of the suspension of liquidation, equal to the amount by which the foreign market value exceeds the U.S. price.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d) and 19 CFR 343.20(a)(4)).

Dated: April 15, 1991.

Eric I. Garfinkel,

Assistant Secretary for Import Administration.

[FR Doc. 91-9384 Filed 4-19-91; 8:45 am]

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Corrections

Federal Register
Vol. 56, No 84
Wednesday, May 1, 1991

This section of the FEDERAL REGISTER contains editorial corrections of previously published Presidential, Rule, Proposed Rule, and Notice documents These corrections are prepared by the Office of the Federal Register Agency prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue

DEPARTMENT OF COMMERCE

International Trade Administration

[A-588-814]

Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip from Japan

Correction

In notice document 91-9385 beginning on page 16300 in the issue of Monday, April 22, 1991, make the following correction:

On page 16303, in the second column, under *DOC Position* at the bottom, in the first line, "no" should read "an".

BILLING CODE 1505-01-D

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject: POLYETHYLENE TEREPHTHALATE FILM, SHEET, AND STRIP FROM JAPAN AND THE REPUBLIC OF KOREA

Invs. Nos.: 731-TA-458 and 459 (Final)

Date and Time: April 18, 1991 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street SW., Washington, DC.

In support of the imposition of antidumping duties:

Wilmer, Cutler & Pickering--Counsel
Washington, DC, and
Howrey & Simon--Counsel
Washington, DC
On behalf of--

E.I. du Pont de Nemours & Co.

Hoechst Celanese Corporation

ICI Americas, Inc.

Dr. Robert Kimmel, Manager for New Business Technology Division, PET Film, Hoechst Celanese

Mary Jane Koch, Business Manager for PET Film Enterprises, Du Pont

Michael Upton, Director of Sales & Marketing, ICI

Richard L. Boyce, Economist

Corinne M. Krupp, Economist

John D. Greenwald--OF COUNSEL (Wilmer, Cutler & Pickering)
Michael A. Hertzberg--OF COUNSEL (Howrey & Simon)
Matthew J. Clark--OF COUNSEL (Howrey & Simon)

--Continued--

In opposition to the imposition of antidumping duties

Baker & McKenzie--Counsel
Washington, DC
On behalf of--

Minnesota Mining and Manufacturing Company (3M)

Lee Kendall, Manager, Purchasing and Package Engineering Systems, 3M

Thomas P. Ondeck--OF COUNSEL
Kevin M. O'Brien--OF COUNSEL
Noel H. Gordon--OF COUNSEL

Panel:

Steptoe & Johnson--Counsel
Washington, DC
On behalf of--

Teijin Limited

Teijin America, Inc.

Weil, Gotshal & Manges--Counsel
Washington, DC
On behalf of--

Toray Industries, Inc.

Toray Marketing and Sales (America), Inc

Yutaka Arita, President, Kimoto Tech, Inc.

Paul Kelsey, Purchasing Manager, Ampex Recording Media Corporation

Stephen Marks, Group General Manager, Tandy Corporation

Ronald Menard, Director, Materials Management, BASF Corporation, Information Systems

William Finan, Technecon Analytic Research

Bruce Malashevich, President, Economic Consulting Services, Inc.

W. George Grandison--OF COUNSEL (Steptoe & Johnson)
Gracia Berg--OF COUNSEL (Steptoe & Johnson)
A. Paul Victor--OF COUNSEL (Weil, Gotshal & Manges)
Douglas A. Nave--OF COUNSEL (Weil, Gotshal & Manges)
Ethan S. Naftalin--OF COUNSEL (Weil, Gotshal & Manges)

--Continued--

In opposition to the imposition of antidumping duties--Continued

Hogan & Hartson--Counsel
Washington, DC
On behalf of--

Southwall Technologies, Inc.

Thomas Hood, Vice President of New Business Development, Southwall Technologies, Inc.

Lewis E. Leibowitz--OF COUNSEL

Miller, Canfield, Paddock and Stone
Washington, DC
On behalf of--

International Imaging Materials, Inc. (IIMAK)

Brian Aldous, Vice President, Engineering, IIMAK

William E. Perry--OF COUNSEL

Panel:

Akin, Gump, Strauss, Hauer & Feld--Counsel
Washington, DC
On behalf of--

Cheil Synthetics, Inc.

Sukhan Kim--OF COUNSEL
William F. Gould--OF COUNSEL

Donovan Leisure, Rogovin, Huge & Schiller--Counsel
Washington, DC
On behalf of--

SKC Limited

SKC America, Inc.

Wesley Bailey, Plant Manager, Labelon Corporation

Earl Sanchez, Technical Consultant, SKC America, Inc.

Michael P. House--OF COUNSEL
Raymond Paretzky--OF COUNSEL
Denitta D. Ascue--OF COUNSEL

--Continued--

In opposition to the imposition of antidumping duties--Continued

William Kutsch, Vice President of Manufacturing for Foilmark, Inc.
On behalf of--

Foilmark, Inc.
Technical Coatings Laboratory, Inc.
The Hot Stamping Association

Did not testify, but was present:

Shearman & Sterling--Counsel
Washington, DC
On behalf of--

Kolon Industries, Inc.

Kolon Scena, Inc.

Jeffrey M. Winton--OF COUNSEL
Thomas B. Wilner--OF COUNSEL
Grant E. Finlayson--OF COUNSEL

APPENDIX C

DOMESTIC PRODUCERS' AND IMPORTERS' SHIPMENTS OF CERTAIN SPECIFIED SUBJECT PET FILMS

DOMESTIC PRODUCERS' AND IMPORTERS' SHIPMENTS OF CERTAIN SPECIFIED SUBJECT PET FILMS

The Commission stated at the conclusion of the preliminary PET film investigations that, for these final investigations, it would examine information on certain subject PET films. Accordingly, the Commission's questionnaires in the final investigations requested data on the following: (a) non-tensilized magnetic film, (b) tensilized magnetic film, (c) chemically-treated packaging film, (d) ultra-thin film, (e) semi-tensilized ultra-thin film, under 25 gauge, produced for use as thermal transfer ribbon, (f) ultra-thin film, under 14 gauge, for use in capacitors, (g) pigmented film, and (h) silicone-coated film.

In addition to the above, Southwall Technologies Inc. maintains that "optical grade UV-absorbing" subject PET film is a separate like product.[1] According to counsel for Southwall, *** [2] ***. At the Commission's hearing, spokesmen for Southwall testified that UV-absorbing PET film is only available from Japan (manufactured by Teijin) and any U S. production of this PET film, on a commercial basis, is at least 2 years away [3]

It is again noted here that data presented by end use in this report include these specialized subject PET films, and that data presented for the "certain specified subject PET film" should be viewed as parts of, but not in addition to, the end-use presentations. Further, these specialized PET films do not, nor should they, total to the data for all subject PET films.

Table C-1 presents U.S. producers' and importers' shipments of all subject PET film,[4] shipments of the specified subject PET films, total apparent U.S. consumption of PET film, and apparent U.S consumption of the specified films by quantity, and table C-2 presents the same information by value. Table C-3 presents the quantity of U.S importers' shipments of the specified products by source, and table C-4 presents the value of such shipments.

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[1] Hogan & Hartson prehearing brief, pp. 7-13.

[2] ***.

[3] Transcript of hearing, pp. 171-172.

[4] From table 1.

Table C-1
Subject PET film: Quantity of U.S. shipments by producers and importers and apparent U.S. consumption, by certain specified products, 1987-90

Item	1987	1988	1989	1990
	U.S. producers' shipments (1,000 pounds)			
Subject PET film	***	***	***	***
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)[1]	***	***	***	***
	U.S. importers' shipments (1,000 pounds)			
Subject PET film	***	***	***	***
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***
	Apparent U.S. consumption (1,000 pounds)			
Subject PET film	***	***	***	***
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***

See footnotes and end of table.

Table C-1--Continued
Subject PET film: Quantity of U.S. shipments by producers and importers and apparent U.S. consumption, by certain specified products, 1987-90

Item	1987	1988	1989	1990
	Share of the quantity of apparent U.S. consumption of subject PET film (percent)			
Tensilized magnetic film.....	***	***	***	***
Non-tensilized magnetic film.....	***	***	***	***
Chemically-treated packaging film.....	***	***	***	***
Pigmented film.....	***	***	***	***
Silicone-coated film.....	***	***	***	***
Ultra-thin capacitor film under 14 gauge.....	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon....	***	***	***	***
Other ultra-thin film (under 25 gauge).....	***	***	***	***

[1] ***. ***.

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

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

Table C-2
Subject PET film: Value of U.S. shipments by producers and importers and apparent U.S. consumption, by certain specified products, 1987-90

Item	1987	1988	1989	1990
	U.S. producers' shipments (1,000 dollars)			
Subject PET film	***	***	***	***
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)[1]	***	***	***	***
	U.S. importers' shipments (1,000 dollars)			
Subject PET film	***	***	***	***
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***
	Apparent U.S. consumption (1,000 dollars)			
Subject PET film	***	***	***	***
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***

See footnotes at end of table.

Table C-2--Continued
Subject PET film: Value of U.S. shipments by producers and importers and apparent U.S. consumption, by certain specified products, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. consumption of subject PET film (percent)			
Tensilized magnetic film.. ..	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film.....	***	***	***	***
Pigmented film.....	***	***	***	***
Silicone-coated film..	***	***	***	***
Ultra-thin capacitor film under 14 gauge.....	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon ...	***	***	***	***
Other ultra-thin film (under 25 gauge)...	***	***	***	***

[1] ***. ***.

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

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

Table C-3
Subject PET film: Quantity of U S. importers' U.S. shipments, by certain specified products and by sources, 1987-90

(In thousands of pounds)

Item	1987	1988	1989	1990
	From Japan			
Subject PET film	41,092	42,975	51,347	53,217
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***
	From Korea[1]			
Subject PET film	10,786	20,001	20,122	26,296
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***
	From all other sources[1]			
Subject PET film	13,551	19,347	14,938	18,580
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***

[1] Lists only the specified product categories for which there were reported imports from this source.

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

Table C-4
Subject PET film: Value of U.S. importers' U.S. shipments, by certain specified products and by sources, 1987-90

(In thousands of dollars)

Item	1987	1988	1989	1990
	From Japan			
Subject PET film	92,616	106,529	120,468	119,825
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Silicone-coated film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Semi-tensilized ultra-thin film under 25 gauge for thermal transfer ribbon	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***
	From Korea[1]			
Subject PET film	18,317	34,818	33,876	41,426
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***
	From all other sources[1]			
Subject PET film	30,462	40,710	33,661	38,489
Tensilized magnetic film	***	***	***	***
Non-tensilized magnetic film	***	***	***	***
Chemically-treated packaging film	***	***	***	***
Pigmented film	***	***	***	***
Ultra-thin capacitor film under 14 gauge	***	***	***	***
Other ultra-thin film (under 25 gauge)	***	***	***	***

[1] Lists only the specified product categories for which there were reported imports from this source.

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

APPENDIX D

CRONAR®, ESTAR®, AND EQUIVALENT FILMS

CRONAR®, ESTAR®, AND EQUIVALENT FILMS

Description And Uses

Du Pont produces Cronar® at Brevard, NC, and Florence, SC *** ***. The following is a description of the production and use of Cronar® at Brevard, NC.

The principal raw materials for Cronar® base manufacture are dimethyl terephthalate (DMT) and ethylene glycol. *** ***. *** ***. ***.[1] *** ***. ***. ***. ***. ***. ***. ***. ***. *** ***. ***.

Kodak produces Estar® at Rochester, NY, and Windsor, CO. ***. *** ***.[2]

***. ***. ***. ***. ***.[3]

Because Cronar®, Estar®, and equivalent films have at least one of their surfaces modified by the application of a performance-enhancing resinous layer of more than 0.00001-inch, these films are excluded from the scope of the petition and fall outside Commerce's description of the subject imported merchandise. The Commission's questionnaires and requests for information sought data on any imports of, or foreign production of, Cronar®, Estar®, or equivalent films. No imports of these products were reported and none of the responses to foreign industry data requests reported any production of Cronar®, Estar®, or equivalent films in Japan or Korea. However, Fuji Photo Film Co., Ltd. is believed to produce an equivalent film in Japan, but Fuji is not a party to these proceedings.

Data compiled from responses to the Commission's questionnaires concerning Cronar®, Estar®, and equivalent films are presented in tables D-1 through D-5 ***.

Respondents argue that the Commission should add the production of Cronar®, Estar®, and equivalent films to the subject PET film for its injury determinations. A market penetration table for these excluded films combined with the subject PET film was constructed for the Commission's consideration and the combined data are presented in table D-6. The data trends in table D-6 are similar to the trends in table 21 (subject PET film) but, of course, the market penetration by imports is lower

Income-and-loss experience of U S. producers on their aggregate operations producing subject PET film, Cronar®, and Estar® are presented in table D-7. Value of assets and return on assets associated with the production of subject PET film aggregated with Cronar® and Estar® are presented in table D-8; capital expenditures by U S producers for subject PET film, Cronar®, and Estar® aggregated are presented in Table D-9; and research and development expenses for subject PET film, Cronar®, and Estar® aggregated are presented in table D-10

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[1] ***. ***.

[2] ***.

[3] ***.

Table D-1
Cronar®, Estar®, and equivalent PET film: Capacity, production, capacity utilization, domestic shipments, captive consumption, export shipments, and end-of-period inventories, 1987-90

Item	1987	1988	1989	1990
Average capacity (1,000 pounds)..	***	***	***	***
Production (1,000 pounds).....	***	***	***	***
Capacity utilization (percent)...	***	***	***	***
Beginning inventories (1,000 pounds).....	***	***	***	***
Commercial shipments:				
Quantity (1,000 pounds).....	***	***	***	***
Value (1,000 dollars).....	***	***	***	***
Unit value (per pound)....	$***	$***	$***	$***
Captive shipments:				
Quantity (1,000 pounds).....	***	***	***	***
Value (1,000 dollars).....	***	***	***	***
Unit value (per pound).....	$***	$***	$***	$***
Export shipments:				
Quantity (1,000 pounds)..	***	***	***	***
Value (1,000 dollars).....	***	***	***	***
Unit value (per pound).....	$***	$***	$***	$***
End-of-period inventories (1,000 pounds).....	***	***	***	***

Note.--Inventories do not reconcile. ***. ***.

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

Table D-2
Selected income-and-loss data on Cronar® and Estar®, by producers,[1] fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales:				
*	*	*	*	*
Cost of goods sold:				
*	*	*	*	*
Operating income or (loss):				
*	*	*	*	*
	Share of net sales (percent)			
Cost of goods sold:				
*	*	*	*	*
Operating income or (loss):				
*	*	*	*	*

[1] Du Pont produces Cronar® and Eastman Kodak produces Estar®. ***. ***. ***. ***. ***.

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

Table D-3
Value of assets and return on assets of Cronar® and Estar®, fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Fixed assets:				
Original cost.....	***	***	***	***
Book value.....	***	***	***	***
Total assets[1]..... ...	***	***	***	***
	Return on book value of fixed assets (percent)			
Operating return[2]..... ..	***	***	***	***
Net return[3].....	***	***	***	***
	Return on total assets (percent)[4]			
Operating return[2].....	***	***	***	***
Net return[3].....	***	***	***	***

[1] Defined as book value of fixed assets plus current and noncurrent assets.
[2] Defined as operating income or loss divided by asset value.
[3] Defined as net income or loss divided by asset value.
[4] ***.

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

Table D-4
Aggregate research and development expenses on Cronar® and Estar®, fiscal years 1987-90[1]

(In thousands of dollars)

Item	1987	1988	1989	1990
Research and development expenses.....	***	***	***	***

[1] ***.

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

Table D-5
Aggregate capital expenditures by U.S. producers on Cronar® and Estar®, fiscal years 1987-90

(In thousands of dollars)

Item	1987	1988	1989	1990
Land and land improvements...	***	***	***	***
Building and leasehold improvements.....	***	***	***	***
Machinery, equipment, and fixtures.....	***	***	***	***
Total.....	***	***	***	***

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

Table D-6
Subject PET film plus Cronar®, Estar®, and equivalent PET film: Producers' commercial and captive shipments, importers' U S. shipments, apparent U.S. commercial consumption, total apparent U.S. consumption, and market penetration shares, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	255,442	268,317	263,469	264,662
Importers' shipments of product from--				
Japan	41,092	42,975	51,347	53,217
Korea	10,786	20,001	20,122	26,296
Subtotal	51,878	62,976	71,469	79,513
Other sources	13,551	19,347	14,938	18,580
Total	65,429	82,323	86,407	98,093
Apparent U.S. commercial consumption	320,871	350,640	349,876	362,755
Producers' captive shipments	181,996	197,995	201,474	203,166
Apparent U.S. consumption	502,867	548,635	551,350	565,921
	Value (1,000 dollars)			
Producers' commercial shipments	471,488	518,845	514,991	498,098
Importers' shipments of product from--				
Japan	92,616	106,529	120,468	119,825
Korea	18,317	34,818	33,876	41,426
Subtotal	110,933	141,347	154,344	161,251
Other sources	30,462	40,710	33,661	38,489
Total	141,395	182,057	188,005	199,740
Apparent U.S. commercial consumption	612,883	700,902	702,996	697,838
Producers' captive shipments	272,682	290,720	318,151	325,631
Apparent U.S. consumption	885,565	991,622	1,021,147	1,023,469
	Share of the quantity of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	79.6	76.5	75.3	73.0
Importers' shipments of product from--				
Japan	12.8	12.3	14.7	14.7
Korea	3.4	5.7	5.8	7.2
Subtotal	16.2	18.0	20.4	21.9
Other sources	4.2	5.5	4.3	5.1
Total	20.4	23.5	24.7	27.0
Apparent U.S. commercial consumption	100.0	100.0	100.0	100.0

Table continued on next page.

Table D-6--Continued
Subject PET film plus Cronar®, Estar®, and equivalent PET film. Producers' commercial and captive shipments, importers' U S shipments, apparent U S commercial consumption, total apparent U.S. consumption, and market penetration shares, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	76.9	74.0	73.3	71.4
Importers' shipments of product from--				
Japan	15.1	15.2	17.1	17.2
Korea	3.0	5.0	4.8	5.9
Subtotal	18.1	20.2	22.0	23 1
Other sources	5.0	5.8	4.8	5.5
Total	23.1	26.0	26.7	28.6
Apparent U.S. commercial consumption	100.0	100.0	100.0	100.0
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	50.8	48.9	47 8	46.8
Importers' shipments of product from--				
Japan	8.2	7.8	9 3	9.4
Korea	2.1	3.6	3.6	4.6
Subtotal	10.3	11 5	13.0	14.1
Other sources	2.7	3.5	2.7	3.3
Total	13.0	15.0	15.7	17.3
Apparent U.S. commercial consumption	63.8	63.9	63.5	64.1
Producers' captive shipments	36.2	36.1	36.5	35.9
Apparent U.S. consumption	100.0	100.0	100.0	100.0
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	53.2	52.3	50.4	48 7
Importers' shipments of product from--				
Japan	10.5	10.7	11 8	11 7
Korea	2.1	3.5	3.3	4.0
Subtotal	12.5	14.3	15.1	15 8
Other sources	3.4	4.1	3.3	3.8
Total	16.0	18.4	18.4	19.5
Apparent U.S. commercial consumption	69.2	70.7	68.8	68.2
Producers' captive shipments	30.8	29.3	31.2	31.8
Apparent U.S. consumption	100.0	100.0	100.0	100.0

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

Table D-7
Income-and-loss experience of U.S. producers[1] on their aggregate operations producing subject PET film, Cronar®, and Estar®, fiscal years 1987-90[2]

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales	***	***	***	***
Cost of goods sold	***	***	***	***
Gross profit	***	***	***	***
Selling, general, and administrative expenses	***	***	***	***
Operating income or (loss)	***	***	***	***
Startup or shutdown expense	***	***	***	***
Interest expense	***	***	***	***
Other income or (expense), net	***	***	***	***
Net income or (loss) before income taxes	***	***	***	***
Depreciation and amortization	***	***	***	***
Cash flow[3]	***	***	***	***
	Ratio to net sales (percent)			
Cost of goods sold	64.4	64.8	74.0	71.1
Gross profit	35.6	35.2	26.0	28.9
Selling, general, and administrative expenses	18.3	18.4	19.4	19.1
Operating income or (loss)	17.3	16.7	6.6	9.8
Net income or (loss) before income taxes	15.0	14.3	3.9	7.2
	Number of firms reporting			
Operating losses	***	***	***	***
Net losses	***	***	***	***
Data	***	***	***	***

[1] The producers that provided data are ***.
[2] All fiscal years ended December 31, except for ***.
[3] 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 D-8
Subject PET film, Cronar®, and Estar® aggregated: Value of assets and return on assets of U.S. producers,[1] fiscal years 1987-90

Item	1987[2]	1988	1989	1990
	Value (1,000 dollars)			
Fixed assets:				
Original cost	***	***	***	***
Book value	***	***	***	***
Total assets[3]	***	***	***	***
	Return on book value of fixed assets (percent)			
Operating return[4]	***	***	***	***
Net return[5]	***	***	***	***
	Return on total assets (percent)			
Operating return[4]	***	***	***	***
Net return[5]	***	***	***	***

[1] The producers that reported data are ***
[2] Excludes ***.
[3] Defined as book value of fixed assets plus current and noncurrent assets.
[4] Defined as operating income or loss divided by asset value.
[5] Defined as net income or loss divided by asset value.

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

Table D-9
Subject PET film, Cronar®, and Estar® aggregated· Capital expenditures by U.S. producers,[1] fiscal years 1987-90

(In thousands of dollars)

Item	1987	1988	1989	1990
Land and land improvements	***	***	***	***
Building and leasehold improvements	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***
Total	***	***	***	***

[1] The producers that reported data are ***.

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

Table D-10
Subject PET film, Cronar®, and Estar® aggregated· Research and development expenses, fiscal years 1987-90[1] [2]

(In thousands of dollars)

Item	1987	1988	1989	1990
Research and development expenses.....	***	***	***	***

[1] The producers that reported data are ***.
[2] ***. ***.

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

APPENDIX E

SELECTED INCOME-AND-LOSS DATA OF U.S. PRODUCERS OF PET FILM, BY PRODUCER, FOR PACKAGING, INDUSTRIAL, GRAPHICS, MAGNETIC, AND OTHER SUBJECT PET FILM

Table E-1
Selected income-and-loss data of reporting U.S producers of packaging PET film, by producers, fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales	*	*	*	*
Cost of goods sold.	*	*	*	*
Operating income or (loss):	*	*	*	*
	Share of net sales (percent)			
Cost of goods sold:	*	*	*	*
Operating income or (loss):	*	*	*	*

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

Table E-2
Selected income-and-loss data of reporting U.S producers of industrial PET film, by producers, fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales:	*	*	*	*
Cost of goods sold.	*	*	*	*
Operating income or (loss):	*	*	*	*
	Share of net sales (percent)			
Cost of goods sold·	*	*	*	*
Operating income or (loss):	*	*	*	*

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

Table E-3
Selected income-and-loss data of reporting U.S. producers of graphics PET film, by producers, fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales:	*	*	*	*
Cost of goods sold:	*	*	*	*
Operating income or (loss):	*	*	*	*
	Share of net sales (percent)			
Cost of goods sold:	*	*	*	*
Operating income or (loss):	*	*	*	*

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

Table E-4
Selected income-and-loss data of reporting U.S. producers of magnetic PET film, by producers, fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales:	*	*	*	*
Cost of goods sold:	*	*	*	*
Operating income or (loss):	*	*	*	*
	Share of net sales (percent)			
Cost of goods sold:	*	*	*	*
Operating income or (loss):	*	*	*	*

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

Table E-5
Selected income-and-loss data of *** on "other" subject PET film,[1] fiscal years 1987-90

Item	1987	1988	1989	1990
	Value (1,000 dollars)			
Net sales:				
*	*	*	*	*
Cost of goods sold:				
*	*	*	*	*
Operating income or (loss):				
*	*	*	*	*
	Share of net sales (percent)			
Cost of goods sold:				
*	*	*	*	*
Operating income or (loss):				
*	*	*	*	*

[1] "Other" subject PET film consists of subject PET film that was not for packaging, industrial, magnetic, or graphics use, or for which the end use was unknown.

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

APPENDIX F

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF PET FILM FROM JAPAN AND KOREA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF PET FILM FROM JAPAN AND KOREA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe and explain the actual and anticipated negative effects, if any, of imports of the subject PET film from Japan and Korea on their firm's growth, investment, ability to raise capital, or existing development and production efforts (including efforts to develop a derivative or improved version of PET film). Producers were also asked whether the scale of capital investments undertaken has been influenced by the presence of imports of the subject PET film from Japan or Korea. The responses are presented below:

* * * * * * *

APPENDIX G

JAPANESE AND KOREAN FOREIGN INDUSTRY DATA, BY END-USE CATEGORIES

Japan

Table G-1
Packaging PET film: Japanese production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

Note.--***.

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

Table G-2
Industrial PET film: Japanese production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production....	***	***	***	***	***	***
End-of-period inventories....	***	***	***	***	***	***
Shipments:						
Home market....	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets. . .	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments.....	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production.. .	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market...	***	***	***	***	***	***
Exports to--						
The United States....	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

Note.--***.

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

Table G-3
Graphics PET film: Japanese production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production.....	***	***	***	***	***	***
End-of-period inventories....	***	***	***	***	***	***
Shipments:						
Home market.....	***	***	***	***	***	***
Exports to--						
The United States.....	***	***	***	***	***	***
All other markets.....	***	***	***	***	***	***
Total exports.....	***	***	***	***	***	***
Total shipments.....	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production....	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market.....	***	***	***	***	***	***
Exports to--						
The United States.....	***	***	***	***	***	***
All other markets.....	***	***	***	***	***	***

Note.--***.

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

Table G-4
Magnetic PET film: Japanese production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

Note.--***.

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

Table G-5
Other subject PET film: Japanese production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

Note.--***. ***.

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

Korea

Table G-6
Packaging PET film: Korean production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production.....	***	***	***	***	***	***
End-of-period inventories....	***	***	***	***	***	***
Shipments:						
Home market.....	***	***	***	***	***	***
Exports to--						
The United States.....	***	***	***	***	***	***
All other markets.....	***	***	***	***	***	***
Total exports...	***	***	***	***	***	***
Total shipments.....	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production....	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market.....	***	***	***	***	***	***
Exports to--						
The United States.....	***	***	***	***	***	***
All other markets.....	***	***	***	***	***	***

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

Table G-7
Industrial PET film: Korean production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

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

Table G-8
Graphics PET film: Korean production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

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

Table G-9
Magnetic PET film: Korean production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

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

Table G-10
Other subject PET film: Korean production, inventories, and shipments, 1987-90, and projected 1991-92

Item	1987	1988	1989	1990	Projected-- 1991	1992
	Quantity (1,000 pounds)					
Production	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
	Ratios and shares (percent)					
Inventories to production	***	***	***	***	***	***
Share of total quantity of shipments:						
Home market	***	***	***	***	***	***
Exports to--						
The United States	***	***	***	***	***	***
All other markets	***	***	***	***	***	***

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

APPENDIX H

U.S. MARKET PENETRATION BY THE SUBJECT IMPORTS, BY END-USE CATEGORIES

U.S. MARKET PENETRATION BY THE SUBJECT IMPORTS, BY END-USE CATEGORIES

U.S. market penetration by the subject imports is presented in tables H-1 for packaging PET film, H-2 for industrial PET film, H-3 for graphics PET film, H-4 for magnetic PET film, and H-5 for other PET film.

Table H-1
Packaging PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the quantity of apparent U S commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***

Table continued on next page.

Table H-1--Continued
Packaging PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***

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

Table H-2
Industrial PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the quantity of apparent U S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***

Table continued on next page.

Table H-2--Continued
Industrial PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***

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

Table H-3
Graphics PET film: Producers' commercial and captive shipments, importers' U S. shipments, apparent U S commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the quantity of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***

Table continued on next page.

Table H-3--Continued
Graphics PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***

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

Table H-4
Magnetic PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the quantity of apparent U.S commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***

Table continued on next page.

Table H-4--Continued
Magnetic PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***

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

Table H-5
Other subject PET film: Producers' commercial and captive shipments, importers' U S. shipments, apparent U.S. commercial consumption, and apparent U.S. consumption, 1987-90

Item	1987	1988	1989	1990
	Quantity (1,000 pounds)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Value (1,000 dollars)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the quantity of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***

Table continued on next page.

Table H-5--Continued
Other subject PET film: Producers' commercial and captive shipments, importers' U.S. shipments, apparent U.S. commercial consumption, and apparent U.S consumption, 1987-90

Item	1987	1988	1989	1990
	Share of the value of apparent U.S. commercial consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
	Share of the quantity of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
	Share of the value of total apparent U.S. consumption (percent)			
Producers' commercial shipments	***	***	***	***
Importers' shipments of product from--				
Japan	***	***	***	***
Korea	***	***	***	***
Subtotal	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Apparent U.S. commercial consumption	***	***	***	***
Producers' captive shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***

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