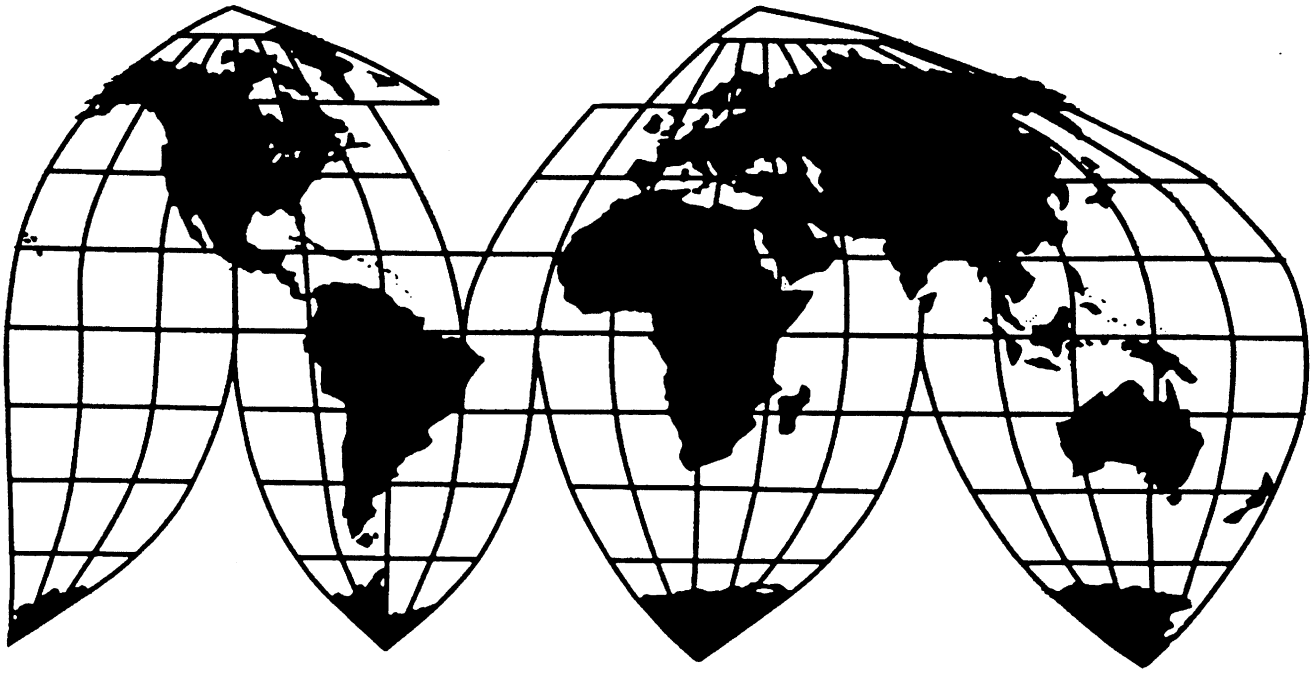
Certain Polyester Staple Fiber From Korea and Taiwan

Investigations Nos. 731-TA-825-826 (Preliminary)

Publication 3197 **May 1999**

U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-825-826 (Preliminary)

CERTAIN POLYESTER STAPLE FIBER FROM KOREA AND TAIWAN

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Korea and Taiwan of certain polyester staple fiber, provided for in subheading 5503.20.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling that will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules upon notice from the Department of Commerce of affirmative preliminary determinations in the investigations under section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On April 2, 1999, a petition was filed with the Commission and the Department of Commerce by E.I. DuPont de Nemours, Wilmington, DE; Arteva Specialities, S.a.r.l. d/b/a KoSa, Spartanburg, SC; NanYa Plastics Corp., America, Lake City, SC; Wellman, Inc., Shrewsbury, NJ; and Intercontinental Polymers, Inc., Charlotte, NC alleging that an industry in the United States is materially injured by reason of LTFV imports of polyester staple fiber from Korea and Taiwan.[2] Accordingly, effective April 2, 1999, the Commission instituted antidumping investigations Nos. 731-TA-825-826 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register*

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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] NanYa Plastics was not a petitioner in the investigation involving Taiwan. In a letter dated May 4, 1999, NanYa Plastics also withdrew as a petitioner in the investigation involving Korea. In the same letter, DuPont withdrew as a petitioner in the investigation involving Taiwan.

of April 9, 1999 (64 F.R. 17414). The conference was held in Washington, DC, on April 22, 1999, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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VIEWS OF THE COMMISSION

Based on the record in these investigations, we find a reasonable indication that an industry in the United States is materially injured by reason of imports of certain polyester staple fiber from Korea and Taiwan that allegedly are sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or the establishment of an industry is materially retarded, by reason of the allegedly LTFV imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[4] In turn, the Act defines "domestic 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 . . . ."[5]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission

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[1] 19 U.S.C. §§ 1671b(a) and 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT _, Slip Op. 96-51 at 4-6 (March 11, 1996).

[2] American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

[6] See, e.g., NEC Corp. v. Department of Commerce, Slip Op. 98-164 at 8 (Ct. Int'l Trade, Dec. 15, 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4)

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[8] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[9]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of this investigation as:

> [T]he product covered is certain polyester staple fiber. Certain polyester staple fiber is defined as synthetic staple fibers, not carded, combed, or otherwise processed for spinning, of polyesters measuring 3.3 decitex (3 denier, inclusive) or more in diameter. This merchandise is cut-to-lengths varying from one inch (25 mm) to five inches (127 mm). The merchandise subject to these investigations may be coated, usually with a silicon or other finish, or not coated. Certain polyester staple fiber is generally used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture. Merchandise of less than 3.3 decitex (less than 3 denier) classified under the Harmonized Tariff Schedule of the United States ("HTSUS") at subheading 5503.20.00.20 is specifically excluded from these investigations. Also specifically excluded from these investigations are polyester staple fibers of 10 to 18 denier that are cut-to-lengths of 6 to 8 inches (fibers used in the manufacture of carpeting).
>
> The merchandise subject to these investigations is classified in the HTSUS at subheadings 5503.20.00.40 and 5503.20.00.60. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.[10]

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[6](...continued)
customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[7] See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[8] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[9] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[10] 64 Fed. Reg. 23053 (April 29, 1999).

Certain polyester staple fiber is created to act as fill for pillows, comforters, and mattresses; it also has insulating qualities and is used in products such as sleeping bags and jackets.[11] Polyester staple fiber may be produced from "virgin" material, whereby two petroleum derivatives are polymerized into a compound called polyethylene terephthalate ("PET").[12] Alternatively, PET may come from recycled materials such as soda bottles.[13] PET may be allowed to solidify, and these resulting chips or pellets can be remelted and extruded at a later time.[14] PET is spun into filaments by forcing molten PET through a number of spinnerets.[15] The filaments are then stretched to the appropriate diameter.[16] The fibers are then crimped, whereby a two- or three-dimensional shape is given to the fiber to add resilience.[17] Finishes, such as silicon, are applied and the fibers are sent through a hot-air oven to set the crimp and dry. The fibers then are cut to the appropriate length.[18] Typically, only fibers between one and five inches will work on the machinery of the end users who will actually use polyester staple fiber in various fill capacities.[19]

B. Domestic Like Product Issues

Petitioners assert that the domestic like product should consist of all certain polyester staple fiber as defined by Commerce.[20] Respondents argue that there are in fact several like products contained within this product group.[21] As discussed below, we determine for the limited purpose of this preliminary phase of these investigations that there is one domestic like product consisting of all certain polyester staple fiber. However, we intend to further examine these like product distinctions in any final phase of these investigations.

1. Low melt polyester staple fiber

Respondents claim that low melt polyester staple fiber is a separate like product[22] and that there is no comparable product produced in the United States.[23] Petitioners claim that low melt is made domestically, and that in any case low melt competes directly with other types of polyester staple fiber.[24]

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[11] Transcript of Certain Polyester Staple Fiber Conference of April 22, 1999 (hereinafter "Transcript") at 11.

[12] Transcript at 11.

[13] Transcript at 11.

[14] Transcript at 12.

[15] CR at I-5; PR at I-3.

[16] Transcript at 14.

[17] CR at I-5; PR at I-4.

[18] CR at I-5; PR at I-4.

[19] Transcript at 16.

[20] Petitioners' Postconference Brief at 6-9, 22-25.

[21] Respondents' Joint Postconference Brief at 9, 20-21; Korean Respondents' Postconference Brief at 12; Taiwanese Respondents' Postconference Brief at 2.

[22] Korean Respondents' Postconference Brief at 12; Taiwanese Respondents' Postconference Brief at 2.

[23] Respondents' Joint Postconference Brief at 24-25.

[24] Petitioners' Postconference Brief at 17-20.

The record indicates that there is in fact domestic production of low melt fiber.[25] We include low melt polyester staple fiber in the single like product certain polyester staple fiber for the limited purpose of this preliminary determination and would do so even in the absence of domestic production.[26] However, we intend to collect additional information in any final phase of these investigations and may revisit this decision.

Physical Characteristics and Uses. Low melt polyester staple fiber is a bicomponent fiber comprised of a polyester core and a sheath of copolymer polyester.[27] Low melt is used to bind conventional polyester staple fibers together to form a nonwoven batt suitable for bulk uses such as furniture stuffing.[28] When heated, the outer copolymer sheath melts at a lower temperature than its core or conventional polyester staple fibers, and the melted sheath acts as a glue, holding the polyester staple fibers together.[29] Low melt fibers are replacing an older method of binding, whereby conventional polyester staple fibers were sold to end users who then would apply a latex or resin coat to make the fibers stick together.[30]

Interchangeability. Low melt is not interchangeable with conventional polyester staple fiber, although it must be mixed with conventional polyester staple fiber to be used. Until heated, low melt lacks the loft or fill characteristics of conventional polyester staple fiber.[31]

Channels of Distribution. There are no meaningful differences in the channels of distribution between imported low melt, domestically produced low melt, and conventional polyester staple fiber.[32] All products are sold both to distributors and to end users.[33]

Common Manufacturing Facilities, Employees, and Methods. Low melt requires a double spinning process whereas conventional polyester staple fiber requires only one.[34] After spinning, however, low melt may be stretched, cut, and baled on the same machinery as conventional polyester staple fiber.[35]

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[25] There is one domestic producer of low melt polyester staple fiber. CR at I-10; PR at I-6.

[26] See generally, Certain Hot-Rolled Steel Products from Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 (Preliminary) and 731-TA-806-808 (Preliminary), USITC Pub. No. 3142 (Nov. 1998) at 5, n. 14 (The Commission must adhere to "the statutory requirement that if there is no product 'like' the subject imports, the Commission must find the domestic product that is 'most similar in characteristics and uses with' the imports. 19 U.S.C. § 1677(10).").

[27] CR at I-8, I-9; PR at I-6.

[28] CR at I-9; PR at I-6.

[29] CR at I-9; PR at I-6.

[30] CR at I-9; PR at I-6.

[31] CR at I-9; PR at I-6.

[32] CR at I-9; PR at I-6.

[33] CR at I-9; PR at I-6.

[34] CR at I-9; PR at I-6.

[35] CR at I-9; PR at I-6.

Producer and Customer Perceptions. Domestic producers regard low melt as just another type of polyester staple fiber product. Customers, however, perceive low melt as a special form of polyester staple fiber,[36] offering a newer, safer, less expensive alternative to the older method of treating conventional polyester staple fiber with resins for use primarily in furniture.[37]

Price. According to respondents, low melt commands a price premium over conventional polyester staple fiber.[38] Direct price comparisons between cumulated subject imports of low melt and the domestic like product, however, were not available in this preliminary phase of these investigations.

Conclusion. For the limited purpose of these preliminary phase investigations, we have included domestically produced low melt in the same like product as conventional polyester staple fiber. However, information on the existing record raises questions regarding physical characteristics, interchangeability, perception, and price. We will collect additional information on low melt in any final phase of these investigations and will reexamine this like product determination at that time.

2. Conjugate polyester staple fiber

According to respondents, conjugate polyester staple fiber is a separate like product.[39] Respondents also claim that there is no comparable product produced in the United States.[40] Petitioners claim that there is in fact domestic production of conjugate fiber and, even if there were no domestic production, conjugate is not truly a separate product but rather one type of polyester staple fiber that competes with a variety of other polyester staple fibers.[41] The record indicates that there is in fact domestic production of conjugate fiber.[42] We include conjugate polyester staple fiber in the single like product certain polyester staple fiber for the limited purpose of this preliminary determination and would do so even in the absence of domestic production.[43] However, we intend to collect additional information in any final phase of these investigations and may revisit this decision.

Physical Characteristics and Uses. Conjugate fiber is also a bicomponent fiber, with two polyesters used to create a curled, or spiraled fiber.[44] This spiral shape provides characteristics to the

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[36] CR at I-9, II-4-II-6; PR at I-6, II-3-II-4; see also Transcript at 117, 124.

[37] CR at I-9; PR at I-6.

[38] CR at I-9; PR at I-6.

[39] Respondents' Joint Postconference Brief at 9.

[40] Respondents' Joint Postconference Brief at 24-25.

[41] ***. Transcript at 165; Petitioners' Postconference Brief at 19.

[42] There is one domestic producer of conjugate polyester staple fiber. CR at I-8; PR at I-6.

[43] See generally, Certain Hot-Rolled Steel Products from Brazil, Japan, and Russia, Invs. Nos. 701-TA-384 (Preliminary) and 731-TA-806-808 (Preliminary), USITC Pub. No. 3142 (Nov. 1998) at 5, n. 14 (The Commission must adhere to "the statutory requirement that if there is no product 'like' the subject imports, the Commission must find the domestic product that is 'most similar in characteristics and uses with' the imports. 19 U.S.C. § 1677(10).").

[44] CR at I-8, I-9; PR at I-5.

conjugate fiber similar to those that mechanical crimping gives to conventional polyester staple fiber.[45] Conjugate fiber is produced in the same sizes and finishes as conventional polyester staple fiber.[46] It is used in the same applications as conventional polyester staple fiber, especially in mattresses and pillows.[47]

Interchangeability. Although respondents assert that conjugate fiber is sufficiently superior that it does not compete with domestic polyester staple fiber, the record indicates that both conjugate and conventional polyester staple fiber serve the same function of imparting loft and fluffiness.[48]

Common Manufacturing Facilities, Employees and Methods. Conjugate polyester staple fiber requires a different extrusion process than does conventional polyester staple fiber.[49] After the extrusion process, however, conjugate may be stretched, cut, and baled on the same machinery as conventional polyester staple fiber.[50]

Channels of Distribution. The record shows no meaningful differences in the channels of distribution for imported conjugate, domestic conjugate, or conventional polyester staple fiber.[51]

Producer and Customer Perceptions. Domestic producers see conjugate and conventional polyester staple fiber as interchangeable and comparable products competing for the same end uses.[52] Some customers perceive conjugate to be a superior product, while others prefer the conventional product.[53] Even those who prefer conjugate agree there are applications where the differences between conjugate and conventional polyester staple fiber are not important.[54]

Price. According to respondents, conjugate fiber commands a price premium over conventional polyester staple fiber.[55] Direct price comparisons between cumulated subject imports of conjugate and the domestic like product, however, were not available in this preliminary phase of these investigations.

Conclusion. For purposes of these preliminary determinations, and in light of similarities in end uses, interchangeability, and perceptions, we have determined that conjugate is sufficiently like conventional polyester staple fiber to treat the two as a single like product. However, we will collect additional information on conjugate fiber in any final phase of these investigations and will reexamine our like product determination at that time.

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[45] CR at I-8; PR at I-5.

[46] Petitioners' Postconference Brief at 23.

[47] CR at I-7; PR at I-5.

[48] CR at I-7; PR at I-5.

[49] CR at I-7-I-8; PR at I-5.

[50] CR at I-8; PR at I-5.

[51] CR at I-8; PR at I-5.

[52] CR at II-4; PR at II-3.

[53] Transcript at 137; Transcript at 145.

[54] Transcript at 142.

[55] CR at I-8; PR at I-6.

3. Polyester staple fiber made from recycled materials

As noted above, polyester staple fiber can be made from either virgin raw materials or from various recycled materials. Petitioners claim there are no meaningful differences between domestically produced polyester staple fiber made from virgin inputs and that made from recycled materials.[56] Respondents claim that domestic virgin polyester staple fiber still commands a significant price difference.[57]

Physical Characteristics and Uses. There are few, if any, physical differences between domestic polyester staple fiber manufactured from virgin materials and that created from recycled materials.[58] Most domestic manufacturers use both inputs, and some manufacturers may mix virgin and recycled product even at the earliest production stage.[59] Polyester staple fiber made domestically from recycled materials has the same physical characteristics–loft, coating, color–as that produced from virgin inputs.[60]

Interchangeability. Polyester staple fiber made domestically from virgin and recycled materials are used interchangeably.[61]

Channels of Distribution. There are no differences in the channels of distribution.[62]

Common Manufacturing Facilities, Employees and Methods. Aside from the differences in inputs, the subsequent processing of virgin and recycled polyester staple fiber is the same.[63] The two are frequently processed (spun, crimped, and cut) in a mixture at the same time on the same machinery.[64]

Producer and Customer Perceptions. There are no requirements that polyester staple fiber be labeled according to its raw materials.[65] There appears to be little or no difference among producers or customers' perceptions of the two products.[66] We are not aware of any purchaser that requests polyester staple fiber based on its raw material.

Price. Petitioners claim that the price premium once commanded by polyester staple fiber made from virgin inputs has disappeared,[67] while respondents argue that a price premium still exists.[68] Data

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[56] Petitioners' Postconference Brief at 2, 6-9.

[57] Respondents' Joint Postconference Brief at 30-31.

[58] CR at I-6; PR at I-4.

[59] CR at I-3; PR at I-2.

[60] CR at I-6; PR at I-4.

[61] CR at I-6; PR at I-4.

[62] CR at I-6; PR at I-4.

[63] CR at I-5; PR at I-4.

[64] CR at I-5; PR at I-3.

[65] Petitioners' Postconference Brief at 9.

[66] CR at I-6, II-5; PR at I-4, II-3.

[67] CR at II-6; PR at II-4; see also Petitioners' Postconference Brief at 9.

[68] Respondents' Postconference Brief at 31.

collected in these preliminary investigations indicate that domestic polyester staple fiber from recycled materials had *** average unit value than did domestic polyester staple fiber from virgin materials.[69]

Conclusion. We determine that polyester staple fiber created from virgin raw materials and polyester staple fiber from recycled materials constitute one like product. We will reconsider our determination if warranted by information collected in any final phase of these investigations.

4. "Regen" polyester staple fiber

Respondents claim there is another grade of polyester staple fiber that is unlike anything produced domestically and for which conventional polyester staple fiber is not the appropriate domestic like product.[70] Respondents refer to this grade of polyester staple fiber as "regen." Petitioners claim that regen and conventional polyester staple fiber are in fact the same product, save for some quality and price variations, or, alternatively, that domestically produced conventional polyester staple fiber is the domestic product most similar to regen.[71]

Physical Characteristics and End Uses. Regen is made exclusively from recycled or regenerated materials, but is chemically identical to conventional polyester staple fiber.[72] Asian producers of regen tend to be small firms, generally using inferior quality equipment.[73] The resulting regen polyester staple fiber tends to be of a lower quality than conventional polyester staple fiber; regen has uneven coloration and inconsistent sizing and may contain large chips of unprocessed polyester.[74] Petitioners and respondents disagree as to whether regen and conventional polyester staple fiber compete for the same end uses, but both agree that end users frequently blend regen with conventional polyester staple fiber.[75]

Interchangeability. Regen's inferior quality may make it somewhat more difficult to process than conventional polyester staple fiber.[76] The extent to which regen is blended with conventional polyester staple fiber, however, indicates that both products are largely interchangeable and suitable for the same end uses.[77]

Channels of Distribution. There are no meaningful differences in the channels of distribution.[78]

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[69] CR at Tables C-2 and C-3.

[70] Respondents' Joint Postconference Brief at 20-21.

[71] Petitioners' Postconference Brief at 24-26.

[72] Respondents' Joint Postconference Brief at 15.

[73] Respondents' Joint Postconference Brief at 15.

[74] CR at I-5; PR at I-4.

[75] CR at I-6; PR at I-4; see also Petitioners' Postconference Brief at 26; Respondents' Joint Postconference Brief at 22; Transcript at 131, 134.

[76] Transcript at 106, 108.

[77] CR at I-6; PR at I-4; see also Petitioners' Postconference Brief at 26.

[78] Petitioners' Postconference Brief at 16.

Common Manufacturing Facilities, Employees and Methods. Regen is produced in the same way as conventional polyester staple fiber from recycled materials, using the same methods.[79] Regen and conventional polyester staple fiber are made from the same materials.[80] Differences in quality do not reflect any meaningful differences in technology or materials.[81]

Producer and Customer Perceptions. Domestic producers consider regen as a conventional polyester staple fiber product, suitable for many of the same uses and competing with their own products for many of the same customers and applications.[82] Many customers consider regen as a product that has opened new markets to polyester staple fiber.[83] For those customers, however, it is clearly price, rather than any qualitative or technical difference, that makes regen attractive.[84]

Price. The limited pricing information on the record indicates that regen apparently has a significantly lower price than conventional polyester staple fiber.[85] However, direct price comparisons were not available in these preliminary investigations.

Conclusion. We determine that regen polyester staple fiber and conventional polyester staple fiber constitute one like product. However, we will collect additional information regarding any possible like product distinction in any final phase of these investigations and will reexamine our like product determination at that time.

5. Conclusion

We have determined to treat all polyester staple fiber as one like product for the limited purpose of the preliminary phase of these investigations. However, as previously indicated, in light of the information available on the current record with respect to possible like product distinctions, the Commission will collect additional information in any final phase investigations and will reexamine our like product determinations at that time.

D. Domestic Industry

The domestic industry is defined as "the producers as a [w]hole of a domestic like product . . . ."[86] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or

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[79] Respondents' Joint Postconference Brief at 15.

[80] Respondents' Joint Postconference Brief at 15.

[81] See, e.g., CR at I-5-I-6; PR at I-4.

[82] Petitioners' Postconference Brief at 24-26.

[83] Transcript at 132.

[84] Transcript at 108.

[85] Respondents' Joint Postconference Brief at 19-20.

[86] 19 U.S.C. § 1677(4)(A).

sold in the domestic merchant market.[87] Based on our finding that the domestic like product consists of certain polyester staple fiber, for purposes of the preliminary phase of these investigations we find that the domestic industry consists of all domestic producers of certain polyester staple fiber.

In these investigations, two domestic producers are potentially subject to exclusion under section 771(4)(B) of the Act as related parties.[88] Nan Ya America is a wholly-owned and operated subsidiary of Nan Ya Plastics Corporation, a Taiwanese manufacturer and exporter of the subject merchandise. In addition, *** imported subject merchandise from both Korea and Taiwan. No party has urged the Commission to exclude either producer from the domestic industry. We find that appropriate circumstances do not exist to exclude either producer from the domestic industry.

Nan Ya operates one plant in Lake City, South Carolina, producing the like product as well as other polyester for carpets and spinning.[89] It has doubled its production capacity since 1996,[90] and in 1998 accounted for *** percent of total domestic production.[91] Despite its Taiwanese ownership, Nan Ya America has perhaps suffered the most among domestic producers. Its new production capacity came online in July 1997.[92] Within a year Nan Ya shut down half of its polyester staple fiber capacity, including part of the new production lines.[93] Presently, one production line is still down, and Nan Ya claims to be operating well below capacity on the lines that are open,[94] although its performance showed a strong rebound in the first quarter of 1999.[95]

Nan Ya does not appear to have derived any benefits, or to have operated in a manner that is different from other domestic producers, as a result of its relationship with its parent, a foreign producer. Based on the facts available on the record at this time, we do not exclude this producer under the related parties provision of the statute for the investigation regarding imports from Taiwan.

*** imported approximately ***.[96] In contrast, the firm accounted for *** of domestic production. It is the *** largest producer of polyester staple fiber in the United States.

*** imports represent a *** of its domestic production and it does not appear to have gained any significant financial benefit from its importation activities relative to its domestic activities. Its primary interests appear to be in domestic production, not importation. ***. Accordingly, we do not exclude *** as a related party in either investigation.

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[87] See United States Steel Group v. United States, 873 F. Supp. 673, 681-684 (Ct. Int'l Trade 1994), aff'd, 96 F. 3d 1352 (Fed. Cir. 1996).

[88] 19 U.S.C. § 1677(4)(B).

[89] CR at III-1, III-2; PR at III-1.

[90] CR at III-2; PR at III-1.

[91] CR at III-1; PR at III-1.

[92] Transcript at 28.

[93] Transcript at 28.

[94] Transcript at 28.

[95] CR at Table VI-2; PR at Table VI-2.

[96] Petitioners' Postconfernce Brief at Exhibit 1, p. 10.

III. CUMULATION

A. In General

For purposes of evaluating the volume and price effects for a material injury determination, section 771(7)(G)(I) of the Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the United States market.[97] In assessing whether subject imports compete with each other and with the domestic like product,[98] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;[99]

(2) the presence of sales or offers to sell in the same geographical markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[100]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[101] Only a "reasonable overlap" of competition is required.[102]

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[97] 19 U.S.C. § 1677(7)(G)(I). There are four exceptions to the cumulation provision, none of which applies to these investigations. See id. at § 1677(7)(G)(ii).

[98] The SAA expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition[,]" citing Fundicao Tupy, S.A. v. United States, 678 F.Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988). SAA at 848.

[99] Commissioner Crawford finds that substitutability, not fungibility, is a more accurate reflection of the statute. Based on the record in these preliminary investigations, she finds there is sufficient substitutability to conclude there is a reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product. Therefore, she concurs with her colleagues that subject imports from Korea and Taiwan should be cumulatively assessed. See Dissenting Views of Commissioner Carol T. Crawford in Stainless Steel Bar from Brazil, India, Japan, and Spain, Invs. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995), for a description of her views on cumulation.

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

[101] See, e.g., Wieland Werke, AG v. United States, 718 F.Supp. 50 (Ct. Int'l Trade 1989).

[102] See Goss Graphic System, Inc. v. United States, ___ CIT ___, slip op. 98-147 at 8 (Oct. 16, 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd., 937 F. Supp. at 916; Wieland Werke, AG, 718 (continued...)

B. Analysis

Petitioners assert that imports from both countries should be cumulated, claiming that both the domestic like product and subject imports compete head-to-head for the same customers and accounts.[103] Petitioners also claim that the other factors are satisfied as well, noting that both the imported and domestic product flow through similar channels of distribution to purchasers throughout the country, and that subject imports from both Korea and Taiwan have been continuously present in the U.S. market throughout the period of investigation.[104] Respondents argue that the products are not truly fungible, as different fibers are suitable for different uses and are perceived as different by customers.[105]

1. Fungibility

While we note that questions exist regarding the fungibility of low melt and conjugate fibers with each other and with conventional polyester staple fiber, the current record indicates significant fungibility between other subject imports and domestically produced polyester staple fiber. All domestic producers believe domestically produced polyester staple fiber to be interchangeable with subject imports[106] as do half of importers.[107] Those importers who did not describe domestic polyester staple fiber as interchangeable with subject imports based their objections on the lack of domestic production of low melt, conjugate, and regen, rather than on differences between other subject imports and domestic polyester staple fiber.[108] Available data indicate that most domestic production is of conventional polyester staple fiber, rather than low melt or conjugate.[109] In 1998, most imports from Korea were also of conventional polyester staple fiber, as opposed to low melt or conjugate.[110] The data are less clear concerning the composition of imports from Taiwan, given that conflicting data were provided by respondents, but conventional polyester staple fiber still accounted for *** of Taiwanese shipments to the United States in 1998.[111] All producers and most importers surveyed agree that Korean and Taiwanese subject imports are interchangeable.[112] The apparently common practice of blending polyester staple fiber from various sources, including imported and domestic polyester staple fiber, is further evidence

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[102](...continued)
F. Supp. at 52 ("Completely overlapping markets are not required.").

[103] Petitioners' Postconference Brief at 14.

[104] Petitioners' Postconference Brief at 16.

[105] See, e.g., Korean Respondents' Postconference Brief at 11, 13-14, 16.

[106] CR at II-4; PR at II-3.

[107] CR at II-4; PR at II-3.

[108] CR at II-5; PR at II-3.

[109] CR at III-5, PR at III-2. In 1998, conjugate fiber accounted for *** of domestic production, while low melt fibers accounted for ***. CR at III-5, PR at III-2.

[110] Korean Respondents' Postconference Brief at 7; Respondents' Joint Postconference Brief at 12, 25-26. Depending on which set of figures is used, low melt and conjugate combined accounted for between *** and *** of Korean shipments to the United States in 1998. Korean Respondents' Postconference Brief at 7; Respondents' Joint Postconference Brief at 12, 25-26.

[111] Respondents' Joint Postconference Brief at 12, 25-26.

[112] CR at II-6; PR at II-4.

that significant fungibility exists between subject imports and domestically produced polyester staple fiber.[113]

2. Other Factors

The record contains evidence supporting a reasonable overlap of competition with respect to the other factors we considered. Both subject imports and domestically produced polyester staple fiber are sold to customers throughout the country[114] and move through similar channels of distribution, with sales to both end users and distributors.[115] Both domestically produced polyester staple fiber and subject imports were present in U.S. markets throughout the period of investigation.[116]

3. Conclusion

Based on the record in these preliminary investigations, we find that there is a reasonable overlap of competition between the subject imports and between the subject imports and the domestic like product. With respect to fungibility, as discussed previously, there are questions regarding the degree of fungibility among low melt, conjugate, and conventional polyester staple fiber. Nonetheless, we find that this preliminary record reveals that, during the period for which data were collected, both of the subject countries exported to the United States subject merchandise that was broadly interchangeable with each other and with the domestic like product. We therefore cumulate subject imports from Korea and Taiwan for purposes of our injury analysis. We will reexamine the issue of fungibility in any final phase of these investigations.

IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[117] [118] In making this determination, the Commission

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[113] Petitioners' Postconference Brief at 26; Transcript at 131, 134.

[114] CR at I-10; PR at I-7.

[115] CR at I-10; PR at I-7.

[116] Petitioners' Postconference Brief at 16. Official import statistics are not useful in these investigations because the official statistics contain both subject and nonsubject imports. CR at IV-2; PR at IV-1.

[117] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[118] Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly subsidized and LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of unfairly traded imports, not by reason of the unfairly traded imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the unfairly

(continued...)

must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[119] The statute defines "material injury" as "harm which is not inconsequential, immaterial or unimportant."[120] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[121] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[122]

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry producing polyester staple fiber is materially injured by reason of subject imports from Korea and Taiwan.

A. Conditions of Competition

The following conditions of competition are pertinent to our analysis in these investigations. First, the record in this preliminary phase of these investigations indicates that polyester staple fiber is a commodity-type product and sold largely on the basis of price.[123] However, we will continue to collect information in any final phase of these investigations and will reexamine this issue at that time.

Second, in the United States, the production of certain polyester staple fiber requires significant capital investment with relatively high fixed costs.[124] Further, quality and consistency concerns dictate that production lines must run at a certain speed, with the result that production on a given line can be

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[118](...continued)
traded imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury "by reason of" the unfairly traded imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added); Gerald Metals v. United States, 132 F.3d 716 (Fed. Cir. 1997) (rehearing denied).

For a detailed description and application of Commissioner Crawford's analytical framework, see Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Inv. Nos. 731-TA-763-766 (Final), USITC Pub. 3087 at 29 (March 1998) and Steel Concrete Reinforcing Bars from Turkey, Inv. No. 731-TA-745 (Final), USITC Pub. 3034 at 35 (April 1997). Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with Commissioner Crawford's mode of analysis, expressly holding that her mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361 (Fed. Cir. 1996), aff'g 873 F. Supp. 673, 694-95 (Ct. Int'l Trade 1994).

[119] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[120] 19 U.S.C. § 1677(7)(A).

[121] 19 U.S.C. § 1677(7)(C)(iii).

[122] 19 U.S.C. § 1677(7)(C)(iii).

[123] See, e.g., Petitioners' Postconference Brief at 14, 18.

[124] Petitioners' Postconference Brief at 28.

slowed to about 75 percent of maximum, but no lower.[125] Start-ups and shut-downs of production lines are time-consuming and expensive, especially for producers using virgin inputs and the continuous process method.[126] Given the rigidity of these production concerns, it is in a manufacturer's interest to run production lines at or near maximum capacity at all times.[127] Domestic manufacturers thus face a difficult choice in times of slack or declining demand: either run the lines and build up inventory, or incur the heavy costs of a complete shut-down and the future costs of an eventual restart.[128]

Third, both foreign and domestic producers can switch production between subject or domestic polyester staple fiber and other polyester products, such as fibers for spinning or carpet fibers.[129] The costs of switching a production line are small relative to the costs of assembling a new line.[130]

Fourth, raw materials account for approximately one-half of the cost of finished polyester staple fiber.[131] The cost of virgin raw materials has declined significantly as prices for most petrochemicals fell during the period of investigation.[132] The cost of the two primary raw materials for virgin polyester staple fiber production fell 64 and 54 percent, respectively, between 1996 and 1998.[133] The prices of recycled materials have tended to follow roughly the prices of virgin raw materials,[134] although current prices of virgin raw materials are running below those of recycled inputs.[135]

Fifth, there are virtually no non-subject imports of certain polyester staple fiber.[136] Throughout the period of investigation, the domestic market has been dominated by the domestic producers and subject imports from Korea and Taiwan.[137] Total nonsubject imports accounted for only one percent of total apparent domestic consumption in 1998.[138]

Finally, demand for the product has grown robustly during the period, with total apparent domestic consumption rising 26 percent between 1996 and 1998, from 650.8 million pounds in 1996 to a total of 822.7 million pounds in 1988.[139] Demand in the first quarter of 1999 increased an additional 11 percent over the same period in 1998.[140] A significant portion of polyester staple fiber is consumed in the production of various home-related products, such as bedding and furniture, and a strong new housing market has helped swell demand for polyester staple fiber.[141] According to the available data,

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[125] Transcript at 17.

[126] Transcript at 17.

[127] Petitioners' Postconference Brief at 28.

[128] Petitioners' Postconference Brief at 28.

[129] Transcript at 60; Korean Respondents' Postconference Brief at 3.

[130] Transcript at 60.

[131] CR at Table VI-3; PR at Table VI-3.

[132] CR at V-1; PR at V-1.

[133] CR at V-1; PR at V-1.

[134] Transcript at 152.

[135] Transcript at 57.

[136] CR at Table IV-2; PR at Table IV-2.

[137] CR at Table IV-2; PR at Table IV-2.

[138] CR at Table IV-3; PR at Table IV-3.

[139] CR at Table IV-2; PR at Table IV-2.

[140] CR at Table IV-2; PR at Table IV-2.

[141] CR at IV-7; PR at IV-5.

the cost share of polyester staple fiber in downstream products is quite high but varies widely, ranging from 20 to 55 percent of the total per unit cost.[142]

B. Volume of the Subject Imports

Section 771(7)(C)(I) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[143]

Subject imports rose more than 75 percent between 1996 and 1998, with total subject imports in 1998 nearing 389.6 million pounds, compared to only 222.0 million in 1996.[144] Subject imports have continued to rise in 1999, with first quarter imports registering a 21 percent gain over the same time period in 1998. Subject imports accounted for 34 percent of total apparent domestic consumption in 1996; by 1998 that figure had risen to 47 percent.[145] In the first quarter of 1999, total subject imports accounted for 48 percent of total apparent domestic consumption, up from 44 percent in the same quarter of 1998.[146]

At the same time, the domestic producers' share of the market fell from 65 percent to 52 percent.[147] During the period of rapidly expanding domestic demand noted above, subject imports captured virtually all of that growth, while domestic shipments remained essentially stagnant.[148]

Based on the foregoing, we find that the volume of imports of the subject merchandise, and the increase in that volume, are significant both in absolute terms and relative to consumption.[149]

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports,

> the Commission shall consider whether -- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[150]

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[142] CR at II-3, PR at II-2.

[143] 19 U.S.C. § 1677(7)(C)(I).

[144] CR at Table IV-2; PR at Table IV-2.

[145] CR at Table IV-3; PR at Table IV-3.

[146] CR at Table IV-3; PR at Table IV-3.

[147] CR at Table IV-3; PR at Table IV-3.

[148] CR at Tables IV-2, IV-3; PR at Tables IV-2, IV-3.

[149] Commissioner Crawford joins only in the factual discussion of the volume of imports. She does not rely on any analysis of trends in the market share of subject imports and other factors in her determination of material injury by reason of allegedly dumped imports. She makes her finding of the significance of volume in the context of the price effects and impact of these imports, given the conditions of competition. For reasons discussed below, she finds that the volume of subject imports is significant in these preliminary investigations.

[150] 19 U.S.C. § 1677(7)(C)(ii).

Pricing data gathered in these investigations show persistent price declines for both the domestic like product and subject imports. Average unit values for all products also fell, with the average unit value for domestic shipments dropping 15 percent from 1996 to 1998, compared to an 18 percent drop for subject imports.[151]

Import prices have been consistently below domestic prices throughout the period of investigation. A comparison of quarterly prices by specific types of fiber show pronounced and consistent underselling by subject imports.[152] Of the 168 quarterly comparisons available, subject imports undersold the domestic like product in 135 quarters, or 80 percent of the time.[153] The margins of underselling increased in 1998 for several polyester staple fiber products.[154] [155]

In considering price changes over the period of investigation, we note that raw material input prices declined sharply during the period of investigation, with drops between 54 and 64 percent for major inputs between 1996 and 1998.[156] We also recognize that price competition among domestic producers may have increased downward pressure on domestic prices to some extent.[157] [158]

While these factors provide some explanation for the decrease in domestic prices, we conclude, for the purposes of these preliminary determinations, that import prices, combined with the increased

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[151] CR at Table C-1; PR at Table C-1.

[152] CR at V-24; PR at V-7.

[153] CR at V-24; PR at V-7.

[154] See, e.g., CR at Tables V-1, V-2, V-5, V-7, V-10; PR at Table V-1, V-2, V-5, V-7, V-10.

[155] Commissioner Crawford rarely gives much weight to evidence of underselling since it usually reflects some combination of differences in quality, other nonprice factors, or fluctuations in the market during the period in which price comparisons were sought.

[156] CR at V-1; PR at V-1.

[157] We note that the prices of one domestic producer, ***, generally were *** both domestic and import prices. CR at V-5; PR at V-4. We also note, however, that the prices were only for *** of the eight surveyed products, and that *** share of total domestic production was only *** in 1998. While even a *** producer may affect prices in a commodity market, based on the current record *** do not affect our conclusions regarding the price effects of subject imports in these preliminary phase investigations. We intend to examine this issue more closely in any final phase of these investigations. We invite parties in any final phase of these investigations to provide information on price leadership in the U.S. market.

[158] To evaluate the effects of the alleged dumping on domestic prices, Commissioner Crawford compares domestic prices that existed when the imports were dumped with what domestic prices would have been if the subject imports had been fairly traded. In most cases, if the subject imports had not been traded unfairly, their prices in the U.S. market would have increased. In these preliminary investigations, the alleged dumping margins for subject imports vary widely but on the whole are fairly high. Thus, subject imports likely would have been priced significantly higher had they been fairly traded. Subject imports and domestic polyester staple fiber appear to be good substitutes. Given the record in the preliminary phase of these investigations, she finds that the shift in demand away from subject imports and toward the domestic like product likely would have been significant, had subject imports been fairly traded. The domestic industry has ample excess capacity with which it could have increased production, and it could have supplied additional polyester staple fiber from inventories. Because of the domestic industry's ability to increase supply in response to higher demand, she finds in the preliminary phase of these investigations that the domestic industry would have been able to increase its prices significantly, had subject imports been fairly traded. However, she intends to reexamine the nature of competition in the domestic market in any final phase investigations. Consequently, Commissioner Crawford finds that in the preliminary phase of these investigations, the subject imports are having significant effects on prices for domestic polyester staple fiber.

volume of imports, have depressed prices for domestically produced polyester staple fiber to a significant degree.

D. Impact of the Subject Imports on the Domestic Industry

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[159] [160]

Consistent with our finding that the volume, and increase in volume, of the subject imports between 1996 and 1998 were significant, and that the decline in prices for domestically produced polyester staple fiber from 1996 to 1998 was due to the subject imports to a significant degree, we find that the subject imports are having a significant adverse impact on domestic producers.[161]

As noted earlier, demand for polyester staple fiber grew sharply between 1996 and 1998, but domestic production has been essentially flat.[162] Total apparent domestic consumption rose 26 percent between 1996 and 1998, from 650.8 million pounds to 822.7 million. After a small increase of four

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[159] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25, n.148 (Feb. 1999).

[160] As part of its consideration of the impact of imports, the statute specifies that the Commission is to consider "the magnitude of the margin of dumping" in an antidumping proceeding. 19 U.S.C. § 1677(7)(C)(iii)(V). In its notice of initiation, Commerce identified estimated dumping margins for China ranging from 120.9 to 153.7 percent. 64 Fed. Reg. 11834, 11835 (March 10, 1999).

[161] Commissioner Crawford does not base her determination on an analysis of the trends in the statutory impact factors, and thus does not join the remainder of this discussion. However, she concurs in her colleagues' conclusion that the subject imports are having a significant impact on the domestic industry. In her analysis of material injury by reason of allegedly dumped imports, Commissioner Crawford evaluates the impact on the domestic industry by comparing the state of the industry when imports were dumped with what the state of the industry would have been had the imports been fairly traded. In assessing the impact of subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors, as required by 19 U.S.C. § 1677(7)(C)(iii). These factors together either encompass or reflect the volume and price effects of the dumped imports, and so she gauges the impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices, sales and overall revenues is critical, because the impact on the other industry indicators (e.g., employment, wages, etc.) is derived from this impact. As noted above, there is a reasonable indication that the domestic industry would have been able to increase its prices significantly if subject imports had been sold at fairly traded prices. Had subject imports been fairly priced, the domestic industry would have been able to increase its supply in response to a shift in demand away from subject imports to the domestic product. Accordingly, she finds that the combination of the domestic industry's price and output increases, and therefore its revenues, would have been significant, had subject imports been fairly priced. Consequently, the domestic industry likely would have been materially better off if subject imports had been fairly traded.

[162] CR at Table IV-2; PR at Table IV-2.

percent in 1997, domestic shipments fell nearly four percent to 425.1 million pounds in 1998.[163] Domestic shipments in 1998 were less than one percent above shipments in 1996, despite the significant rise in overall consumption.[164] While domestic shipments increased by two percent in the first quarter of 1999 over the same period in 1998, the domestic rate of increase was well below that of subject imports in the same time period.[165]

The sluggish growth in domestic production, along with some growth in capacity, have resulted in declining capacity utilization rates, falling from 84.8 percent in 1996 to 75.8 percent for 1998.[166] Capacity utilization for the first quarter of 1999 is down from the same time period in 1998, from 78.8 percent to 78.2 percent.[167] Furthermore, one producer has had to shut down its newest, most technologically advanced production lines during the period of investigation.[168] Inventories rose 13.2 percent from 1996 to 1998, i.e., to 42.6 million pounds, and rose another 23.7 percent in the first quarter of 1999 compared to that period in 1998.[169] The number of production workers dropped one percent between 1996 and 1998.[170] The number of hours worked held steady between 1996 and 1998, but showed significant erosion in the first quarter of 1999, falling six percent from first quarter 1998 levels.[171]

Financial indicators also declined. After increasing from 6.2 percent of net sales in 1996 to 7.5 percent in 1997, operating income slipped to 2.5 percent in 1998.[172] Operating income in the first quarter of 1999 was down more than 60 percent from the first quarter of 1998, dropping from 8.9 percent of net sales to 3.8 percent.[173] Net income followed a similar pattern, rising from 6.0 percent of net sales in 1996 to 7.7 percent in 1997, then dropping to 2.8 percent in 1998.[174] Net income also showed a drop in the first quarter of 1999 compared to the same time period in 1998, falling from 9.4 percent of net sales in 1998 to 3.5 percent in 1999.[175] Three of the five domestic producers experienced operating losses in 1998 and in the first quarter of 1999.[176] Capital expenditures in 1998 were $15.3 million, above the 1996 level of $10.6 million but well below 1997 expenditures of $23.4 million.[177] Further erosion in capital expenditures appeared in the first quarter of 1999, with a drop of more than 50 percent from first quarter 1998 levels.[178]

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[163] CR at Table IV-2; PR at Table IV-2.

[164] CR at Table IV-2; PR at Table IV-2.

[165] CR at Table IV-2; PR at Table IV-2.

[166] CR at Table C-1; PR at Table C-1.

[167] CR at Table C-1; PR at Table C-1.

[168] Petitioners' Postconference Brief at 31; Transcript at 167.

[169] CR at Table C-1; PR at Table C-1.

[170] CR at Table C-1; PR at Table C-1.

[171] CR at Table C-1; PR at Table C-1.

[172] CR at Table VI-1; PR at Table VI-1.

[173] CR at Table VI-1; PR at Table VI-1.

[174] CR at Table VI-1, PR at Table VI-1.

[175] CR at Table VI-1; PR at Table VI-1.

[176] CR at Table VI-1; PR at Table VI-1.

[177] CR at Table VI-5; PR at Table VI-5.

[178] CR at Table VI-5; PR at Table VI-5.

Based on all the foregoing, we find that the subject imports are having an adverse impact on the domestic industry.

E. Conclusion

For the reasons stated above, we find that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports from Korea and Taiwan.

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PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed by E.I. DuPont de Nemours, Wilmington, DE; Arteva Specialities S.a.r.l. d/b/a KoSa, Spartanburg, SC; NanYa Plastics Corp., America, Lake City, SC; Wellman, Inc., Shrewsbury, NJ; and Intercontinental Polymers, Inc., Charlotte, NC, on April 2, 1999, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain polyester staple fiber[1] from the Republic of Korea (Korea) and Taiwan.[2] Information relating to the background of the investigations is provided below.[3]

Date	*Action*
April 2, 1999	Petition filed with Commerce and the Commission;[4] institution of Commission investigations (64 F.R. 17414, April 9, 1999)
April 22, 1999	Commission's conference[5]
April 29, 1999	Commerce's notice of initiation (64 F.R. 23053)
May 17, 1999	Commission's vote
May 17, 1999	Commission's determinations transmitted to Commerce

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C. Table C-1 presents data on all forms of certain polyester staple fiber; table C-2 presents data on virgin polyester staple fiber; and table C-3 presents data on regenerated polyester staple fiber. Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for approximately 95 percent of U.S. production of certain polyester staple fiber during 1998. U.S. imports are based on questionnaire responses of importers that accounted for approximately 90 percent of total U.S. imports of certain polyester staple fiber in 1998.

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[1] Certain polyester staple fiber is provided for in subheading 5503.20.00 of the Harmonized Tariff Schedule of the United States (HTS) with a column 1-general tariff rate of 4.6 percent ad valorem, for imports from countries with normal trading relations, including Korea and Taiwan.

[2] NanYa Plastics was not a petitioner in the investigation involving Taiwan. In a letter dated May 4, 1999, NanYa Plastics also withdrew as a petitioner in the investigation involving Korea. In the same letter, DuPont withdrew as a petitioner in the investigation involving Taiwan.

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

[4] The petitioners alleged LTFV margins to be as follows: 48.14 to 84.03 percent for Korea and 8.03 to 23.62 percent for Taiwan, based on comparisons of home market and export prices, and 70.70 percent for Taiwan based on comparisons of constructed value and export prices.

[5] A list of witnesses appearing at the conference is presented in app. B.

THE PRODUCT

Physical Characteristics and Uses

Commerce has defined the scope of these investigations as follows:

> For purposes of these investigations, the product covered is certain polyester staple fiber. Certain polyester staple fiber is defined as synthetic staple fibers, not carded, combed, or otherwise processed for spinning, of polyesters measuring 3.3 decitex (3 denier, inclusive) or more in diameter. This merchandise is cut-to-lengths varying from one inch (25 mm) to five inches (127 mm). The merchandise subject to these investigations may be coated, usually with a silicon[e] or other finish, or not coated. Certain polyester staple fiber is generally used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture. Merchandise of less than 3.3 decitex (less than 3 denier) classified under the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 5503.20.0020 is specifically excluded from these investigations. Also specifically excluded from these investigations are polyester staple fibers of 10 to 18 denier that are cut-to-lengths of 6 to 8 inches (fibers used in the manufacture of carpeting).

Certain polyester staple fiber is classified in HTS subheading 5503.20.00 (statistical reporting numbers 5503.20.0040 and 5503.20.0060).

Polyester staple fiber is a man-made fiber similar in appearance to cotton or wool fiber when baled. The subject polyester staple fiber is known in the industry as "fiber for fill," as it is primarily used as polyester fiberfill. The subject fiber has certain physical characteristics that distinguish it from other polyester staple fiber, including the denier of the fiber, the length of the fiber, and in some cases the finish and "crimp" of the fiber. Most synthetic fiber is sold by quantity based on the denier of the fiber, expressed in terms of weight per unit length (denier is the weight in grams of 9,000 meters of fiber). The subject fiber ranges in denier from 3 to less than 12 and is sold cut to length, as mentioned above.

Specifically excluded from the investigations are fibers of less than 3 denier and fibers of 10 to 18 denier in cut lengths of 6 to 8 inches. Fibers of less than 3 denier are known in the industry as polyester staple fiber for spinning and are generally used in woven and knit applications to produce textile and apparel products. Polyester staple fiber ranging from 10 to 18 denier is generally used in the manufacture of carpets.

Polyester staple fiber is principally used as fiberfill and is seldom visible. Thus, the appearance of the product is of relatively little importance to the customer. The majority of the subject fiber is used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture. Polyester staple fiber used for fill is produced in many variations for purposes of quality enhancement. For example, the subject fiber may be crimped or conjugate, giving the fiber "loft" for stuffing purposes.[6] It may also be coated with a finish (usually silicone or oil-based), making the fiber smoother to the touch for certain high-end uses. The subject fiber may vary in shape and may be hollow or solid, depending on both the preference of the manufacturer and the end use of the fiber. Raw materials used in the production of certain polyester staple fiber may also vary. Staple fiber may be made from reacting

[6] Crimping involves adding a two-dimensional, saw-tooth shape to the fiber. Conjugating involves adding a three-dimensional, spiral shape to the fiber. A conjugate fiber is generally considered superior in quality because of its better loft characteristics.

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ethylene glycol and either terephthalic acid or its methyl ester; if so produced, it is termed virgin polyester staple fiber. The subject fiber may also be made from recycled polyester, using either consumer waste, such as polyethylene terephthalate (PET) bottles, or industrial waste, such as polyester chips or spun tow; such fiber is known as regenerated, or recycled, fiber.[7] Some producers of the subject fiber also manufacture a blend of the virgin and recycled materials by introducing polyester chips into the virgin production line. Finally, certain polyester staple fiber may be used in conjunction with low-melt fiber, a bicomponent fiber made from a polyester core, for purposes of thermal bonding.

Manufacturing Process

Manufacturing of certain polyester staple fiber may be divided into two discreet stages. The first stage of the process is the polymer formation; this process may vary depending on whether virgin or recycled materials are used. The second stage of the process is fiber formation, including stretching, cutting, and baling; this process does not differ between virgin polyester staple fiber and regenerated polyester staple fiber.

The manufacture of virgin polyester staple fiber begins by reacting ethylene glycol with either terephthalic acid or its methyl ester in the presence of an antimony catalyst. The reaction is carried out at a high temperature and vacuum to achieve the high molecular weights needed to form useful fiber. The mix is then sent through an esterification process before it is polymerized. Esterification is the chemical process of combining an acid with an alcohol to form an ester. If a virgin/regenerated blend is to be produced, the recycled material (usually in the form of polyester chips) would be introduced at the esterification stage. After polymerization, the solid, molten plastic, which has a consistency similar to cold honey, must be heated and liquidized before it can be extruded. The liquid fiber-forming polymers are then extruded through the tiny holes of a device called a spinneret to form continuous filaments of semi-solid polymer. The spinneret is similar in principle to a shower-head. The denier of the fiber is controlled by the size of the holes on the spinneret. After the polymer is extruded, it is blasted with cold air to form a solid fiber. This process is known as continuous polymerization.

The manufacture of a regenerated polyester staple fiber begins with the cleaning and processing of the recycled materials. Depending on the recycled materials used, the recycled product is cleaned and either chipped or pelletized before being sent to the extruder.[8] The recycled material is then melted in order to form molten polymers to send through the spinneret. Domestically produced regenerated polyester staple fiber is considered on a par with virgin fiber since great care goes into cleaning the recycled material to remove all foreign contaminants before melting it. The recycled material is then sent through the spinneret to form continuous filaments of semi-solid polymer. As with virgin fiber, the polymer is then blasted with cold air to form the solid fiber.

The second stage of production is common both to virgin and regenerated fiber. After the solid fiber is formed, the fiber is coated for the first time with an oil finish, although this coating is usually only for internal use to facilitate further processing. The spun tow, as the fiber is now known, is collected into a can to be stretched. The spun tow is sent over a creel and a series of "draw wheels" in order to orient the fiber molecules and strengthen the tow. Next, the tow is sent through a crimping machine, which involves giving the fiber tow a two-dimensional, saw-tooth shape. The tow is then sent through an oven to heat-set the crimp. A second finish (usually silicone or some type of oil-base finish)

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[7] For purposes of these investigations, regenerated polyester staple fiber is defined as fiber made from recycled materials.

[8] For example, PET bottles are chipped, whereas the polyester tow waste is usually pelletized to give it the proper density before being sent to the extruder.

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may also be added during this stage of the process, either before the fiber tow is crimped and heat-set or directly after, depending on the preference of the manufacturer. Finally, the fiber tow is cut to length and baled.

Comparison of Domestic and Foreign Polyester Staple Fiber

According to importers' questionnaire responses and respondents' testimony at the public conference, there are significant differences between the U.S.-produced regenerated polyester staple fiber and the Korean-produced regenerated polyester staple fiber. Reportedly, Korean-manufactured polyester staple fiber is usually gray (as compared to white for the virgin and U.S.-produced regenerated fiber) and can have an inconsistent denier, staple length, and crimp count. It can contain a very high percentage of foreign matter, including large pieces of hard polyester.[9] The Korean fiber is allegedly made from various types of low-grade fiber and polyester filament waste which are usually collected by scrap dealers at local textile factories throughout Korea. The waste materials may be collected off factory floors or from other scrap materials.[10] Because of its inferior quality, Korean-produced polyester staple fiber is rarely used on its own as fiber for fill, the exception being for certain low-end home textile products selling at deeply-discounted prices. Rather, Korean-produced polyester staple fiber is more generally used in a blend with either virgin polyester staple fiber or U.S.-produced regenerated polyester staple fiber.[11] Respondents assert that Korean-produced polyester staple fiber is used as a "complement" to U.S. virgin fiber, actually increasing demand for U.S. fiber.[12]

According to petitioners, U.S.-produced regenerated polyester staple fiber is comparable to virgin polyester staple fiber. Great care is taken by U.S. producers of regenerated fiber to make their product competitive with virgin fiber so that the two products have similar physical characteristics (including loft ability, color, and coating) and may be used interchangeably. In fact, no distinction is made between U.S.-produced virgin and regenerated polyester staple fiber in the U.S. market.[13] Petitioners dispute respondents' assertion that Korean regenerated subject fiber acts as a complement to U.S. virgin fiber, noting that as regenerated fiber is also produced domestically, Korean regenerated fiber displaces U.S. regenerated fiber rather than increases demand for U.S. virgin fiber.[14]

LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.[15] Two like product positions were advanced by the parties: the petitioners argued for the domestic like product to be identical to the subject product (certain polyester staple fiber), and three Korean respondents urged the Commission to separate the domestic like product into three products--

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[9] Conference transcript, p. 106.

[10] Conference transcript, p. 105.

[11] Conference transcript, p. 133.

[12] Respondents' common issues postconference brief, p. 28.

[13] Conference transcript, p. 55.

[14] Petitioners' postconference brief, p. 26, footnote 13.

[15] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

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conjugate fiber, low-melt fiber, and all other polyester staple fiber.[16] The following discussion summarizes the parties' arguments concerning the various like product issues.

Conjugate Fiber

Respondents argue that conjugate fiber should be considered a separate domestic like product. Conjugate fiber is a type of certain polyester staple fiber that is used for its superior lofting qualities. According to respondents, conjugate fiber produces a plumper, fluffier fill for pillows; allows quick recovery, lasting plumpness, luxurious softness, and easy care; and can be made nonallergenic and odorless. Respondents argue that the closest substitute for conjugate fiber would be fine goose down.[17] The end uses for the product are the same as those for other types of certain polyester staple fiber, i.e. as filler for pillow and mattresses.[18] The polymer formation stage of production differs from that for both virgin polyester staple fiber and regenerated polyester staple fiber. Conjugate fibers are produced by combining two separate polymers of differing viscosity into a spinneret. Respondents describe the spinneret used in manufacturing conjugate fiber as a "Y"-shaped spinneret into which the two polymers are fed and combined.[19] The resulting fiber-forming polymer is a hollow fiber of which one side is shrunk to produce spiral-shaped crimps. It is the crimp, or curl, of the fiber that gives the fiber its lofting abilities. After the fiber is extruded, however, the stretching, cutting, and baling of the fiber is identical to other types of certain polyester staple fiber. Conjugate fibers share the same channels of distribution as other types of certain polyester staple fiber. Respondents argue that customers perceive a difference between other types of polyester staple fiber and conjugate fiber and generally consider conjugate fiber a separate product.[20] Finally, respondents state that conjugate fiber sells at approximately 25 percent higher than the price of other Korean-produced fibers,[21] reflecting the different physical characteristics and uses.

As conjugate fiber was not raised as a separate domestic like product issue during the public conference, petitioners did not address the issue in detail in their postconference brief. However, petitioners did address in their brief quality issues concerning conjugate fiber that were presented at the conference. Petitioners believe that conjugate and non-conjugate fibers compete solely on the basis of price, and not on quality.[22] According to petitioners, imported conjugate fiber has been underselling U.S. non-conjugate polyester staple fiber, which petitioners believe disputes the idea that conjugate fiber is technically superior to U.S. crimped fiber.[23] *** is the only U.S. producer of conjugate fiber.

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[16] Other respondents took no position on the appropriate definition of the domestic like product.

[17] Korean postconference brief, p. 10.

[18] Respondents argue that quality differences between conjugate fiber and other types of certain polyester staple fiber demand different end uses, by which they mean conjugate fiber is necessary to fill higher quality items. Respondents' common issues postconference brief, pp. 8-9.

[19] Telephone conversation with counsel for Korean respondents, Apr. 29, 1999.

[20] Korean postconference brief, p. 11.

[21] Korean respondents did not specify whether conjugate prices were being compared to aggregate Korean prices or Korean-produced virgin polyester staple fiber.

[22] Petitioners' postconference brief, p. 22.

[23] Petitioners' postconference brief, p. 23.

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Low-Melt Fiber

Respondents argue that low-melt fiber (low-melt) is a separate domestic like product from other types of certain polyester staple fiber. Low-melt is a bicomponent fiber that is used to thermal-bond polyester fiberfill. It is fiber with a "regular"[24] polyester core and a sheath of a copolymer polyester. Low-melt is used as a type of glue to hold the polyester staple fibers in fiberfill together to prevent migration of the fibers. This is particularly necessary for end uses such as furniture stuffing or comforter batting, where migration of the fibers would be detrimental to comfort. Low-melt has begun to replace the practice of spray bonding (using spray resins to bond the fibers), which has long been considered environmentally unfriendly. Low-melt is mixed with the fibers for fill, and the two are melted together to form a nonwoven bat. Because the sheath of the low-melt has a lower melting point than that of its polyester core or the polyester staple fibers, the melted sheath acts as the glue between the fibers. Low-melt is produced in a very similar process to conjugate fiber. Both component polymers are forced through a Y-shaped extruder to form a single fiber. The fiber is then stretched, cut, and baled.

According to both petitioners and respondents, low-melt would never be used on its own as fiber for fill and therefore is not interchangeable with certain polyester staple fiber in its fiber for fill end uses. The channels of distribution for low-melt and certain polyester staple fiber are the same since low-melt is used in conjunction with the subject fiber. There are no other known uses for low-melt. According to respondents, customers and producers perceive low-melt to be a different product. Respondents believe that of all the polyester staple fiber in the United States, there is no greater distinction than between low-melt and other fibers.[25] Respondents allege that low-melt is priced 60 percent higher than Korean-produced polyester staple fiber,[26] reflecting the differences in physical characteristics and uses, interchangeability, and customer perceptions.[27]

As low-melt fiber was not raised as a like product issue during the public conference, petitioners did not address the issue in detail in their postconference brief. *** is the only U.S. producer of low-melt fiber.

CUMULATION ISSUES

The Commission cumulates subject imports if there is a reasonable overlap of competition among the imports and between the imports and the domestic like product.[28] The following summarizes cumulation issues in these investigations.

Petitioners argue that direct competition is present between the imports from Korea and Taiwan and the domestic like product. Petitioners state that the subject imports are fungible with one another and with the domestic like product as certain polyester staple fiber is a commodity-type product that is

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[24] The term "regular" is not defined by the respondents.

[25] Korean postconference brief, p. 14.

[26] Again, Korean respondents did not specify whether low-melt prices were being compared to aggregate Korean prices or Korean-produced virgin polyester staple fiber.

[27] Korean postconference brief, p. 15.

[28] Factors considered include: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product; (2) the presence of sales or offers to sell in the same geographic markets; (3) the existence of common or similar channels of distribution; and (4) the simultaneous presence of imports in the marketplace.

sold on the basis of price.[29] Petitioners further argue that overlapping geographic markets exist between the imports from Korea and Taiwan and the U.S.-produced product. In questionnaire responses, both U.S. producers and importers reported selling certain polyester staple fiber throughout the United States. The channels of distribution are the same for subject imports and U.S.-produced polyester staple fiber. According to petitioners, lost sales and lost revenues of the U.S. producers confirm that U.S. producers and importers compete for the same customers in the same channels of distribution.[30] Finally, petitioners argue that both imported subject fiber and U.S.-produced subject fiber have been simultaneously present in the market during the period of investigation. The respondents made no argument against cumulation.

[29] Petitioners' postconference brief, p. 14.

[30] Petitioners' postconference brief, p. 16.

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PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of polyester staple fiber to changes in price depends upon such factors as the existence of excess capacity, the levels of inventories in relation to sales, the ease of shifting facilities to the production of other products, and the existence of export markets. These factors suggest that U.S. producers of polyester staple fiber have some ability to adjust output in response to changes in the price of polyester staple fiber.

Industry Capacity

U.S. producers' capacity to produce polyester staple fiber increased by 64,500,000 pounds during 1996-98.[31] Actual production, however, increased by only 245,000 pounds. Capacity utilization, therefore, dropped from 84.8 to 75.8 percent. The available capacity suggests that the industry has the ability to expand output in response to changes in price.

Inventories

The ratio of end-of-period inventories to shipments increased from *** percent in 1996 to *** percent in 1998 for virgin polyester staple fiber, and from *** percent to *** percent for regenerated polyester staple fiber. Overall, the ratio of end-of-period inventories to total shipments increased from 8.2 percent to 9.4 percent over this period.

Production Alternatives

Most U.S. producers[32] are able to shift their facilities from production of polyester staple fiber to other products in response to changing market conditions. The machinery and equipment used in various stages of polyester staple fiber production are also used to make other products. Additional products include polyester carpet fiber, which is typically 10-18 denier cut 6-8 inches in length, polyester staple fiber for spinning, usually less than 3 denier, and to a lesser degree, nylon fibers[33] and specialty fibers.[34]

Export Markets

The overall ratio of exports to total shipments decreased from 8.2 to 6.3 percent from 1996 to 1998. For virgin and regenerated staple fiber, respectively, exports increased from *** percent to *** percent and decreased from *** percent to *** percent over the same period.

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[31] ***.

[32] *** is the only producer that did not list other production alternatives.

[33] *** produces a nylon fiber, as reported in its questionnaire response, and discussed at staff plant visit, Apr. 15, 1999.

[34] *** reported producing specialty fibers in its questionnaire response.

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U.S. Demand

Demand Characteristics

The overall demand for polyester staple fiber depends upon the demand for a variety of end-use applications. Polyester staple fiber is used in the production of furniture (stuffing for couches and chairs), sleep products (including mattresses, mattress pads, pillows, comforters, and bedspreads), and insulation and filtration products. Apparent consumption increased by 26.4 percent from 1996 to 1998. According to petitioners, demand has increased in the United States because of the healthy economy and in particular, the boom in the housing market which has been driving the increased consumption of consumer products utilizing fiber for fill. These products include furniture, pillows, and comforters.[35]

The sensitivity of the overall demand for polyester staple fiber to changes in price depends upon the availability of substitute products and the cost of the fiber for fill as an input in final products. Since much of the polyester staple fiber marketed in the United States faces little competition from substitutes,[36] price changes are likely to have little overall effect on the demand for polyester staple fiber. However, the relatively high cost share of polyester staple fiber in end-use products increases the sensitivity of demand to changes in the price of polyester staple fiber. Most end-use products are sold through retail outlets. Competition among retailers is very high, especially between the major discount and mass merchandise stores.

Substitute Products

Domestic producers report very few substitutable products for polyester staple fiber. They listed duck and goose down, which are more expensive replacements, and polyurethane foam, a lower-quality substitute in furniture and pillows. Most importers, on the other hand, reported many substitute products, especially for the imported regenerated polyester staple fiber. These include rayon staple fiber and waste, miscellaneous shoddy (a low grade product used for fill) made from fabric waste, urethane foam, cotton and polyester waste, kapok fiber and waste, and others.[37]

Cost Share

Polyester fiber for fill often accounts for a large percentage of the total cost of end-use products, although the cost share varies widely. Estimates of the fiber cost share in the various end-use products range from 20 to 55 percent of the total per-unit cost.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported polyester staple fiber depends on many factors. Relative prices are an important factor, as well as the conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, etc.). Another important factor is the quality of the polyester staple fiber. Quality characteristics that differentiate the products are

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[35] Conference transcript, p. 31.

[36] Producers suggest that imported regenerated fiber is a close substitute. According to importers, regenerated fiber is not produced in the United States, but has many domestic substitutes, of which domestic fiber is not one.

[37] Responses to Commission questionnaires.

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whether the fiber is hollow or solid and whether it is slick or dry. Other important characteristics are the degree of fill power (fiber used/ounce), loft and resiliency, and degree of whiteness.

Purchase Factors

U.S. producers and importers of polyester staple fiber reported no difficulties in supplying the end users with products. Importers however, report that there is a low domestic supply of low-melt fiber and conjugate fiber and that these fibers are in high demand by their customers. There were no reported plant closures or prolonged shutdowns due to strikes or equipment failures.[38]

Comparisons of Domestic Products and Subject Imports

The average reported lead time for U.S. producers ranged from two days to one month. The lead time for importers ranged from one day to three months.

U.S. producers reported that their products are used interchangeably with Korean and Taiwan imports of polyester staple fiber. Importers' responses were mixed on this issue. Six importers stated that the domestic polyester staple fiber is interchangeable with Korean and Taiwan products, as well as those from nonsubject countries. The other six importers said that the domestic polyester staple fiber was not interchangeable with the Korean and Taiwan fiber for fill. The reason given for this lack of interchangeability is that U.S. producers allegedly do not make regenerated fiber, conjugate fiber, or low-melt fiber.[39]

The importers made a distinction between regenerated domestic polyester staple fiber and Korean regenerated polyester staple fiber. Regenerated fiber made in the United States is similar in quality and end use with virgin fiber made in the United States.[40] Most of the importers stated that Korean regenerated polyester staple fiber had a much lower quality than the virgin and domestic regenerated polyester fibers and is used in low-quality, low-end uses and for blending. Virgin fibers are more expensive, of higher quality, and used in higher-end products.[41]

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[38] *** did report temporary plant shutdowns due to high inventory levels, however.

[39] Responses to Commission questionnaires.

[40] Petitioners' postconference brief, p. 24, and conference transcript, p. 110.

[41] Responses to Commission questionnaires.

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Most U.S. producers reported that factors other than price are sometimes important in sales of polyester staple fiber while importers had more varied responses, as shown in the following tabulation.

Frequency that factors other than price are significant	Responses of U.S. producers		
	Korea	Taiwan	Other countries
Always	0	0	0
Frequently	0	0	0
Sometimes	5	5	4
Never	1	1	1
	Responses of importers		
	Korea	Taiwan	Other countries
Always	4	6	3
Frequently	4	3	3
Sometimes	3	3	2
Never	1	0	0

Several producers commented on differences other than price that may affect their sales. One producer stated that in general, decisions are made mainly on price, but on some occasions other product attributes are more important. Another producer reported that its branded fiber used to get a price premium in the market, but that price premium is eroding due to competition with lower-priced imports.

A number of importers commented regarding interchangeability and/or the significance of factors other than price. Mostly, they commented on the unavailability of conjugate fibers, low-melt fibers, and regenerated fibers domestically. The importers stated that there are large quality differences in these products compared to the domestically available products.

Comparisons of Products Imported from the Subject Countries

All of the U.S. producers and most importers stated that polyester staple fiber from Korea and Taiwan were used interchangeably. The U.S. producers said that factors other than price were sometimes or never significant between Korea and Taiwan. Two importers reported that factors other than price were frequently or always a factor in their sales, while three reported that such differences were sometimes a factor. Two importers said that differences other than price were never a factor in their sales of polyester staple fiber.[42] Further information regarding interchangeability between the sources is discussed in the previous section.

[42] Responses to Commission questionnaires.

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Comparisons of Domestic Products and Subject Imports to Nonsubject Imports

Imports from nonsubject countries accounted for an insignificant percentage of total imports during 1996-98. Imports from other countries increased from 0.9 to 1.0 percent of apparent consumption. One importer reported using a low-melt fiber from Japan, but in general, this is not an issue.

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PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V. Information on the other factors specified is presented in this section and/or part VI and (except as noted) is based on the questionnaire responses of five firms that accounted for approximately 95 percent of U.S. production of certain polyester staple fiber during 1998.

U.S. PRODUCERS

The five U.S. producers, all of which support the petition, their plant locations, and shares of 1998 production are summarized in the following tabulation:

Firm name	Plant locations	Share of 1998 production (percent)
DuPont	Kinston, NC	***
Intercontinental Polymers	Morristown, TN	***
KoSa	Salisbury, NC; Spartanburg, SC	***
NanYa Plastics	Lake City, SC	***
Wellman.	Darlington, SC; Johnsonville, SC; Marion, SC	***
Total		100

DuPont is a NYSE-listed corporation that has a sizable share in the polyester staple fiber market. DuPont's polyester staple fiber plant is located in Kinston, NC. ***. DuPont produces only the subject polyester staple fiber at its Kinston facility. DuPont is not a petitioner in the investigation involving Taiwan.

NanYa Plastics is a wholly owned subsidiary of NanYa Plastics Corp., Taiwan, a producer of certain polyester staple fiber and a respondent in these investigations. NanYa Plastics' sole polyester staple fiber plant is in Lake City, SC, where it produces subject virgin polyester staple fiber. NanYa Plastics also produces out-of-scope polyester staple fiber for spinning and polyester staple fiber for carpets at this facility. ***. NanYa Plastics withdrew as a petitioner in these investigations on May 4, 1999.

KoSa, formerly Hoescht Polyester, is a producer of both subject virgin polyester staple fiber and regenerated polyester staple fiber. KoSa's Spartanburg, SC plant produces virgin polyester staple fiber through a continuous polymerization process. Its Salisbury, NC plant produces regenerated fiber from a virgin-polyester chip blend. KoSa also produces staple fiber for spinning at both the Spartanburg and Salisbury plants. KoSa owns a Mexican affiliate in Toluca, Mexico, which produces certain polyester staple fiber for sale in the Mexican market. This facility does not export to the U.S. market.

Wellman, Inc. is a NYSE-listed corporation and the sole U.S. producer of 100-percent non-blended subject regenerated fiber. Wellman produces certain polyester staple fiber in three plants: the Johnsonville Plant, Johnsonville, SC; the Marion Plant, Marion, SC; and the Palmetto Plant, Darlington, SC. The Johnsonville and Marion plants produce 100-percent regenerated product while the Palmetto plant produces subject virgin fiber. Wellman also produces staple fiber for spinning at its Marion and

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Palmetto facilities and staple fiber for carpets at its Johnsonville plant. Wellman owns an Irish subsidiary that supplies the staple fiber plants with recycled materials.

Intercontinental Polymers is a wholly owned subsidiary of Tolaram Corp., Singapore, and is a producer of subject virgin polyester staple fiber at its plant in Morristown, TN. It shares common ownership with Märkische Faser AG of Premnitz, Germany. ***. Intercontinental Polymers has no experience producing regenerated fiber, but it does produce specialty fibers at the Morristown facility.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

As shown in table III-1, overall production of certain polyester staple fiber remained relatively flat, despite an increase in 1997, while overall capacity increased during 1996-98. Figures for first quarter 1999 indicate that production increased by 3.7 percent over first quarter 1998 production. ***. Capacity grew by 11.9 percent during 1996-98 and continued to grow in first quarter 1999, with an increase of 4.5 percent over first quarter 1998 capacity. Almost all of the new capacity was added by *** and ***. The resulting effect was, however, declining overall capacity utilization during the period for which data were collected. Capacity utilization for overall polyester staple fiber production declined to 75.8 percent in 1998. Petitioners note that the current capacity utilization rate is dangerously low for production of virgin polyester staple fiber as the continuous polymerization process requires close to full capacity utilization rates to produce a quality product. Producing at lower than 75 percent capacity would threaten certain physical properties of the fiber.[1] More specifically, capacity for virgin polyester staple fiber rose steadily as at least one U.S. producer anticipated greater demand for virgin polyester staple fiber.[2] Such production, however, fluctuated downward until the first quarter of 1999, when it increased slightly. Capacity utilization for virgin polyester staple fiber bottomed out at *** percent in 1998. Capacity for regenerated polyester staple fiber remained constant while production fluctuated upward. Capacity utilization for regenerated polyester staple fiber fluctuated upward, measuring *** percent in 1998.

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

Trends in U.S. producers' domestic and export shipments are shown in table III-2. As there are no company transfers or internal consumption, only data for commercial shipments are reported. Overall domestic shipments of certain polyester staple fiber fluctuated upward by quantity during 1996-98 but declined by 14.9 percent by value during the same period. Petitioners cite declining prices as the cause of declining value of shipments.[3] The unit value of U.S. shipments declined 15.4 percent during 1996-98 and fell even more steeply in the first quarter of 1999, by 17.9 percent. Domestic shipments of virgin polyester staple fiber declined in both quantity and value, by *** percent and *** percent, respectively, until first quarter 1999, when shipments by quantity witnessed an increase. Shipments of regenerated polyester staple fiber fluctuated upward in quantity and downward in value from 1996 to 1998; these trends continued into first quarter 1999. Unit values of U.S. shipments of regenerated polyester staple fiber declined most significantly, falling by *** percent during 1996-98. While the virgin and regenerated subject fiber seem to be following two different trends in terms of domestic shipment

[1] Conference transcript, p. 17.

[2] Conference transcript, p. 28.

[3] Conference transcript, pp. 45-46.

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Table III-1
Polyester staple fiber: U.S. producers' capacity, production, and capacity utilization, by type, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
Virgin polyester staple fiber:					
Capacity (1,000 pounds)	***	***	***	***	***
Production (1,000 pounds)	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***
Regenerated polyester staple fiber:					
Capacity (1,000 pounds)	***	***	***	***	***
Production (1,000 pounds)	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***
Total:					
Capacity (1,000 pounds)	540,100	566,000	604,600	145,800	152,310
Production (1,000 pounds)	458,002	471,649	458,247	114,921	119,170
Capacity utilization (percent)	84.8	83.3	75.8	78.8	78.2

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

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Table III-2
Polyester staple fiber: U.S. producers' shipments, by type, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Quantity (1,000 pounds)				
Virgin polyester staple fiber:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Regenerated polyester staple fiber:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Total:					
U.S. shipments	422,809	441,972	425,109	108,781	111,078
Export shipments	37,608	29,526	28,443	7,950	6,745
Total	460,417	471,498	453,552	116,731	117,823
	Value ($1,000)				
Virgin polyester staple fiber:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Regenerated polyester staple fiber:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Total:					
U.S. shipments	318,065	297,240	270,552	74,974	62,875
Export shipments	38,225	36,396	36,056	9,865	8,836
Total	356,290	333,636	306,608	84,839	71,711
	Unit value (per pound)				
Virgin polyester staple fiber:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Regenerated polyester staple fiber:					
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
Total:					
U.S. shipments	$0.75	$0.67	$0.64	$0.69	$0.57
Export shipments	1.02	1.23	1.27	1.24	1.31
Total	0.77	0.71	0.68	0.73	0.61

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

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quantities, only *** markets regenerated polyester staple fiber. All other producers of regenerated fiber do not sell it as such.[4]

***. Overall export shipments of polyester staple fiber declined 24.4 percent by quantity and 5.7 percent by value during 1996-98. Exports of virgin fiber, however, fluctuated upward by quantity and value and continued to rise in the first quarter of 1999. Export shipments of regenerated polyester staple fiber, which constituted *** percent of total export shipments in 1998, declined steadily in quantity and value during the period.

U.S. PRODUCERS' INVENTORIES

U.S. producers' overall inventories increased steadily during the period for which data were collected, as presented in table III-3. The ratio of overall inventories to overall shipments also fluctuated upward. ***. Inventories of both virgin and regenerated polyester staple fiber fluctuated upward during 1996-98 and then rose again in the first quarter of 1999. The ratio of inventories to shipments rose during the entire period for virgin polyester staple fiber and fluctuated upward for regenerated polyester staple fiber.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

During 1996-98, the average number of production and related workers (PRWs) declined by 1.0 percent, as shown in table III-4. The average number of employees engaged in the production of virgin polyester staple fiber fluctuated upward while the average number of employees engaged in the production of regenerated polyester staple fiber witnessed the opposite trend, fluctuating downward during the period. Overall hours worked were relatively constant from 1996 to 1998 while overall wages paid rose by 7.4 percent. Hours worked in the production of virgin polyester staple fiber fluctuated upward while hours worked in the production of regenerated fiber fluctuated downward. Wages paid to workers producing virgin and regenerated polyester staple fiber rose by *** percent and *** percent, respectively, during 1996-98. Overall productivity changed little from 1996 to 1998, but rose by *** percent in first quarter 1999 as compared with first quarter 1998 data. Productivity in the production of virgin polyester staple fiber declined by *** percent during 1996-98; it rebounded in first quarter 1999 but remained below 1996 productivity levels. Productivity in regenerated polyester staple fiber fluctuated upward during 1996-98 and grew by *** percent in first quarter 1999 compared to first quarter 1998, reaching the highest level of productivity during the period for which data were collected.

[4] Certain polyester staple fiber is sold by domestic producers on the basis of the performance of the fiber to meet the specific end-use requirements and price. Raw material content, whether virgin or regenerated, is not crucial in the sale of certain polyester staple fiber. Conference transcript, pp. 54-55.

Table III-3
Polyester staple fiber: U.S. producers' end-of-period inventories, by type, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
Virgin polyester staple fiber:					
EOP inventories (1,000 pounds)	***	***	***	***	***
Ratio to production (percent)	***	***	***	***	***
Ratio to U.S. shipments (percent)	***	***	***	***	***
Ratio to total shipments (percent)	***	***	***	***	***
Regenerated polyester staple fiber:					
EOP inventories (1,000 pounds)	***	***	***	***	***
Ratio to production (percent)	***	***	***	***	***
Ratio to U.S. shipments (percent)	***	***	***	***	***
Ratio to total shipments (percent)	***	***	***	***	***
Total:					
EOP inventories (1,000 pounds)	37,628	37,878	42,612	33,624	41,581
Ratio to production (percent)	8.2	8.0	9.3	7.3	8.7
Ratio to U.S. shipments (percent)	8.9	8.6	10.0	7.7	9.4
Ratio to total shipments (percent)	8.2	8.0	9.4	7.2	8.8

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

Table III-4
Average number of production and related workers producing polyester staple fiber, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, by type, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
Virgin polyester staple fiber:					
PRWs (number)	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***
Hourly wages	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***
Unit labor costs (per pound)	***	***	***	***	***
Regenerated polyester staple fiber:					
PRWs (number)	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***
Hourly wages	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***
Unit labor costs (per pound)	***	***	***	***	***
Total:					
PRWs (number)	912	911	903	876	882
Hours worked (1,000)	1,943	1,966	1,937	473	444
Wages paid ($1,000)	34,857	36,575	37,432	9,378	9,057
Hourly wages	$17.94	$18.60	$19.32	$19.84	$20.41
Productivity (pounds per hour)	235.7	239.9	236.6	236.1	265.7
Unit labor costs (per pound)	$0.08	$0.08	$0.08	$0.08	$0.08

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

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PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent questionnaires to 32 firms believed to be importers of certain polyester staple fiber from all sources; 18 of these firms supplied questionnaire responses. The responding firms accounted for *** percent of imports from Korea and *** percent of imports from Taiwan in 1998. Less than *** percent of nonsubject imports were accounted for by questionnaire responses. However, it is believed that Korea and Taiwan account for over *** percent of total U.S. imports of certain polyester staple fiber.

Importers of the subject product are concentrated in the Carolinas and New York; the remainder are spread throughout the East Coast, in New Jersey, Connecticut, Delaware, and Georgia, as well as one in Indiana, and one in California. Three of the importers are foreign-owned. ***. Two of the importers have supplier relationships with Korean manufacturers. ***. Eight of the importers import the subject fiber from both Korea and Taiwan; six import only from Korea, and one imports solely from Taiwan. With the exception of ***, which use their polyester staple fiber in captive consumption, most of the subject importers sell certain polyester staple fiber to end users and processors.

U.S. IMPORTS

Imports of the subject merchandise shown in table IV-1 are based on responses to importers' questionnaires.[1] Official statistics of the Department of Commerce were not useful in these investigations because they contain nonsubject products along with subject imports in the HTSUS categories identified. For imports from nonsubject sources, data from importers' questionnaire responses, although understated, were used as the best available approximation. Total imports from subject sources increased by 73.0 percent in quantity and 24.5 percent in value during 1996-98 and continued to rise through first quarter 1999. Korea is the largest supplier of subject polyester staple fiber. Imports of the subject fiber from Korea rose by 51.8 percent in quantity but only 5.5 percent in value. Although imports from Taiwan were less than imports from Korea (Korea's share of total imports by quantity was 62.0 percent in 1998 as compared with Taiwan's 36.1 percent), Taiwan imports grew significantly, by 127.3 percent in quantity and 67.2 percent in value. In fact, Taiwan's share of total imports has also been increasing, from 27.2 percent in 1996 to 36.1 percent in 1998 by quantity. By value, Taiwan's share has grown from 29.8 percent in 1996 to 40.4 percent in 1998.

Subject virgin and regenerated polyester staple fiber imports increased 119.7 percent and 61.8 percent, respectively, in quantity during 1996-98. Imports of virgin polyester staple fiber from Taiwan increased by 114.4 percent by quantity and 61.1 percent by value from 1996 to 1998. The value of Korean imports of regenerated subject fiber, the largest category of imported polyester staple fiber, remained flat for the period while quantity rose by 45.8 percent.

[1] Because the Korean producers' questionnaire responses for regenerated fiber represent only a small portion of the regenerated polyester staple fiber industry in Korea, foreign export data will not necessarily correspond with import data.

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Table IV-1
Polyester staple fiber: U.S. imports, by types and sources, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Quantity (1,000 pounds)				
Virgin polyester staple fiber:					
Korea	5,410	10,570	18,050	7,145	7,092
Taiwan	30,474	42,235	65,330	16,767	17,457
Subtotal	35,883	52,805	83,379	23,913	24,549
Other sources	3,928	3,712	4,080	591	1,724
Total	39,811	56,517	87,459	24,504	26,273
Regenerated polyester staple fiber:					
Korea	162,312	191,765	236,576	54,467	65,837
Taiwan	34,773	56,623	82,995	19,459	23,036
Subtotal	197,085	248,388	319,571	73,926	88,873
Other sources	2,547	2,878	3,477	939	867
Total	199,631	251,266	323,048	74,865	89,740
Total:					
Korea	167,722	202,335	254,626	61,612	72,929
Taiwan	65,246	98,858	148,325	36,226	40,493
Subtotal	232,968	301,193	402,950	97,839	113,422
Other sources	6,475	6,590	7,557	1,530	2,591
Total	239,443	307,782	410,507	99,368	116,013
	Value ($1,000)				
Virgin polyester staple fiber:					
Korea	$3,471	$6,626	$8,654	$3,508	$3,182
Taiwan	19,643	25,215	31,638	8,872	7,199
Subtotal	23,113	31,841	40,292	12,380	10,381
Other sources	3,103	2,978	2,716	459	1,038
Total	26,216	34,819	43,007	12,839	11,419
Regenerated polyester staple fiber:					
Korea	93,162	91,502	93,330	23,031	22,345
Taiwan	23,372	34,288	40,264	10,403	9,961
Subtotal	116,534	125,790	133,594	33,434	32,306
Other sources	1,575	1,466	1,551	443	322
Total	118,109	127,256	135,145	33,877	32,627
Total:					
Korea	96,632	98,128	101,984	26,539	25,527
Taiwan	43,015	59,503	71,902	19,275	17,160
Subtotal	139,647	157,631	173,886	45,814	42,687
Other sources	4,678	4,444	4,266	902	1,360
Total	144,325	162,075	178,152	46,716	44,047

Table continued on next page.

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Table IV-1 Continued
Polyester staple fiber: U.S. imports, by types and sources, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Unit value (per pound)				
Virgin polyester staple fiber:					
Korea	$0.64	$0.63	$0.48	$0.49	$0.45
Taiwan	0.64	0.60	0.48	0.53	0.41
Subtotal	0.64	0.60	0.48	0.52	0.42
Other sources	0.79	0.80	0.67	0.78	0.60
Total	0.66	0.62	0.49	0.52	0.43
Regenerated polyester staple fiber:					
Korea	$0.57	$0.48	$0.39	$0.42	$0.34
Taiwan	0.67	0.61	0.49	0.53	0.43
Subtotal	0.59	0.51	0.42	0.45	0.36
Other sources	0.62	0.51	0.45	0.47	0.37
Total	0.59	0.51	0.42	0.45	0.36
Total:					
Korea	$0.58	$0.48	$0.40	$0.43	$0.35
Taiwan	0.66	0.60	0.48	0.53	0.42
Subtotal	0.60	0.52	0.43	0.47	0.38
Other sources	0.72	0.67	0.56	0.59	0.52
Total	0.60	0.53	0.43	0.47	0.38

Table continued on next page.

Table IV-1 Continued
Polyester staple fiber: U.S. imports, by types and sources, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Share of quantity (percent)				
Virgin polyester staple fiber:					
Korea	13.6	18.7	20.6	29.2	27.0
Taiwan	76.5	74.7	74.7	68.4	66.4
Subtotal	90.1	93.4	95.3	97.6	93.4
Other sources	9.9	6.6	4.7	2.4	6.6
Total	100.0	100.0	100.0	100.0	100.0
Regenerated polyester staple fiber:					
Korea	81.3	76.3	73.2	72.8	73.4
Taiwan	17.4	22.5	25.7	26.0	25.7
Subtotal	98.7	98.9	98.9	98.7	99.0
Other sources	1.3	1.1	1.1	1.3	1.0
Total	100.0	100.0	100.0	100.0	100.0
Total:					
Korea	70.0	65.7	62.0	62.0	62.9
Taiwan	27.2	32.1	36.1	36.5	34.9
Subtotal	97.3	97.9	98.2	98.5	97.8
Other sources	2.7	2.1	1.8	1.5	2.2
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Virgin polyester staple fiber:					
Korea	13.2	19.0	20.1	27.3	27.9
Taiwan	74.9	72.4	73.6	69.1	63.0
Subtotal	88.2	91.4	93.7	96.4	90.9
Other sources	11.8	8.6	6.3	3.6	9.1
Total	100.0	100.0	100.0	100.0	100.0
Regenerated polyester staple fiber:					
Korea	78.9	71.9	69.1	68.0	68.5
Taiwan	19.8	26.9	29.8	30.7	30.5
Subtotal	98.7	98.8	98.9	98.7	99.0
Other sources	1.3	1.2	1.1	1.3	1.0
Total	100.0	100.0	100.0	100.0	100.0
Total:					
Korea	67.0	60.5	57.2	56.8	58.0
Taiwan	29.8	36.7	40.4	41.3	39.0
Subtotal	96.8	97.3	97.6	98.1	96.9
Other sources	3.2	2.7	2.4	1.9	3.1
Total	100.0	100.0	100.0	100.0	100.0

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

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APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain polyester staple fiber, based on U.S. producers' and U.S. importers' U.S. commercial shipments, are shown in table IV-2. Overall apparent consumption of the subject fiber rose by 26.4 percent in quantity and 3.8 percent in value during 1996-98. The rise in the quantity of overall apparent consumption continued into the first quarter of 1999. According to petitioners, apparent consumption has been on the rise because the healthy state of the economy and, more particularly, the housing market have driven increased consumption of the major consumer products utilizing fiber for fill, including furniture, pillows, comforters, and outer apparel.[2] Apparent U.S. consumption of virgin polyester staple fiber rose 12.2 percent by quantity but fluctuated downward by value from 1996 to 1998. Consumption of regenerated polyester staple fiber rose by both quantity and value, increasing 34.6 percent and 9.5 percent, respectively. The strong growth rates in apparent consumption by quantity as compared to the weaker growth rates by value reflect the decline in average unit values.

U.S. MARKET SHARES

Market shares based on U.S. producers' and U.S. importers' U.S. shipments are presented in table IV-3. U.S. producers' market share for certain polyester staple fiber declined by both quantity and value during the period for which data were collected. Their market share declined 13.3 percentage points in quantity and 12.2 percentage points in value from 1996 to 1998, while subject imports' market share increased by almost exactly the same amounts. In 1996, U.S. producers' market share accounted for 65.0 percent of overall polyester staple fiber shipments by quantity. That number dropped to 51.7 percent by 1998 and declined still further in first quarter 1999 to 50.5 percent. In contrast, subject imports accounted for 34.1 percent of overall shipments of polyester staple fiber by quantity in 1996. That number rose to 47.4 percent in 1998 and continued to rise into first quarter 1999 to 48.3 percent.

U.S. producers' market share of virgin polyester staple fiber declined during 1996-98 in both quantity and value, by *** percentage points and *** percentage points, respectively. Their market share declined from *** percent to *** percent by quantity. U.S. producers' market share of regenerated polyester staple fiber also declined during 1996-98, by *** percentage points in quantity and *** percentage points in value. Subject imports witnessed increases of market share in both virgin and regenerated polyester staple fiber that corresponded almost exactly to the losses in the market share experienced by U.S. producers.

[2] Conference transcript, p. 37.

Table IV-2
Polyester staple fiber: U.S. shipments of domestic product, U.S. import shipments, by sources, and apparent U.S. consumption, by types, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Quantity (1,000 pounds)				
Virgin polyester staple fiber:					
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	5,026	10,362	15,564	3,120	4,950
Taiwan	26,615	40,434	62,317	14,899	18,153
Subtotal	31,641	50,796	77,881	18,020	23,103
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
Apparent consumption	237,879	241,937	267,013	65,091	72,258
Regenerated polyester staple fiber:					
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	156,861	186,143	233,490	51,749	61,569
Taiwan	33,463	54,719	78,212	17,808	21,552
Subtotal	190,323	240,861	311,702	69,557	83,121
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
Apparent consumption	412,955	498,407	555,735	133,086	147,526
Total:					
U.S. producers' shipments	422,809	441,972	425,109	108,781	111,078
Import shipments:					
Korea	161,887	196,505	249,054	54,869	66,519
Taiwan	60,077	95,153	140,529	32,708	39,705
Subtotal	221,964	291,658	389,583	87,577	106,224
All other	6,061	6,714	8,056	1,819	2,482
Total import shipments	228,025	298,372	397,639	89,396	108,706
Apparent consumption	650,834	740,344	822,748	198,177	219,784
	Value ($1,000)				
Virgin polyester staple fiber:					
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	3,817	6,537	8,863	1,989	2,586
Taiwan	19,487	27,499	35,650	9,109	8,643
Subtotal	23,304	34,036	44,513	11,098	11,229
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
Apparent consumption	168,877	155,263	158,179	43,171	37,465
Regenerated polyester staple fiber:					
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	100,164	107,283	128,325	28,781	28,296
Taiwan	23,432	34,287	39,013	9,720	9,609
Subtotal	123,596	141,570	167,338	38,501	37,905
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
Apparent consumption	300,793	322,438	329,406	82,699	75,961
Total:					
U.S. producers' shipments	318,065	297,240	270,552	74,974	62,875
Import shipments:					
Korea	103,981	113,820	137,188	30,770	30,882
Taiwan	42,919	61,786	74,662	18,828	18,252
Subtotal	146,901	175,606	211,850	49,598	49,134
All other	4,705	4,855	5,182	1,298	1,417
Total import shipments	151,605	180,460	217,032	50,896	50,551
Apparent consumption	469,670	477,700	487,584	125,870	113,426

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

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Table IV-3
Polyester staple fiber: Apparent U.S. consumption and market shares, by types, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Quantity (1,000 pounds)				
Virgin polyester staple fiber:					
Apparent consumption	237,879	241,937	267,013	65,091	72,258
	Value ($1,000)				
Apparent consumption	168,877	155,263	158,179	43,171	37,465
	Share of quantity (percent)				
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	2.1	4.3	5.8	4.8	6.9
Taiwan	11.2	16.7	23.3	22.9	25.1
Subtotal	13.3	21.0	29.2	27.7	32.0
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
	Share of value (percent)				
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	2.3	4.2	5.6	4.6	6.9
Taiwan	11.5	17.7	22.5	21.1	23.1
Subtotal	13.8	21.9	28.1	25.7	30.0
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
	Quantity (1,000 pounds)				
Regenerated polyester staple fiber:					
Apparent consumption	412,955	498,407	555,735	133,086	147,526
	Value ($1,000)				
Apparent consumption	300,793	322,438	329,406	82,699	75,961
	Share of quantity (percent)				
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	38.0	37.3	42.0	38.9	41.7
Taiwan	8.1	11.0	14.1	13.4	14.6
Subtotal	46.1	48.3	56.1	52.3	56.3
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***
	Share of value (percent)				
U.S. producers' shipments	***	***	***	***	***
Import shipments:					
Korea	33.3	33.3	39.0	34.8	37.3
Taiwan	7.8	10.6	11.8	11.8	12.6
Subtotal	41.1	43.9	50.8	46.6	49.9
All other	***	***	***	***	***
Total import shipments	***	***	***	***	***

Table continued on next page.

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Table IV-3 Continued
Polyester staple fiber: Apparent U.S. consumption and market shares, by types, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
	Quantity (1,000 pounds)				
Total polyester staple fiber:					
Apparent consumption	650,834	740,344	822,748	198,177	219,784
	Value ($1,000)				
Apparent consumption	469,670	477,700	487,584	125,870	113,426
	Share of quantity (percent)				
U.S. producers' shipments	65.0	59.7	51.7	54.9	50.5
Import shipments:					
Korea	24.9	26.5	30.3	27.7	30.3
Taiwan	9.2	12.9	17.1	16.5	18.1
Subtotal	34.1	39.4	47.4	44.2	48.3
All other	0.9	0.9	1.0	0.9	1.1
Total import shipments	35.0	40.3	48.3	45.1	49.5
	Share of value (percent)				
U.S. producers' shipments	67.7	62.2	55.5	59.6	55.4
Import shipments:					
Korea	22.1	23.8	28.1	24.4	27.2
Taiwan	9.1	12.9	15.3	15.0	16.1
Subtotal	31.3	36.8	43.4	39.4	43.3
All other	1.0	1.0	1.1	1.0	1.2
Total import shipments	32.3	37.8	44.5	40.4	44.6

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

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PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The two important inputs into the production of polyester staple fiber are terephthalic acid (TPA) and ethylene glycol (EG). These two inputs account for approximately 43 percent of the adjusted per-unit cost of virgin fiber production.[1] TPA and EG are petroleum-based products whose prices depend on the price of oil. TPA was priced at $1,105 per metric ton in the first quarter of 1996 and dropped to less than $400 per metric ton in 1998. EG has gone from approximately $700 per metric ton to $320 per metric ton.[2]

U.S. Inland Transportation Costs

Producers and importers were asked to estimate the percentage of the total shipments that were made within specified distances. U.S. producers reported that between 0 and 25 percent of their polyester staple fiber shipments were for distances within 100 miles of their storage or production facility and between 50 and 100 percent of their shipments were for distances within 1,000 miles. Five importers reported that between 75 and 100 percent of their shipments were within 100 miles of their storage facility or the port of entry and six reported that between 5 and 25 percent of their shipments were within 100 miles. Seven importers reported that between 60 and 99 percent of their shipments were for distances within 1,000 miles.

Inland transportation costs for delivery of polyester staple fiber within the United States vary widely. U.S. producers reported that costs ranged from 1.2 to 5.0 percent of the delivered price. For importers, reported values ranged from 0.5 to 21.0 percent, with over half of responding importers reporting costs of 5.0 percent or less.

Exchange Rates

Quarterly nominal and real exchange rate data for the subject countries from 1996 through the first quarter of 1999 are presented in figure V-1.[3] The currencies of both countries generally depreciated in real terms relative to the dollar.

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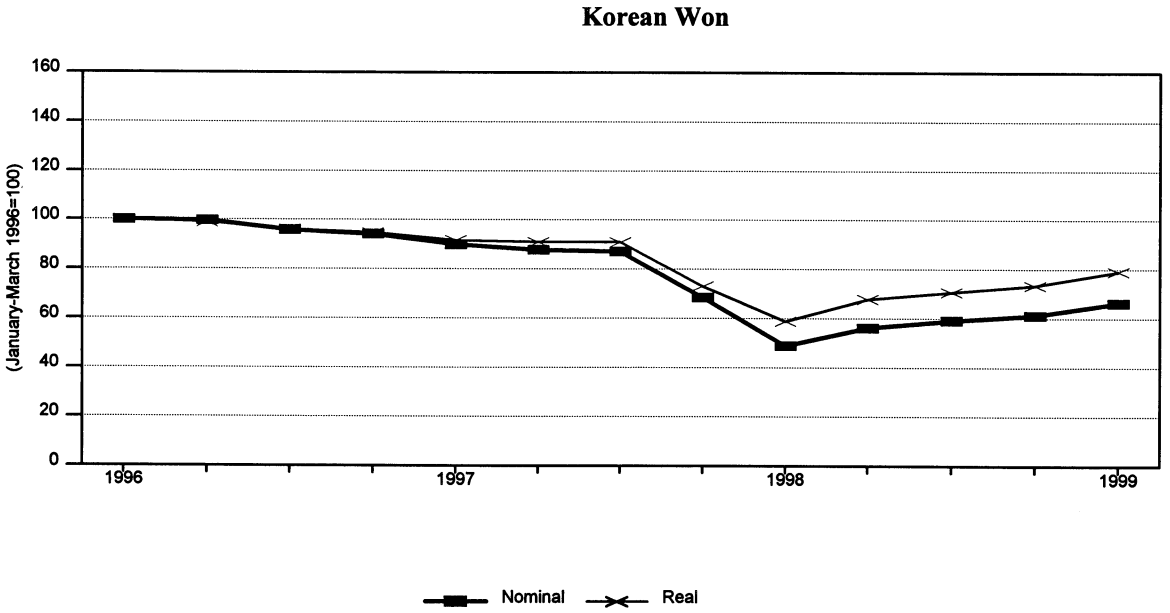
[1] Petition, exhibit B1.

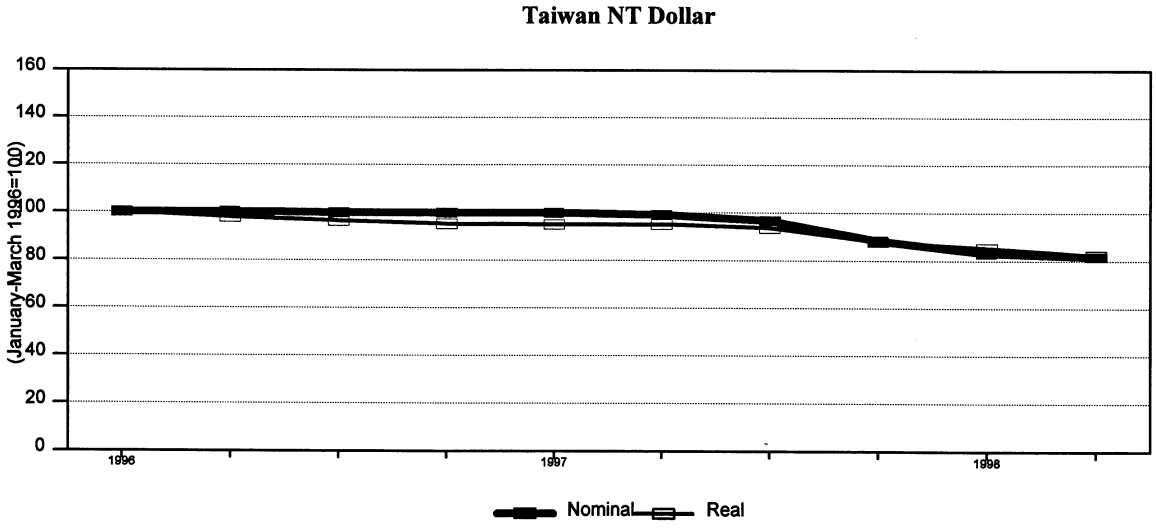
[2] Korean postconference brief, p. 5 and exhibit 2.

[3] Data for the exchange rate of Taiwan are only available through the first quarter of 1998.

V-1

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates of the currencies of Korea and Taiwan in relation to the U.S. dollar, by quarters, January 1996-March 1999





Source: IMF, *International Financial Statistics*, April 1999.

V-2

PRICING PRACTICES

Pricing Methods

Two U.S. producers of polyester staple fiber report that they base a majority of their sales on contracts, while three report that 90 to 100 percent of their sales are on a spot basis. Seven importers reported that between 65 and 100 percent of their sales are on a contract basis while four reported that between 0 and 35 percent of their sales are based on contracts. Of the two producers that reported using contracts, one negotiates yearly contracts while the other has less formal arrangements. Contracts fix both prices and quantity, with one producer using meet-or-release provisions. Importers reported that their contracts range between one month and a year in length, with most reporting a duration of three months. All importers' contracts fix price and quantity and only one contained a meet-or-release provision. Some importers have quantity requirements which vary. Only two importers reported charging a premium for sub-minimum shipments.

Sales Terms and Discounts

Four domestic producers do not give discounts to their customers and one gives a 1-3 cent discount, depending on volume levels. Of the 12 importers whose data can be used, 10 reported no discount policy to their customers. One importer gives early payment discounts and another gives a specific customer a 0.5-percent annual total volume discount.

Two of five U.S. producers reported that they normally quote delivered prices, and three quote prices on both an f.o.b. and a delivered basis. Eight of the 12 importers quote delivered prices, two quote on an f.o.b. basis, and two quote f.o.b. and delivered prices.

In general, discounting does not occur regularly in this industry. In addition to not generally offering volume discounts, early payment discounts are given by only one importer. While the actual sales terms vary, in general, producers and importers require payment to be made within 30 days. Two importers require payment to be made within 60 days.

PRICE DATA

U.S. producers and importers were asked to provide quarterly quantity and value data on an f.o.b. basis for January 1996-March 1999 on their shipments of each of eight product categories. The product categories are as follows:

Product 1.-- **Certain polyester staple fiber, virgin -- 5-7 denier, solid, dry**
Product 2.-- **Certain polyester staple fiber, virgin -- 5-7 denier, hollow, slick**
Product 3.-- **Certain polyester staple fiber, virgin -- 12-15 denier, solid, dry**
Product 4.-- **Certain polyester staple fiber, virgin -- 12-15 denier, hollow, slick**
Product 5.-- **Certain polyester staple fiber, regenerated -- 5-7 denier, solid, dry**
Product 6.-- **Certain polyester staple fiber, regenerated -- 5-7 denier, hollow, slick**
Product 7.-- **Certain polyester staple fiber, regenerated -- 12-15 denier, solid, dry**
Product 8.-- **Certain polyester staple fiber, regenerated -- 12-15 denier, hollow, slick**

Five U.S. producers and 12 importers provided usable pricing data for sales of the requested products, although not necessarily for all products or all quarters.

V-3

Price Trends

Tables V-1 to V-8 and figures V-2 to V-5 show the weighted-average prices and margins of underselling/(overselling) for U.S.-produced and imported certain polyester staple fiber from the first quarter of 1996 through the first quarter of 1999. Tables V-9 through V-12 and figures V-6 to V-7 compare total domestic virgin and regenerated products with total imported virgin and regenerated Korean and Taiwan polyester staple fiber.[4] Weighted-average prices reported by U.S. producers and importers of certain polyester staple fiber mostly showed declines during the period January 1996 through March 1999.[5] It is important to note that *** pricing data included only ***. In the majority of cases, *** prices were *** than those of competing imports. At times its prices were *** for the same product.[6] [7]

Table V-1
Product 1, virgin polyester staple fiber, 5-7 denier, solid, dry: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-2
Product 2, virgin polyester staple fiber, 5-7 denier, hollow, slick: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-3
Product 3, virgin polyester staple fiber, 12-15 denier, solid, dry: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-4
Product 4, virgin polyester staple fiber, 12-15 denier, hollow, slick: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

---

[4] *** quantity and value data are estimates. *** estimated that *** percent of its sales are of regenerated products and *** percent of its sales are of virgin products.

[5] Korean prices actually increased for product 6.

[6] Data reported in Commission questionnaires.

[7] According to ***, the quality of *** fiber is less than that of other domestic producers. This information was verified via telephone conversation, Apr. 28, 1999.

V-4

Table V-5
Product 5, regenerated polyester staple fiber, 5-7 denier, solid, dry: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-6
Product 6, regenerated polyester staple fiber, 5-7 denier hollow, slick: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-7
Product 7, regenerated polyester staple fiber, 12-15 denier, solid, dry: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-8
Product 8, regenerated polyester staple fiber, 12-15 denier, hollow, slick: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-9
Polyester staple fiber, virgin & regenerated, 5-7 denier, solid, dry: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-10
Polyester staple fiber, virgin & regenerated, 5-7 denier, hollow, slick: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-11
Polyester staple fiber, virgin & regenerated, 12-15 denier, solid, dry: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Table V-12
Polyester staple fiber, virgin & regenerated, 12-15 denier, hollow, slick: Weighted-average f.o.b. prices and quantities reported by U.S. producers and importers and margins of underselling/(overselling), by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Figure V-2
Weighted-average f.o.b. prices for polyester staple fiber products 1 and 2, by sources and by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Figure V-3
Weighted-average f.o.b. prices for polyester staple fiber products 3 and 4, by sources and by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Figure V-4
Weighted-average f.o.b. prices for polyester staple fiber products 5 and 6, by sources and by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Figure V-5
Weighted-average f.o.b. prices for polyester staple fiber products 7 and 8, by sources and by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Figure V-6
Weighted-average f.o.b. prices for polyester staple fiber products (1 and 5) and (2 and 6), by sources and by quarters, Jan. 1996-Mar. 1999

* * * * * * *

V-6

Figure V-7
Weighted-average f.o.b. prices for polyester staple fiber products (3 and 7) and (4 and 8), by sources and by quarters, Jan. 1996-Mar. 1999

* * * * * * *

Price Comparisons

The following tabulation shows a summary of underselling/overselling information by country for the eight products for which data were collected.

Country	Number of quarters of underselling	Number of quarters of overselling
Korea:		
1996	**24**	**1**
1997	**23**	**4**
1998	**29**	**2**
1999(Q1)	**8**	**0**
Subtotal	**84**	**7**
Taiwan:		
1996	**15**	**9**
1997	**16**	**7**
1998	**16**	**8**
1999(Q1)	**4**	**2**
Subtotal	**51**	**26**
Total	**135**	**33**

V-7

The following tabulation summarizes the pricing data by country and product:

	Korea				Taiwan			
Product	**# of quarters of under-selling**	**Range of margins**	**# of quarters of over-selling**	**Range of margins**	**# of quarters of under-selling**	**Range of margins**	**# of quarters of over-selling**	**Range of margins**
Product 1[1]	10	3.3-15.3	2	6.6-17.7	0	-	12	15.4-47.5
Product 2	12	6.3-33.3	1	1.4	13	15.3-31.7	0	-
Product 3[2]	5	2.1-12.3	4	1.7-12.3	2	8.5-13.2	8	13.7-51.7
Product 4	13	8.7-44.2	0	-	12	5.5-30.1	1	6.5
Product 5	13	17.4-33.5	0	-	10	6.3-22.8	0	-
Product 6	5	37.5-55.4	0	-	0	-	0	-
Product 7[3]	13	15.4-31.4	0	-	10	1.8-21.6	2	1.8-5.3
Product 8	13	29.4-43.1	0	-	4	2.9-19.2	3	3.3-11.1
Products 1 & 5	13	17.3-32.2	0	-	0	-	12	2.7- 42.4
Products 2 & 6	13	27.9-51.0	0	-	13	29.0-49.5	0	-
Products 3 & 7	13	12.9-28.4	0	-	4	0.5-21.4	9	0.4- 40.9
Products 4 & 8	13	22.1-35.6	0	-	13	7.3-28.6	0	-

[1] One quarterly comparison indicated no difference between prices of domestic product and Korean imports.
[2] Three quarterly comparisons indicated no difference between prices of domestic product and Korean imports.
[3] One quarterly comparison indicated no difference between prices of domestic product and Taiwan imports.

V-8

LOST SALES AND LOST REVENUES

Five U.S. producers indicated that they lost sales and/or reduced prices due to competition from polyester staple fiber imports from Korea and Taiwan. Total reported lost sales and lost revenues, by country, are shown in the following tabulation.[8]

	Lost sales			Lost revenues		
Country	Number	Volume (1,000 pounds)	Value ($1,000)	Number	Volume (1,000 pounds)	Value ($1,000)
Korea	37	***	***	10	***	***
Taiwan	10	***	***	1	***	***
Total	49	***	***	11	***	***

The Commission sent a brief survey to each of the purchasers named in the allegations requesting their comments. The specifics of the allegations to which purchasers responded are shown in tables V-13 and V-14. Where available, additional purchaser comments based on the allegations are presented following the tables.

Table V-13
Polyester staple fiber: U.S. producers' lost sales allegations

* * * * * * *

Table V-14
Polyester staple fiber: U.S. producers' lost revenue allegations

* * * * * * *

*** disagreed with the allegations, stating that the domestic quote of *** per pound did not match its records. ***.[9]

*** disagreed with the quantities listed but did say that it purchased *** due to a significantly lower price than that available from domestic producers.[10]

*** stated that it is not the importer.[11]

---

[8] Two producers, ***, provided additional allegations of lost sales and revenue in the Commission questionnaires, but staff was unable to verify these, and they are not included in the above totals.

[9] Fax from ***, Apr. 19, 1999.

[10] Fax from ***, Apr. 22, 1999, and phone conversation of Apr. 20, 1999.

[11] Fax from ***, Apr. 13, 1999.

V-9

*** disagreed with the allegation, reporting that it had switched from using a domestic *** fiber to imported conjugate for three reasons: ***.[12]

*** disagreed with the allegations, stating that it did not offer or sell these products at these prices. It also did not sell any of this product from Taiwan. ***.[13]

*** disagreed with the allegation, stating that they are not the same fibers. They stated that price is only a minor consideration in their decision to utilize foreign manufactured products in their manufacturing process. They were in strong disagreement that price is the primary issue; quality of fiber in their products is their principal concern.[14]

*** disagreed with the allegations, stating all significant poundages of ***. ***.[15]

*** disagreed with the allegation, stating that it has no record of rejecting a quotation for ***. The price of *** per pound leads them to conclude that the U.S. producer in question was ***, based on its quoted price during this period. If that is the case, *** actually lost the sale to another domestic producer. ***.[16]

*** disagreed with the allegation, stating that it runs *** and purchased from ***.[17]

*** disagreed with the lost revenue allegation because not enough information was provided.[18]

*** disagreed with the lost revenue allegation because it said its cost on the Korean product was ***.[19]

*** disagreed with the lost sale allegation, stating that although it did purchase certain quantities of the product from Taiwan during ***, its records do not indicate that *** received a quote for U.S. product during that time frame.[20]

*** disagreed with the allegation, stating that it was already paying *** per pound when the other quote was submitted by a vendor who did not have a product it found acceptable. Since the date in the allegation, it has been using a vendor in the United States and paying *** per pound and this was purchased on quality.[21]

*** disagreed with the allegation, stating that it does not buy *** from Korea now or in the past.[22]

*** partly agreed with the allegation. It said that it uses product from Taiwan, not Korea. It also said that price was a key element, but not the sole reason. The price is good but the product is superior to anything in the United States. If the imported price was higher, it would still buy imports because of quality.[23]

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[12] Fax from ***, Apr. 20,1999.

[13] Fax from ***, Apr. 19, 1999.

[14] Fax from ***, Apr. 14, 1999.

[15] Response included with questionnaire, phone conversation of Apr. 16, 1999.

[16] Fax and letter dated Apr. 23, 1999 from ***.

[17] Fax from ***, Apr. 16, 1999.

[18] Fax from ***, Apr. 22, 1999.

[19] Fax from ***, Apr. 15, 1999.

[20] Fax from ***, Apr. 19, 1999.

[21] Fax from ***, Apr. 15, 1999.

[22] Fax from ***, Apr. 13, 1999.

[23] Fax from ***, Apr. 15, 1999.

V-10

*** disagreed with the lost sales allegations for the following reasons: ***.[24]
***.[25]

*** partly agreed with the lost revenue allegation. It said that the competing quote for imported product was ***.[26]

[24] Fax from ***, Apr. 26, 1999.

[25] Fax from ***, Apr. 20, 1999.

[26] Fax from ***, Apr. 20, 1999.

V-11

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Five producers[3] accounting for approximately 95 percent of U.S. production of polyester staple fiber in 1998 provided financial data on their polyester staple fiber operations.

OPERATIONS ON CERTAIN POLYESTER STAPLE FIBER

The results of the U.S. producers' polyester staple fiber operations are presented in table VI-1. The combined companies' net sales value decreased in each comparative period. The combined companies realized increasing operating income in 1997 compared to 1996 and a decreasing operating income in 1998 compared to 1996 and 1997. The operating income in interim 1999 decreased when compared to interim 1998. The operating income margin followed the same trend as the operating income.

As shown in the results of operations summary data by firm in table VI-2, all five companies had decreased sales values in 1998 compared to 1997. All five companies had lower operating income margins or increased loss margins in 1998 compared to 1997. Four companies had lower net sales values in interim 1999 compared to interim 1998. The only company with improved operating margins in interim 1999 compared to interim 1998 was ***. The combined companies that produce all or primarily virgin polyester staple fiber[4] had decreasing net sales values in each comparative period and ***. The combined companies that produce primarily regenerated polyester staple fiber[5] also had decreasing net sales values in each comparative period but ***. The operating income margin for the regenerated polyester staple fiber producers ***.

---

[3] ***.

[4] ***.

[5] ***.

VI-1

Table VI-1
Results of U.S. producers on their polyester staple fiber operations, calendar years 1996-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

Item	Calendar year			Jan.-Mar.	
	1996	1997	1998	1998	1999
	Quantity (*1,000 pounds*)				
Net sales	460,373	471,492	453,474	116,801	117,813
	Value (*$1,000*)				
Net sales	356,326	333,569	306,813	84,780	71,632
Cost of goods sold	291,450	267,745	260,464	67,983	60,116
Gross profit	64,876	65,824	46,349	16,797	11,516
SG&A expenses	42,638	40,809	38,726	9,236	8,817
Operating income	22,238	25,015	7,623	7,561	2,699
Interest expense	***	***	***	***	***
Other expense	***	***	***	***	***
Other income items	***	***	***	***	***
Net income	21,201	25,525	8,461	7,998	2,492
Depreciation/amortization	9,904	9,296	10,376	2,362	2,625
Cash flow	31,105	34,821	18,837	10,360	5,117
	Ratio to net sales (*percent*)				
Cost of goods sold	81.8	80.3	84.9	80.2	83.9
Gross profit	18.2	19.7	15.1	19.8	16.1
SG&A expenses	12.0	12.2	12.6	10.9	12.3
Operating income	6.2	7.5	2.5	8.9	3.8
Net income	6.0	7.7	2.8	9.4	3.5
	Number of firms reporting				
Operating losses	3	2	3	1	3
Data	5	5	5	5	5

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2
Selected financial data of U.S. producers on their polyester staple fiber operations (virgin and regenerated), by firm, calendar years 1996-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

* * * * * * *

VI-2

The average per-pound sales value, as shown in table VI-3, decreased in each comparative period, as did cost of goods sold (except 1998). The average per-pound sales value decreased 9 cents in 1998 compared to 1996 while cost of goods sold decreased 6 cents, resulting in a reduction of the operating income from 5 cents per pound in 1996 to 2 cents in 1998. The average per-pound sales value decreased 12 cents in interim 1999 compared to interim 1998 while cost of goods sold decreased 7 cents and SG&A expenses decreased 1 cent, resulting in a reduction of the operating income from 6 cents per pound in interim 1998 to 2 cents in interim 1999.

Table VI-3
Results of operations (per pound) of U.S. producers in the production of polyester staple fiber, calendar years 1996-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

Item	Calendar year			Jan.-Mar.	
	1996	1997	1998	1998	1999
Net sales	$0.77	$0.71	$0.68	$0.73	$0.61
Cost of goods sold:					
Raw material	0.39	0.35	0.32	0.35	0.30
Direct labor[1]	0.08	0.09	0.09	0.09	0.08
Other factory costs[1]	0.16	0.13	0.16	0.14	0.13
Total cost of goods sold	0.63	0.57	0.57	0.58	0.51
Gross profit	0.14	0.14	0.10	0.14	0.10
SG&A expenses	0.09	0.09	0.09	0.08	0.07
Operating income	0.05	0.05	0.02	0.06	0.02

[1] *** included all other factory costs (except depreciation) in the direct labor line item.

Source: Compiled from data submitted in response to Commission questionnaires.

VI-3

A variance analysis showing the effects of prices and volume on the producers' net sales of polyester staple fiber and of costs and volume on their total cost is shown in table VI-4. The analysis shows that the decreases in operating income during the period were mostly attributable to the price variance.

Table VI-4
Variance analysis for polyester staple fiber operations, calendar years 1996-98 and Jan.-Mar. 1998-99

Item	Calendar years			Jan.-Mar.
	1996-98	1996-97	1997-98	1998-99
	Value (*$1,000*)			
Net sales:				
Price variance	(44,173)	(31,363)	(14,009)	(13,883)
Volume variance	(5,340)	8,606	(12,747)	735
Total net sales variance	(49,513)	(22,757)	(26,756)	(13,148)
Cost of sales:				
Cost variance	26,618	30,744	(2,951)	8,456
Volume variance	4,368	(7,039)	10,232	(589)
Total cost variance	30,986	23,705	7,281	7,867
Gross profit variance	(18,527)	948	(19,475)	(5,281)
SG&A expenses:				
Expense variance	3,273	2,859	523	499
Volume variance	639	(1,030)	1,560	(80)
Total SG&A variance	3,912	1,829	2,083	419
Operating income variance	(14,615)	2,777	(17,392)	(4,862)
Summarized as:				
Price variance	(44,173)	(31,363)	(14,009)	(13,883)
Net cost/expense variance	29,891	33,603	(2,427)	8,955
Net volume variance	(333)	537	(956)	66

Note: Unfavorable variances are shown in parentheses; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

The variance analysis may be affected by the mix of the various grades and sizes of polyester staple fiber within a company and between companies.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures, research and development expenses, and the value of their fixed assets are presented in table VI-5. Capital expenditures decreased in 1998 compared to 1997 but exceeded the level of 1996. R&D expenses increased slightly in 1998 compared to 1996 and 1997. The original cost and book value of fixed assets increased during 1996-98 because of continued investment in capital expenditures.

Table VI-5
Capital expenditures, research and development expenditures, and assets utilized by U.S. polyester staple fiber producers, calendar years 1996-98, Jan.-Mar. 1998, and Jan.-Mar. 1999

Item	Calendar year			Jan.-Mar.	
	1996	1997	1998	1998	1999
	Value (*$1,000*)				
Capital expenditures[1]	10,639	23,420	15,346	***	***
R&D expenses[2]	***	***	***	***	***
Fixed assets:[3]					
Original cost	195,961	215,460	223,792	214,502	235,469
Book value	71,175	80,722	88,351	85,759	83,972

[1] All five companies provided capital expenditures for the calendar years; only *** provided capital expenditures for the interim periods.
[2] The producers are *** for the calendar years and *** for the interim periods.
[3] The producers are ***, except *** did not provide the original cost and book value for the interim periods.

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL AND INVESTMENT

The producers' comments regarding any actual or potential negative effects of imports of polyester staple fiber from Korea and Taiwan on their firms' growth, investment, ability to raise capital, and/or development and production efforts (including efforts to develop a derivative or more advanced version of the product) are presented in appendix D.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN KOREA

The industry in Korea may be divided into two segments: the virgin polyester staple fiber producers and the regenerated polyester staple fiber producers. There are five known Korean producers of virgin fiber: Kohap, Ltd.; Daehan Synthetic Fiber Co., Ltd.; Saehan Industries, Inc.; Sam Yang Co.; and SK Chemicals. These producers manufacture higher-quality polyester staple fiber as well as low-melt fiber for thermal bonding. Respondents report that conjugate fiber and low-melt account for over 50 percent of Korean exports of virgin fiber to the United States.[1] Total imports of subject virgin fiber, however, accounted for only 7.1 percent by quantity of Korean polyester staple fiber imports into the United States in 1998. Respondents report that Korean virgin fiber producers saw a decrease in their raw material costs with suppressed petroleum prices during the period for which data were collected. This effect, coupled with the devaluation of the Korean won, allowed Korean virgin producers to drop their prices. However, with the recent OPEC agreement to limit oil production in order to raise petroleum prices, and the strengthening of the won, Korean producers do not expect prices to remain low.[2] ***. Data provided by Daehan, Saehan, Sam Yang, and SK Chemicals are reported in table VII-1, primarily under the heading of virgin polyester staple fiber.

The majority of exports from Korea, however, are regenerated certain polyester staple fiber. Regenerated polyester fiber accounted for 57.6 percent of total subject polyester staple fiber exports from Korea to the United States in 1998. Most of the Korean producers manufacturing regenerated subject fiber are small, family-owned businesses, the total number of which is not accounted for. According to respondents, most firms producing regenerated polyester staple fiber employ an average of 15 people, produce an average monthly quantity of only 300 to 400 metric tons, and use manually operated homemade machinery.[3] Therefore, it is difficult to determine total capacity for regenerated subject fiber in Korea. Data provided by a sample of nine Korean producers of regenerated fiber are also presented in table VII-1, under the heading of regenerated polyester staple fiber.[4]

According to Korean respondents, Korea's other significant export market for certain polyester staple fiber is China.[5] Exports to non-U.S. markets accounted for *** percent of total shipments in 1998. In 1993, the European Union imposed antidumping duties on Korean imports of certain polyester staple

[1] Korean postconference brief, p. 7.

[2] Korean postconference brief, pp. 5-6.

[3] Conference transcript, p. 104.

[4] This sample of Korean regenerated producers may not be representative of the industry.

[5] Korean postconference brief, p. 3.

VII-1

Table VII-1
Data for producers of polyester staple fiber in Korea, by types of fiber, 1996-98, January-March 1998, January-March 1999, and projected 1999-2000

Item	1996	1997	1998	January-March 1998	January-March 1999	Projected 1999	Projected 2000
	Quantity (1,000 pounds)						
Virgin polyester staple fiber:							
Capacity	351,235	402,564	453,580	101,393	124,000	456,400	442,133
Production	329,748	380,459	425,353	94,342	116,471	423,107	409,367
End-of-period inventories	16,503	18,789	14,439	15,741	16,918	15,128	15,443
Shipments:							
Internal consumption/transfers	0	0	0	0	0	0	0
Home market	130,379	128,857	113,425	24,036	31,283	139,270	144,741
Exports to:							
United States	42,573	73,149	77,233	16,306	18,577	71,775	65,218
All other markets	149,995	176,217	238,995	56,998	64,123	210,010	199,093
Total exports	192,568	249,366	316,228	73,304	82,700	281,785	264,311
Total shipments	322,947	378,223	429,653	97,340	113,983	421,055	409,052
	Ratios and shares (percent)						
Capacity utilization	93.9	94.5	93.8	93.0	93.9	92.7	92.6
Inventories/production	5.0	4.9	3.4	4.2	3.6	3.6	3.8
Inventories/shipments	5.1	5.0	3.4	4.0	3.7	3.6	3.8
Share of total shipments:							
Internal consumption/transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	40.4	34.1	26.4	24.7	27.4	33.1	35.4
Exports to:							
United States	13.2	19.3	18.0	16.8	16.3	17.0	15.9
All other markets	46.4	46.6	55.6	58.6	56.3	49.9	48.7
Total exports	59.6	65.9	73.6	75.3	72.6	66.9	64.6
	Quantity (1,000 pounds)						
Regenerated polyester staple fiber:							
Capacity	105,836	155,711	201,801	44,196	56,735	224,557	236,382
Production	91,856	131,825	181,426	37,208	47,110	185,716	202,901
End-of-period inventories	2,626	3,934	3,782	4,560	5,755	3,475	4,068
Shipments:							
Internal consumption/transfers	0	0	0	0	0	0	0
Home market	15,590	16,208	21,532	6,632	6,110	20,698	21,382
Exports to:							
United States	39,464	60,951	103,908	18,155	27,098	100,126	111,478
All other markets	51,863	70,698	74,569	16,419	16,318	81,892	85,853
Total exports	91,327	131,649	178,477	34,575	43,415	182,018	197,330
Total shipments	106,917	147,857	200,009	41,207	49,525	202,716	218,713
	Ratios and shares (percent)						
Capacity utilization	86.8	84.7	89.9	84.2	83.0	82.7	85.8
Inventories/production	2.9	3.0	2.1	3.1	3.1	1.9	2.0
Inventories/shipments	2.5	2.7	1.9	2.8	2.9	1.7	1.9
Share of total shipments:							
Internal consumption/transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	14.6	11.0	10.8	16.1	12.3	10.2	9.8
Exports to:							
United States	36.9	41.2	52.0	44.1	54.7	49.4	51.0
All other markets	48.5	47.8	37.3	39.8	32.9	40.4	39.3
Total exports	85.4	89.0	89.2	83.9	87.7	89.8	90.2

Table continued on next page.

VII-2

Table VII-1--Continued
Data for producers of polyester staple fiber in Korea, by types of fiber, 1996-98, January-March 1998, January-March 1999, and projected 1999-2000

Item	1996	1997	1998	January-March 1998	January-March 1999	Projected 1999	Projected 2000
	Quantity (1,000 pounds)						
Total:							
Capacity	457,071	558,275	655,381	145,589	180,735	680,957	678,515
Production	421,604	512,284	606,779	131,550	163,581	608,823	612,268
End-of-period inventories	19,129	22,723	18,221	20,301	22,673	18,603	19,511
Shipments:							
Internal consumption/transfers	0	0	0	0	0	0	0
Home market	145,969	145,065	134,957	30,668	37,393	159,968	166,123
Exports to:							
United States	82,037	134,100	181,141	34,461	45,675	171,901	176,696
All other markets	201,858	246,915	313,564	73,417	80,441	291,902	284,946
Total exports	283,895	381,015	494,705	107,879	126,115	463,803	461,641
Total shipments	429,864	526,080	629,662	138,547	163,508	623,771	627,765
	Ratios and shares (percent)						
Capacity utilization	92.2	91.8	92.6	90.4	90.5	89.4	90.2
Inventories/production	4.5	4.4	3.0	3.9	3.5	3.1	3.2
Inventories/shipments	4.4	4.3	2.9	3.7	3.5	3.0	3.1
Share of total shipments:							
Internal consumption/transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	34.0	27.6	21.4	22.1	22.9	25.6	26.5
Exports to:							
United States	19.1	25.5	28.8	24.9	27.9	27.6	28.1
All other markets	47.0	46.9	49.8	53.0	49.2	46.8	45.4
Total exports	66.0	72.4	78.6	77.9	77.1	74.4	73.5

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

fiber. The European Commission has proposed to revoke the antidumping duties on Korea.[6] Exports from Korea have also been subject to antidumping measures in Mexico.[7]

THE INDUSTRY IN TAIWAN

There are four known producers of the subject product in Taiwan: Nan Ya Plastics Corp.; Far Eastern Textile, Ltd.; Tuntex Distinct Corp.; and Shinkong Synthetic Fibers Corp. Shinkong and Tuntex produce only virgin polyester staple fiber. Nan Ya and Far Eastern Textile produce both virgin and regenerated, although the majority of production is concentrated in virgin. Regenerated fiber constitutes *** percent of Far Eastern's total production and *** percent of Nan Ya's. According to respondents, Taiwan's polyester staple fiber is of high quality and often is conjugate.[8] *** of Tuntex's shipments to the United States and *** percent of Nan Ya's virgin fibers were comprised of conjugate fiber.[9] Overall, *** percent of Taiwan's subject exports to the United States are of conjugate fiber while *** percent are of low-melt.[10] Total capacity in Taiwan increased by 16.1 percent during 1996-98, but capacity utilization remained high, at a level of 92.9 percent in 1998. Data provided by Nan Ya Plastics Corp., Far Eastern Textile, Ltd., Tuntex Distinct Corp., and Shinkong Synthetic Fibers Corp. are presented in table VII-2.

According to Taiwan respondents, exports to the United States do not constitute the largest share of Taiwan's export markets; respondents contend that Asia and Europe account for the majority of Taiwan's shipments.[11] Shipments to other countries accounted for 53.0 percent of overall shipments of certain polyester staple fiber from Taiwan in 1998 and 51.4 percent of shipments in the first quarter of 1999.

In 1992, the European Union imposed antidumping duties on Taiwan imports of certain polyester staple fiber. The European Commission has proposed to maintain the antidumping duties on Taiwan.[12]

U.S. INVENTORIES OF PRODUCT FROM KOREA AND TAIWAN

Inventories held by U.S. importers of merchandise from Korea and Taiwan are shown in tables VII-3 and VII-4, respectively. Importers' inventories of certain polyester staple fiber from Korea grew by 69.6 percent from 1996 to 1998 and continued to rise in the first quarter of 1999. Regenerated polyester staple fiber constituted roughly 86.8 percent of total inventories of Korean product in 1998. Inventory levels of both virgin and regenerated subject fiber grew significantly, by 199.4 and 59.1 percent, respectively, during 1996-98. Importers' inventories of certain polyester staple fiber from Taiwan rose by 89.4 percent from 1996 to 1998; inventory levels continued to increase in the first quarter of 1999. Inventories of virgin and regenerated polyester staple fiber from Taiwan both grew at significant rates, 75.1 percent and 106.6 percent, respectively, from 1996 to 1998.

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[6] Korean postconference brief, exhibit 1.

[7] Korean postconference brief, p. 5.

[8] Conference transcript, p. 115.

[9] Taiwan postconference brief, p. 12.

[10] Taiwan postconference brief, p. 11.

[11] Taiwan postconference brief, pp. 6-7.

[12] Korean postconference brief, exhibit 1.

VII-4

Table VII-2
Data for producers of polyester staple fiber in Taiwan, by types of fiber, 1996-98, January-March 1998, January-March 1999, and projected 1999-2000

Item	1996	1997	1998	January-March 1998	January-March 1999	Projected 1999	Projected 2000
	Quantity (1,000 pounds)						
Virgin polyester staple fiber:							
Capacity	378,118	488,015	441,733	113,602	125,191	464,212	464,212
Production	307,936	416,332	408,044	93,607	121,459	456,616	456,616
End-of-period inventories	10,129	29,758	16,098	26,943	21,943	18,907	18,907
Shipments:							
Internal consumption/transfers	3,331	2,891	1,208	325	474	1,896	1,896
Home market	67,298	81,423	87,061	19,215	22,879	99,565	99,565
Exports to:							
United States	51,429	72,311	98,805	20,418	31,532	113,741	113,741
All other markets	189,193	240,073	237,314	56,465	60,929	241,415	241,415
Total exports	240,622	312,384	336,119	76,883	92,461	355,156	355,156
Total shipments	311,250	396,698	424,388	96,423	115,814	456,617	456,617
	Ratios and shares (percent)						
Capacity utilization	81.4	85.3	92.4	82.4	97.0	98.4	98.4
Inventories/production	3.3	7.1	3.9	7.2	4.5	4.1	4.1
Inventories/shipments	3.3	7.5	3.8	7.0	4.7	4.1	4.1
Share of total shipments:							
Internal consumption/transfers	1.1	0.7	0.3	0.3	0.4	0.4	0.4
Home market	21.6	20.5	20.5	19.9	19.8	21.8	21.8
Exports to:							
United States	16.5	18.2	23.3	21.2	27.2	24.9	24.9
All other markets	60.8	60.5	55.9	58.6	52.6	52.9	52.9
Total exports	77.3	78.7	79.2	79.7	79.8	77.8	77.8
	Quantity (1,000 pounds)						
Regenerated polyester staple fiber:							
Capacity	37,672	41,268	41,148	9,142	9,438	42,457	42,459
Production	35,574	44,580	40,555	7,420	12,274	42,044	42,044
End-of-period inventories	1,743	4,213	3,053	3,225	4,135	2,883	2,883
Shipments:							
Internal consumption/transfers	470	315	166	177	99	396	396
Home market	12,755	14,151	13,877	3,966	3,057	14,160	14,160
Exports to:							
United States	11,770	16,797	17,881	2,471	3,704	16,245	16,245
All other markets	11,534	11,047	9,791	1,894	4,332	11,243	11,243
Total exports	23,304	27,844	27,672	4,365	8,036	27,488	27,488
Total shipments	36,529	42,310	41,715	8,508	11,192	42,044	42,044
	Ratios and shares (percent)						
Capacity utilization	94.4	108.0	98.6	81.2	130.0	99.0	99.0
Inventories/production	4.9	9.5	7.5	10.9	8.4	6.9	6.9
Inventories/shipments	4.8	10.0	7.3	9.5	9.2	6.9	6.9
Share of total shipments:							
Internal consumption/transfers	1.3	0.7	0.4	2.1	0.9	0.9	0.9
Home market	34.9	33.4	33.3	46.6	27.3	33.7	33.7
Exports to:							
United States	32.2	39.7	42.9	29.0	33.1	38.6	38.6
All other markets	31.6	26.1	23.5	22.3	38.7	26.7	26.7
Total exports	63.8	65.8	66.3	51.3	71.8	65.4	65.4

Table continued on next page.

Table VII-2 Continued
Data for producers of polyester staple fiber in Taiwan, by types of fiber, 1996-98, January-March 1998, January-March 1999, and projected 1999-2000

Item	1996	1997	1998	January-March 1998	January-March 1999	Projected 1999	Projected 2000
	Quantity (1,000 pounds)						
Total:							
Capacity	415,790	529,283	482,881	122,744	134,629	506,669	506,671
Production	343,510	460,912	448,599	101,027	133,733	498,660	498,660
End-of-period inventories	11,872	33,971	19,151	30,168	26,078	21,790	21,790
Shipments:							
Internal consumption/transfers	3,801	3,206	1,374	502	573	2,292	2,292
Home market	80,053	95,574	100,938	23,181	25,936	113,725	113,725
Exports to:							
United States	63,199	89,108	116,686	22,889	35,236	129,986	129,986
All other markets	200,727	251,120	247,105	58,359	65,261	252,658	252,658
Total exports	263,926	340,228	363,791	81,248	100,497	382,644	382,644
Total shipments	347,779	439,008	466,103	104,931	127,006	498,661	498,661
	Ratios and shares (percent)						
Capacity utilization	82.6	87.1	92.9	82.3	99.3	98.4	98.4
Inventories/production	3.5	7.4	4.3	7.5	4.9	4.4	4.4
Inventories/shipments	3.4	7.7	4.1	7.2	5.1	4.4	4.4
Share of total shipments:							
Internal consumption/transfers	1.1	0.7	0.3	0.5	0.5	0.5	0.5
Home market	23.0	21.8	21.7	22.1	20.4	22.8	22.8
Exports to:							
United States	18.2	20.3	25.0	21.8	27.7	26.1	26.1
All other markets	57.7	57.2	53.0	55.6	51.4	50.7	50.7
Total exports	75.9	77.5	78.0	77.4	79.1	76.7	76.7

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

VII-6

Table VII-3
Polyester staple fiber: U.S. importers' end-of-period inventories of imports from Korea, by types of fiber, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
Virgin polyester staple fiber:					
EOP inventories (1,000 pounds)	1,370	1,836	4,102	5,742	6,244
Ratio to imports (percent)	25.3	17.4	22.7	20.1	22.0
Ratio to U.S. shipments of imports (percent)	27.3	17.7	26.4	46.0	31.5
Regenerated polyester staple fiber:					
EOP inventories (1,000 pounds)	16,960	24,606	26,979	26,829	30,397
Ratio to imports (percent)	10.4	12.8	11.4	12.3	11.5
Ratio to U.S. shipments of imports (percent)	10.8	13.2	11.6	13.0	12.3
Total:					
EOP inventories (1,000 pounds)	18,331	26,442	31,081	32,572	36,641
Ratio to imports (percent)	10.9	13.1	12.2	13.2	12.6
Ratio to U.S. shipments of imports (percent)	11.3	13.5	12.5	14.8	13.8

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

Table VII-4
Polyester staple fiber: U.S. importers' end-of-period inventories of imports from Taiwan, by types of fiber, 1996-98, January-March 1998, and January-March 1999

Item	1996	1997	1998	January-March 1998	January-March 1999
Virgin polyester staple fiber:					
EOP inventories (1,000 pounds)	5,319	7,766	9,315	9,766	8,209
Ratio to imports (percent)	17.5	18.4	14.3	14.6	11.8
Ratio to U.S. shipments of imports (percent)	20.0	19.2	14.9	16.4	11.3
Regenerated polyester staple fiber:					
EOP inventories (1,000 pounds)	4,453	5,802	9,199	6,767	9,622
Ratio to imports (percent)	12.8	10.2	11.1	8.7	10.4
Ratio to U.S. shipments of imports (percent)	13.3	10.6	11.8	9.5	11.2
Total:					
EOP inventories (1,000 pounds)	9,772	13,569	18,514	16,533	17,831
Ratio to imports (percent)	15.0	13.7	12.5	11.4	11.0
Ratio to U.S. shipments of imports (percent)	16.3	14.3	13.2	12.6	11.2

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

VII-7

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

A-2

law violation history, and personal affirmation of all of the above information.

CATEGORIES OF RECORDS IN THE SYSTEM:

(1) Complete application information submitted by candidate; (2) Application Status Reports listing; the number received, incomplete, complete and not scheduled for examination, list of rejected applications, and list of applicants scheduled for examination; (3) Report Generation menu, contains; summary report of receipt of applications and alphabetic directory of Federal licensed blaster; (4) Certification Status reports contain; listing of certifications due to expire, expired certificates and a list or revoked or suspended certificates; (5) Query processing sub-systems to access information on candidates by social security number, last name, and print output of entire application information.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

The Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. 1201 et seq., and 30 CFR 750.19, 816.61, 900, 910, 912, 921, 922, 933, 937, 939, 941, 942, 947, and 955.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

The primary uses of the records are to: (a) Review and applicant's background, status, employment history, blasting experience and violation status; (b) record the fact that the person is in compliance with specific State and Federal authority and regulations; (c) maintain adequate control and access of record information; (d) serve as a tool for OSM to grant as blaster certificate for issuance, renewal, reissuance and reciprocity status, administration and notification procedure; (e) provide an adequate system of records for the Department, and for compliance within the Department for a Federal program; (f) enable, OSM to track appropriate actions when a blasting violation occurs, or a discrepancy with application information and the affirmation by the applicant; (g) verify the status of a blaster when queried by state or mining company official; and (h) enable OSM as the regulatory authority to effectively monitor its program requirements.

Disclosure outside the Department of the Interior may be made to: (1) The appropriate Federal, State, local or foreign agency responsible for obtaining information relevant to a Federal blaster for investigating, prosecuting, enforcing or implementing a statue, rule, regulation or order when OSM becomes aware of an indication of a violation or potential violation of civil or criminal law or regulation; (2) the U.S. Department of Justice or in a proceeding before a court or adjudicative body when; (a) the United States, the Department of the Interior, a component of the Department, or, when represented by the government, an employee of the Department is a party to litigation or anticipated litigation or has an interest in such litigation, and (b) the Department of the Interior determines that the disclosure is relevant or necessary to the litigation and is compatible with the purpose for which the records were compiled; (3) to a congressional office from the record of an individual in response to an inquiry the individual has made to the congressional office; (4) to a State or mining company officials to verify that an individual is or is not a certified blaster under the Federal programs.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:

STORAGE:

Maintained in manual form in secured file cabinets; and recorded on computer magnetic media.

RETRIEVABILITY:

For each Field Office, information is filed and retrievable by social security number and last name alphabetically, or date of entry. For each Field Office, information is filed alphabetically by applicant, candidate, or blasters, and consolidated in summary format at the Knoxville Field Office.

SAFEGUARDS:

Maintained in locked file cabinets for manual files, standard password files on computer and software, and accessible only by those authorized persons. Manual records are maintained in OSM areas occupied by OSM personnel during working hours with buildings locked off hours.

RETENTION AND DISPOSAL:

Data stored on magnetic media will be retained until it is determined that the information is no longer needed or required. Manual records will be retained for a minimum of 6 years to serve as verification and backup material. ADP printout records will be updated and disposed of periodically, when superseded or recertification of a certified blaster occurs. Records are disposed of in accordance with items 25 through 30 of General Records Schedule 14.

SYSTEM MANAGER(S) AND ADDRESS:

Federal Blaster Certification Program Coordinator, Office of Surface Mining, 530 Gay Street, SW, Suite 500, Knoxville, Tennessee 37902.

NOTIFICATION PROCEDURE:

To determine whether information is maintained on you in this system, write to the appropriate State designated OSM Field Office Director. See 43 CFR 2.60.

RECORD ACCESS PROCEDURES:

To see your records, write to the State designated OSM Field Office Director. Describe as specifically as possible the records sought and mark the request "Privacy Act Request for Access." See 43 CFR 2.63.

CONTESTING RECORD PROCEDURES:

A petition for amendment shall be addressed to the designated OSM Field Office Director and meet the content requirements of 43 CFR 2.71.

RECORD SOURCE CATEGORIES:

(1) Application for Blaster Certification in Federal Program States and on Indian Lands. (2) Federal Blaster Examination Test Scores and Status. (3) State program approved certified blasters records. (4) State and Federal criminal or law violation records.

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BILLING CODE 4310-05-M

INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-825-826 (Preliminary)

Certain Polyester Staple Fiber From Korea and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731-TA-825-826 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act) to determine whether there is a reasonable indication that 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 from Korea and Taiwan of certain polyester staple fiber, provided for in subheading 5503.20.00 of the Harmonized Tariff Schedule of

the United States (HTS), that are alleged to be sold in the United States at less than fair value.[1] Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. § 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by May 17, 1999. The Commission's views are due at the Department of Commerce within five business days thereafter, or by May 24, 1999.

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

EFFECTIVE DATE: April 2, 1999.

FOR FURTHER INFORMATION CONTACT: Jozlyn Kalchthaler (202–205–3457), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on April 2, 1999, by E.I. Dupont de Nemours, Inc., Wilmington, DE; NanYa Plastics Corporation, America, Lake City, SC; KoSa, Spartanburg, SC; Wellman, Inc., Shrewsbury, NJ; and Intercontinental Polymers, Inc., Charlotte, NC.

Participation in the Investigations and Public Service List

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will 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.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. § 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on April 23, 1999, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. In the event that the Commission is closed for business on April 23, the conference will be held at 9:30 a.m. on April 22, 1999. Parties wishing to participate in the conference should contact Jozlyn Kalchthaler (202–205–3457) not later than April 20, 1999, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before April 28, 1999, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: April 6, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99–8883 Filed 4–8–99; 8:45 am]

BILLING CODE 7020–02–P

[1] These investigations include synthetic staple fibers of polyesters, the foregoing not carded, combed, or otherwise processed for spinning and measuring 3.3 decitex (3 denier) or more in diameter. This merchandise is cut to lengths varying from 25 mm (1 inch) to 127 mm (5 inches), inclusive. Merchandise subject to the investigations may be coated, usually with a silicone or other finish, or not coated.

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Importation of Controlled Substances; Notice of Application

Pursuant to Section 1008 of the Controlled Substances Import and Export Act (21 U.S.C. 958(I)), the Attorney General shall, prior to issuing a registration under this Section to a bulk manufacturer of a controlled substance in Schedule I or II and prior to issuing a regulation under Section 1002(a) authorizing the importation of such a substance, provide manufacturers holding registrations for the bulk manufacture of the substance an opportunity for a hearing.

Therefore, in accordance with Section 1301.34 of Title 21, Code of Federal Regulations (CFR), notice is hereby given that on December 23, 1998, Johnson Matthey, Inc., Custom Pharmaceuticals Department, 2003 Nolte Drive, West Deptford, New Jersey 08066–1742, made application by renewal to the Drug Enforcement Administration to be registered as an importer of the basic classes of controlled substances listed below:

Board's regulations, including Section 400.28.

Signed at Washington, DC, this 7th day of April 1999.

Robert S. LaRussa,

Assistant Secretary of Commerce for Import Administration, Alternate Chairman, Foreign-Trade Zones Board.

Dennis Puccinelli,

Acting Executive Secretary.

[FR Doc. 99-10767 Filed 4-28-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-357-007]

Carbon Steel Wire Rod From Argentina; Antidumping Duty Administrative Review; Extension of Time Limit

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

ACTION: Notice of extension of time limit.

SUMMARY: The Department of Commerce (the Department) is extending the time limit of the preliminary results of the antidumping duty administrative review of Carbon Steel Wire Rod from Argentina. This review covers the period November 1, 1997 through October 31, 1998.

EFFECTIVE DATE: April 29, 1999.

FOR FURTHER INFORMATION CONTACT: Helen Kramer or Linda Ludwig, Office of AD/CVD Enforcement, Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-0405 or 482-3833, respectively.

SUPPLEMENTARY INFORMATION: Owing to the complexity of model match issues in this case, it is not practicable to complete this review within the original time limit. See Decision Memorandum from Joseph A. Spetrini, Deputy Assistant Secretary, Enforcement Group III, to Robert S. LaRussa, Assistant Secretary for Import Administration, dated April 20, 1999. Therefore, the Department is extending the time limit for completion of the preliminary results until September 30, 1999, in accordance with Section 751(a)(3)(A) of the Trade and Tariff Act of 1930, as amended by the Uruguay Round Agreements Act of 1994.

Dated: April 20, 1999.

Roland MacDonald,

Acting Deputy Assistant Secretary, Enforcement Group III.

[FR Doc. 99-10769 Filed 4-28-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-839, A-583-833]

Initiation of Antidumping Duty Investigations: Certain Polyester Staple Fiber From the Republic of Korea and Taiwan

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

EFFECTIVE DATE: April 29, 1999.

FOR FURTHER INFORMATION CONTACT: Cynthia Thirumalai and Marian Wells, Import Administration, International Trade Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-4087 and (202) 482-6309, respectively.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 as amended ("the Act") by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are to the provisions codified at 19 CFR part 351 (1998).

The Petition

On April 2, 1999, the Department of Commerce ("the Department") received a petition filed in proper form by E.I. DuPont de Nemours, Inc.; NanYa Plastics Corporation, America; Arteva Specialities S.a.r.l., d/b/a KoSa; Wellman, Inc.; and Intercontinental Polymers, Inc., hereinafter collectively referred to as "the petitioners." (However, NanYa Plastics Corporation, America is not a petitioner in the Taiwan case.)

In accordance with section 732(b) of the Act, the petitioners allege that imports of certain polyester staple fiber ("polyester fiber") from the Republic of Korea ("Korea") and Taiwan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are both materially injuring and threatening further material injury to an industry in the United States.

The Department finds that the petitioners filed this petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated that they account for at least 25 percent of the total production of the domestic like product and more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition (*see* "Determination of Industry Support for the Petition" section, below).

Scope of the Investigations

For purposes of these investigations, the product covered is certain polyester staple fiber. Certain polyester staple fiber is defined as synthetic staple fibers, not carded, combed or otherwise processed for spinning, of polyesters measuring 3.3 decitex (3 denier, inclusive) or more in diameter. This merchandise is cut-to-lengths varying from one inch (25 mm) to five inches (127 mm). The merchandise subject to these investigations may be coated, usually with a silicon or other finish, or not coated. Certain polyester staple fiber is generally used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture. Merchandise of less than 3.3 decitex (less than 3 denier) classified under the Harmonized Tariff Schedule of the United States ("HTSUS") at subheading 5503.20.00.20 is specifically excluded from these investigations. Also specifically excluded from these investigations are polyester staple fibers of 10 to 18 denier that are cut-to-lengths of 6 to 8 inches (fibers used in the manufacture of carpeting).

The merchandise subject to these investigations is classified in the HTSUS at subheadings 5503.20.00.40 and 5503.20.00.60. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

During our review of the petition, we discussed the scope with the petitioners to ensure that the scope language accurately reflects the product for which they are seeking relief. Moreover, as discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by May 12, 1999. Comments should be addressed to Import Administration's

Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of our preliminary determinations.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the "industry" as: "the producers as a whole of a domestic like product." Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who account for production of the domestic like product. The International Trade Commission ("ITC"), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[1] Section 771(10) of the Act defines the domestic 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 under this subtitle." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The domestic like product referred to in the petition is the single domestic like product defined in the "Scope of Investigations" section, above. The Department has no basis on the record to find this definition of the domestic like product to be inaccurate. The Department, therefore, has adopted this domestic like product definition.

In this case, the Department has determined that the petition and supplemental information contained adequate evidence of sufficient industry support; therefore, polling was not necessary. *See* Initiation Checklists dated April 22, 1999 (public versions on file in the Central Records Unit of the Department of Commerce, Room B-099). To the best of the Department's knowledge, the producers who support the petition account for more than 50 percent of the production of the domestic like product. Additionally, no person who would qualify as an interested party pursuant to section 771(b)(A), (C), (D), (E) or (F) of the Act has expressed opposition on the record to the petition. Accordingly, the Department determines that this petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following is a description of the allegations of sales at less than fair value upon which our decision to initiate these investigations is based. Should the need arise to use any of this information in our preliminary or final determinations for purposes of facts available under section 776 of the Act, we may re-examine the information and revise the margin calculations, if appropriate.

Korea

The petitioners identified Daehan Synthetic Fiber Co., Ltd. (also known as Tae Kweng); Kohap, Ltd.; Saehan Industries, Inc.; Sam Yang Co.; and SK Chemicals as producers and exporters of polyester fiber to the United States. The petitioners have based U.S. price on export price ("EP") because information obtained by the petitioners indicates that Korean producers sold polyester fiber to unaffiliated importers in the United States. As a basis for its EP calculation, the petitioners have used multiple offers for sale of the subject merchandise to unaffiliated purchasers in the United States between December 1998 and February 1999. The terms of some of these sales offers were FOB whereas other sales were offered on a delivered basis. Where applicable, the petitioners calculated a net U.S. price by subtracting the estimated cost of foreign inland freight to the port of export, using information obtained through foreign market research. Where applicable, the petitioners then subtracted ocean freight expenses, which were calculated as the difference between the CIF and the U.S. customs values reported in the U.S. import statistics for January through December 1998, and estimated U.S. inland freight costs. U.S. import duties were estimated by the petitioners using the HTSUS schedule and then subtracted from the prices. Where applicable, the petitioners also subtracted amounts for U.S. merchandise processing fees and U.S. harbor maintenance fees in accordance with section 772(c)(2)(A) of the Act. (The Department corrected the petitioners' calculations of U.S. import duties, U.S. merchandise processing fees, and U.S. harbor maintenance fees.) Finally, the petitioners calculated imputed credit expenses based on average payment terms of 60 days and the average U.S. prime lending rate for December 1998, as published in the *International Financial Statistics*, and added this amount to normal value ("NV").

The petitioners obtained gross unit prices and multiple offers for sale in Korea during the period contemporaneous with the U.S. sales offers for products which were either identical or similar to those sold to the United States. The petitioners used the market research information which indicated that the volume of home market sales is sufficient to form a basis for normal value. Since the home market prices and offers for sale were based on delivered terms, the petitioners subtracted the estimated transportation costs to home market customers. Next, the petitioners deducted a discount offered to Korean customers who pay cash. The resulting home market net prices were then converted from kilograms to pounds and to U.S. dollar prices using the official exchange rate in effect for the month of the comparison U.S. sale. Lastly, the petitioners added the imputed credit expenses incurred in the U.S. market (*see* above). The petitioners did not adjust for packing because they assumed that packing costs were the same for the home market and for U.S. sales.

Taiwan

The petitioners identified Far Eastern Textile Ltd. ("Far Eastern"); Nan Ya Plastics Corporation; Shinkong Synthetic Fibers Corp.; and Tuntex Distinct Corp. as producers and

[1] *See Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642–44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380–81 (July 16, 1991).

exporters of polyester fiber to the United States. The petitioners have based U.S. price on export price ("EP") because information obtained by the petitioners indicates that Taiwanese producers sold polyester fiber to unaffiliated importers in the United States. As a basis for its EP calculation, the petitioners have used multiple offers for sale of the subject merchandise to unaffiliated purchasers in the United States between December 1998 and February 1999. The terms of some of these sales offers were FOB Taiwan whereas other sales were offered on a delivered basis. The petitioners calculated net U.S. prices by subtracting estimated costs incurred to transport polyester fiber from the port of export to the U.S. port, and from the U.S. port to the customer's location in the U.S., where applicable. No adjustment for transportation costs from the factory to the port of export were made because this information was not available to the petitioners. The petitioners deducted international freight and insurance costs which were calculated as the difference between the CIF and the U.S. customs values reported in the U.S. import statistics for January through December 1998. The petitioners also subtracted U.S. import duties, U.S. harbor maintenance fees, and U.S. merchandise processing fees, where applicable. (The Department corrected the petitioners' calculations of U.S. import duties, U.S. harbor maintenance fees, and U.S. merchandise processing fees.) The petitioners calculated imputed credit expenses based on average payment terms reported in the market research report and the average U.S. prime lending rate for the month of the U.S. sales as published in the *International Financial Statistics*. The petitioners adjusted for the difference in imputed credit expenses by subtracting home market credit expenses and by adding U.S. imputed credit expenses to the home market prices found through foreign market research.

With respect to NV, the petitioners provided information on sales prices in Taiwan and constructed value ("CV") for one type of polyester staple fiber. The petitioners received prices for actual recent sales or offers for sale to unaffiliated customers in Taiwan by the four Taiwanese companies which produce subject merchandise. The petitioners used market research information which indicated that the volume of home market sales is sufficient to form a basis for normal value. Since the home market prices were inclusive of delivery charges, the petitioners subtracted estimated delivery costs. The petitioners used average inland freight costs incurred to deliver in the U.S. as a proxy for delivery costs. We accepted this proxy because this information was reasonably available to the petitioners and this is a conservative methodology since average delivery distances are greater in the U.S. and delivery costs are determined by weight and distance. The petitioners did not adjust for packing because they assumed that packing costs were the same for the home market and for U.S. sales. The petitioners converted home market prices and quantities to U.S. dollars and to pounds, respectively.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of polyester fiber from Korea and Taiwan are being, or are likely to be, sold at less than fair value. Based on a comparison of EP to home market prices, the petitioners' calculated dumping margins range from 48.14 to 84.03 percent for Korea and from 8.03 to 23.62 percent for Taiwan. In addition, for Taiwan, the estimated dumping margin based on a comparison of EP to CV is 70.70 percent.

Allegation of Sales Below Cost in Taiwan

Pursuant to section 773(b) of the Act, the petitioners alleged that home market sales of the foreign like product in Taiwan were made at prices below the cost of production ("COP") and requested that the Department initiate a country-wide investigation of sales below cost. The petitioners calculated COP for six denier, non-conjugated and non-silicon coated polyester fiber by using the CV for one company, Far Eastern. According to the petitioners, six denier is one of the most common denier categories and is, therefore, representative of the foreign like product to be compared to subject merchandise sold in the United States. In addition, petitioners selected Far Eastern because it is the largest and, hence, probably the most efficient, producer of polyester fiber in Taiwan and accounted for the largest share of exports to the United States. Based on the foregoing, costs for Far Eastern, according to petitioners, are representative of the costs of other producers of polyester fiber.

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing ("COM"), selling, general and administrative expenses ("SG&A") and packing. The petitioners used the product-specific costs reported by a U.S. producer as a starting point to calculate the COM. The petitioners made adjustments to the U.S. producer's manufacturing cost to account for known differences in costs between the United States and Taiwan. To calculate SG&A, the petitioners took the ratio of SG&A to the costs of sales from Far Eastern's 1997 audited financial statements and applied this ratio to the calculated COM. In accordance with section 773(e) of the Act, the petitioners added an amount for profit calculated from the 1997 audited financial statements of Far Eastern. The petitioners then compared this cost to Far Eastern's home market price for this product as reported in the market research report and found that the home market price was below the COP.

Allegations and Evidence of Material Injury and Causation

The petition alleges that the U.S. industry producing the domestic like product is being materially injured, and is threatened with material injury, by reason of the imports of the subject merchandise sold at less than NV. The petitioners explained that the industry's injured condition is evident in the declining trends in net operating profits and income, net sales volumes and values, profit to sales ratios, and capacity utilization. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. The Department assessed the allegations and supporting evidence regarding material injury and causation and determined that these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation. *See* Initiation Checklists.

Initiation of Antidumping Investigations

Based upon our examination of the petition, we have found that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of polyester fiber from Korea and Taiwan are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations by September 9, 1999.

Initiation of Cost Investigations

Pursuant to section 773(b) of the Act, petitioners provided information demonstrating reasonable grounds to believe or suspect that sales in the home market of Taiwan were made at prices below the COP and, accordingly A-7 requested the Department to conduct a country-wide sales-below-COP

investigation in connection with the requested antidumping investigation in Taiwan. The Statement of Administrative Action ("SAA"), accompanying the URAA, H.R. Doc. No. 103-316, vol. 1 at 833 (1994), states that an allegation of sales below COP need not be specific to individual exporters or producers. The SAA also states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation." Id.

Further, the SAA provides that "new section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below-cost sales have occurred before initiating such an investigation." Reasonable grounds will "exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices." Id. Based upon the comparison of the price from the petition for the representative foreign like product to its adjusted costs of production, in accordance with section 773(b)(2)(A)(i) of the Act, we find the existence of "reasonable grounds to believe or suspect" that sales of the foreign like product in Taiwan were made below COP. Accordingly, the Department is initiating the requested country-wide cost investigation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the Governments of Korea and Taiwan. We will attempt to provide a copy of the public version of the petition to the exporters named in the petition.

International Trade Commission Notification

We have notified the ITC of our initiation of these investigations, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will determine by May 17, 1999 whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury by reason of imports of polyester fiber from Korea and Taiwan. A negative ITC determination will result in the investigation being terminated; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is published in accordance with section 777(i) of the Act.

Dated: April 22, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-10770 Filed 4-28-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-357-804]

Silicon Metal From Argentina; Antidumping Duty Administrative Review; Extension of Time Limit

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

ACTION: Notice of extension of time limit.

SUMMARY: The Department of Commerce (the Department) is extending the time limit of the preliminary results of the antidumping duty administrative review of Silicon Metal from Argentina. This review covers the period September 1, 1997 through August 31, 1998.

EFFECTIVE DATE: April 29, 1999.

FOR FURTHER INFORMATION CONTACT: Helen Kramer or Linda Ludwig, Office of AD/CVD Enforcement, Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-0405 or 482-3833, respectively.

SUPPLEMENTARY INFORMATION: Owing to the complexity of cost issues in this case, it is not practicable to complete this review within the original time limit. See Decision Memorandum from Joseph A. Spetrini, Deputy Assistant Secretary, Enforcement Group III, to Robert S. LaRussa, Assistant Secretary for Import Administration, dated April 20, 1999. Therefore, the Department is extending the time limit for completion of the preliminary results until September 30, 1999, in accordance with Section 751(a)(3)(A) of the Trade and Tariff Act of 1930, as amended by the Uruguay Round Agreements Act of 1994.

Dated: April 20, 1999.

Roland MacDonald,

Acting Deputy Assistant Secretary, Enforcement Group III.

[FR Doc. 99-10768 Filed 4-28-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

Application for Duty-Free Entry of Scientific Instrument

Pursuant to Section 6(c) of the Educational, Scientific and Cultural Materials Importation Act of 1966 (Pub. L. 89-651; 80 Stat. 897; 15 CFR part 301), we invite comments on the question of whether instruments of equivalent scientific value, for the purposes for which the instrument shown below are intended to be used, are being manufactured in the United States.

Comments must comply with 15 CFR 301.5(a)(3) and (4) of the regulations and be filed within 20 days with the Statutory Import Programs Staff, U.S. Department of Commerce, Washington, D.C. 20230. The application may be examined between 8:30 A.M. and 5:00 P.M. in Room 4211, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C.

Docket Number: 99-004. Applicant: U.S. Department of Commerce, Pacific Marine Center, 7600 Sand Point Way N.E., Seattle, WA 98115-0700. Instrument: Multibeam Echosounder (Sonar). Manufacturer: ELAC NAUTIK, Germany. Intended Use: The instrument will be used for the survey and mapping of coastal ocean waters for the detection, location and identification of 2 wrecks and other obstructions on the sea floor. The objective in the surveys will be to determine depths of hazards to aid in the safety of navigation and general bathymetry. Application accepted by Commissioner of Customs: April 9, 1999.

Docket Number: 99-005. Applicant: University of Connecticut, Department of Psychology, 406 Babbidge Road, Storrs, CT 06269-1020. Instrument: Fiber Electrode Manipulator System. Manufacturer: Thomas Recording, Germany. Intended Use: The instrument will be used for studies of the electrical activity of brain cells (neurons) of the cerebral cortex. Two sets of experiments will be conducted in fully awake rabbits. The first set is aimed at understanding the transformations performed upon inputs to the cortex by the intracortical circuitry and how these transformations lead to parallel and distinct efferent outflows. The second set of experiments examines the nature of a large population of neurons throughout sensory cortex that have no demonstrable (supra-threshold) receptive fields. Application accepted

APPENDIX B

LIST OF WITNESSES

B-1

B-2

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject:	Certain Polyester Staple Fiber from Korea and Taiwan
Invs. Nos.:	731-TA-825-826 (Preliminary)
Date and Time:	April 22, 1999 - 9:30 a.m.

The conference in connection with these investigations was held in Courtroom A, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Collier, Shannon, Rill & Scott
Washington, DC
on behalf of

E.I. Dupont de Nemours, Inc.
Arteva Specialities S.a.r.l., d/b/a KoSa
NanYa Plastics Corporation, America
Wellman, Inc.
Intercontinental Polymers, Inc.

Dr. Michael Bermish, Director of Strategic Planning and Development, Wellman, Inc.

Dick Osman, Business Director of Nonwovens and Specialty Products, Kosa

Robert Amos, Fiberfill Specialty Products Business Manager, E.I. Dupont de Nemours, Inc.

Brad Dutton, Senior Account Manager
NanYa Plastics Corporation, America

Shawn Dougherty, Assistant Sales Manager
NanYa Plastics Corporation, America

Dr. Allen Hopkins, Sales Manager, North American Polymer, KoSa

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In Support of the Imposition of Antidumping Duties: ***(Continued)***

Collier, Shannon, Rill & Scott *(Continued)*

Dr. Patrick J. Magrath, Chief Economist and Managing Director,
Georgetown Economic Services, LLC (Economic Consulting Firm)

Gina E. Beck, Economist
Georgetown Economic Services, LLC (Economic Consulting Firm)

Paul C. Rosenthal
Kathy Cannon } --OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

Wasserman, Schneider, Babb & Reed
New York, NY
on behalf of

BMT Commodity Corp.

John Price, Vice President

Patrick Reed--OF COUNSEL

White and Case, LLP
Washington, DC
on behalf of

Far Eastern Textile Ltd.
Nan Ya Plastics Corp. (Taiwan)

Jeffery Hollander, President,
Hollander Home Fashions

Richard G. King--OF COUNSEL

B-4

In Opposition to the Imposition of Antidumping Duties: ***(Continued)***

Kanematsu USA, Inc.

Richard K. Jeydel, Senior Vice President and General Counsel,
Kanematsu USA, Inc.

Sandler, Travis, & Rosenburg, P.A.
Washington, DC
on behalf of

Stein Fibers, Ltd.
Keon Baek Corp., Ltd.
Dongho Industrial, Inc.
Sam Young Synthetics Corp., Ltd.
Sung Lim Corp., Ltd.
Won Bok Fiber Corp., Ltd.
Geum Poong Corp.
Dong Il Hwa Seung Corp., Ltd.
Dae Yang Industrial Corp., Ltd.
Se-Ma Industrial Corp., Ltd.
Mijung Corp., Ltd.

Peter Spitalny, President,
Stein Fibers, Ltd.

Chip Stein, Vice President,
Stein Fibers, Ltd.

Mervyn Bernet, Exclusive Sales Agent for Kanematsu USA, Inc.,
Bernet International LLC

Richard D. Boltuck, Vice President
Charles River Associates Inc.

Philip S. Gallas
Beth C. Ring
--OF COUNSEL

B-5

Dorsey & Whitney LLP
Washington, DC
on behalf of

Samyang Corp.
SK Chemicals Corp., Ltd.
Saehan Industries, Inc.

Heun Joo (John) Lim, Manager,
SK Chemicals Corp., Ltd.

Yogi Paik, Senior Manager
Samyang Corp.

Philippe M. Bruno)
) --OF COUNSEL
John B. Rehm)

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APPENDIX C

SUMMARY DATA

C-1

C-2

Table C-1

Polyester staple fiber: Summary data concerning the U.S. market, 1996-98, January-March 1998, and January-March 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-March					Jan.-March
	1996	1997	1998	1998	1999	1996-98	1996-97	1997-98	1998-99
U.S. consumption quantity:									
Amount	650,834	740,344	822,748	198,177	219,784	26.4	13.8	11.1	10.9
Producers' share (1)	65.0	59.7	51.7	54.9	50.5	-13.3	-5.3	-8.0	-4.4
Importers' share (1):									
Korea	24.9	26.5	30.3	27.7	30.3	5.4	1.7	3.7	2.6
Taiwan	9.2	12.9	17.1	16.5	18.1	7.8	3.6	4.2	1.6
Subtotal	34.1	39.4	47.4	44.2	48.3	13.2	5.3	8.0	4.1
Other sources	0.9	0.9	1.0	0.9	1.1	0.0	-0.0	0.1	0.2
Total imports	35.0	40.3	48.3	45.1	49.5	13.3	5.3	8.0	4.4
U.S. consumption value:									
Amount	469,670	477,700	487,584	125,870	113,426	3.8	1.7	2.1	-9.9
Producers' share (1)	67.7	62.2	55.5	59.6	55.4	-12.2	-5.5	-6.7	-4.1
Importers' share (1):									
Korea	22.1	23.8	28.1	24.4	27.2	6.0	1.7	4.3	2.8
Taiwan	9.1	12.9	15.3	15.0	16.1	6.2	3.8	2.4	1.1
Subtotal	31.3	36.8	43.4	39.4	43.3	12.2	5.5	6.7	3.9
Other sources	1.0	1.0	1.1	1.0	1.2	0.1	0.0	0.0	0.2
Total imports	32.3	37.8	44.5	40.4	44.6	12.2	5.5	6.7	4.1
U.S. shipments of imports:									
Korea:									
Quantity	161,887	196,505	249,054	54,869	66,519	53.8	21.4	26.7	21.2
Value	103,981	113,820	137,188	30,770	30,882	31.9	9.5	20.5	0.4
Unit value	$0.64	$0.58	$0.55	$0.56	$0.46	-14.2	-9.8	-4.9	-17.2
Ending inventory quantity	18,331	26,442	31,081	32,572	36,641	69.6	44.2	17.5	12.5
Taiwan:									
Quantity	60,077	95,153	140,529	32,708	39,705	133.9	58.4	47.7	21.4
Value	42,919	61,786	74,662	18,828	18,252	74.0	44.0	20.8	-3.1
Unit value	$0.71	$0.65	$0.53	$0.58	$0.46	-25.6	-9.1	-18.2	-20.1
Ending inventory quantity	9,772	13,569	18,514	16,533	17,831	89.5	38.9	36.4	7.8
Subtotal:									
Quantity	221,964	291,658	389,583	87,577	106,224	75.5	31.4	33.6	21.3
Value	146,901	175,606	211,850	49,598	49,134	44.2	19.5	20.6	-0.9
Unit value	$0.66	$0.60	$0.54	$0.57	$0.46	-17.8	-9.0	-9.7	-18.3
Ending inventory quantity	28,102	40,010	49,595	49,105	54,472	76.5	42.4	24.0	10.9
Other sources:									
Quantity	6,061	6,714	8,056	1,819	2,482	32.9	10.8	20.0	36.4
Value	4,705	4,855	5,182	1,298	1,417	10.2	3.2	6.7	9.2
Unit value	$0.78	$0.72	$0.64	$0.71	$0.57	-17.1	-6.9	-11.0	-19.9
Ending inventory quantity	798	851	1,035	965	921	29.7	6.6	21.6	-4.5
All sources:									
Quantity	228,025	298,372	397,639	89,396	108,706	74.4	30.9	33.3	21.6
Value	151,605	180,460	217,032	50,896	50,551	43.2	19.0	20.3	-0.7
Unit value	$0.66	$0.60	$0.55	$0.57	$0.47	-17.9	-9.0	-9.8	-18.3
Ending inventory quantity	28,900	40,861	50,630	50,070	55,393	75.2	41.4	23.9	10.6

Table continued on next page.

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Table C-1--Continued

Polyester staple fiber: Summary data concerning the U.S. market, 1996-98, January-March 1998, and January-March 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-March					Jan.-March
	1996	1997	1998	1998	1999	1996-98	1996-97	1997-98	1998-99
U.S. producers':									
Average capacity quantity	540,100	566,000	604,600	145,800	152,310	11.9	4.8	6.8	4.5
Production quantity	458,002	471,649	458,247	114,921	119,170	0.1	3.0	-2.8	3.7
Capacity utilization (1)	84.8	83.3	75.8	78.8	78.2	-9.0	-1.5	-7.5	-0.6
U.S. shipments:									
Quantity	422,809	441,972	425,109	108,781	111,078	0.5	4.5	-3.8	2.1
Value	318,065	297,240	270,552	74,974	62,875	-14.9	-6.5	-9.0	-16.1
Unit value	$0.75	$0.67	$0.64	$0.69	$0.57	-15.4	-10.6	-5.4	-17.9
Export shipments:									
Quantity	37,608	29,526	28,443	7,950	6,745	-24.4	-21.5	-3.7	-15.2
Value	38,225	36,396	36,056	9,865	8,836	-5.7	-4.8	-0.9	-10.4
Unit value	$1.02	$1.23	$1.27	$1.24	$1.31	24.7	21.3	2.8	5.6
Ending inventory quantity	37,628	37,878	42,612	33,624	41,581	13.2	0.7	12.5	23.7
Inventories/total shipments (1)	8.2	8.0	9.4	7.2	8.8	1.2	-0.1	1.4	1.6
Production workers	912	911	903	876	882	-1.0	-0.1	-0.9	0.7
Hours worked (1,000s)	1,943	1,966	1,937	473	444	-0.3	1.2	-1.5	-6.1
Wages paid ($1,000s)	34,857	36,575	37,432	9,378	9,057	7.4	4.9	2.3	-3.4
Hourly wages	$17.94	$18.60	$19.32	$19.84	$20.41	7.7	3.7	3.9	2.9
Productivity (pounds per hour)	235.7	239.9	236.6	236.1	265.7	0.4	1.8	-1.4	12.6
Unit labor costs	$0.08	$0.08	$0.08	$0.08	$0.08	7.3	1.9	5.3	-8.6
Net sales:									
Quantity	460,373	471,492	453,474	116,801	117,813	-1.5	2.4	-3.8	0.9
Value	356,326	333,569	306,813	84,780	71,632	-13.9	-6.4	-8.0	-15.5
Unit value	$0.77	$0.71	$0.68	$0.73	$0.61	-12.6	-8.6	-4.4	-16.2
Cost of goods sold (COGS)	291,450	267,745	260,464	67,983	60,116	-10.6	-8.1	-2.7	-11.6
Gross profit or (loss)	64,876	65,824	46,349	16,797	11,516	-28.6	1.5	-29.6	-31.4
SG&A expenses	42,638	40,809	38,726	9,236	8,817	-9.2	-4.3	-5.1	-4.5
Operating income or (loss)	22,238	25,015	7,623	7,561	2,699	-65.7	12.5	-69.5	-64.3
Capital expenditures	10,639	23,420	15,346	***	***	44.2	120.1	-34.5	***
Unit COGS	$0.63	$0.57	$0.57	$0.58	$0.51	-9.3	-10.3	1.1	-12.3
Unit SG&A expenses	$0.09	$0.09	$0.09	$0.08	$0.07	-7.8	-6.5	-1.3	-5.4
Unit operating income or (loss)	$0.05	$0.05	$0.02	$0.06	$0.02	-65.2	9.8	-68.3	-64.6
COGS/sales (1)	81.8	80.3	84.9	80.2	83.9	3.1	-1.5	4.6	3.7
Operating income or (loss)/ sales (1)	6.2	7.5	2.5	8.9	3.8	-3.8	1.3	-5.0	-5.2

(1) "Reported data" are in percent and "period changes" are in percentage points.

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

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Table C-2
Virgin polyester staple fiber: Summary data concerning the U.S. market, 1996-98, January-March 1998, and January-March 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data					Period changes			
				January-March					Jan.-March
	1996	1997	1998	1998	1999	1996-98	1996-97	1997-98	1998-99
U.S. consumption quantity:									
Amount	237,879	241,937	267,013	65,091	72,258	12.2	1.7	10.4	11.0
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Korea	2.1	4.3	5.8	4.8	6.9	3.7	2.2	1.5	2.1
Taiwan	11.2	16.7	23.3	22.9	25.1	12.2	5.5	6.6	2.2
Subtotal	13.3	21.0	29.2	27.7	32.0	15.9	7.7	8.2	4.3
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	168,877	155,263	158,179	43,171	37,465	-6.3	-8.1	1.9	-13.2
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Korea	2.3	4.2	5.6	4.6	6.9	3.3	2.0	1.4	2.3
Taiwan	11.5	17.7	22.5	21.1	23.1	11.0	6.2	4.8	2.0
Subtotal	13.8	21.9	28.1	25.7	30.0	14.3	8.1	6.2	4.3
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports:									
Korea:									
Quantity	5,026	10,362	15,564	3,120	4,950	209.7	106.2	50.2	58.6
Value	3,817	6,537	8,863	1,989	2,586	132.2	71.3	35.6	30.0
Unit value	$0.76	$0.63	$0.57	$0.64	$0.52	-25.0	-16.9	-9.7	-18.0
Ending inventory quantity	1,370	1,836	4,102	5,742	6,244	199.3	33.9	123.5	8.7
Taiwan:									
Quantity	26,615	40,434	62,317	14,899	18,153	134.1	51.9	54.1	21.8
Value	19,487	27,499	35,650	9,109	8,643	82.9	41.1	29.6	-5.1
Unit value	$0.73	$0.68	$0.57	$0.61	$0.48	-21.9	-7.1	-15.9	-22.1
Ending inventory quantity	5,319	7,766	9,315	9,766	8,209	75.1	46.0	19.9	-15.9
Subtotal:									
Quantity	31,641	50,796	77,881	18,020	23,103	146.1	60.5	53.3	28.2
Value	23,304	34,036	44,513	11,098	11,229	91.0	46.0	30.8	1.2
Unit value	$0.74	$0.67	$0.57	$0.62	$0.49	-22.4	-9.0	-14.7	-21.1
Ending inventory quantity	6,689	9,602	13,417	15,509	14,453	100.6	43.5	39.7	-6.8
Other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

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Table C-2--Continued
Virgin polyester staple fiber: Summary data concerning the U.S. market, 1996-98, January-March 1998, and January-March 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-March					Jan.-March
Item	1996	1997	1998	1998	1999	1996-98	1996-97	1997-98	1998-99
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note: The financial data consists of ***.

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

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Table C-3

Regenerated polyester staple fiber: Summary data concerning the U.S. market, 1996-98, January-March 1998, and January-March 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-March					Jan.-March
Item	1996	1997	1998	1998	1999	1996-98	1996-97	1997-98	1998-99
U.S. consumption quantity:									
Amount	412,955	498,407	555,735	133,086	147,526	34.6	20.7	11.5	10.8
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Korea	38.0	37.3	42.0	38.9	41.7	4.0	-0.6	4.7	2.9
Taiwan	8.1	11.0	14.1	13.4	14.6	6.0	2.9	3.1	1.2
Subtotal	46.1	48.3	56.1	52.3	56.3	10.0	2.2	7.8	4.1
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	300,793	322,438	329,406	82,699	75,961	9.5	7.2	2.2	-8.1
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
Korea	33.3	33.3	39.0	34.8	37.3	5.7	-0.0	5.7	2.4
Taiwan	7.8	10.6	11.8	11.8	12.6	4.1	2.8	1.2	0.9
Subtotal	41.1	43.9	50.8	46.6	49.9	9.7	2.8	6.9	3.3
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports:									
Korea:									
Quantity	156,861	186,143	233,490	51,749	61,569	48.9	18.7	25.4	19.0
Value	100,164	107,283	128,325	28,781	28,296	28.1	7.1	19.6	-1.7
Unit value	$0.64	$0.58	$0.55	$0.56	$0.46	-13.9	-9.7	-4.6	-17.4
Ending inventory quantity	16,960	24,606	26,979	26,829	30,397	59.1	45.1	9.6	13.3
Taiwan:									
Quantity	33,463	54,719	78,212	17,808	21,552	133.7	63.5	42.9	21.0
Value	23,432	34,287	39,013	9,720	9,609	66.5	46.3	13.8	-1.1
Unit value	$0.70	$0.63	$0.50	$0.55	$0.45	-28.8	-10.5	-20.4	-18.3
Ending inventory quantity	4,453	5,802	9,199	6,767	9,622	106.6	30.3	58.5	42.2
Subtotal:									
Quantity	190,323	240,861	311,702	69,557	83,121	63.8	26.6	29.4	19.5
Value	123,596	141,570	167,338	38,501	37,905	35.4	14.5	18.2	-1.5
Unit value	$0.65	$0.59	$0.54	$0.55	$0.46	-17.3	-9.5	-8.7	-17.6
Ending inventory quantity	21,413	30,409	36,178	33,596	40,019	69.0	42.0	19.0	19.1
Other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-3-- Continued
Regenerated polyester staple fiber: Summary data concerning the U.S. market, 1996-98, January-March 1997, and January-March 1999

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

	Reported data					Period changes			
				January-March					Jan.-March
Item	1996	1997	1998	1998	1999	1996-98	1996-97	1997-98	1998-99
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note: The financial data consist of ***.

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

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APPENDIX D

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

D-1

D-2

Responses of U.S. producers to the following questions:

1. Since January 1, 1996, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of certain polyester staple fiber from Korea and/or Taiwan?

Responses of the producers are:

* * * * * * *

2. Does your firm anticipate any negative impact of imports of certain polyester staple fiber from Korea and/or Taiwan?

Responses of the producers are:

* * * * * * *

D-3