Cotton Shop Towels From Bangladesh, China, and Pakistan

Investigations Nos. 701-TA-202 (Review) and
731-TA-103 and 514 (Review)

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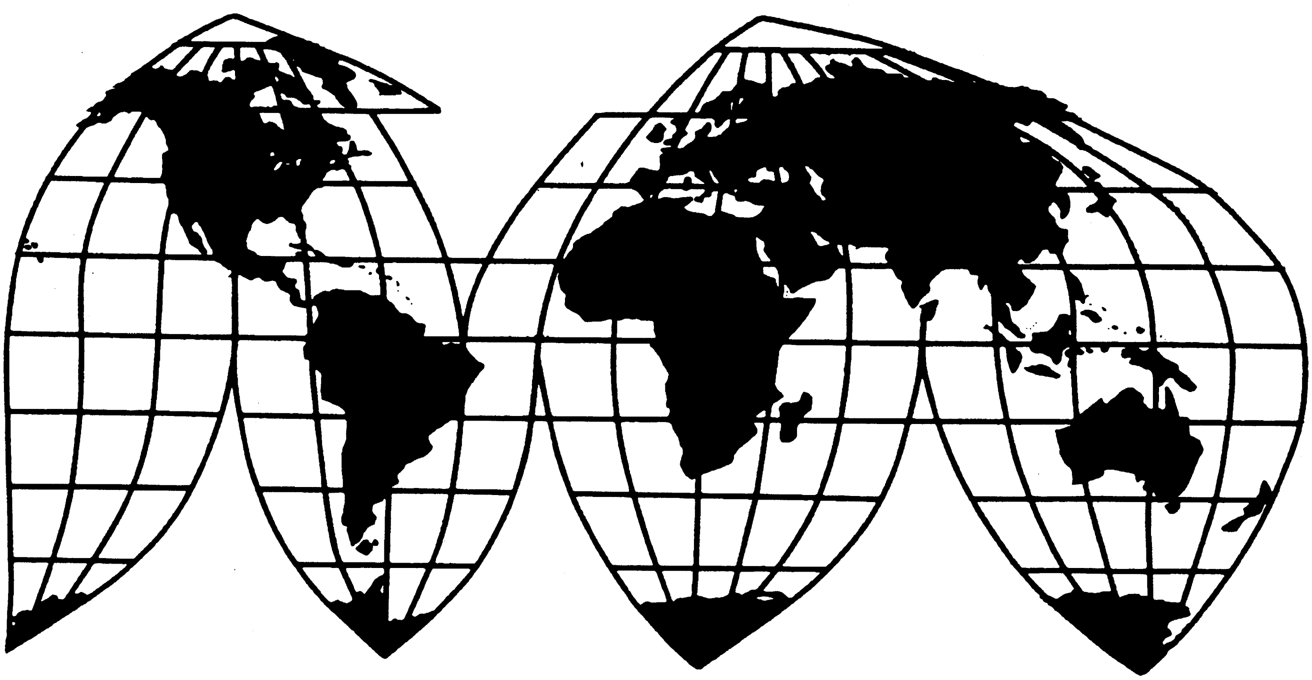

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U.S. International Trade Commission

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Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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CONTENTS

Page

CONTENTS–*Continued*

Appendices

Figures

CONTENTS–*Continued*

Page

Tables

CONTENTS–*Continued*

Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been replaced by asterisks (***).

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-202 (Review) and 731-TA-103 and 514 (Review)

COTTON SHOP TOWELS FROM BANGLADESH, CHINA, AND PAKISTAN

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission determines,[2] pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the existing antidumping duty orders on cotton shop towels from Bangladesh and China, and the existing countervailing duty order on cotton shop towels from Pakistan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on January 4, 1999 (64 F.R. 371) and determined on April 8, 1999, that it would conduct full reviews (64 F.R. 19195, April 19, 1999). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 28, 1999 (64 F.R. 34679). The hearing was held in Washington, DC, on November 18, 1999, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner Askey dissenting with regard to Bangladesh and Pakistan. Vice Chairman Marcia E. Miller and Commissioner Deanna Tanner Okun not participating.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews,[1] we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders covering cotton shop towels from Bangladesh and China and the countervailing duty order covering cotton shop towels from Pakistan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2] [3]

I. BACKGROUND

In September 1983, the Commission determined that an industry in the United States was materially injured by reason of less than fair value (LTFV) imports of cotton shop towels from China.[4] On October 4, 1983, the Department of Commerce ("Commerce") issued an antidumping duty order on imports of cotton shop towels from China.[5] In February 1984, the Commission determined that an industry in the United States was materially injured by reason of subsidized imports of cotton shop towels from Pakistan.[6] On March 9, 1984, Commerce issued a countervailing duty order on imports of cotton shop towels from Pakistan.[7] In March 1992, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports of cotton shop towels from Bangladesh.[8] Commerce issued an antidumping duty order on imports of cotton shop towels from Bangladesh on March 20, 1992.[9]

On January 4, 1999, the Commission instituted five-year reviews, pursuant to section 751(c) of the Act, concerning the countervailing duty and antidumping duty orders on cotton shop towels from Bangladesh, China, and Pakistan.[10]

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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] Vice Chairman Miller and Commissioner Okun did not participate in these determinations.

[3] Commissioner Askey concurring with respect to the subject imports from China and dissenting with respect to the subject imports from Bangladesh and Pakistan. Commissioner Askey determines that the subject imports from Pakistan would not be likely to have a discernible adverse impact on the domestic industry if the order were to be revoked. She also exercises her discretion not to cumulate the subject imports from Bangladesh and China. She determines that revocation of the orders covering subject imports from Bangladesh and Pakistan would not be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time. For a full discussion of her views with respect to Bangladesh and Pakistan, see Dissenting Views of Commissioner Thelma J. Askey. Commissioner Askey does join in the sections I, II, III.A, IV.A-B and VI of the Commission's opinion, which discuss the background of these reviews, the domestic like product and industry, the cumulation framework for sunset reviews, the legal standard for sunset reviews, conditions of competition in this market, and the likelihood of recurrence or continuation of material injury with respect to China.

[4] Cotton Shop Towels from the People's Republic of China, Inv. No. 731-TA-103 (Final), USITC Pub. 1431 (Sept. 1993).

[5] 48 Fed. Reg. 45277.

[6] Cotton Shop Towels from Pakistan, Inv. No. 701-TA-202 (Final), USITC Pub. 1490 (Feb. 1984).

[7] 49 Fed. Reg. 8974.

[8] Shop Towels from Bangladesh, Inv. No. 731-TA-514 (Final), USITC Pub. 2487 (Mar. 1992).

[9] 57 Fed. Reg. 9688.

[10] In addition to the subject reviews, the Commission simultaneously instituted on January 4, 1999, a review of a (continued...)

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses of interested parties to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties – domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) – demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.[11] If the Commission finds the responses from either group of interested parties to be inadequate, the Commission may determine, pursuant to section 751(c)(3)(B) of the Act, to conduct an expedited review unless it finds that other circumstances warrant a full review. The Commission received responses to the notice of institution on behalf of Milliken & Company ("Milliken"), a domestic producer of the domestic like product, and Comite Textil-Sociedad Nacional de Industrias, a national association of Peruvian textile producers. The Commission received no responses to the notices of institution from any other respondent parties in the China, Pakistan, or Bangladesh reviews.

On April 8, 1999, the Commission determined that full reviews should proceed to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. The Commission determined, with regard to each review, that the domestic interested party group response was adequate but the respondent interested party group responses were inadequate.[12] [13] Nonetheless, the Commission determined to conduct a full review with respect to Peru based on the response of the Comite Textil-Sociedad Nacional de Industrias, even though it is not an interested party under the statute. The Commission further determined to conduct full reviews with respect to all the grouped orders on cotton shop towels to promote administrative efficiency in light of its decision to conduct a full review with respect to cotton shop towels from Peru.[14]

On November 18, 1999, the Commission held a hearing in these reviews, at which representatives of Milliken participated. Milliken also filed a prehearing brief, a posthearing brief, and final comments opposing revocation of the orders. No other party appeared at the hearing or filed briefs or final comments.

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[10] (...continued)
suspended countervailing duty investigation on imports of cotton shop towels from Peru (Inv. No. 701-TA-E (Review)). On November 30, 1999, the Department of Commerce published in the *Federal Register* its negative final determination of the likelihood of continuation or recurrence of a countervailable subsidy in connection with cotton shop towels from Peru. Accordingly, the Commission terminated its review of cotton shop towels from Peru.

[11] See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

[12] The Commission's statement on the adequacy of the responses to its notice of institution is presented in CR and PR Appendix B and is available at the Commission's web site. The Commissioners' votes on whether to conduct expedited or full reviews may also be found at the Commission's web site (http://www.usitc.gov).

[13] Commissioner Askey dissenting with respect to the Peruvian association response.

[14] *Id.* Chairman Bragg, Vice Chairman Miller, and Commissioner Crawford dissenting. As previously noted, the Commission proceedings with respect to Peru are now terminated in light of the results of the five year review at Commerce.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[15] 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 under this subtitle."[16] Commerce has defined the scope of these reviews as follows:

> Shop towels are absorbent industrial wiping cloths made from a loosely woven fabric. The fabric may be either 100-percent cotton or a blend of materials. Shop towels are currently classifiable under item numbers 6307.10.2005 and 6307.10.2015 of the Harmonized Tariff Schedules of the United States (HTSUS).[17]

Shop towels are square or rectangular pieces of all-cotton or cotton-blend osnaburg fabric.[18] Shop towels are generally used for wiping grease, oil, and other substances in manufacturing, industrial, or automotive facilities. Shop towels require high absorbency, tear, and stretch resistance, and the ability to withstand numerous washings at high water temperatures.[19] A majority of the shop towels sold domestically are in the greige state,[20] although many are dyed and/or printed with a company's name or logo for advertising or identification purposes.[21]

In each of the original investigations, the Commission defined the domestic like product as all shop towels.[22] The Commission has expressly explained that this definition includes shop towels whether cotton or a cotton blend,[23] whether of domestic or imported fabric,[24] and whether greige, dyed, treated with soil-release features, or imprinted with customer names or logos.[25] The product has not changed since the original determinations.[26] No party has argued for a different like product definition in these reviews, and there is no information that indicates a need to revisit the Commission's original

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[15] 19 U.S.C. § 1677(4)(A).

[16] 19 U.S.C. § 1677(10). *See* Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991). *See also* S. Rep. No. 96-249 at 90-91 (1979).

[17] Final Results of Expedited Sunset Review, 64 Fed. Reg. 42656 (China), 64 Fed. Reg. 42658 (Bangladesh) (Aug. 5, 1999). Commerce described the scope in the final results of the Pakistan review as "cotton shop towels," and identified the tariff item number at the eight-digit level, HTSUS 6307.10.20. 64 Fed. Reg. 42672, 42673 (Aug. 5, 1999).

[18] CR at I-9, PR at I-8.

[19] CR at I-10, PR at I-8.

[20] Shop towels in a "greige" state have not been bleached, dyed, or printed, or received any type of dry- or wet-finishing operations.

[21] CR at I-10, PR at I-8.

[22] USITC Pub. 1431 at 3-5; USITC Pub. 1490 at 3-4; USITC Pub. 2487 at 5-9.

[23] USITC Pub. 1431 at 3-4; USITC Pub. 1490 at 3; USITC Pub. 2487 at 9.

[24] USITC Pub. 2487 at 9.

[25] USITC Pub. 1431 at 4-5; USITC Pub. 1490 at 3-4.

[26] *E.g.*, Milliken Prehearing Brief at 9-10.

determinations of the domestic like product.[27] Therefore, for the reasons outlined in the Commission's original determinations, we define the domestic like product as all shop towels.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the "domestic 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."[28] There are three domestic producers of the like product, Milliken & Company, Kleen-Tex Industries, and Blue Ridge Textiles.[29] In these five-year reviews, as in the original determinations, we determine that the domestic industry consists of all producers of the domestic like product.

III. CUMULATION

A. Framework[30]

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[31]

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[27] Indeed, all indications are to the contrary. *See, e.g.,* CR at I-9 - I-14, PR at I-8 - I-10.

[28] 19 U.S.C. § 1677(4)(A).

[29] CR at I-20, PR at I-15.

[30] Chairman Bragg does not join section III.A of the opinion. For a complete statement of Chairman Bragg's analytical framework regarding cumulation in sunset reviews, see Separate Views of Chairman Lynn M. Bragg Regarding Cumulation in Sunset Reviews, found in Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999). In particular, Chairman Bragg notes that she examines the likelihood of no discernible adverse impact only after first determining there is likely to be a reasonable overlap of competition in the event of revocation. In this review, having found a reasonable overlap of competition among subject imports and between subject imports and the domestic like product, Chairman Bragg turns to the issue of no discernible adverse impact for each subject country. Chairman Bragg determines that, in the event of revocation, subject imports from all three subject countries are likely to have a discernible adverse impact on the domestic industry. She therefore cumulates subject imports from Bangladesh, Pakistan, and China. Chairman Bragg concurs with the Commission's analysis of the likely volume, price, and impact of subject imports from each subject country in the event of revocation, as well as the Commission's determination that revocation of the orders at issue would lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. She notes that the cumulative impact of the Commission's analysis with respect to Bangladesh, Pakistan, and China warrants an affirmative determination for each country.

[31] 19 U.S.C. § 1675a(a)(7).

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[32] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[33] [34] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[35]

The Commission has generally considered four factors intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[36] [37] Only a "reasonable overlap" of competition is required.[38] In five-year reviews, the relevant

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[32] 19 U.S.C. § 1675a(a)(7).

[33] SAA, H.R. Rep. No. 103-316, Vol. I (1994).

[34] Commissioners Hillman and Koplan note that the legislative history to the URAA provides guidance in the interpretation of this provision. The Senate Report on the URAA clarifies that "it is appropriate to preclude cumulation [in five-year reviews] where imports are likely to be negligible." S. Rep. 103-412, at 51 (1994). The legislative history further explains that it is not appropriate "to adopt a strict numerical test for determining negligibility because of the extraordinary difficulty in projecting import volumes into the future with precision" and, therefore, "the 'no discernible adverse impact' standard is appropriate in sunset reviews." Thus, we understand the "no discernible adverse impact" provision to be largely a negligibility provision without the use of a strict numerical test of the sort now required by the statute in original antidumping and countervailing duty investigations. 19 U.S.C. § 1677(24). Indeed, before enactment of the URAA, cumulation was not required if the subject imports were "negligible and have no discernible adverse impact on the domestic industry." 19 U.S.C. § 1677(7)(C)(v)(1994). Because of the similarity of the five-year review provision with the pre-URAA test for negligibility, the Commission's prior negligibility practice may provide some guidance in applying the "no discernible adverse impact" provision in five-year reviews.

[35] Commissioner Askey notes that the language of section 752(a)(7) of the Act gives the Commission discretion to cumulate subject imports for purposes of its sunset analysis, as long as the statutory requirement of likely competition between the subject countries and the domestic like product is satisfied. Section 752(a)(7) clearly states, however, that the Commission is *precluded* from exercising this discretion if the imports from a country subject to review are likely to have "no discernible adverse impact on the domestic industry" upon revocation of the order. 19 U.S.C. § 1675a(a)(7). Thus, under this provision, the Commission must find that the subject imports from a country will have a "discernible adverse *impact on the domestic industry*" after revocation of the order before cumulating those imports with other subject imports. Accordingly, the Commission's task under this provision is a straightforward one. To determine whether the Commission is precluded from cumulating subject imports from a particular country, the Commission must focus on how significantly the imports will impact the condition of the industry as a result of revocation, and not simply on whether there will be a small volume of imports after revocation, (*i.e.*, by assessing their negligibility after revocation of the order). If the impact of the imports is not likely to be discernible, then the Commission is precluded from cumulating those imports with other subject imports. For a full discussion of her views on this issue, see Additional Views of Commissioner Thelma J. Askey in Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Reviews), USITC Pub. 3245 (Oct. 1999).

[36] The four factors generally considered by the Commission in assessing whether imports compete with each

(continued...)

inquiry is whether there would likely be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are revoked. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[39] [40]

Here, the statutory requirement that all three reviews be initiated on the same day is satisfied.[41] For the reasons discussed below we determine to exercise our discretion to cumulate subject imports from Bangladesh and Pakistan, but not those from China, for purposes of our analysis of whether material injury is likely to continue or recur if the orders were revoked.[42]

B. Discussion[43]

The record indicates that domestically produced shop towels and the subject merchandise are generally fungible. We find domestic shop towels are interchangeable with subject imports and there are

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

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

[38] *See* Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994, *aff'd,* 96 F. 3d 1352 (Fed. Cir. 1996)).

[39] *See, e.g.*, Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[40] Commissioner Askey does not join section III.B of the Commission's opinion. Commissioner Askey determines that the subject imports from Pakistan would not be likely to have a discernible adverse impact on the domestic industry if the order were to be revoked and accordingly has not cumulated those imports with the subject imports from Bangladesh and China for her analysis. In addition, she has exercised her discretion not to cumulate the subject imports from Bangladesh with those from China. For a full discussion of her views with respect to cumulation of the subject imports from Bangladesh, Pakistan and China, see Dissenting Views of Commissioner Thelma J. Askey.

[41] Commissioner Askey does not join in the remainder of this section.

[42] No party has argued that subject imports from either Bangladesh, China or Pakistan "are likely to have no discernible adverse impact" and we see no basis in the record to make such a finding. We note that the current volume of subject imports from Bangladesh and Pakistan and their consequent impact already exceed levels that would have no discernible adverse impact, and subject imports from China are likely to exceed such levels under order revocation.

[43] Chairman Bragg points out that although she does not join the Commission's analytical framework for cumulation or its decision not to cumulate subject imports from China with subject imports from Bangladesh and Pakistan, she nonetheless joins the Commission's finding of a reasonable overlap of competition among subject imports and among subject imports and the domestic like product.

no significant differences in product characteristics between those produced in the United States and those produced in the subject countries.[44] Additionally, "[t]he record indicates that cotton shop towels are sold by U.S. producers and importers in all areas of the United States, although individual producers, importers, and distributors geographically limit sales to some extent."[45] With regard to channels of distribution, the subject imports and the domestic like product largely are sold either directly or through distributors to laundry services that rent the towels to industrial and commercial users and clean them.[46] Although the domestic like product, unlike the subject imports, is not sold through retail channels,[47] at least in part owing to domestic producers' inability to compete in that channel on the basis of price,[48] we find, on the whole, common or similar channels of distribution for imports from the subject countries and the domestic like product. The record also indicates simultaneous presence of the merchandise in the U.S. market.[49] Moreover, there is no evidence in the current record that suggests that the subject imports would not likely compete with each other and the domestic like product if the orders were removed. For these reasons, we find a reasonable overlap of competition.[50]

However, our cumulation analysis in a five-year review encompasses more than an examination of whether there would likely be a reasonable overlap of competition of the products in the U.S. market. To aid us in our decision whether to exercise our discretion to cumulate, we have also examined the overall similarities in the conditions of competition that would prevail if the orders are revoked. Textile quotas on the volume of shop towel imports from each of the subject countries represent a significant condition of competition in these reviews. We find that the conditions of competition would be

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[44] Milliken states that the domestic product is fully interchangeable with subject imports and there are no differences in product characteristics between those produced in the United States and those produced in the subject countries. CR at I-13 - I-14, PR at I-10. An importer also stated that there are no significant differences between imported and U.S.-made shop towels. CR at I-14, PR at I-10. Cf. CR at II-9 - II-10, PR at II-7 - II-8 (some indication in questionnaires of differences between domestic like product and imports).

[45] CR at I-13, PR at I-10. *See also* CR and PR at II-1 (The geographic market served by two producers and three importers of shop towels is the continental United States. One importer distributes its towels in the eastern half of the United States and another importer distributes them in the Atlanta/Charleston area and Los Angeles); CR at I-23, PR at I-16 (responses to the Commission's purchaser questionnaire indicate that subject country shop towels "are distributed throughout the United States.").

[46] CR at I-12, II-1; PR at I-9, II-1.

[47] The majority of the domestically produced shop towels are sold directly to industrial laundries and linen supply services that rent to and clean the towels for industrial end users, and the remaining small amount is sold to distributors. Importers of the subject merchandise, on the other hand, sell to retailers as well as to distributors and industrial laundries. CR and PR at II-1.

[48] CR and PR at II-1, n.1; Hearing Tr. at 14-16; Milliken Posthearing Brief, Part II (Answers to Commission Questions) at 2.

[49] *E.g.*, CR and PR at Tables V-1, V-2. Although the volume of subject imports from China is currently very small, limiting the ability to analyze the various competition factors on a current basis, the relevant inquiry is whether the Chinese merchandise would likely compete if the order were removed. In this regard it is important to note the significant presence of shop towels from China in the early 1980s, before the original antidumping duty proceedings were initiated (CR and PR at Table I-1), and the absence of information on the record to indicate that imports from China would not compete with the other subject imports and the U.S. product if the order were revoked.

[50] Chairman Bragg does not join the remainder of this section. She finds that subject imports from all three countries are likely to have a discernible adverse impact on the domestic industry in the event of revocation. Accordingly, Chairman Bragg cumulates subject imports from Bangladesh, Pakistan, and China.

significantly different for subject imports from China as compared with those from Bangladesh and Pakistan. Accordingly, on the basis of the preceding discussion, we exercise our discretion to cumulate only the subject imports from Bangladesh and Pakistan.

We do not exercise our discretion to cumulate the subject imports from China with the subject imports from Bangladesh and Pakistan because the likely rate of increase in the volume of subject imports from China would be significantly different from the likely rates of increase in the volume of subject imports from Bangladesh and Pakistan.[51] If the orders were revoked, the volume of subject imports from China would likely increase sharply given the restraining effect of the order and the significant unused quota allocation, whereas subject imports from Bangladesh and Pakistan would likely continue to increase steadily in accordance with their quota growth rates. We exercise our discretion to cumulate subject imports from Bangladesh and Pakistan because, in addition to the overlap in competition between those imports and the domestic like product, both countries have high quota fill rates, and related quota and import growth rates.

Subject imports from China, in contrast, were virtually nil (5,000 towels) in 1998, and only 599,000 towels, or 0.3 percent of total shop towel imports, in the first half of 1999.[52] We view this limited presence of Chinese shop towels in the U.S. market as reflecting the remedial effects of the antidumping duty order. Indeed, subject imports from China totaled 94.3 million towels in 1981, the last full year prior to initiation of the original investigation.[53] There is no record information indicating any likely limitation on China's resumption of significant export shipments to the United States if the order were revoked, other than volume limits imposed under the United States-China Bilateral Textile Agreement. Quotas for China are estimated in terms of number of towels at 29 million shop towels annually in 1998 and 1999.[54] Quotas on U.S. imports of subject cotton shop towels from both Bangladesh and Pakistan were 100 percent filled in 1998, while the quota relative to China on cotton shop towels was only 1.1 percent filled in 1998, and 5.2 percent filled in the first ten months of 1999.[55]

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[51] For a further discussion of the quota agreements, *see* Conditions of Competition, *infra*.

[52] CR and PR at Table IV-1.

[53] CR and PR at Table I-1.

[54] Under the current United States-China Bilateral Textile Agreement, the combined quotas for sub-categories 369-S (cotton shop towels) and 863-S (silk and other vegetable fiber shop towels) are estimated to total 29.0 million shop towels in 1998, 29.1 million shop towels in 1999, 29.2 million shop towels in 2000, the final year of the period covered by the current agreement, and 29.3 million towels in 2001. The 2000 and 2001 quota totals are based on separate totals within the 369-S sub-category and the 863-S sub-category as follows: in 2000, 20.50 million under sub-category 369-S, and 8.70 million under sub-category 863-S; in 2001, 20.54 million towels under sub-category 369-S and 8.75 million under sub-category 863-S. The quota for 2001 is estimated assuming a new agreement is negotiated with China that includes the same annual growth rates as in the current agreement (0.2 percent for sub-category 369-S and 0.5 percent for sub-category 863-S). Moreover, quota levels for shop towels in sub-category 369-S are stated in kilograms in the Bilateral Textile Agreement, whereas the quotas for sub-category 863-S are stated in number of towels. The Commission, therefore, estimated the number of towels in sub-category 369-S by assuming a weight of 0.03 kilogram per towel, which is the average weight per towel for current (*e.g.*, January to July 1999) imports from both Bangladesh and Pakistan. This conversion factor was selected based on the assumption that China would quickly fill its quota with basic shop towels competitive with and similar in weight to towels from Bangladesh and Pakistan. If China were to accede to the WTO, its quotas could differ somewhat, but probably not significantly, from the estimates here. *See*, *e.g.*, CR and PR at Figure I-1.

[55] Subject imports from Pakistan totaled 25.5 million towels, or 7.7 percent of total shop towel imports, in 1998, and 11.9 million towels in the first half of 1999, 5.3 percent of total shop towel imports in that period, compared

(continued...)

Whereas the likely increase in subject imports from Bangladesh and Pakistan will be subject to a 10.15 percent annual increase in the quotas in 1999, 2000, and 2001, the unfilled portion of China's quota alone will permit it to greatly increase exports to the United States from current low levels to the quota levels of 20.5 million annually in 2000 and 2001 for cotton shop towels and 29.2 million and 29.3 million, respectively, for all shop towels.[56] We find that China would be able, and likely, to fill all or a significant part of the currently unfilled portion of its quota in the relatively short term.[57] Thus, the conditions of competition would be significantly different for subject imports from China as contrasted with those from Bangladesh and Pakistan if the respective antidumping duty orders and countervailing duty order were revoked. We consequently find that it is not appropriate to assess cumulatively the likely volume and effects of subject imports from China with those of subject imports from Bangladesh and Pakistan. Accordingly, we have exercised our discretion to cumulate subject imports from Bangladesh and Pakistan for purposes of determining whether revocation of the respective orders is likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time, but have not exercised our discretion to cumulate subject imports from China with those from Bangladesh and Pakistan.

IV. LEGAL STANDARD AND CONDITIONS OF COMPETITION[58]

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur,

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[55] (...continued)
with 13.4 million towels, or 8.6 percent of total imports, in the first half of 1998. CR and PR at Table IV-1. The quota for Pakistan is estimated at 29.5 million towels in 2000 and 32.5 million towels in 2001. Subject imports from Bangladesh totaled 60.3 million units in 1998, 18.1 percent of total shop towel imports, and 42.3 million units in the first half of 1999, representing 18.6 percent of total subject imports, compared with 32.9 million towels, or 21 percent of shop towel imports, in the first half of 1998. *Id.* The quota for Bangladesh is estimated at 71.7 million towels in 2000 and 78.9 million towels in 2001.

[56] The imminent potential for increased imports from China is virtually limited to the unfilled quota quantities. The annual increase in the quota for China will be very slight compared with the quota growth rates for Bangladesh and Pakistan.

[57] This finding has several bases. As discussed in part IV.B of these Views (Conditions of Competition), *infra*, shop towel production in all the subject countries is labor intensive, requiring minimal capital expenditure and rendering entry into and exit from the sector relatively easy. Indeed, past fluctuations in levels of Chinese exports to the United States from one year to the next demonstrate China's historic ability to quickly expand and contract exports to the United States. For instance, U.S. imports of shop towels from China increased from 45.5 million towels in 1980 to 94.3 million towels in 1981. CR and PR at Table I-1. China more than tripled its exports to the United States from 15.3 million towels in 1988 to 46.9 million towels in 1989, then dropped to 16.1 million towels in 1990. CR and PR at Table I-1. Moreover, China Customs data show a strong export orientation, with China's 1998 exports of miscellaneous textile articles, including dish towels and cotton shop towels, to all countries totaling 235 million towels, only 16.5 million of which the Chinese data identifies as exports to the United States. CR at IV-6, PR at IV-4. Accordingly, there is substantial production and production capacity that could be directed to the United States if the antidumping duty order on China were revoked.

[58] Commissioner Askey joins sections IV.A and IV.B of this opinion.

and (2) the Commission makes a determination that revocation of the order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[59] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo -- the revocation [of the order] . . . and the elimination of its restraining effects on volumes and prices of imports."[60] Thus, the likelihood standard is prospective in nature.[61] The statute provides that "the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time."[62] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis in antidumping and countervailing duty investigations."[63] [64]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked."[65] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.[66] [67]

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[59] 19 U.S.C. § 1675a(a).

[60] SAA, H.R. Rep. No. 103-316, Vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry)." SAA at 883.

[61] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[62] 19 U.S.C. § 1675a(a)(5).

[63] Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." SAA at 887.

[64] In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, his analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

[65] 19 U.S.C. § 1675a(a)(1).

[66] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's
(continued...)

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to evaluate all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[68] In performing our analysis under the statute, we have taken into account the following conditions of competition in the U.S. market for shop towels.

First, shop towels are used by a wide range of industrial and commercial establishments.[69] As a result, aggregate demand for shop towels is derived in large part from consumption of the goods produced by shop towel purchasers and generally follows overall business cycles in the U.S. economy.[70] Demand for shop towels has been strong in recent years, with U.S. consumption rising from 387 million shop towels in 1990 to 499 million shop towels in 1998.[71] U.S. apparent consumption from 1997 to 1998 alone increased by 68 million shop towels or by 15.9 percent.[72]

Second, subject imports and the domestic like product are substitutable, there being no significant differences in product characteristics between those produced in the United States and those produced in the subject countries.[73] [74]

Third, the number of domestic firms producing cotton shop towels declined after the antidumping duty and countervailing duty orders were issued.[75] In 1992, when the Commission issued its final determination in Shop Towels from Bangladesh, the most recent of the three shop towel investigations, there were 12 domestic producers of shop towels, as compared with three in 1998.[76]

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[66] (...continued)
determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[67] Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption determinations in either the Bangladesh or China review.

[68] 19 U.S.C. § 1675a(a)(4).

[69] CR at I-12, PR at I-9 - I-10.

[70] CR at II-6, PR at II-5.

[71] CR at II-6, PR at II-5; CR and PR at Tables I-3 and D-1.

[72] *Id.*

[73] CR at I-13 - I-14, PR at I-10; CR at I-14, PR at I-10; *cf.* CR at II-9 - II-10, PR at II-7 - II-8.

[74] We note that the subject imports are almost entirely all cotton, whereas the domestic like product generally includes a small amount of other fabrics along with cotton. Commerce statistics show some imports recently from China under the non-cotton statistical subheading, HTSUS 6307.10.2015. "Although shop towels can be produced from other woven fabrics, it is not economically feasible to replace the wholly or predominantly cotton osnaburg fabric with a different construction. Cotton waste has the combined advantages of being both inexpensive and absorbent." CR at I-13, PR at I-10. Nonetheless, the subject merchandise includes not only shop towels of cotton or a cotton blend, but also those of other vegetable fibers (*e.g.*, ramie, linen) and silk. *See* Commerce definition of scope and HTSUS item numbers cited therein, *supra;* like product definition ("all shop towels"), *supra;* and discussion of quotas, *infra*.

[75] CR at I-20 - I-21, PR at I-15.

[76] USITC Pub. 2487 at I-15, I-20.

Fourth, barriers to entry into and exit from this industry in the subject countries appear to be relatively low. According to the petitioner, shop towel production in Bangladesh, China, and Pakistan is labor intensive, and the only necessary equipment for production of shop towels is a loom.[77] Accordingly, the limited record data indicate that existing and potential producers can quickly expand or reduce production, and enter or exit the market with negligible capital investment.[78]

Fifth, nonsubject shop towel imports have grown in the U.S. market since the original determinations, both in absolute terms and as a share of apparent consumption.[79] In 1980, 41.5 million shop towels, or 16.5 percent of apparent consumption, were imported from nonsubject countries. In 1990, 106.2 million shop towels, or 27.4 percent of apparent consumption, were imported from nonsubject countries. Nonsubject imports totaled 192.2 million towels in 1997 and 246.4 million towels in 1998, 44.7 percent and 49.4 percent, respectively, of U.S. apparent consumption.[80] Nonsubject imports increased further in the first six months of 1999 to 172.2 million towels, or 56.6 percent of apparent consumption, compared with 110.3 million towels, or 46.2 percent of apparent consumption in the first six months of 1998.[81]

Sixth, subject import quantities are limited by quota arrangements. The United States currently has quotas on imports of textiles and apparel from Bangladesh, China, and Pakistan, as it did at the time of the original investigations. In the current bilateral textile agreement with China, there are specific limits on imports of cotton shop towels (subcategory 369-S) and shop towels made of other textile fibers (primarily a blend of cotton and ramie) (subcategory 863-S) from China. China's specific limit for cotton shop towels (subcategory 369-S) was only 1.1 percent filled in 1998 and was 5.2 percent filled as of October 1999. China did not fill any of its quota on imported shop towels classified in subcategory 863-S in 1998 as there were no imports. China filled 2.7 percent of the quota on subcategory 863-S as of October 1999.[82]

Pakistan filled nearly 95 percent of its quota on cotton shop towels in 1983, 100 percent in 1998, and 64 percent as of October 1999.[83] Currently, there is a specific limit on imports of cotton shop towels from Bangladesh, which was 100 percent filled in 1998 and 87 percent filled as of October 1999. There are no quotas on imports of shop towels of fabrics other than cotton, sub-category 863-S, from either Bangladesh or Pakistan.[84]

Quotas on shop towel imports from Bangladesh and Pakistan will increase by 10.15 percent to 71.7 million shop towels in 2000 and 78.9 million shop towels in 2001 for Bangladesh, and to 29.5

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[77] CR at IV-4, PR at IV-3; CR at I-12, PR at I-9 (a sewing machine is used to hem the fabric).

[78] CR at IV-4, PR at IV-3.

[79] CR at I-20, PR at I-14 - I-15; CR and PR at Tables I-2, I-3.

[80] CR and PR at Table I-1.

[81] CR and PR at Table I-1.

[82] CR at I-16 - I-17, PR at I-12 - I-13.

[83] CR at I-17, PR at I-13. The Pakistani producers report that "[c]urrently, we are restricted in the U.S. market until the textile quota limit for shop towels is lifted in 5 years. At that time we will consider plans to expand capacity, subject to our competitiveness in the U.S. market vis-a-vis our competitors." CR at IV-8, PR at IV-5.

[84] CR at I-17 - I-18, PR at I-13.

million towels in 2000 and 32.5 million towels in 2001 for Pakistan.[85] Due to its extremely low base quota growth rate of 0.2 percent, China's annual quota levels will remain relatively low.[86] [87]

Based on the record evidence, we find that these conditions of competition in the U.S. shop towel market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the U.S. shop towel market provide us with a basis upon which to assess the likely effects of revocation of the antidumping duty and countervailing duty orders within the reasonably foreseeable future.

V. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SHOP TOWELS FROM BANGLADESH AND THE COUNTERVAILING DUTY ORDER ON SHOP TOWELS FROM PAKISTAN IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME [88]

A. Likely Volume of Subject Imports from Bangladesh and Pakistan[89]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[90] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the

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[85] CR at I-16, PR at I-12; CR at I-15 - I-19, PR at I-11 - I-13; CR and PR at Figure I-1; *see also* note 55, *supra*. Although the quota on shop towel imports from Pakistan is growing at the same rate as the quota on shop towels from Bangladesh, the growth rate is applied with reference to base year (*i.e.*, 1994) quota levels. Thus, for instance, the quota for Pakistan in 2000 is an estimated 29.5 million towels while the quota for Bangladesh in 2000 is estimated at 71.7 million towels. As explained elsewhere in these views, the Commission converted the quotas, which are negotiated in kilograms, into estimated numbers of towels using the prior average per-towel weight of 0.03 kilograms, as derived from current U.S. imports data.

[86] CR at I-18 - I-19, PR at I-13 - I-14; *see also* note 54, *supra*. The China quota for category 863-S, which is stated in the agreement on a towel basis rather than a weight basis, is estimated at 8,748,455 towels in 2001 (assuming new agreement with China that continues current rate of increase of China quota).

[87] Commissioner Askey does not join section V of this opinion. She concurs in the Commission's determination that revocation of the order covering the subject imports from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time and joins section VI of this opinion. She determines, however, that revocation of the orders covering subject imports from Bangladesh and Pakistan would not be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time. For a full discussion of her views with respect to Bangladesh and Pakistan, see Dissenting Views of Commissioner Thelma J. Askey.

[88] As noted earlier, Chairman Bragg joins the Commission's likely volume, price, and impact discussion for Bangladesh and Pakistan.

[89] This discussion is limited to imports of cotton shop towels. It should be noted however that, although there have not been imports from Bangladesh and Pakistan of shop towels that are not mainly cotton, there are no quantity limitations on such imports, which are within the scope of the orders.

[90] 19 U.S.C. § 1675a(a)(2).

United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[91]

In the original determination concerning Pakistan, the Commission concluded that a domestic industry was materially injured by reason of imports of shop towels that were subsidized by the Government of Pakistan.[92] The Commission found that imports of shop towels from Pakistan had increased from 1.7 percent of apparent consumption in 1980 to 13.4 percent in the first nine months of 1983.[93] In the original determination concerning Bangladesh, the Commission concluded that a domestic industry was materially injured by reason of imports of shop towels from Bangladesh that were sold at less than fair value.[94] The Commission found that the Bangladeshi share of the U.S. market had increased from 0.5 percent in 1988 to 9.7 percent in the first nine months of 1991.[95]

Subject imports from Bangladesh and Pakistan together increased from 83.6 million towels in 1997, to 85.8 million towels in 1998; they totaled 54.2 million towels in the first six months of 1999, compared with 46.3 million towels in the first six months of 1998.[96] Both Bangladesh and Pakistan filled 100 percent of their quota on shop towels in 1998.[97] The quota for Bangladesh is estimated at 71.7 million towels in 2000 and 78.9 million towels in 2001, and the quota for Pakistan is estimated at 29.5 million towels in 2000 and 32.5 million towels in 2001.[98] This represents quota totals for these two subject countries of 101.2 million towels in 2000 and 111.5 million towels in 2001.[99] Subject imports from Bangladesh and Pakistan can be expected to enter the U.S. market in significant volumes and continue to fill their quota levels as those quotas increase for each of those countries by 10.15 percent annually in 2000 and 2001.[100] Levels of unused production capacity in Bangladesh and Pakistan indicate that they will have no difficulty filling new annual quota levels.[101] The ease of entry into the labor

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[91] 19 U.S.C. § 1675a(a)(2)(A)-(D).

[92] USITC Pub. 1490 at 9.

[93] *Id.* at 7-8, A-24 (4.3 million shop towels from Pakistan in 1980, 6.1 million in 1981, 6.6 million in 1982, and 21.9 million in the first nine months of 1993, compared with 4.2 million in the comparable period in 1982).

[94] USITC Pub. 2487 at 5.

[95] *Id.* at 16, I-39, I-15 (1.8 million shop towels from Bangladesh in 1988, 4.4 million in 1989, 28.0 million in 1990, and 25.0 million in the first nine months of 1991, compared with 22.2 million in the comparable period in 1990).

[96] CR and PR at Table I-1.

[97] CR at I-17, PR at I-13.

[98] See discussion in preceding notes concerning the methodology for converting quotas in kilograms into an estimated number of towels.

[99] These quantities would represent 20 percent and 22 percent, respectively, of total apparent consumption at levels equivalent to 1998 apparent consumption. *See* CR and PR at Tables I-2, I-3.

[100] CR at I-16, PR at I-12.

[101] The Pakistani industry utilized only 69.2 percent of its shop towel production capacity in 1998, although capacity utilization in Pakistan reportedly increased to 77.2 percent in the first six months of 1999, compared with 66.0 percent in the first six months of 1998. CR and PR at Table IV-3. Pakistan's inventory levels (CR and PR at Table IV-3) will also facilitate filling expanded quota levels. Inventories of U.S. importers of shop towels from Pakistan (CR at IV-2, PR at IV-1) permit a market impact in excess of quota levels. With respect to Bangladesh, production capacity for fifteen known producers was reported by the U.S. Embassy in Dhaka to be 3.1 million kilograms in 1998, while production in Bangladesh was only 1.6 million kilograms. CR at IV-6 - IV-7, PR and IV-

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intensive production of shop towels in those countries further assures production ability in excess of current or planned production capacity levels in the two subject countries. Moreover, the United States is currently the only export market for shop towels produced in Bangladesh, and shop towel production in Pakistan is solely for export,[102] evidencing the likely destination of any additional production. Accordingly, we find that the likely volume of subject imports from Bangladesh and Pakistan into the United States upon revocation of the order would be significant, increasing to the maximum levels permitted by quotas in the reasonably foreseeable future.

B. Likely Price Effects of Subject Imports from Bangladesh and Pakistan

In evaluating the likely price effects of subject imports if the antidumping duty and countervailing duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product, and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.[103]

Purchasers of cotton shop towels consider price to be one of the most important factors in purchasing decisions.[104] In the original Pakistan determination, the Commission found underselling by the Pakistani product in every quarter from January 1981 to September 1983, by margins ranging from 25 to 38 percent.[105] The Commission also found that domestic prices fell 5.3 percent during January-September 1983, after having increased 5.1 percent from January-March 1981 to October-December 1982, and explained that the majority of laundries that had shifted purchases from domestic shop towels to those from Pakistan had based the decision on the lower price of the Pakistani product.[106]

In the original Bangladesh determination, price comparisons indicated underselling by the Bangladeshi towels that was "substantial both in degree and scope."[107] Specifically, based on producer and importer questionnaire responses, the Commission found underselling in all instances of sales of all-cotton 18 x 18 inch towels to laundry services and to distributors and, based on purchaser questionnaire responses, found underselling in 39 of 44 comparisons of sales of 18 x 18 inch and 18 x 30 inch all

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[101] (...continued)
4. The industry in Bangladesh reportedly intends to fully utilize its U.S. quota for shop towels in 1999 and 2000. CR at IV-6, PR at IV-4. The Bangladeshi shop towel trade association explained that production capacity in Bangladesh in 1999 and 2000 will be two times the volume of actual production, as it was in 1998. CR at IV-7, PR at IV-4. Current inventories of U.S. importers of shop towels from Bangladesh (CR and PR at Table IV-2) permit a market impact by Bangladeshi merchandise in excess of any further imports under quotas in the reasonably foreseeable future.

[102] CR at IV-7 - IV-8, PR at IV-4 - IV-5.

[103] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[104] CR and PR at Table II-1.

[105] USITC Pub. 1490 at 8 and A-28 (Table 15).

[106] *Id.* at 8, A-29.

[107] USITC Pub. 2487 at 18.

cotton towels.[108] Margins of underselling were as high as 20 percent.[109] Moreover, although recent price comparison data obtained in these five-year reviews, for the period January 1997 to June 1999, are somewhat limited, those data indicate *** shop towels from Bangladesh and Pakistan.[110]

Accordingly, we find that the likely volume of imports from Bangladesh and Pakistan following revocation of the antidumping duty order and countervailing duty order would be likely to have a significant adverse effect on domestic prices for shop towels. We note that the Commission has previously determined that quota limits on the volume of subject imports do not preclude adverse price effects.[111] Accordingly, we conclude that the Bangladeshi and Pakistani subject merchandise is likely to enter the United States at prices that would significantly undersell domestic shop towels and have a significant depressing or suppressing effect on prices for the domestic like product.

C. Likely Impact of Subject Imports from Bangladesh and Pakistan

In evaluating the likely impact of imports of subject merchandise if the antidumping duty and countervailing duty orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[112] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[113] As instructed by the statute, we have considered the extent to which any improvement in the

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[108] *Id.* 18-19.

[109] Id. at I-43, I-44, I-46, I-47, I-48.

[110] Although the domestic like product is a blend of cotton and other fabrics, and the Bangladeshi and Pakistani products are all cotton, there is no basis on the record to conclude that differences in cotton content significantly affect purchasers' decisions to purchase the subject imports or the domestic like product. To the contrary, we find that the domestic like product and the subject imported shop towels are essentially fungible. See discussion at IV. B (Conditions of Competition), *supra*. Accordingly, we find probative in this regard the comparison data obtained in these reviews on sales to industrial laundries and linen supply services of unbleached, uncolored, 18 x 18 inch shop towels (blended domestic towels and all-cotton Bangladeshi and Pakistani towels) from January 1997 to June 1999. CR and PR at Table V-1. Those comparisons show *** the Bangladeshi and Pakistani product ***.

[111] *See* USITC Pub. 2487 at 20 ("quotas and bilateral agreements pursuant to the Multifiber Arrangement do not control the prices at which the subject shop towels are sold in the United States, and therefore do not prevent the possibility of import price effects on the domestic industry").

[112] 19 U.S.C. § 1675a(a)(4).

[113] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. Section 752(a)(6) of the Act requires the Commission in five-year reviews concerning countervailing duty orders to consider "information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies

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state of the domestic industry is related to the antidumping duty order and countervailing duty order at issue and whether the industry is vulnerable to material injury if those orders are revoked.[114]

We find that the domestic industry producing shop towels is vulnerable to material injury if the orders are revoked because of its *** operating income, declining market share, low capacity utilization, and declining number of production and related workers. Although the domestic industry's net sales increased from *** million towels in 1997 to *** million towels in 1998, average selling prices fell faster than the decline in the average cost of goods sold (COGS), resulting in a lower unit gross profit, insufficient to absorb decreasing unit selling, general, and administrative (SG&A) expenses.[115] This resulted in operating income of *** in 1997 and *** in 1998.[116] Although the industry's performance improved in the interim 1999 period, an operating income of *** compared with *** in the comparable period in 1998, the industry remains ***.[117]

U.S. producers' shipments as a share of total apparent consumption declined on a quantity basis from 35.9 percent in 1997 to 33.4 percent in 1998, then declined further to 25.4 percent of apparent consumption in the first six months of 1999, compared with 34.4 percent in the comparable period of 1998.[118] [119]

In the period reviewed, domestic producers' production and capacity utilization levels declined, inventories increased, and the number of production and related workers declined. Specifically, U.S. producers' total production of shop towels declined from 164.6 million towels in 1997 to 159.0 million towels in 1998. Domestic capacity utilization also declined from 49.4 percent in 1997 to 39.3 percent in

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[113] (...continued)
Agreement." 19 U.S.C. § 1675a(a)(6). Section 752(a)(6) of the Act also states that "the Commission may consider . . . the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). See also SAA at 890. In its final five-year review determination regarding shop towels from Bangladesh, Commerce determined that the magnitude of the dumping margin that is likely to prevail if the antidumping duty order for Bangladesh were revoked ranges from 2.72 to 42.31 percent. 64 Fed. Reg. at 42660. Commerce determined that the magnitude of the countervailing duty margin that is likely to prevail if the countervailing duty order for Pakistan were revoked is 5.17 percent, and that the programs benefiting Pakistani shop towels fall within the definition of an export subsidy under Article 3.1(a) of the Subsidies Agreement. 64 Fed. Reg. at 42675.

[114] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[115] CR at III-4 - III-8, PR at III-4; CR and PR at Table III-5.

[116] CR and PR at Table III-5. Capital expenditures relating to shop towels also decreased between 1997 and 1998, and decreased further in interim 1999 compared with interim 1998. CR and PR at Table III-8.

[117] CR and PR at Table III-5.

[118] CR and PR at Table I-3. The decline in market share is in part attributable to increasing imports from nonsubject countries.

[119] We note that nonsubject imports have played an increasingly important role in the growing U.S. shop towel market, accounting for 16.5 percent of U.S. consumption of 251 million towels in 1980, 27.4 percent of U.S. consumption of 387 million towels in 1990, and 49.4 percent of U.S. consumption of 499 million towels in 1998. CR and PR at Table I-1.

1998.[120] U.S. producers' inventories increased from *** towels at the end of 1997 to *** towels at the end of 1998, and *** towels at the end of the 1999 interim period, compared with *** at the end of the 1998 interim period.[121] The number of U.S. production and related workers producing shop towels declined from 172 workers in 1997 to 145 workers in 1998, and declined further in the interim period to 138 workers, compared with 155 workers in the comparable period in 1998.[122]

Given the generally substitutable nature of the subject merchandise and the domestic like product, we find that the significant volume of low-priced subject imports, when combined with the likely adverse price effects of these imports, would have a significant adverse impact on the production, shipments, sales, and revenue levels of the vulnerable domestic industry. This reduction in the industry's production, sales, and revenue levels would have a further direct adverse impact on the industry's profitability and employment levels as well as its ability to make and maintain necessary capital investments. Accordingly, we conclude that, if the orders were revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

D. Conclusion

For the reasons stated above, we determine that revocation of the antidumping duty order on shop towels from Bangladesh and the countervailing duty order on shop towels from Pakistan would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.

VI. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SHOP TOWELS FROM CHINA IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME [123] [124]

A. Likely Volume of Subject Imports from China

In the original determination concerning China, the Commission concluded that a domestic industry was materially injured by reason of imports of cotton shop towels from China that were being sold at less than fair value.[125] The Commission found that imports of shop towels from China had increased as a share of apparent domestic consumption from 18.1 percent in 1980 to 34.5 percent in 1981 to 38.3 percent in 1982, and increased in the interim period of 1983 to 33.3 percent, compared with 31.1

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[120] CR and PR at Table III-1. A portion of the 1997-1998 decrease in capacity utilization is attributable to U.S. producers' increase in capacity from 333.3 million towels in 1997 to 404.8 million towels in 1998. Capacity utilization decreased somewhat further in the 1999 interim period compared with the comparable period in 1998. *Id.*

[121] CR and PR at Table III-3.

[122] CR and PR at Table III-4.

[123] As noted earlier, Chairman Bragg cumulates subject imports from all three countries. She again notes that the cumulative effect of the subject imports from Bangladesh, Pakistan, and China, in the event of revocation, warrants an affirmative determination for each subject country.

[124] Commissioner Askey determines that revocation of the antidumping order covering imports of shop towels from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. She joins in section VI of this opinion.

[125] USITC Pub. 1431 at 3.

percent in the 1982 interim period.[126] Subject imports from China totaled 94.3 million towels in 1981, the last full year prior to initiation of the original investigation.[127]

In 1997, there were no imports of the subject merchandise from China.[128] In 1998, imports from China totaled 5,000 towels, then increased to 599,000, or 0.3 percent of total shop towel imports in the first six months of 1999, compared with zero imports from China in the interim period in 1998.[129] Quotas for the subject merchandise from China are estimated at 29.0 million towels in 1998 and 29.1 million towels in 1999.[130] The quota limiting U.S. shop towel imports from China was only 1.1 percent filled in 1998, the 1999 quota was only 5.2 percent filled in the first ten months of 1999.[131] We view this recent limited presence in the U.S. market and the significant unfilled quota for shop towels from China as reflecting the remedial effects of the antidumping duty order.

We find that the unfilled portion of China's quota permits Chinese producers to increase imports into the United States significantly.[132] We also find that China would be able in the short term to fill all or a significant part of the currently unfilled portion of its quota, which will be an estimated 29.2 million towels in 2000 and 29.3 million towels in 2001.[133]

There is no record information indicating any likely limitations, apart from the quota, on China's resumption of significant export shipments to the United States if the order were revoked. As already noted, shop towel production in China is labor intensive, requiring minimal capital expenditure and rendering entry into and exit from the sector relatively easy. Indeed, past fluctuations in levels of Chinese exports to the United States from one year to the next demonstrate China's historic ability to quickly expand and contract exports to the United States. For instance, U.S. imports of shop towels from China more than doubled from 45.5 million towels in 1980 to 94.3 million towels in 1981.[134] These imports more than tripled from 15.3 million towels in 1988 to 46.9 million towels in 1989, then dropped to 16.1 million towels in 1990.[135] Moreover, these historic data demonstrate that China is able to build its capacity to export to the United States at least to the level of 94 million towels annually, the pre-

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[126] *Id.* at 7-8. In absolute terms, subject imports from China increased in the original investigation period from 45.5 million towels in 1980 to 94.3 million in 1981, and then declined to 83.0 million towels in 1982 and to 31.0 million towels in the interim period of 1983, compared with 33.5 million towels in the corresponding period of 1982.

[127] *Id.* at 7 and A-1.

[128] CR and PR at Table VI-1.

[129] CR and PR at Table VI-1.

[130] This represents a conversion of the annual quota on a weight basis into the quantity-of-towel equivalent, as discussed in note 54, *supra*, and includes both cotton and other fabric categories. Quotas on Chinese cotton towels, sub-category 369-S only, are estimated to be 20.50 million in 2000 and 20.54 million in 2001.

[131] CR at I-17, PR at I-12. These quota fills are on the basis of kilograms and reflect the cotton category only. China's quota for the other towels, category 863-S, was only 2.7 percent filled as of October 31, 1999, by imports from China of 240,000 towels under HTSUS 6307.10.2015.

[132] The imminent potential for increased imports from China is virtually limited to the unfilled quota quantities. Unlike the quotas for shop towels from Bangladesh and Pakistan, the annual increase in the quota for China will be small.

[133] This represents a conversion of the annual quota on a weight basis into the quantity-of-towel equivalent, as discussed in note 54, *supra*, and, for 2001, assumes an extension of the United States-China textile agreement with the same annual quota growth rates.

[134] CR and PR at Table I-1.

[135] CR and PR at Table I-1.

antidumping-duty level in 1981,[136] indicating that China could easily meet the quota levels in 1999, 2000, and 2001, in excess of 29 million towels in each year.[137] Moreover, Chinese customs data show that China's exports to the world of miscellaneous textile articles, including dish towels and cotton shop towels, totaled 235 million towels, only 16.5 million of which the Chinese data identify as exports to the United States.[138] Accordingly, there is substantial production and production capacity that could be directed to the United States if the antidumping duty order were revoked.

Accordingly, we find that imports of Chinese shop towels into the United States would be likely to increase significantly in the reasonably foreseeable future if the antidumping duty order were revoked.

B. Likely Price Effects of Subject Imports from China

In the original investigation, the Commission found that the Chinese product undersold domestic producers by large margins in every quarter of the period investigated.[139] The Commission confirmed that the majority of the 12 purchasers that shifted their purchases to the Chinese product during 1981 and 1982 noted that lower prices were an important factor in their shift.[140]

There are no current price comparison data on imports from China. We note, however, that purchasers consider price to be one of the most important factors in purchasing decisions.[141] Thus, we find it likely that Chinese producers would offer attractively low prices to U.S. purchasers in order to regain market share if the antidumping duty order were revoked.[142]

Accordingly, we find that the likely volume of imports from China resulting from revocation of the antidumping duty order would likely have a significant adverse effect on domestic prices for shop towels. Accordingly, we conclude that the Chinese subject merchandise is likely to enter the United States at prices that would significantly undersell domestic shop towels and have a significant depressing or suppressing effect on prices for the domestic like product.

C. Likely Impact of Subject Imports from China

The first step in our analysis of the likely impact of subject imports if the antidumping order were revoked, is to determine whether the domestic industry is in a vulnerable state.[143] Based on the

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[136] CR and PR at Table I-1.

[137] Chairman Bragg infers that, in the absence of the order, Chinese producers would revert to their historical emphasis on exporting to the United States, as evidenced in the Commission's original determination. Based upon the record in this review, Chairman Bragg finds that this historical emphasis will likely result in significant volumes of subject imports from China into the United States.

[138] CR at IV-6, PR at IV-4.

[139] USITC Pub. 1431 at 8.

[140] *Id.* at 9.

[141] CR and PR at Table II-1.

[142] Chairman Bragg infers that, in the event of revocation, Chinese producers will revert to aggressive pricing practices with regard to exports to the United States, as evidenced in the Commission's original determination.

[143] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as
(continued...)

record in these proceedings as discussed in the previous section on Bangladesh and Pakistan, we find that the domestic industry is in a vulnerable state.[144]

We also found, above, that revocation of the antidumping duty order is likely to lead to significant volumes of subject imports from China and to significant adverse price effects. Given the generally substitutable nature of the subject merchandise and domestic like product, we find that the likely significant volume of low-priced subject imports, when combined with the expected adverse price effects of these imports, would have a significant adverse impact on the production, shipments, sales, and revenue levels of the vulnerable domestic industry. This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the order were revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

D. Conclusion

For the reasons stated above, we determine that revocation of the antidumping duty order on shop towels from China would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on shop towels from Bangladesh and China and the countervailing duty order on shop towels from Pakistan would be likely to lead to continuation or recurrence of material injury to the U.S. shop towel industry within a reasonably foreseeable time.[145]

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[143] (...continued)
"the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. In its final five-year review determination regarding shop towels from China, Commerce determined that the magnitude of the dumping margin that is likely to prevail if the antidumping duty order were revoked ranges from 30.1 percent to 37.2 percent. 64 Fed. Reg. 42658.

[144] *See* Section V, *supra*.

[145] Commissioner Askey dissenting with respect to Bangladesh and Pakistan.

DISSENTING VIEWS OF
COMMISSIONER THELMA J. ASKEY

Section 751(d) of the Tariff Act of 1930, as amended, requires that the Department of Commerce revoke a countervailing duty order or an antidumping duty order in a five-year ("sunset") review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the Commission determines that material injury would be likely to continue or recur within a reasonably foreseeable time.[1] Based on the record in these reviews, I concur in the Commission's determination that revocation of the antidumping duty order covering shop towels from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. I determine that revocation of the antidumping duty order covering shop towels from Bangladesh and the countervailing duty order covering shop towels from Pakistan would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

Except as otherwise noted, I join in the Commission's findings with respect to the domestic like product and the domestic industry, the legal standards governing the Commission's cumulation and causation analysis in sunset reviews, conditions of competition in this marketplace, and the likelihood of recurrence or continuation of material injury by reason of the subject imports from China. However, unlike my colleagues, I have determined that the subject imports from Pakistan are not likely to have a discernible adverse impact on the domestic industry within a reasonably foreseeable time if the order covering Pakistan is revoked. I have, therefore, not cumulated the subject imports from Pakistan with the other subject imports for purposes of my analysis. I have further determined to exercise my discretion not to cumulate the subject imports from Bangladesh and China. I also determine that revocation of the orders covering subject imports from Bangladesh and Pakistan would not be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time. I discuss the reasons for these determinations below.

As a preliminary matter, I note that only one party entered an appearance and filed briefs in this proceeding: the domestic producer, Milliken and Company. Milliken is one of three domestic producers of shop towels and accounted for *** percent of domestic production in 1998.[2] None of the respondent parties entered appearances or filed briefs in this proceeding. The Commission received only limited questionnaire responses from the Pakistani producers and no responses from Bangladeshi and Chinese producers.

Given the level of responses in this review, the Commission has a somewhat limited record to review in determining whether revocation of the orders will likely lead to continuation or recurrence of material injury in the reasonably foreseeable future. In a case such as this, where only one domestic interested party (and no respondent producers, exporters, or importers) has fully participated in the review, that party has an advantage in terms of being able to present information to the Commission without rebuttal from the other side. Nonetheless, irrespective of the source of information on the record, the statute obligates the Commission both to investigate the matters at issue and to evaluate the

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[1] 19 U.S.C. §§ 1675(d)(2), 1675a(a)(1) (1994).

[2] CR at I-21, PR at I-15. Blue Ridge, the *** producer of cotton shop towels in 1998, submitted a questionnaire response but did not file an entry of appearance or submit briefs in this proceeding. Id. The third domestic producer, Kleen-Tex, accounted for *** percent of domestic production in 1998 but ***. CR at I-20, n. 34, PR at I-15, n. 34.

information and evidence before it in terms of the statutory criteria.[3] The Commission cannot properly accept participating parties' information and characterizations thereof without question and without evaluating other available information and evidence.[4]

I. CUMULATION

A. General

In sunset reviews, the Commission has the discretion to cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews were initiated on the same day if those imports would be likely to compete with each other and with the domestic like product within a reasonably foreseeable time if the orders are revoked.[5] The Commission has generally considered four factors intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[6] In five-year reviews, the relevant inquiry is whether there would likely be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews and the discretionary nature of the cumulation decision, the Commission has examined other significant conditions of competition that are likely to prevail if the orders under review are revoked when deciding whether to cumulate in sunset reviews.

Although cumulation is discretionary in sunset reviews, the statute clearly and unambiguously states that the Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry upon revocation of an order.[7] Accordingly, the Commission must conclude that the subject imports from a country will have a "discernible adverse impact on the domestic industry" after revocation of the order before cumulating the volume and effect of those imports with those of other subject imports. Accordingly, to determine whether I am precluded from cumulating the subject imports in my analysis, I focus on how discernibly the imports will impact the condition of the industry as a result of revocation, and not simply on whether there will be a small -- i.e., negligible -- volume of imports after revocation.[8]

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[3] 19 U.S.C. § 1675a(a).

[4] See, e.g., Alberta Pork Producers' Mktg. Bd. v. United States, 669 F. Supp. 445, 459 (Ct. Int'l Trade 1987) ("Commission properly exercised its discretion in electing not to draw an adverse inference from the low response rate to questionnaires by the domestic swine growers since the fundamental purpose of the rule to ensure production of relevant information is satisfied by the existence of the reliable secondary data.").

[5] 19 U.S.C §1675a(a)(7).

[6] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: 1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; 2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; 3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and 4) whether the imports are simultaneously present in the market.

[7] Section 752(a)(7) of the Act, 19 U.S.C. 1675a(a)(7).

[8] For a more complete discussion of my views on this matter, see my Additional Views in Potassium

(continued...)

In this case, the reviews of the orders for the three subject countries were initiated on the same day. Thus, I first consider whether the subject imports from each of Pakistan, Bangladesh, or China are likely to have a "discernible adverse impact" on the domestic industry if the orders covering each country were to be revoked. If I find that imports from any one of these countries are not likely to have a discernible adverse impact on the domestic industry if the order is revoked, then I am precluded from cumulating the imports from that country with those of any other subject country. If I find that they are likely to have a discernible adverse impact on the industry upon revocation of the order, I must then consider whether it is appropriate to exercise my discretion to cumulate the subject countries.

B. The Subject Imports from Pakistan Are Likely to Have No Discernible Adverse Impact on the Domestic Industry Within the Reasonably Foreseeable Future If the Order is Revoked

I determine that the subject imports from Pakistan are not likely to have a discernible adverse impact on the domestic industry if the countervailing duty order covering Pakistan is revoked. The subject imports of shop towels from Pakistan are currently limited by a quota arrangement with the United States. Under that quota arrangement, the quota applicable to Pakistan is scheduled to increase by 10.15 percent in 2000 and by an additional 10.15 percent in 2001. Despite the existence of the countervailing duty order, Pakistan appears to have filled (or come close to filling) its quota level for each year for which we have information. For example, in 1998, Pakistan was permitted to import approximately 25.5 million cotton shop towels and filled 100 percent of that quota. Similarly, the quota level applicable to Pakistan increased by an additional 10.15 percent for 1999 yet Pakistan filled nearly 64 percent of the quota as of October 1999.[9] Finally, the record indicates that Pakistan has filled its quote levels under prior quota arrangements as well.[10] Given Pakistan's consistent history of completely filling its quotas, I find that Pakistan will be likely to fill all or nearly all of the quota increases that are scheduled to occur in 2000 and 2001.

Nonetheless, although the quota for the subject imports for 2000 and 2001 are equal to 29.5 million and 32.5 million shop towels respectively, the scheduled quota increases for those years will only allow Pakistan to increase its imports over 1998 levels by 2.72 million shop towels in 2000 and by an additional 3 million shop towels in 2001. The additional volumes of shop towel imports from Pakistan that will enter the United States in these years as a result of these quota increases represent 0.5 percent and 1.1 percent, respectively, of total apparent consumption in 1998. Given that demand can be expected to grow at least moderately in 2000 and 2001, and given that the domestic industry now occupies only a relatively small share of the market,[11] these very small additional volumes from Pakistan are not likely to have any discernible adverse volume or price effects on the domestic industry, even though there is a reasonable degree of substitutability between imported and domestic shop towels.[12] In addition, I would

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[8] (...continued)
Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, at 31 (October 1999).

[9] CR at I-17, PR at I-13.

[10] Pakistan filled its quota in 1982 and requested two quota increases in 1983. CR at I-17, PR at I-12.

[11] The domestic industry's market share was 33.4 percent in 1998 and 25.4 percent in interim 1999. CR and PR at Table I-1.

[12] Because the non-subject imports occupy more than half of the market currently, CR and PR at Table I-1, and (continued...)

add that the likely subsidy rate for Pakistan is a relatively small 5.17 percent. The small size of this subsidy rate, when considered in conjunction with the likely very small levels of additional volumes that will result from revocation of the order, indicate that revocation of the order on Pakistan will not have any discernible adverse price impact on the domestic industry.

Accordingly, I find that any likely increase in the volume of the subject imports from Pakistan will be very small in the reasonably foreseeable future. Furthermore, any minimal potential price impact on the domestic industry is diluted by the significant presence of non-subject imports in the U.S. market, which would compete directly with the subject imports and the domestic industry, and by the small size of the likely margins for Pakistan. Consequently, I find that the subject imports from Pakistan are not likely to have a discernible adverse impact on the domestic industry if the order is revoked. I have, therefore, not cumulated the subject imports from Pakistan with the subject imports from Bangladesh and China for purposes of my analysis in this review.

C. *The Subject Imports from Bangladesh Are Likely to Have A Discernible Adverse Impact on the Domestic Industry Within the Reasonably Foreseeable Future If the Order is Revoked*

I determine, however, that the subject imports from Bangladesh are likely to have a discernible adverse impact on the domestic industry if the antidumping duty order covering Bangladesh is revoked. Like Pakistan, the subject imports from Bangladesh are currently limited by a quota arrangement with the United States, which is scheduled to increase by 10.15 percent in 2000 and by an additional 10.15 percent in 2001. Moreover, like Pakistan, the record indicates that Bangladesh filled its 1998 quota level completely and that it was clearly on track to fill its 1999 quota as well.[13] Given this, I find that Bangladesh, like Pakistan, is likely to fill all of the quota increases that occur in 2000 and 2001.

Bangladesh's current quota levels are substantially larger than Pakistan's quota levels, however. In 1999, the quota for Bangladesh allowed Bangladesh to import 65 million shop towels, which was more than twice the size of Pakistan's quota levels. As a result, the likely increases in import volumes that can be expected from Bangladesh in 2000 and 2001 because of the quota increases are significantly larger than those from Pakistan. In particular, the likely volume increases from Bangladesh will equal approximately 6.6 million shop towels in 2000 and 13.9 million shop towels in 2001. The additional volumes of shop towel imports from Bangladesh that will enter the United States as a result of these quota increases represent 1.3 percent and 2.8 percent, respectively, of total apparent consumption in 1998. Although demand will be likely to continue to grow at a moderate rate in 2000 and 2001 and although the impact of these imports on the industry will be mitigated by the fact that the domestic industry now occupies only a relatively small share of the market,[14] these additional volumes are large enough for me to conclude that they will have at least a discernible (although not material) adverse volume and price impact on the domestic industry in this market.

In reaching this conclusion, I have paid particular attention to the fact that one of the subject producers in Bangladesh has a significant dumping margin and that the pricing comparison data indicate

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[12] (...continued)
because they are reasonably substitutable with the subject imports from Pakistan, it can be expected the bulk of the likely additional sales of the subject imports from Pakistan will be made at the expense of the non-subject producers rather than the domestic industry.

[13] Bangladesh filled 87 percent of its 1999 quota by October 1999.

[14] CR and PR at Table I-1.

the Bangladeshi imports have been priced lower than those from Pakistan on a significant number of occasions.[15] In light of the fact that there will also likely be an increase in the volume of subject imports from Bangladesh in the reasonably foreseeable future, I find that these factors indicate that the subject imports from Bangladesh will have a discernible adverse price and volume impact on the industry as a result of revocation of the order.[16]

D. Exercise of Discretion Not to Cumulate the Subject Imports from Bangladesh and China

Although I find that the subject imports from Bangladesh or China are likely to have a discernible adverse impact on the domestic industry as a result of revocation of the order, I have chosen not to exercise my discretion to cumulate the subject imports from Bangladesh and China for purposes of my analysis in this review. As an initial matter, I note that the record does indicate that the domestically produced shop towels and the subject merchandise from Bangladesh and China are likely to be reasonably interchangeable, to be sold throughout the United States in similar channels of distribution, and to be simultaneously present in the market upon revocation of the orders.

However, I also examine other significant conditions of competition in the market when assessing whether it would be appropriate to exercise my discretion to cumulate in sunset reviews. The quota arrangements covering shop towels imports from Bangladesh and China are a significant condition of competition in these reviews. In this regard, the record indicates that the likely increases in the volume of subject imports from China under these quotas would be significantly higher than those for Bangladesh. If the orders are revoked, the volume of subject imports from China would likely increase sharply, given the restraining effect of the order and the significant unused quota allocation, whereas subject imports from Bangladesh would likely continue to increase steadily in accordance with its quota growth rates. Accordingly, the subject imports from these two countries would be likely to exhibit significantly different volume trends in the reasonably foreseeable future. In addition, the likely margins found for China are significantly higher than those found for most Bangladeshi producers in this review, which suggests that the Chinese producers may be more aggressive in their pricing practices upon revocation of the order than the Bangladeshi producers. Accordingly, I exercise my discretion not to cumulate the subject imports from Bangladesh and China.

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[15] CR and PR at Tables V-1 & V-2.

[16] While the issue is somewhat close for Bangladesh, I note that the record clearly does not warrant a finding of no discernible adverse impact for China. China is currently subject to a quota arrangement (like Bangladesh and Pakistan) but it has exported only minimal levels of shop towels to the United States under that quota. Because the current quotas applicable to China's imports of shop towels allow China to import slightly more than 29 million shop towels in 2000 and 2001, which is equivalent to 5.8 percent of apparent domestic consumption, I believe that it is likely that these additional volumes from China would be likely to have at least a discernible adverse impact on the domestic industry given the conditions of competition in this market. Moreover, the Chinese producers are subject to very significant dumping margins, which suggests that they would compete in an aggressive fashion with respect to price in this market if the orders were revoked.

II. REVOCATION OF THE COUNTERVAILING DUTY ORDER ON SHOP TOWELS FROM PAKISTAN IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

As discussed in detail above, I determined that the subject imports from Pakistan are not likely to have a discernible adverse impact on the domestic industry if the countervailing duty order covering these imports were revoked. Accordingly, I have not cumulated the subject imports from Pakistan with the other subject imports for purposes of my sunset analysis. For the same reasons that are discussed above, I find that the subject imports from Pakistan are not likely to have significant volume or price impact on the condition of the domestic industry after revocation of the order covering Pakistan. Accordingly, I find that revocation of the order on the subject imports from Pakistan would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SHOP TOWELS FROM BANGLADESH IS NOT LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports from Bangladesh

In evaluating the likely volume of imports of subject merchandise if an antidumping order is revoked, the statute directs the Commission to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[17] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[18]

In the original determination concerning Bangladesh, the Commission found that the domestic industry was materially injured by reason of imports of shop towels from Bangladesh that were sold at less than fair value.[19] The Commission found that the Bangladeshi share of the U.S. market had increased from 0.5 percent in 1988 to 9.7 percent in the first nine months of 1991.[20] Accordingly, the Commission found that the volume of the subject imports from Bangladesh was significant.

Although an antidumping order is currently in place against the Bangladeshi imports, imports from Bangladesh have maintained a substantial and continuing presence in the U.S. market. Total imports of shop towels from Bangladesh were 57.9 million towels in 1997, 60.3 million towels in 1998

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[17] 19 U.S.C. § 1675a(a)(2).

[18] 19 U.S.C. § 1675a(a)(2)(A)-(D).

[19] USITC Pub. 2487 at 5.

[20] USITC Pub. 2487 at 16, I-39, I-15 (1.8 million shop towels from Bangladesh in 1988, 4.4. million in 1989, 28.0 million in 1990, and 25 million in the first nine months of 1991, compared with 22.2 million in the comparable period in 1990).

and 42.3 million towels in the first six months of 1998.[21] In addition, the market share of the Bangladeshi imports has remained at or around the 13 percent level throughout the same period. Although these volumes are substantial, I do not find that the current volume levels indicates that there will be a significant adverse volume effect on the industry if the order covering Bangladesh were to be revoked.

The Bangladeshi producers currently have significant levels of unused capacity that could be used to increase the shipments of merchandise to the United States in the absence of a quota. However, their ability to increase the exports to the United States is severely hampered by the existence of the current quota arrangements, which limit the Bangladeshi producers to making additional shipments of approximately 6.6 million shop towels in 2000 and 13.9 million shop towels in 2001. As I discussed previously, it is clear that Bangladesh will likely utilize the quota increase fully in both 2000 and 2001. However, even if the Bangladeshi producers filled the increases in both 2000 and 2001, the additional volumes likely to enter the United States under these quota limitations represent only 1.3 percent and 2.8 percent, respectively, of total apparent consumption in 1998. This volume increase, while it may be at a level that begins to result in a discernible impact on the industry, is clearly not at a level which would have a material impact on the industry, especially given that the record indicates that there is only a moderate degree of substitutability between the domestic and subject merchandise.

In this regard, I note that demand can be expected to continue to grow at a moderate rate in 2000 and 2001. This growth in demand will significantly mitigate the already small adverse impact that the subject Bangladeshi imports are likely to have on domestic prices. Moreover, the impact of any additional volumes of imports from Bangladesh will be further minimized by the fact that the domestic industry now occupies only a relatively small share of the market,[22] while non-subject imports occupy the majority of the market. Accordingly, any volume and market share increases will more directly impact the volume and market share levels of non-subject imports than those of the domestic industry. In my mind, these two conditions of competition in the market minimize the significance of any Bangladeshi volume increases likely to result from revocation of the order.

Accordingly, I find that the likely volume of subject imports from Bangladesh would not be significant upon revocation of the order. This finding is consistent with the economic analysis of the Commission's Office of Economics, which indicated that revocation of the orders subject to this review would have only a minimal impact on domestic output in either a low demand growth or high demand growth scenario.[23]

B. Likely Price Effects of Subject Imports from Bangladesh

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with the domestic like product, and whether the subject imports are likely to

[21] CR and PR at Table I-1.

[22] The domestic industry's market share was 33.4 percent in 1998 and 25.4 percent in interim 1999. CR and PR at Table I-1.

[23] CR at II-16; PR at II-11. The staff found that revocation of the order for all three countries subject to this review would be likely to reduce current domestic output by *** percent in a low-growth scenario and by only *** percent in a high growth scenario. Id.

enter the United States at prices that would have a significant depressing or suppressing effect on the prices of the domestic like product.[24]

In the original Bangladesh determination, the Commission found that the subject imports from Bangladesh had substantially undersold the domestic merchandise.[25] More particularly, the Commission found underselling in all instances of sales of all-cotton 18 x 18 inch towels to laundry services and to distributors, and found underselling in 39 of 44 comparisons of sales of 18 x 18 inch and 18 x 30 inch all cotton towels to laundry services and distributors.[26] Accordingly, the Commission found that the subject imports had significant price effects on domestic prices.

Nonetheless, I find that it is unlikely that the subject imports from Bangladesh will have a significant adverse impact on domestic prices within the reasonably foreseeable future if the order were revoked. The price comparison data obtained in these five-year reviews is very limited and of limited probative value. Because the industry did not produce all cotton shop towels in significant volumes until 1999 and because all of the subject imports consist of all cotton shop towels, the Commission was only able to obtain comparable price comparisons between the subject and domestic merchandise for the first half of 1999.[27] This limited data indicates, however, that the Bangladeshi producers have significantly oversold the domestic producers during the time period for which valid comparisons are available.

Moreover, because of the limited probative value of the price comparison data obtained by the Commission staff, I have also examined average unit values for the Bangladeshi producers in comparison to domestic values. Although the average unit values for the Bangladeshi are significantly lower than the average unit values of the domestic industry's domestic shipments, I believe that this reflects, in part, the difference in pricing between the domestic industry's cotton blend towels and the all cotton imports of the Bangladeshi producers. Moreover, although the subject imports from Bangladesh exhibited significant levels of underselling on an average unit basis, the average unit prices of Bangladeshi imports declined at a much less significant rate during 1997 and 1998 than the average unit values of the domestic product.[28] Finally, as I indicate above in my discussion of the likely volume effects of the imports from Bangladesh, I find that the minimal additional volumes that are likely to enter the United States as a result of revocation will have only a minimal impact on domestic prices.

Accordingly, I find that the subject imports from Bangladesh would not be likely to have a significant adverse effect on domestic prices within a reasonably foreseeable time if the order were revoked. This finding is consistent with the economic analysis of the Commission's Office of Economics, which indicated that revocation of the orders subject to this review would have only a minimal impact on domestic prices in either a low demand growth or high demand growth scenario.[29]

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[24] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[25] USITC Pub. 2487 at 18.

[26] USITC Pub. 2487 at 18-19.

[27] The record suggests to me that it is not appropriate to rely on comparisons between all cotton shop towels and cotton blend shop towels because cotton blend towels are a more valuable towel due to their higher durability and washability when compared to all cotton towels.

[28] CR and PR at Table I-1.

[29] CR at II-16; PR at II-11. The staff found that revocation of the order for all three countries subject to this review would be likely to reduce current domestic prices by *** percent in a low-growth scenario and by ***

(continued...)

C. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[30] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[31]

As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if those orders are revoked.[32] Generally, the domestic industry's financial condition has deteriorated somewhat since the original period of investigation. The industry's market share has declined since the original period and the industry now has a relatively small share of the domestic market.[33] In addition, the industry's significant financial indicators, such as its net sales, production levels, and profitability levels, have been in decline or have remained low since the original period of investigation.[34]

Nonetheless, although the industry is now in a somewhat weakened condition, the record indicates that the small additional volumes of shop towels from Bangladesh that are likely to enter the market upon revocation of the order will have not have a material adverse impact on the industry. As I discussed above, the record of this review indicates that the subject imports from Bangladesh are not likely to have significant adverse volume or price effects on the domestic industry within the reasonably foreseeable future if the order were revoked. Accordingly, I also find that subject imports would not be likely to have a significant impact on the domestic industry's cash flow, inventories, employment, wages, growth, ability to raise capital, or investment within a reasonably foreseeable time in the event the order is revoked. Further, I find that revocation of the order is not likely to lead to a significant reduction in

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[29] (...continued)
percent in a high growth scenario. Id.

[30] 19 U.S.C. § 1675a(a)(4).

[31] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). *See also* SAA at 887. In its final five-year review determination regarding shop towels from Bangladesh, Commerce determined that the magnitude of the dumping margin that is likely to prevail if the antidumping duty order on Bangladesh were revoked ranges from 2.72 to 42.31 percent (64 Fed. Reg. at 42660).

[32] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[33] CR and PR at Table I-1.

[34] CR and PR at Table I-1.

U.S. producers' output, sales, market share, profits, productivity, ability to raise capital, or return on investments within a reasonably foreseeable time.

Accordingly, I find that there is not likely to be a significant impact on the domestic industry if the order covering the subject imports from Bangladesh is revoked. This finding is consistent with the economic analysis of the Commission's Office of Economics, which indicates that revocation of the orders subject to this review would have only a minimal impact on domestic revenues in either a low demand growth or high demand growth scenario.[35]

IV. CONCLUSION

For the reasons stated above, I determine that revocation of the antidumping duty order on shop towels from Bangladesh and the countervailing duty order on shop towels from Pakistan would not be likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.

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[35] CR at II-16; PR at II-11. The staff found that revocation of the order for all three countries subject to this review would be likely to reduce current domestic output by *** percent in a low-growth scenario and by *** percent in a high growth scenario. Id.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On October 4, 1983, the Department of Commerce (Commerce) issued an antidumping duty order on imports of cotton shop towels from China;[1] on March 9, 1984, Commerce issued a countervailing duty order on imports of cotton shop towels from Pakistan;[2] and on March 20, 1992, Commerce issued an antidumping duty order on imports of cotton shop towels from Bangladesh.[3]

On January 4, 1999, the Commission instituted 5-year reviews concerning the countervailing duty and antidumping duty orders on cotton shop towels from Bangladesh, China, and Pakistan. On April 8, 1999, the Commission determined that full reviews should proceed to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[4] Information relating to the background of the reviews is provided in the following tabulation.

Effective date	**Action**	***Federal Register* citation**
January 4, 1999	Commission's institution of five-year reviews	64 FR 371
April 8, 1999	Commission's decision to conduct full reviews	64 FR 19195
June 15, 1999	Commission's scheduling of full reviews	64 FR 34679
August 5, 1999	Commerce's final results of expedited reviews	([1])
November 18, 1999	Commission's hearing[2]	Not applicable
January 6, 2000	Commission's votes	Not applicable
January 21, 2000	Commission's determinations transmitted to Commerce	Not applicable

[1] The *Federal Register* cites are 64 FR 42656 for China, 64 FR 42658 for Bangladesh, and 64 FR 42672 for Pakistan.
[2] The list of hearing witnesses is presented in app. C.

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[1] *Federal Register (*48 F.R. 45277).

[2] *Federal Register* (49 F.R. 8974).

[3] *Federal Register* (57 F.R. 9688).

[4] In addition to the subject reviews, the Commission simultaneously instituted on January 4, 1999, a review of a suspended countervailing duty investigation on imports of cotton shop towels from Peru (Inv. No. 701-TA-E (Review)). Both the Commission and Commerce determined to conduct full reviews with respect to cotton shop towels from Peru; the Commission also determined to proceed with full reviews with respect to cotton shop towels from Bangladesh, China, and Pakistan to promote administrative efficiency. On November 30, 1999, the Department of Commerce published in the *Federal Register* its negative final determination of the likelihood of continuation or recurrence of a countervailable subsidy in connection with cotton shop towels from Peru. Accordingly, the Commission terminated its review of cotton shop towels from Peru. The Commission's notice of institution, notice of decision to conduct full reviews, scheduling notice, and notice of the termination of the five-year review with respect to cotton shop towels from Peru are presented in app. A; these notices may also be found at the Commission's web site (*http://www.usitc.gov).* The Commission's statement on the adequacy of the responses to its notice of institution is presented in app. B and is available at the Commission's web site. The Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

PREVIOUS COMMISSION INVESTIGATIONS

On August 24, 1982, Milliken & Co. (Milliken) filed an antidumping petition with the Commission and Commerce on cotton shop towels from China. Effective September 16, 1983, Commerce issued an amended final determination[5] that such towels were being sold in the United States at less than fair value (LTFV).[6] Subsequently, the Commission determined in investigation No. 731-TA-103 (Final) that an industry in the United States was materially injured by reason of such imports from China and notified Commerce of this determination on September 23, 1983.

On July 29, 1983, Milliken filed a countervailing duty petition with the Commission and Commerce on cotton shop towels from Pakistan.[7] Effective January 11, 1984, Commerce issued a final determination that subsidies were being provided to manufacturers, producers, or exporters in Pakistan of cotton shop towels.[8] Subsequent to that decision, the Commission determined in investigation No. 701-TA-202 (Final) that an industry in the United States was materially injured by reason of such imports from Pakistan and notified Commerce of this determination on February 23, 1984.

On March 29, 1991, Milliken filed an antidumping petition with the Commission and Commerce on shop towels from Bangladesh.[9] Effective February 3, 1992, Commerce issued a final determination that such towels were being sold in the United States at LTFV.[10] Subsequently, the Commission determined in investigation No. 731-TA-514 (Final), Shop Towels from Bangladesh, that an industry in the United States was materially injured by reason of such imports from Bangladesh and notified Commerce of this determination in March 1992.

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[5] Commerce's original final determination had been published in the *Federal Register* on August 16, 1983.

[6] The weighted-average margins on all sales compared was determined to be 30.1 percent for the China National Textile Import and Export Corp., 37.2 percent for the China National Arts & Crafts Import & Export Corp., and 36.2 percent for all others.

[7] Previously cotton shop towels had been one of several textile products from Pakistan considered by the Commission in countervailing duty investigations. In July 1980, the Commission determined in investigation No. 701-TA-62 (Final), Textiles and Textile Products of Cotton from Pakistan, that an industry in the United States was neither materially injured nor threatened with material injury, nor was the establishment of an industry in the United States materially retarded, by reason of subsidized imports of textiles and textile products of cotton from Pakistan. At the same time, in investigation No. 104-TAA-1 (originally published as investigation No. 701-TA-63 (Final)), the Commission determined than an industry in the United States would not be materially injured or threatened with material injury, and the establishment of an industry would not be materially retarded, if the countervailing duty order that Treasury had issued in 1979 on some of these products were to be revoked.

[8] The net subsidy was determined to be 12.67 percent ad valorem.

[9] Previously, on December 13, 1990, Milliken had filed a petition with Commerce alleging that manufacturers, producers, or exporters of shop towels in Bangladesh receive certain benefits which constitute bounties or grants within the meaning of the countervailing duty law. Since Bangladesh was not a "country under the Agreement," no injury investigation by the Commission was required. On July 1, 1991, Commerce published in the *Federal Register* (56 FR 29941) its final negative countervailing duty determination, which stated that the estimated net subsidy rate was *de minimis*.

[10] The LTFV margin was 42.31 percent for Eagle Star Textile Mills, Ltd., 2.72 percent for Sonar Cotton Mills, Ltd., and 4.60 percent for all other Bangladesh manufacturers and/or exporters.

SUMMARY DATA

A summary of data collected in the reviews is presented in table D-1 in appendix D. Available comparative data from the original investigations on cotton shop towels from China, Bangladesh, and Pakistan, as well as data from the current reviews, are presented in table I-1.

STATUTORY CRITERIA

Section 751(c) of the Tariff Act of 1930 requires Commerce and the Commission to conduct a review no later than 5 years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."[11] Section 752(a)(1) of the Act states that the Commission "shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account–

> (A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,
> (B) whether any improvement in the state of the industry is related to the order or the suspension agreement,
> (C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and
> (D) in an antidumping proceeding, Commerce's findings regarding duty absorption."

Section 752(a)(2) of the Act states that "[I]n evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including–

> (A) any likely increase in production capacity or existing unused production capacity in the exporting country,
> (B) existing inventories of the subject merchandise, or likely increases in inventories,
> (C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

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[11] Certain transition rules apply to the scheduling of reviews (such as this one) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a 3-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution. No transition order may be revoked before January 1, 2000.

Table I-1
Cotton shop towels: Comparative data from the original investigations and the current reviews on Bangladesh, China, and Pakistan, 1980-82, 1988-90, 1997-98, January-June 1998, and January-June 1999

(Quantity in 1,000 towels, value in 1,000 dollars, unit values are per 1,000 towels)

Item	1980	1981	1982	1988	1989	1990	1997	1998	January-June 1998	January-June 1999
U.S. consumption quantity:										
Amount	251,219	273,783	216,995	353,167	392,356	386,819	430,433	498,727	238,591	304,259
Producers' share[1]	63.7	58.4	57.1	69.4	62.9	58.1	35.9	33.4	34.4	25.4
Importers' share:										
Bangladesh[1]	0	0	0	0.5	1.1	7.2	13.4	12.1	13.8	13.9
China[1]	18.1	34.5	38.3	4.3	12.0	4.2	0	([2])	0	0.2
Pakistan[1]	1.7	2.2	3.0	5.2	3.6	3.0	6.0	5.1	5.6	3.9
Subtotal[1]	19.8	36.7	41.3	10.1	16.7	14.4	19.4	17.2	19.4	18.0
All other[1]	16.5	4.9	1.6	20.5	20.4	27.4	44.7	49.4	46.2	56.6
Total imports[1]	36.3	41.6	42.9	30.6	37.1	41.9	64.1	66.6	65.6	74.6
U.S. imports from--										
Bangladesh:										
Quantity	0	0	0	1,789	4,429	28,010	57,892	60,293	32,891	42,270
Value	0	0	0	169	488	2,904	5,543	5,606	3,117	3,747
Unit value	([3])	([3])	([3])	$94.51	$110.27	$103.67	$95.74	$92.99	$94.77	$88.65
China:										
Quantity	45,460	94,329	83,013	15,305	46,917	16,133	0	5	0	599
Value	4,015	8,920	8,319	1,096	3,927	1,746	0	7	0	113
Unit value	$88.33	$94.57	$100.22	$71.60	$83.69	$108.22	([3])	$1,325.40	([3])	$188.30
Pakistan:										
Quantity	4,349	6,053	6,607	18,477	14,186	11,719	25,707	25,514	13,396	11,943
Value	517	615	740	1,852	1,423	1,238	2,416	2,446	1,266	1,266
Unit value	$118.85	$101.68	$112.00	$100.23	$100.29	$105.61	$93.98	$95.87	$94.52	$106.00
Other sources:										
Quantity	41,471	13,441	3,439	72,352	80,119	106,166	192,191	246,443	110,315	172,219
Value	4,691	1,709	410	8,922	9,064	11,624	19,692	24,524	11,156	16,600
Unit value	$113.12	$127.13	$119.31	$123.31	$113.13	$109.49	$102.46	$99.51	$101.13	$96.39

See footnotes at end of table.

Table I-1--*Continued*
Cotton shop towels: Comparative data from the original investigations and the current reviews on Bangladesh, China, and Pakistan, 1980-82, 1988-90, 1997-98, January-June 1998, and January-June 1999

(Quantity in 1,000 towels, value in 1,000 dollars, unit values are per 1,000 towels)

Item	1980	1981	1982	1988	1989	1990	1997	1998	January-June 1998	January-June 1999
U.S. imports from–*Continued* All sources: Quantity	91,280	113,823	93,059	107,978	145,651	162,028	275,790	332,256	156,602	227,031
Value	9,224	11,245	9,470	12,061	14,901	17,511	27,651	32,583	15,539	21,726
Unit value	$101.05	$98.79	$101.76	$111.75	$102.31	$108.08	$100.26	$98.07	$99.23	$95.70
U.S. producers': U.S. shipments: Quantity	159,939	159,960	123,936	245,243	246,705	224,791	154,643	166,471	81,989	77,228
Value	23,888	25,546	20,375	34,715	35,391	32,476	21,097	21,506	10,574	9,340
Unit value	$149.36	$159.70	$164.40	$141.55	$143.45	$144.17	$136.42	$129.19	$128.97	$120.94
Export shipments: Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventories	1,760	2,646	3,779	***	***	***	[4]***	[4]***	[4]***	[4]***
Production and related workers (PRWs)	431	422	391	271	312	300	[4]107	[4]85	[4]93	[4]83
Hours worked (*1,000s*)	841	876	642	498	541	565	[4]286	[4]293	[4]140	[4]150
Net sales (value)	26,114	27,066	24,224	[5]***	[5]***	[5]***	[4]***	[4]***	[4]***	[4]***
Operating income	3,275	3,272	788	[5]***	[5]***	[5]***	[4]***	[4]***	[4]***	[4]***
Operating income/sales[1]	12.5	12.1	3.3	[5]***	[5]***	[5]***	[4]***	[4]***	[4]***	[4]***

[1] Reported data are in percent.
[2] Less than 0.05 percent.
[3] Not applicable.
[4] Data are for only ***.
[5] Data are for only ***.

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

Source: Imports compiled from official statistics of the U.S. Department of Commerce; U.S. producers' data for 1980-82 from Cotton Shop Towels from Pakistan, USITC pub. 1490, February 1984; U.S. producers' data for 1988-90 from Cotton Shop Towels from Bangladesh, USITC pub. 2487, March 1992; U.S. producers' data for 1997-June 1999 compiled from Commission questionnaires.

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products."

Section 752(a)(3) of the Act states that "[I]n evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether–

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and
(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products."

Section 752(a)(4) of the Act states that "[I]n evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all [such] relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry."

Section 752(a)(6) of the Act states that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Information obtained during the course of the reviews that relate to the above factors is presented throughout this report. Responses by U.S. producers, importers, and purchasers of cotton shop towels and producers of the product in Pakistan[12] to a series of questions concerning the significance of the existing orders and the likely effects of their revocation are presented in appendix E.

NATURE AND EXTENT OF SALES AT LTFV AND SUBSIDIES

On August 5, 1999, Commerce published a notice in the *Federal Register* of the final results of its expedited sunset reviews on cotton shop towels from China, Bangladesh, and Pakistan. As a result of the reviews, Commerce found that revocation of the antidumping/countervailing duty orders would be

[12] No questionnaire responses have been received from producers in Bangladesh or China.

likely to lead to continuation or recurrence of dumping/subsidies at the margins[13] listed below (in percent):

Manufacturer/exporter	Margin
China (dumping):	
China National Textile Import & Export Corp.	30.1
China National Arts & Crafts Import & Export Corp.	37.2
All other Chinese manufacturers/exporters	36.2
Bangladesh (dumping):	
Eagle Star Textile Mills, Ltd.	42.31
Sonar Cotton Mills, Ltd.	2.72
All others	4.60
Pakistan (subsidy):	
All manufacturers	5.17

Commerce stated in its notices of final results of the expedited sunset reviews that since the imposition of the subject orders it had completed four administrative reviews concerning cotton shop towels from Bangladesh, six administrative reviews concerning such towels from China, and eight administrative reviews concerning such towels from Pakistan. Data obtained from Commerce's Internet site titled "Five-year (Sunset) Reviews" on the company-specific dumping margins (in percent) that resulted from the reviews concerning imports from Bangladesh and China are shown in appendix F.

For fiscal year 1998, the U.S. Customs Service reported collecting $105,128 in duties pursuant to the countervailing duty order on cotton shop towels from Pakistan, and $167,763 in duties pursuant to the antidumping order on cotton shop towels from Bangladesh.

Duties collected between 1993 and 1998 are shown below (in $1,000):

	1993	1994	1995	1996	1997	1998
Bangladesh---	142.7	101.2	88.8	80.9	124.7	167.8
Pakistan---	76.4	107.0	208.0	111.4	195.7	105.1

The U.S. Customs Service did not report that any duties were collected pursuant to the order on cotton shop towels from China during the period.

[13] For China and Bangladesh, Commerce found that the margins calculated in the original antidumping investigations were probative of the behavior of the producers/exporters if the orders were to be revoked. For Pakistan, Commerce determined that as a result of changes in the programs since the imposition of the countervailing duty order, the net subsidy rate determined in the original investigation was no longer appropriate; therefore, Commerce adjusted the net subsidy rate from the original investigation by adding the effect of a new import duty rebate program and subtracting the effect of a terminated compensatory rebate scheme.

THE SUBJECT PRODUCT

Commerce has defined the scope of these reviews as follows:

> Shop towels are absorbent industrial wiping cloths made from a loosely woven fabric. The fabric may be either 100-percent cotton or a blend of materials. This merchandise is classifiable under statistical items 6307.10.2005 and 6307.10.2015 of the Harmonized Tariff Schedules [sic.] (HTS) of the United States.

Product Description[14]

Shop towels are square or rectangular pieces of all-cotton or cotton-blend osnaburg fabric. This is a strong, plain woven fabric, often made with very coarse yarns that usually consist of low-grade, short cotton staple fibers or cotton waste in the filling yarns. The fabric's hard texture prevents linting yet is porous enough to be absorbent. Cotton waste, which is a by product of yarn manufacturing, consists of very short fibers. The cotton waste, which is used largely in the production of osnaburg fabric, is inexpensive and absorbent.

Shop towels are used to wipe and clean unwanted or excessive substances such as grease, oil, or ink from machinery and equipment in manufacturing, industrial, or automotive facilities. Shop towels are specifically designed for more than "one time use." Consequently, the basic physical properties required by a shop towel are high absorbency, tear and stretch resistance, and the ability to withstand numerous washings at high water temperatures.

The most widely used shop towel size is 18 x 18 inches, which accounts for an estimated 80 percent of the market; other less common sizes are 18 x 20 inches, 18 x 24 inches, 18 x 30 inches,[15] 18 x 36 inches, and 36 x 36 inches. The quoted size refers to the cut fabric before it is trimmed, hemmed, and laundered. The towel size is reduced during each of these operations. Shop towels of 18 x 18 inches are marketed in bales that usually weigh between 155 and 200 pounds and usually contain a count of 2,500 towels. About 625 to 630 square yards of fabric are required to produce a 2,500-count bale of 18 x 18 inch shop towels.

A majority of the shop towels sold domestically are in the greige state,[16] although many are printed and/or dyed. Printed shop towels often display a company's name or logo for advertising or identification purposes. Dyed shop towels are available in several different colors.

Manufacturing Processes

Milliken is currently the only vertically integrated producer of shop towels in the United States. Its production of shop towels involves the following processes: yarn spinning, fabric weaving, printing and dyeing (if done), cutting, stitching, and baling and packaging. Production from the yarn-processing stage to the sewing of the towels is largely automated. According to testimony at the Commission

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[14] Some of the discussion in this section is from Inv. No. 731-514 (Final), Shop Towels from Bangladesh (USITC pub. 2487, March 1992), pp. I-5-I-6, and I-9-I-11.

[15] The printing industry is a leading user of the 18 x 30 inch towels, which are commonly referred to as printers' wipes.

[16] That is, the shop towels have not been bleached, dyed, or printed, or received any type of dry- or wet-finishing operations. However, the majority of domestically produced shop towels receive some sort of finishing.

hearing, Milliken has invested heavily in modernizing the production of shop towels to improve efficiency in order to become more competitive in the market.[17] For example, Milliken uses a special carding[18] machine to prepare the short staple cotton waste fiber for spinning into yarn. The company has also invested in state-of-the-art weaving looms and special machines which cut and sew the shop towels.

Kleen-Tex Industries, Inc. and Blue Ridge Textiles–also domestic producers of shop towels–are known as converters because they purchase osnaburg fabric[19] and manufacture the shop towels. Their cutting and stitching manufacturing processes are also automated. For example, to produce 18-inch wide shop towels, the fabric, which comes on a beam, is cut in half (if it is 36 inches wide) or in thirds (if it is 54 inches wide) or in quarters (if it is 72 inches wide) and each 18-inch roll of fabric is then automatically cut to the desired length. The cut pieces are then serged or hemmed automatically by machinery, not individual sewers. ***.

"Shop towel production in China, Bangladesh, and Pakistan is labor-intensive. Plant and equipment requirements are minimal. Typically, the only necessary equipment for the production of shop towels is a loom."[20] Sources from both Milliken and Blue Ridge Textiles stated that they do not believe the production of shop towels in most of the major foreign country suppliers is automated. These sources indicated that, for the most part, the fabric is produced on antiquated looms and individual operators hem the shop towels on sewing machines.

Uses

Shop towels are purchased by commercial laundries and linen supply companies which, in turn, rent the towels to various industrial and commercial establishments. The laundry services provide a certain number of towels each week to the end user on a contract basis (usually covering 1 year). Each week during this period the laundry will exchange the end user's soiled towels for clean towels. The end users are charged an additional fee (usually the cost of the towel plus an extra washing fee) for each towel not returned.

Direct sales of shop towels to end users that maintain their own laundry facilities, and sales to retailers and individual jobbers that prewash, package, and sell shop towels to retail outlets are sporadic and small. The following is a partial list of end users of shop towels in various industries and commercial establishments.

(1) Aircraft–manufacturers/maintenance shops/airports/airlines
(2) Appliance–manufacturers/dealers/repair shops
(3) Automobile–manufacturers/dealers/repair shops/service stations
(4) Boat–manufacturers/engine plants/marinas
(5) Building–contractors/maintenance contractors/management companies/supply companies
(6) Bus–manufacturers/transit companies
(7) Computer–manufacturers/service companies
(8) Copy machine–manufacturers/service and repair
(9) Dairy–equipment manufacturers/farms/dairies

[17] See hearing transcript, pp. 62-63.

[18] Carding is a pre-spinning process which disentangles and straightens the cotton fibers so they lay basically parallel while eliminating extraneous matter.

[19] ***.

[20] Response of Milliken to the Notice of Institution of Five-Year Reviews, p. 6.

(10) Farm–implement manufacturers/dealers/co-ops and exchanges
(11) Furniture–manufacturers/refinishers/dealers
(12) Mine equipment–manufacturers/suppliers
(13) Motorcycle–manufacturers/dealers/repair shops
(14) Oil–refineries/drilling companies
(15) Printing–plants/shops/service and repair
(16) Recreational vehicle–manufacturers/dealers/repair shops
(17) Tire–manufacturers/dealers
(18) Truck–manufacturers/dealers/repair shops

The record indicates that cotton shop towels are sold by U.S. producers and importers in all areas of the United States, although individual producers, importers, and distributors geographically limit sales to some extent.

Substitute Products

Disposable towels of paper or nonwoven textile fabric, as well as rags, are in many instances substitutable for shop towels. Disposable products are initially less expensive but cannot be laundered or reused. Reportedly, some former consumers of shop towels that switched to paper or nonwoven towels have experienced certain environmental issues dealing with the disposal and recycling of these products. Milliken reported that since 1965, approximately 35-38 percent of the U.S. market for shop towels has been replaced by disposable products. Milliken does not manufacture disposable products or any other substitute products.[21]

Although shop towels can be produced from other woven textile fabrics, it is not economically feasible to replace the wholly or predominantly cotton osnaburg fabric with a fabric of a different construction. Cotton waste has the combined advantages of being both inexpensive and absorbent.[22] The plain basic weave of osnaburg also offers strength and durability, which are needed to resist abrasion and withstand repeated washings.

Milliken has indicated that cotton shop towels produced in the United States are fully interchangeable with shop towels produced in the subject countries, and there are no differences in product characteristics between shop towels produced in the United States and those produced in the subject countries.[23] An importer of shop towels also stated that there are no significant differences between imported and U.S.-made shop towels.[24]

U.S. Tariff Treatment

The shop towels under investigation are classified in HTS chapter 63 under HTS statistical reporting numbers 6307.10.2005 (if made of cotton) and 6307.10.2015 (if made of textile fibers other than cotton, primarily ramie–a vegetable fiber similar to flax (linen) in appearance and properties). Shop towels were classified under the former Tariff Schedules of the United States (TSUS) in schedule 3 and

[21] Milliken's posthearing brief, part II, question 9, p. 17.
[22] Cotton yarns, especially the heavier filling yarns, become fluffier and more absorbent after washing.
[23] Producers' questionnaire, section IV-B.25, p. 21.
[24] ***, telephone interview with USITC staff, November 30, 1999.

reported under TSUSA item 366.2840 (covering not ornamented, not jacquard-figured shop towels, of[25] cotton).

The column 1-general rate of duty for imports of shop towels is 7.9 percent ad valorem in 1999 and will be 7.4 percent ad valorem in 2000,[26] lower than the 10.5-percent ad valorem rate which was in effect when the TSUS was replaced by the HTS. Under the Uruguay Round Agreements Act (URAA), the United States will reduce the tariff on the subject shop towels from the pre-URAA (1994) rate of 10.5 percent ad valorem to 5.3 percent ad valorem as of 2004.

Textile Agreements

During each of the original investigations, importation of shop towels was subject to control under the Multifiber Arrangement (MFA)[27] and was covered by quota categories 369 (other cotton manufactures) and 863 (silk, linen, or ramie towels). On January 1, 1995, the Agreement on Textiles and Clothing (ATC) became part of the WTO agreements and replaced the MFA. The ATC provides for the elimination of the quotas over a 10-year transition period, after which textiles and apparel would become subject to the same WTO disciplines and the same rules as trade in other sectors. All WTO countries are subject to ATC disciplines, and only WTO countries are eligible for ATC benefits.

The ATC provides for the elimination of quotas through two mechanisms: product integration, including quota removal, and acceleration of growth rates for the quotas still in effect during the 10-year transition period.[28] The ATC required WTO countries to integrate at least 16 percent of their sector trade into the GATT regime on January 1, 1995, and another 17 percent on January 1, 1998 (based on their respective 1990 import volumes). The countries are to integrate at least another 18 percent of the trade

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[25] "Of" was defined as meaning "wholly or in chief value of the named material." See general headnote and rule of interpretation 9(e)(I) of the former TSUS. The term "of" now means "having the essential character of," in Customs' application to imported goods. To help ascertain if a textile article has the essential character "of cotton," for example, Customs often looks to see if cotton is the fiber in chief weight–the primary criterion applied to textile goods. See general note 19(e) to the HTS for related definitions; see General Rules of Interpretation 2(b) and 3.

[26] Preferential tariff treatment exists for imports of shop towels from certain countries, but not from the subject countries. Qualifying imports of shop towels from Canada and Mexico receive either duty-free (Canada) or reduced duty treatment (Mexico) under NAFTA. Shop towel imports from Israel are eligible for duty-free entry under the United States-Israel Free-Trade Area Implementation Act of 1985. The subject shop towels are not eligible for duty-free entry under the Generalized System of Preferences (GSP) or the Andean Trade Preference Act. The cotton shop towels are ineligible for duty-free treatment under the Caribbean Basin Economic Recovery Act (CBERA); however, shop towels made primarily of ramie or flax classified in HTS number 6307.10.2015 are eligible for duty-free entry under the CBERA.

[27] Sanctioned by the General Agreement on Tariffs and Trade (GATT), the MFA was implemented in 1974 to deal with market disruption in importing developed countries, while allowing exporting developing countries to expand their share of world trade in these products. The MFA covered products of cotton, wool, manmade fibers, and since August 1986, silk blends, linen, and ramie. Quotas could be established through the negotiation of bilateral agreements or, in the absence of mutually agreeable limits, imposed unilaterally by the importing country for up to 2 years.

[28] Integration means that any existing quotas on integrated products under MFA rules automatically become void and no new quotas may be imposed upon such products unless there has been a determination of serious injury under GATT article XIX, the safeguards provisions. U.S. House of Representatives, Committee on Ways and Means, *Overview and Compilation of U.S. Trade Statutes*, 105th Cong., 1st sess. (Washington, DC: U.S. Government Printing Office (GPO), June 25, 1997) WMCP 105-4, p. 120.

on January 1, 2002, and the remainder on January 1, 2005. As sector goods are integrated into the GATT regime, they become subject to normal GATT rules. Trade in shop towels is scheduled to be integrated on January 1, 2005.

The acceleration of quota growth rates under the ATC is likely to affect U.S. import levels sooner than product integration, because most import-sensitive sector goods will remain under quota throughout the transition period. The ATC required the importing countries to increase the quota growth rates for major supplying countries by 16 percent on January 1, 1995, by another 25 percent on January 1, 1998, and by yet another 27 percent in 2002. For small suppliers (i.e., countries accounting for 1.2 percent or less of an importing country's total quotas in 1991), quota growth rates were advanced by one stage--that is, they were increased by 25 percent in 1995 and by 27 percent in 1998.[29] The acceleration of quota growth rates is based on the rates specified in the bilateral MFA agreement in place on December 31, 1994. The base rates by which the quotas will grow annually vary by country and by product. In the case of shop towels, the base rates vary by country and ranged from less than 1 percent to 7 percent. Because Bangladesh and Pakistan had base rates of 7 percent, their annual quota growth rate was 8.12 percent in stage one (1995-97), 10.15 percent in stage two (1998-2001), and 12.89 percent in stage three (2002-2004).

Subject Suppliers

The United States currently has quotas on imports of textiles and apparel from China, Pakistan, and Bangladesh, as it did at the time of the original investigations. Of these countries, only China is not a WTO member and, therefore, not eligible for the quota phase out or accelerated quota growth mechanism. However, the United States has been negotiating bilateral textile agreements, which have included quotas, with China under the provisions of section 204 of the Agricultural Act of 1956 since January 30, 1980, when China obtained provisional normal trading relations (NTR) status. During the original investigation involving cotton shop towels from China in 1983, quota category 369–a basket category covering many different types of manufactured cotton textile products, including cotton shop towels–had no specific limit, or quota. In the current bilateral textile agreement with China, there are specific limits on imports of cotton shop towels (subcategory 369-S) and shop towels made of other textile fibers (primarily a blend of cotton and ramie) (subcategory 863-S) from China. China's specific limit for cotton shop towels (subcategory 369-S) was only 1.1 percent filled in 1998 and was 5.2 percent filled as of October 1999. China did not fill any of its quota on imported shop towels classified in subcategory 863-S in 1998 as there were no imports. China filled 2.7 percent of the quota on subcategory 863-S as of October 1999.

At the time of the original investigation involving cotton shop towels from Pakistan in 1984, a bilateral textile agreement with Pakistan, effective from January 1, 1982, through December 31, 1986, provided for a designated consultation level (DCL)[30] for category 369. Pakistan filled this quota in 1982 and requested two increases in the quota in 1983. At the time of the second request for an increase, the

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[29] Of the small suppliers, only Egypt is a significant supplier of shop towels to the U.S. market. The other small suppliers subject to U.S. quotas for textiles and apparel are Bahrain, Bulgaria, Colombia, Costa Rica, Czech Republic, Dominican Republic, El Salvador, Fiji, Guatemala, Hungary, Jamaica, Kenya, Kuwait, Macau, Mauritius, Poland, Qatar, Romania, Slovak Republic, United Arab Emirates, and Uruguay.

[30] A DCL is a more flexible import control than specific limits; DCLs are usually somewhat above existing levels of trade, and once reached cannot be exceeded unless the United States agrees to further shipments. They normally apply to categories in which trade is not as great as in those for which specific limits are set and are determined annually through the consultation procedure with each bilateral country with which they exist.

U.S. Government proposed establishing a separate subcategory and specific limits on shop towels and certain kitchen towels, which the Government of Pakistan accepted. Pakistan filled nearly 95 percent of this specific limit in 1983. Pakistan filled 100 percent of the quota on cotton shop towels in 1998 and 64 percent of the quota as of October 1999. There currently are no quotas on imports from Pakistan under category 863 or subcategory 863-S.

At the time of the original investigation involving shop towels from Bangladesh in 1992, there was a quota on imports of shop towels from that country. The quota was negotiated following a quota call made by the U.S. Government in October 1990. Currently, there is a specific limit on imports of cotton shop towels from Bangladesh, which was 100 percent filled in 1998 and 87 percent filled as of October 1999. There have been no quotas on imports of shop towels from Bangladesh classified in subcategory 863-S.

The issue of accelerated quota growth rates under the ATC was raised at the Commission hearing in discussion of China's potential to become a large supplier to the U.S. shop towel market if the dumping duties were removed.[31] To follow up, staff compared the accelerated quota growth levels through 2004 for China (assuming China becomes a member of the WTO), Bangladesh, and Pakistan. As shown in the figure I-1 on the following page, China's annual quota levels remain relatively low, rising from a base 1994 quota of 607,725 kilograms to 625,954 kilograms in 2004, because of its extremely low base quota growth rate of 0.2 percent. In contrast, Bangladesh's quota levels increase to 3,407,056 kilograms in 2004, because of its high 1994 base quota level of 1,272,790 kilograms and a high base quota growth rate of 7 percent. The 1994 base quota for imports of shop towels from Pakistan is lower than that of China's at 524,319 kilograms. However, Pakistan has the same 7-percent base quota growth rate as that of Bangladesh. Therefore, by 2004, imports of shop towels from Pakistan could increase to 1,403,520 kilograms--a considerably higher quota level than that of China.

Imports of shop towels from Bangladesh and Pakistan will become unrestrained when quotas on imported textile articles from WTO-member countries are eliminated on January 1, 2005. According to the current U.S.-China textile agreement, the quota on its shipments of shop towels to the United States would also be eliminated. However, even if it has by then become a WTO member, the imports from China likely will be subject to a consultation mechanism for 4 additional years beyond the termination of textile quotas from WTO countries–that is, from January 1, 2005, to December 31, 2008.[32] This consultation mechanism will allow the United States to place a quota on imports from China if it believes that these imports are causing or threatening to cause U.S. market disruption. Action taken under this consultation mechanism cannot remain in effect beyond 1 year, without re-application, unless both countries agree.

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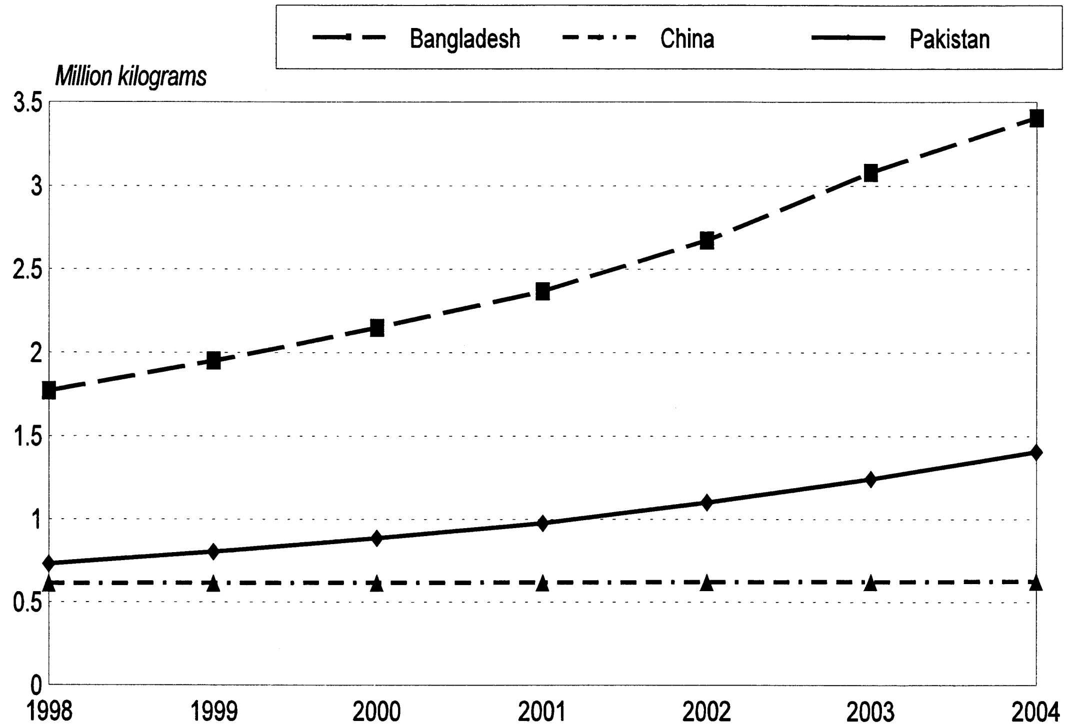
[31] See hearing transcript, pp. 52-56.

[32] The provisions for this consultation mechanism are found in paragraph 8, subparagraph (A) of the current U.S.-China bilateral textile agreement. It is assumed at this time that this provision will be a part of the U.S.-China agreement regarding the assession of China to the WTO.

Figure I-1
Shop towels (subcategory 369-S): U.S. quota levels for Bangladesh, Pakistan, and China, assuming WTO accelerated quota growth rates, 1998-2004



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

Nonsubject Suppliers

U.S. imports from all of the major nonsubject suppliers of shop towels, except Russia, are also covered by quotas. These suppliers, together with Bangladesh and Pakistan, accounted for 90 percent of the total quantity of imports of shop towels in 1998. These nonsubject suppliers, their 1998 quota levels, and the percent of quota filled in 1998 are shown in the tabulation below:

Country	Quota level *(Kilograms)*	Quota filled *(Percent)*
Turkey	1,842,488	100.0
Egypt	1,498,989	87.5
Nepal	927,000	98.1
Indonesia	891,445	100.0
Sri Lanka	855,842	100.0
India	717,375	100.0

The quotas on imports from all of these countries, except Nepal, which is not a WTO member country, are subject to the quota phase out provisions of the ATC, including the accelerated quota growth rates. The quota level for the nonsubject suppliers together increases by almost 67 percent during 1998-2004. This compares with the increase in Bangladesh's quota level of 92 percent during the period.

U.S. MARKET PARTICIPANTS

U.S. Producers

Reportedly, there are three domestic companies currently producing cotton shop towels: (1) Milliken; (2) Kleen-Tex Industries; and (3) Blue Ridge Textiles.[33] The Commission sent producers' questionnaires to the three companies, all in Georgia.[34] According to the petitioner, "Milliken accounts for most shop towel production in the United States."[35] [36] In addition, Milliken is reportedly the only U.S. producer that is vertically integrated from the production of fabric to the production of shop towels. The firm, one of the larger textile producers in the United States, also produces a wide array of other textile products. In addition to shop towels, Milliken's KEX Division also produces a *** of bar towels as well as such products as mats and mops at its LaGrange, GA, facility. Blue Ridge Textiles purchases cloth to manufacture shop towels. The company also produces laundry bags, slings, mats, and dust mops in its Blue Ridge, GA, facility.

The number of firms producing cotton shop towels declined after the antidumping and countervailing duty orders were imposed. Milliken believes that the number of domestic producers declined after the orders were imposed due to intense price competition from subject and nonsubject imports. Milliken indicated that Bangladesh and Pakistan imports increased dramatically beginning in 1995 after reductions in the applicable margin rates, and they entered the U.S. market at per-unit values that were *** than shop towels produced by the domestic industry. According to Milliken, these imports had a *** impact on the domestic industry. Milliken also claims that the rapid rise of nonsubject imports in recent years further weakened the domestic industry and forced several domestic producers to exit the market. The petitioner believes that *** ceased manufacturing shop towels in the fall of 1998 due to intense competition from Mexican imports, and that Federal Bag Co. exited the market due to the proliferation of nonsubject imports in recent years.[37]

U.S. Importers

The Commission sent importers' questionnaires to 15 firms that were identified by the U.S. Customs Service as having imported goods classified under statistical reporting numbers 6307.10.2005 and 6307.10.2015 of the HTS with a customs total value of over $500,000 during January-July 1999.

Of the 15 firms, 8 submitted responses to the questionnaire. Reportedly, *** and *** are two of the largest importers of cotton shop towels from the subject countries. *** imports cotton shop towels

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[33] No related party issues exist with respect to the three domestic producers. They are not related to the foreign producers or importers in any way, and do not themselves import the subject merchandise.

[34] ***.

[35] Response of Milliken & Company to the Notice of Institution of Five-Year Reviews, p. 14.

[36] ***.

[37] Milliken's posthearing brief, part II, question 5, pp. 11-12.

from Pakistan, and *** imports from Bangladesh. *** did not report import data by country. However, based on 1998 U.S. Customs data, Bangladesh was by far ***'s largest source of cotton shop towels from the subject countries. The other three respondents reported importing from sources other than those under investigation. For the purpose of this report, import data presented are from official statistics of the U.S. Department of Commerce.

Channels of Distribution

U.S. producers typically sell most shop towels to laundry services which rent and clean the towels for industrial end users. Smaller quantities are sold to distributors for resale to other distributors, laundry services, and end users. Most domestic shop towel sales to industrial laundry services are transacted through the producers' sales personnel, who may also provide sales and product services. Product and support services are important to industrial laundry services that frequently replenish shop towels lost to general usage and attrition.

U.S. Purchasers

The Commission sent questionnaires to 38 firms that were believed to be purchasers of shop towels. ***. A total of 16 responses were received, 8 from industrial laundries and linen services, 7 from distributors, and 1 from a retailer. These companies are distributed throughout the United States. One company, ***, has a related firm, ***, that imports the subject towels.

APPARENT U.S. CONSUMPTION

The quantity of apparent U.S. consumption increased by 15.9 percent from 1997 to 1998, and by 27.5 percent in January-June 1999 over the same period in 1998, as shown in table I-2. The value of U.S. consumption increased by 11.0 percent from 1997 to 1998, and by 19.0 percent in the first half of 1999 over the same period in 1998.

U.S. MARKET SHARES

Table 1-3 shows that from 1997 to 1998, the market share held by U.S. producers decreased by 2.4 percentage points on the basis of quantity and 3.5 percentage points on the basis of value, while the share held by imports from nonsubject sources increased by 4.8 percentage points in terms of quantity, and 10.7 percentage points in terms of value. In the first half of 1999 compared with the same period in 1998, the market share held by U.S. producers fell by 9 percentage points on the basis of quantity, and 10.4 percentage points based on value. During the same period, the share held by nonsubject imports increased by 10.4 percentage points in quantity, and 10.7 percentage points in value. From 1997 to 1998, the share of imports from Bangladesh in terms of value decreased by 1.0 percent, while Pakistan's share fell by 0.4 percent; in the first half of 1999 compared with the same period in 1998, Bangladesh's share increased by 0.1 percent and Pakistan's declined by 0.8 percent. During the period under discussion, U.S. imports from China were nil.

Table I-2
Cotton shop towels: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June 1998	January-June 1999
	Quantity (*1,000 towels*)			
U.S. producers' shipments	154,643	166,471	81,989	77,228
U.S. imports from-- Bangladesh	57,892	60,293	32,891	42,270
China	0	5	0	599
Pakistan	25,707	25,514	13,396	11,943
Subtotal	83,600	85,812	46,287	54,812
All other	192,191	246,443	110,315	172,219
Total U.S. imports	275,790	332,256	156,602	227,031
Apparent U.S. consumption	430,433	498,727	238,591	304,259
	Value ($*1,000*)			
U.S. producers' shipments	21,097	21,506	10,578	9,340
U.S. imports from-- Bangladesh	5,543	5,606	3,117	3,747
China	0	7	0	113
Pakistan	2,416	2,446	1,266	1,266
Subtotal	7,959	8,059	4,383	5,126
All other	19,692	24,524	11,156	16,600
Total U.S. imports	27,651	32,583	15,539	21,726
Apparent U.S. consumption	48,748	54,089	26,113	31,066

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

Source: Compiled from data submitted in response to Commission questionnaires and official statistics of the U.S. Department of Commerce.

Table I-3
Cotton shop towels: Apparent U.S. consumption and market shares, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June 1998	January-June 1999
	Quantity (*1,000 towels*)			
Apparent U.S. consumption	430,433	498,727	238,591	304,259
	Value (*$1,000*)			
Apparent U.S. consumption	48,748	54,089	26,113	31,066
	Share of quantity (*percent*)			
U.S. producers' shipments	35.9	33.4	34.4	25.4
U.S. imports from-- Bangladesh	13.4	12.1	13.8	13.9
China	0	([1])	0	0.2
Pakistan	6.0	5.1	5.6	3.9
Subtotal	19.4	17.2	19.4	18.0
All other	44.7	49.4	46.2	56.6
Total U.S. imports	64.1	66.6	65.6	74.6
	Share of value ($*1,000*)			
U.S. producers' shipments	43.3	39.8	40.5	30.1
U.S. imports from-- Bangladesh	11.4	10.4	11.9	12.1
China	0	([1])	0	0.4
Pakistan	5.0	4.5	4.8	4.1
Subtotal	16.3	14.9	16.8	16.5
All other	40.4	45.3	42.7	53.4
Total U.S. imports	56.7	60.2	59.5	69.9

[1] Less than 0.05 percent.

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

Source: Compiled from data submitted in response to Commission questionnaires and official statistics of the U.S. Department of Commerce.

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

U.S. MARKET SEGMENTS

There are two primary market segments in the shop towel industry: (1) industrial laundry and linen supply services and (2) the retail market. The primary competition in this industry occurs in the industrial laundry and linen supply services segment. The domestic producers do not sell to the retail market.[1]

CHANNELS OF DISTRIBUTION

Three channels of distribution exist: sales to distributors, sales to end users (which include industrial laundries and retail stores), and internal consumption.[2] The majority of domestically produced shop towels are sold directly to industrial laundries and linen supply services, which rent to (and clean the towels for) industrial end users, and a small amount is sold to distributors. Importers sell to distributors, industrial laundries, and retail stores.

The geographic market served by two producers' and three importers' shop towels is the continental United States. One importer distributes its towels in the eastern half of the United States and another importer distributes them in the Atlanta/Charleston area and Los Angeles.

MARKET STRUCTURE

Participants

The shop towel industry has changed somewhat since the imposition of the antidumping duty on imports from Bangladesh in 1992. At that time, one integrated producer, six converters, and five toll producers existed. At present, there are three known domestic producers, Milliken, Blue Ridge Textiles, and Kleen-Tex. Blue Ridge Textiles started producing shop towels in 1993 and currently produces an all-cotton and a blended towel.[3] Milliken is an integrated producer while Blue Ridge and Kleen-Tex are converters.

Production

At the time of the 1992 investigation, Milliken's share of domestic production was *** percent;[4] it has declined to *** percent in 1998. Blue Ridge Textile's share of domestic production was *** percent in 1998 and Kleen-Tex' share was *** percent.

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[1] According to Terry Topp, a representative of Milliken, domestically produced shop towels cannot compete on the basis of price with imported towels in the retail market; hearing transcript, pp. 14-16. As indicated by several importers and purchasers, the retail market has been a growing segment.

[2] Blue Ridge Textiles makes ***. Telephone conversation with ***, October 11, 1999.

[3] The composition of Blue Ridge Textiles' blended towel is 90 percent cotton and 10 percent manmade material.

[4] See Investigation No. 731-TA-514 (Final): Shop Towels from Bangladesh, Confidential Staff Report, p. I-22.

Product

The product has changed slightly since 1992. The blended shop towels produced by Milliken, Blue Ridge, and Kleen-Tex generally contain about 90 percent cotton fiber. Imported shop towels from Bangladesh and Pakistan are sold as 100 percent cotton, although they may contain a certain amount of manmade fibers.[5] [6] One importer commented that the overall weight of the shop towel has decreased. Milliken also commented that the weight of its towel has declined over time.[7] One domestic producer reported that there are more requirements for a higher quality, lint free towel than in years past.

U.S. Market Leadership

According to questionnaire responses, no price or quantity leaders exist in the domestic shop towel market. The industry's Herfindahl index (excluding internal shipments) is estimated to be very low for 1998, in the range of 2.9 to 7.8 percent.[8]

Importers and purchasers were asked if individual firms affected price. One importer, ***, responded that Milliken influences the price of shop towels by using trade laws to protect its business and to increase the cost of doing business of importers through countervailing duty and antidumping duty margins. Another importer, ***, listed *** as affecting the price of shop towels. All responding purchasers and five responding importers answered either "no" or "unknown." One domestic producer listed several importers that have influenced the wholesale market by reduced quality and prices of shop towels.[9]

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[5] When the United States imported sizable quantities of shop towels from China, the content of those towels was 55 percent cotton and 45 percent ramie. Durability in shop towels used to be considered an important quality factor. Absorbency is now considered an important quality factor and cotton increases a towels absorbency. (Conversation with ***, September 29, 1999.) In addition, Milliken asserts that no physical difference exists between a domestically produced shop towel and an imported shop towel. The content of its towel is 90 percent cotton and Milliken alleges that the imported towels also contain approximately 90 percent cotton, although they are sold as 100 percent cotton. According to ***, ***, and ***, a 90 percent cotton and 10 percent polyester shop towel is considered a blended towel in the market. The towels that *** and *** purchase are 100 percent cotton; phone conversations, October 4, 1999. According to ***, an importer, imports from Bangladesh and Pakistan are 100 percent cotton; phone conversation, October 19, 1999.

[6] Data on Chinese shop towels are not available since there were few subject imports during the reporting period.

[7] Milliken asserted that it had to reduce the weight of its towel in order to be competitive with imports. It still produces a heavyweight towel, which it generally prices 2-3 cents higher than its light to medium weight. Sales of this heavyweight towel comprise about 1 percent of its sales. Hearing transcript, pp. 59-62.

[8] The Herfindahl index is the sum of the square of the producers' market share; a monopoly would have a Herfindahl index of 100 percent. This range was calculated using reported domestic market share, the Pakistani imports divided between 11 producers, the Bangladeshi imports divided between 14 producers, and treating the other countries as single producers.

[9] *** listed *** as importers affecting the market.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. shop towel producers are likely to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced shop towels to the U.S. market. The main factor contributing to the high degree of responsiveness of supply is the availability of unused capacity.

Industry capacity

Industry capacity utilization fell from 49.4 percent in 1997 to 39.3 percent in 1998 and from 39.7 percent in January-June 1998 to 39.0 percent in January-June 1999. U.S. producers, however, increased capacity by 71.5 million shop towels between 1997 and 1998 and by 5.2 million shop towels between the two interim periods.

Export markets

Alternative markets for the export of domestically produced shop towels are virtually non-existent. In 1988, *** exported approximately *** percent of its shipments ***. Domestic producers *** export shipments of shop towels during the investigative period for the current reviews.

Inventory levels

The ratio of producers' end-of-period inventories to total shipments increased somewhat from *** percent in 1997 to *** percent in 1998. During January-June 1999, this ratio increased to *** percent as compared with *** percent in the same time frame in 1998.[10]

Production alternatives

One domestic producer, ***.[11] ***.[12]

Subject Imports

Pakistan is the only country that provided information in response to Commission questionnaires. Two questionnaires were returned from Chinese producers that do not produce shop towels. Very limited

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[10] ***.

[11] Milliken reportedly started producing a synthetic shop towel recently that is being tested for use in low lint applications. It is being produced using the same equipment and machinery. The pricing on this product will be higher than the cotton blend shop towel. *Industrial Launderer Magazine*, April 1999. ***. Conversation with ***, November 29, 1999.

[12] ***.

information on imports from Bangladesh and China were provided through an information request to the State Department.

Bangladesh imports

The capacity for Bangladesh shop towel production is estimated to be twice that of its production. Production numbers are unavailable, however. Finished inventory is estimated to be minimal because production is driven by overseas orders and the finished product is immediately shipped. The major constraint on exports to the U.S. market is a bilaterally agreed quota on shop towels, which the industry there would like to, and plans to, fully utilize in 1999 and 2000. Bangladesh filled its quota in 1998 and 60 percent of the annual quota was filled in January-June 1999. The United States is the only export market for Bangladesh shop towels.[13]

Chinese imports

China currently produces shop towels, but its primary markets are Japan, Hong Kong, Germany, and South Korea. According to official Customs data, a small amount of shop towels were imported from China, but other information is unavailable.[14] [15]

Pakistan imports

Based on available information, the Pakistani producers are likely to respond to changes in demand with some change in the quantity of shipments of shop towels to the U.S. market. The main factor contributing to the low degree of responsiveness of supply is the U.S. quota restriction on shop towels from Pakistan under the WTO Agreement on Textiles and Clothing. Pakistan filled its quota in 1998 and 40 percent of its annual quota was filled in January-June 1999. Available data indicate that Pakistani producers cannot switch production between shop towels and other products. Pakistani producers have no plans to increase their production capacity until the year 2005. At that time, trade in textiles and clothing is to be liberalized and Pakistani producers will evaluate their competitiveness vis-a-vis their competitors to determine if capacity should be expanded.

Based on Commission questionnaires, total Pakistani capacity increased slightly from 24.4 million shop towels in 1997 to 25.9 million shop towels in 1998. Production also increased from 16.9 million to 18.0 million shop towels over the same period. Official U.S. Commerce data, however, show the total quantity of shop towel imports from Pakistan to be 25.5 million in 1998. Capacity utilization rose slightly from 69.2 percent in 1997 to 69.4 percent in 1998. The ratio of Pakistani shop towel inventories to shipments increased from 10.2 percent in 1997 to 12.8 percent in 1998.

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[13] State Department incoming telegram Dhaka 02275, September 22, 1999.

[14] State Department incoming telegram Beijing 1924, September 24, 1999.

[15] ***.

U.S. Demand

Demand Characteristics

Shop towels are highly absorbent and resistant to stretching or tearing, and can withstand washing at high temperatures. They are used to wipe and clean heavy, stubborn substances such as grease, oil, or ink from machinery in printing shops, steel mills, and a variety of other industrial and commercial establishments. Shop towels that are purchased by industrial laundries and linen supply services are generally rented to various industrial and commercial establishments. The retail market also purchases shop towels through importers and distributors. This market has been a growing segment of the shop towel industry.

Demand for shop towels generally follows overall business cycles in the U.S. economy and, according to Milliken, ***.[16] U.S. consumption of shop towels rose from 387 million shop towels in 1990 to 499 million shop towels in 1998. The increase in apparent consumption from 1997 to 1998 was 68 million shop towels or 15.9 percent.[17]

Substitute Products

Producers, importers, and purchasers were asked if there are any possible substitutes for shop towels. One importer and five purchasers indicated that substitutes existed, including paper towels, terry cloth towels, and rags. Two purchasers commented that paper is an unsatisfactory substitute and disposal of the paper towels is a problem. Terry cloth towels are also considered unsatisfactory in performance and are also more costly. Rags were listed as a competitive alternative in low-end uses. Two domestic producers, four importers, and four purchasers did not know of any substitutes for shop towels.

Cost Share

Purchasers were asked what share of the total cost of their product/service was made up by shop towels. Of the 16 responding purchasers, 10 either did not answer this question or did not know the answer. Generally, if the end user is an industrial laundry service, the cost of shop towels varies by the type of renter. Four purchasers gave usable responses that ranged widely from 5 to 50 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported shop towels depends upon such factors as relative price, quality (e.g., serging, durability, number of times it can be washed, weight, absorbency, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, leadtimes between order and delivery dates, payment terms, product services, etc.). Based on available data, staff

[16] Response to Commission questionnaire. See also hearing transcript, p. 14.

[17] For purposes of this report, the data on apparent consumption are composed of the sum of U.S. producers' domestic shipments of shop towels, as reported in response to Commission questionnaires, and U.S. imports of shop towels, as compiled from the U.S. Department of Commerce official statistics.

believes that there is a high degree of substitution between domestic shop towels and shop towels from Pakistan and Bangladesh that are part of the U.S. market.[18]

Factors Affecting Purchasing Decisions

Available data indicate that several factors influence purchasing decisions for shop towels. Purchasers were asked to list the top three factors that they consider when choosing a supplier of shop towels. Table II-1 summarizes the responses to this question.

As indicated in the table, price and quality are the two most important characteristics considered when purchasing shop towels. This question was answered by seven industrial laundry firms, seven distributors, and one retailer. Price was the most important factor considered for five industrial laundries and two distributors and quality was the most important factor for two distributors, two industrial laundries, and one retailer.

Table II-1
Shop towels: Ranking of factors affecting purchasing decisions, as reported by U.S. purchasers

Factor	Number one factor	Number two factor	Number three factor
	Number of firms reporting		
Price	7	3	1
Quality	5	3	6
Availability/consistent supply	2	3	3
Pre-arranged contracts	2	1	-
Credit/payment terms	-	2	1
Freight costs	-	1	-
Traditional suppliers/ ease of doing business	-	1	1

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

[18] Although staff believes that the degree of substitutability is high, some applications exist where an imported towel is better suited. In the April 1999 issue of the *Industrial Launderer*, Blue Ridge Textiles is quoted as saying "If you've got an abusive customer, Blue Ridge recommends use of a less expensive (probably imported) towel in the account." In the same issue, American Dawn discusses its Brand C towels, which are imports from Bangladesh and Pakistan. It says that this towel is designed as a limited-use product for rental operations that have high loss factors and heavy customer abuse. American Dawn's Brand C towel is marketed as the towel customers use to save money when not concerned with rental life.

The results depicted in table II-1 are further supported by purchasers' responses to the question on how often their firm's purchasing decisions for shop towels are based mainly on price. Three purchasers reported always, two purchasers reported usually, and seven stated sometimes. Three reported that they never base their purchases on price. Of the 12 responding purchasers whose purchases were not always based on price, the next most important considerations were quality and availability of supply.

Some purchasers (6 of 15) required suppliers to become certified or pre-qualified. Of the six requiring pre-qualification, four required it on 100 percent of their shop towels and one required it on 98 percent. The sixth purchaser did not indicate the amount requiring pre-qualification.

Comparisons of Domestic Products and Subject Imports

Few imports from China have entered the U.S. market in the last 2 years, although imports from Bangladesh and Pakistan remain a part of the U.S. shop towel market. U.S. producers, importers, and purchasers agree that domestically produced shop towels and subject imports are interchangeable. One importer reported that differences in quality characteristics and sales conditions between U.S.-made shop towels and those made in Bangladesh and Pakistan were significant factors in its sales of shop towels. Four importers reported that these factors are insignificant. Five importers noted that price differences between U.S. shop towels and those made in Bangladesh and Pakistan are significant in their sales while one importer reported that price differences were not significant. One importer added that shop towels from Bangladesh are cheaper than the U.S.-made towels due to higher labor costs in the United States and higher margins of profit by U.S. mills. Four purchasers reported that they only buy U.S.-made shop towels. Another purchaser reported that domestic towels tend to be heavier than imported towels.

Two purchasers compared U.S. and Pakistani shop towels on 14 requested factors. Both purchasers said that Pakistani shop towels are lower in price and one reported that Pakistani shop towels are superior in delivery time, discounts, and transportation costs. One of the purchasers ranked Pakistan as being inferior in technical support and service. The United States and Pakistan were comparable on all other factors. Two purchasers bought shop towels from Pakistan before and after 1984, the year of the initial countervailing duty order, two purchasers did not buy shop towels before 1984 but purchase them now, and one purchaser was not sure if it bought shop towels before the year of the initial order, but it purchases them now.

Three purchasers compared shop towels from the United States and Bangladesh on the 14 requested factors. All three purchasers agreed that Bangladesh was lower in price. Two purchasers agreed that discounts offered were superior and one each reported that delivery time, delivery terms, and U.S. transportation costs were superior to the U.S. product. One purchaser reported that shop towels from Bangladesh were inferior with regard to transportation networks and another purchaser reported that they were inferior in technical support and service. The United States and Bangladesh are reportedly comparable on all other factors. One purchaser purchased Bangladesh shop towels before and after 1992, the year of the initial antidumping duty order, two purchase them currently but are not sure it they purchased them before, and three purchase them currently but did not purchase shop towels before 1992.

Comparisons of Domestic Products and Nonsubject Imports

There are a multitude of nonsubject imports of shop towels from various countries, but seven countries' imports dominated the U.S. market in 1998. These countries, ranked from the largest quantity of imports to the lowest and excluding Bangladesh and Pakistan, are Egypt, Turkey, Indonesia, Sri Lanka, Russia, Nepal, and India.

U.S. producers, importers, and purchasers agree that domestically produced and nonsubject shop towels are used interchangeably in the same applications. One purchaser noted that Russian towels were not purchased because of inconsistent supply, linting, and contamination. Imports from nonsubject countries composed 49.4 percent of the U.S. market for shop towels in 1998. The increase in nonsubject imports accounted for nearly 80 percent of the 15.9 percent increase in apparent consumption from 1997 to 1998. Most of the nonsubject imports are also subject to bilaterally agreed upon quotas. Most of these nonsubject countries filled, or came close to filling, their quotas in 1998. These quotas have growth rates as well, and the quantities allowed will grow in the future. Russia is a new supplier of shop towels to the U.S. market and is not subject to quotas at this time.

When asked if the availability of nonsubject imports of shop towels has changed, one domestic producer and seven importers were unaware of any change. One domestic producer reported that Nepal has increased its shipments to the United States since 1995 and one importer noted that shop towels from Nepal are cheaper than U.S.-made towels due to higher labor cost in the United States and higher profit margins by U.S. mills. One importer noted that shop towels from Turkey are more costly than towels from other countries and are not substitutable with other towels for this reason.

Comparisons of Subject Imports and Nonsubject Imports

U.S. producers, importers, and purchasers agree that subject and nonsubject shop towels are used interchangeably in the same applications. Three purchasers reported that they increased their purchases of nonsubject imports because of the countervailing/antidumping duty orders.

Comparisons of Subject Products from the Subject Countries

U.S. producers, importers, and purchasers agree that products from subject countries are used interchangeably in the same applications.

ELASTICITY ESTIMATES

The following elasticity estimates are used in the COMPAS analysis presented in appendix G. Parties have had the opportunity to comment; comments are addressed below.

U.S. Supply Elasticity[19]

The domestic supply elasticity for shop towels measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of shop towels. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced shop towels. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 6 is suggested. These estimates are based primarily on the availability of excess domestic capacity, which suggests that domestic producers are able to respond to price changes with changes in production levels.

[19] A supply function is not defined in the case of a non-competitive market.

U.S. Demand Elasticity

The U.S. demand elasticity for shop towels measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of shop towels. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the shop towels in the production of any downstream products. Based on the available information, the aggregate demand for shop towels is likely to be inelastic; a range of 0.4 to 1.0 is suggested.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[20] Product differentiation, in turn, depends upon such factors as quality (e.g., serging, durability, number of times it can be washed, weight, absorbency, reliability of supply, defect rates, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced shop towels and imported shop towels is likely to be in the range of 3 to 5.[21]

Exogenous Growth in Demand

As discussed previously, Milliken expects growth in demand to parallel the overall growth in the U.S. economy. Based on available information, exogenous growth in demand for shop towels is likely to be in the range of 2 to 3 percent per year (although apparent consumption increased 15.9 percent from 1997 to 1998, staff believes this to be atypical).

Elasticity of Foreign Supply

The price elasticity of import supply for shop towels produced in Bangladesh, Pakistan, and China depends on many of the same factors relevant in the U.S. industry: the extent of excess capacity, the availability of alternative production possibilities, excess inventories, and the availability of alternative markets, which includes their respective home markets. As previously stated, Bangladesh and Pakistan filled their respective quotas in 1998, and intend to fill them in the future. China, on the other hand, filled only 1.1 percent of its quota in 1998. China has a lower growth rate for its quota than do Bangladesh and Pakistan. Most of the imports of shop towels from nonsubject countries also have quotas with specific growth rates and these countries filled or came close to filling their quotas in 1998. Russia is a new producer of shop towels and is not subject to quota restrictions at this time. The estimates for the import supply elasticity of Bangladesh and Pakistan approach 0 as these countries approach their quota levels.[22]

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[20] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like product to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

[21] Staff has adjusted this estimate downward from the pre-hearing report estimates. This estimate is based on the fact that some purchasers prefer domestic shop towels and some prefer imports. These preferences are based on quality issues. See footnote 18 (Part II)

[22] The elasticity will still approach zero with the quota growth rates.

The estimated import supply elasticity of China is in the range of 10 to 20[23] and the estimate for the rest of the nonsubject countries is in the range of 2 to 5.[24] However, staff has adjusted the supply growth rates in the COMPAS model to account for quota growth.

Milliken responded to staff estimates of foreign supply elasticities in its posthearing brief. It disagreed with the staff estimates of zero supply elasticities as these countries approach their quota levels. The reasoning used by Milliken is that the growth rates are not taken into account in the elasticity estimates and that they should be larger, in the 4 to 5 range. However, staff has allowed the foreign supply to grow using exogenous growth rates to account for this. The COMPAS model used for this analysis examines domestic market effects of revocation of the dumping/countervailing duties using 1998 data. Milliken's other concern is that the subject countries have no limits on subcategory 863-S (i.e., cotton-blend shop towels) and that these countries can export their shop towels under this "other" category. It turns out that China does have a quota restriction under this subcategory but Pakistan and Bangladesh do not. It would seem that if Pakistan and Bangladesh were to export their shop towels under this other category, they would have done so. China, on the other hand, has exported cotton blend shop towels in the past. For this reason and the fact that China barely filled its quota in 1998, staff adjusted the foreign supply elasticity of China.

MODEL FINDINGS AND DISCUSSION

This analysis uses a nonlinear partial equilibrium model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used for the analysis of trade policy changes in both partial and general equilibrium. Based on discussion earlier, staff has selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity (domestic and foreign), demand elasticity, and substitution elasticity) in the cotton shop towel market. The model uses these estimates along with data on market shares and Commerce's estimation of the likely level of dumping/subsidizing that will recur or continue.

This model uses the most recent one-year period, 1998, as the base year. It examines the domestic market as it existed in 1998 and removes the dumping/countervailing duties from the subject import prices. The model results presented in this report estimate only the effects of the revocation of the antidumping orders for shop towels from Bangladesh and China and the countervailing duty order for cotton shop towels from Pakistan on the U.S. industry as it existed in 1998. The market share of China was very small in 1998.[25] In fact, the quantities of shop towels imported from China could possibly be due to a misclassification or a special order. The COMPAS model will use this small market share, but its affects on domestic producers will be minimal. The model results suggest the possible effects of revocation of the antidumping and countervailing duties on the domestic shop towel industry over a one-year time period only. The possible effects over a longer time period are not part of this modeling exercise. The model

[23] This estimate is based on the fact that China barely filled its quotas in 1998, and could increase its exports of shop towels to the United States quite rapidly. It has quota limits on both all-cotton and blended shop towels.

[24] This estimate is based on the fact that most of the imports of nonsubject shop towels are also limited by quotas. Most of these countries filled their quotas in 1998. However, Russia, which is a new suppler, does not have a quota on shop towels.

[25] The dumping orders have effectively driven china out of the market and it is difficult to predict how the market would have reacted if China was a participant. The current quota on Chinese shop towels is 31 million shop towels; Milliken's post hearing brief, p. 9.

examines price, quantity, and revenue effects of the domestic market if the antidumping or countervailing duties were not in place during 1998. Finally, the model does not assume that all of the dumping margin will be passed forward to U.S. prices of the subject imports.

The model simulates zero demand/supply growth, low demand/supply growth, and high demand/supply growth scenarios. Based on staff's estimates and the margins given by Commerce, the modeling results indicate that in the zero growth scenario, the current (i.e., fair) levels in U.S. prices, quantities, and revenues would *** in the event that the antidumping duties of Chinese or Bangladeshi shop towels and the countervailing duty for Pakistani shop towels did not exist.[26] In the low growth scenario, the model results indicate that there would be a change in current (i.e., fair) levels in U.S. prices of ***, a change of *** from the current quantity levels of U.S. producers, and a change in the revenues of ***. Finally, in the high growth scenario, the model results indicate that there would be a change in current (i.e., fair) levels in U.S. prices of ***, a change of *** from the current quantity levels of U.S. producers, and revenues of U.S. shop towel producers would change by *** (from current levels) if the dumping or the countervailing duties did not exist.

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[26] See app. G for model results.

PART III: U.S. PRODUCERS' OPERATIONS

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

As shown in table III-1, average production capacity increased by 21.4 percent from 1997 to 1998, while production declined by 3.5 percent, resulting in a decrease in capacity utilization of 10.1 percentage points. From January-June 1998 to January-June 1999, capacity utilization decreased by 0.7 percentage points.

Table III-1
Cotton shop towels: U.S. producers' capacity, production, and capacity utilization, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June	
			1998	1999
Capacity (*1,000 towels*)	333,277	404,751	195,115	200,309
Production (*1,000 towels*)	164,637	158,952	77,533	78,130
Capacity utilization (*percent*)	49.4	39.3	39.7	39.0

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

In responding to the Commission's producers' questionnaire, Milliken reported ***. In its producer's questionnaire response, Kleen-Tex Industries reported ***. The company further indicated ***.

U.S. PRODUCERS' SHIPMENTS

As shown in table III-2, U.S. producers' U.S. shipments increased 7.6 percent in quantity and 1.9 percent in value from 1997 to 1998, while the average unit value declined by 5.3 percent. In the first half of 1999, however, U.S. shipments decreased 5.8 percent in terms of quantity and 11.7 percent in terms of value, compared with the same period in 1998; the average unit value fell 6.2 percent.

The U.S. producers responding to the Commission's questionnaire reported *** shipments of exports during the period.

U.S. PRODUCERS' INVENTORIES

U.S. producers' inventories *** between 1997 and 1998, as shown in table III-3, and the ratio of inventories to total shipments increased from *** percent to *** percent. Producers' inventories continued to grow in the first half of 1999, totaling nearly *** million towels, and the ratio of inventories to total shipments increased by *** percentage points over the first half of 1998.

Table III-2
Cotton shop towels: U.S. producers' U.S. shipments, by types, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June 1998	January-June 1999
	Quantity (*1,000 towels*)			
Domestic commercial shipments	***	***	***	***
Internal shipments	***	***	***	***
Total U.S. shipments	154,643	166,471	81,989	77,228
	Value (*$1,000*)			
Domestic commercial shipments	***	***	***	***
Internal shipments	***	***	***	***
Total U.S. shipments	21,097	21,506	10,574	9,340
	Unit value (*per 1,000 towels*)			
Domestic commercial shipments	***	***	***	***
Internal shipments	***	***	***	***
Average U.S. shipments	$136.42	$129.19	$128.97	$120.94

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

Table III-3
Cotton shop towels: U.S. producers' end-of-period inventories, 1997-98, January-June 1998, and January-June 1999

* * * * * * *

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

From 1997 to 1998, although the average number of production and related workers (PRWs) decreased by 15.7 percent, the hours worked decreased by only 0.7 percent, as shown in table III-4. From January-June 1998 to January-June 1999, the average number of PRWs declined by 11.0 percent. From 1997 to 1998, total wages paid decreased 12.0 percent and hourly wages declined 11.4 percent. In the first half of 1999, wages increased by 10.9 percent and hourly wages increased 9.2 percent over the year-earlier period. Productivity decreased 2.8 percent in 1998, while unit labor costs decreased by 8.9 percent. In the first six months of 1999, productivity decreased 0.7 percent from that in the year-earlier period, while unit labor costs increased by 10.0 percent.

Table III-4
Average number of production and related workers producing cotton shop towels, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June	
			1998	1999
PRWs (*number*)	172	145	155	138
Hours worked (*1,000 hours*)	416	413	202	205
Wages paid (*$1,000*)	3,995	3,515	1,667	1,848
Hourly wages	$9.60	$8.51	$8.25	$9.01
Productivity (*towels per hour*)	395.8	384.9	383.8	381.1
Unit labor costs (*per 1,000 towels*)	$24.27	$22.11	$21.50	$23.65

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

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

Two producers[1] of cotton shop towels provided financial data. Milliken is an integrated producer while *** is a converter.

Operations on Cotton Shop Towels

Income-and-loss data for the U.S. producers' cotton shop towels operations are presented in table III-5 and selected financial data, by firm, (including data on a per-thousand-towels basis) are shown in table III-6. The operating income margin of *** percent of total net sales in 1997 decreased to a margin of *** percent in 1998. The operating margin improved from *** percent in January-June 1998 to *** percent in January-June 1999.

Table III-5
Results of operations of U.S. producers in the production of cotton shop towels, fiscal years 1997-98, January-June 1998, and January-June 1999

* * * * * * *

Table III-6
Results of operations of U.S. producers in the production of cotton shop towels, by firms, fiscal years 1997-98, January-June 1998, and January-June 1999

* * * * * * *

[1] U.S. producers of cotton shop towels and their fiscal year ends are Milliken (***) and *** (***).

From 1997 to 1998, the quantities of total net sales increased by about *** percent; on a per-thousand-towels basis, average selling price fell faster than the decline in the average cost of goods sold (COGS), resulting in a lower unit gross profit which was not enough to absorb slightly decreasing unit selling, general, and administrative (SG&A) expenses. From January-June 1998 to January-June 1999, the quantities of total net sales rose by *** percent; on a per-thousand-towels basis, average selling price declined by *** percent while the average COGS dropped by *** percent, resulting in higher unit gross profit and improved unit operating income. Average COGS per thousand towels decreased due to a decline in cost of raw materials and factory overhead (mainly of ***).

***.[2] ***.

Milliken, being an integrated producer, uses cotton waste as its primary raw material to produce shop towels whereas ***, being a converter, uses fabric as its primary raw material to produce the same product. Hence, *** has, per thousand towels, *** compared with those of Milliken as shown in table III-6. ***'s operating margins ***.

The variance analysis for the two U.S. producers of cotton shop towels is presented in table III-7. The information for this variance analysis is derived from table III-5. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is within a firm and between firms. The analysis shows that the decrease in operating income from 1997 to 1998 was attributable to unfavorable price variance which was partly offset mainly by favorable net cost/expense variance. From January-June 1998 to January-June 1999, the increase in operating income was attributable mainly to the favorable net cost/expense variance which was partly offset by the unfavorable price and net volume variances.

Table III-7
Variance analysis for cotton shop towels operations, fiscal years 1997-98, January-June 1998, and January-June 1999

* * * * * * *

Investment in Productive Facilities, Capital Expenditures, and Research and Development Expenses

The responding firms' data on capital expenditures, R&D expenses, and the value of their property, plant, and equipment for their cotton shop towels operations are shown in table III-8. ***.

Table III-8
Capital expenditures, research and development expenses, and value of assets of U.S. producers of cotton shop towels, fiscal years 1997-98, January-June 1998, and January-June 1999

* * * * * * *

[2] Staff telephone conversation, October 6, 1999. Milliken's data were not verified because the reported key data were reconciled with the company's internal statements.

U.S. Producers' Assessment of the Significance of the Existing Countervailing Duty and Antidumping Duty Orders, and the Likely Impact of Revocation

The Commission requested U.S. producers to describe the significance of the existing antidumping and countervailing duty orders covering imports of cotton shop towels from Bangladesh, China, and Pakistan on their operations before and after the imposition of the orders. Further, the Commission also requested U.S. producers to anticipate any changes to their operations, including on specific financial indicators, if the existing orders were to be revoked. Their responses are shown in appendix E.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Import data were compiled from official statistics of the U.S. Department of Commerce. Table IV-1 shows that from 1997 to 1998, the total quantity of imports rose 20.5 percent, and the total value of imports increased 17.8 percent. From January-June 1998 to January-June 1999, the total quantity increased 45.0 percent, and the value rose by 39.8 percent. From 1997 to 1998, imports from Bangladesh, the major foreign supplier of shop towels during the period, increased by 4.1 percent in quantity and by 1.1 percent in value, and made up 18.1 percent of the total quantity of imports in 1998. In the first half of 1999, imports from Bangladesh climbed by 28.5 percent, in terms of quantity, and by 20.2 percent, in terms of value, over the year-earlier period. From 1998 to 1999, imports from Pakistan, the second-largest source, declined by 0.8 percent in quantity, although they increased by 1.2 percent in value. From January-June 1998 to January-June 1999, imports from Pakistan declined by 10.8 percent in quantity with no change in value. U.S. imports from China during the period were negligible or nil. Nonsubject imports increased throughout the period.

U.S. IMPORTERS' INVENTORIES

End-of-period inventories held by responding importers of shop towels from Bangladesh declined *** from *** towels in 1997 to *** towels in 1998. In the first half of 1999, end-of-period inventories increased to *** towels, however, these inventories increased by *** percent over the year-earlier period (table IV-2). As a ratio to all imports of shop towels from Bangladesh, these end-of period inventories were *** percent in 1997, *** percent in 1998, and *** percent (annualized) in January-June 1999.

End-of-period inventories held by responding importers from Pakistan fell by *** percent between 1997 and 1998, and declined by *** percent in the January-June 1999 period compared with the same year-earlier period. As a ratio of all imports of shop towels from Pakistan, these end-of-period inventories were *** percent in 1997, and then declined to *** percent in 1998. During the first half of 1999, the annualized ratio of inventories to imports was *** percent.

The end-of-period inventories discussed above do not include data from ***. ***, which did not break out inventories of towels by individual countries, reported end-of-period inventories of *** towels in 1997, *** towels in 1998, *** towels in January-June 1998, and *** towels in January-June 1999.

THE FOREIGN INDUSTRIES

None of the subject countries--Bangladesh, China, or Pakistan--is represented by counsel. Pakistan is the only country which provided information in response to Commission questionnaires.

Milliken reported that in the years since the petitions were filed, based upon information and belief, the following companies were producers/exporters of cotton shop towels in China, Pakistan, and Bangladesh: China National Arts and Crafts Import and Export Corp. (CNART); CNART/Cuisininere Co., Limited (Hong Kong); CNART/Fabric Enterprise Limited (Hong Kong); China National Native Produce and Animal By-Products Import and Export Corp.; China National Textile Import and Export Corp. (Chinatex); Chinatex/Trans-Atlantic Sales Co. Ltd. (Canada); CNART Tianjin; China Resources Transportation; Tianjin Arts and Crafts Import and Export Corp.; Eastern Textile Creation, Ltd.; Hilal

Table IV-1
Cotton shop towels: U.S. imports, by sources, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June 1998	January-June 1999
	Quantity (*1,000 towels*)			
Bangladesh	57,892	60,293	32,891	42,270
China	0	5	0	599
Pakistan	25,707	25,514	13,396	11,943
Subtotal	83,600	85,812	46,287	54,812
Other sources	192,191	246,443	110,315	172,219
Total	275,790	332,256	156,602	227,031
	Value (*$1,000*)			
Bangladesh	5,543	5,606	3,117	3,747
China	0	7	0	113
Pakistan	2,416	2,446	1,266	1,266
Subtotal	7,959	8,059	4,383	5,126
Other sources	19,692	24,524	11,156	16,600
Total	27,651	32,583	15,539	21,726
	Unit value (*per 1,000 towels*)			
Bangladesh	$95.74	$92.99	$94.77	$88.65
China	(1)	1,325.40	(1)	188.30
Pakistan	93.98	95.87	94.52	160.00
Average	95.20	93.92	94.70	93.52
Other sources	102.46	99.51	101.13	96.39
Average	100.26	98.07	99.23	95.70
	Share of quantity (*percent*)			
Bangladesh	21.0	18.1	21.0	18.6
China	0	(2)	0	0.3
Pakistan	9.3	7.7	8.6	5.3
Subtotal	30.3	25.8	29.6	24.1
Other sources	69.7	74.2	70.4	75.9
Total	100.0	100.0	100.0	100.0

[1] Not applicable.
[2] Less than 0.05 percent.

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

Table IV-2
Cotton shop towels: End-of-period inventories of U.S. importers, by sources, 1997-98, January-June 1998, and January-June 1999

* * * * * * *

Corp., Ltd.; Machine Brothers; La Union; Santa Cecilia; Eagle Star Textile Mills, Ltd.; Sonar Cotton Mills, Ltd. (Bangladesh); Greyfab, Ltd. (Bangladesh); Hashem International; Khaled Textile Mills, Ltd.; and Shabnam Textiles Ltd.[1]

According to the petitioner, shop towel production in China, Bangladesh, Pakistan, and Peru is labor intensive, and the only necessary equipment for the production of shop towels is a loom.[2] Milliken stated it believes that existing and potential producers can therefore quickly expand or reduce production, and enter or exit the market with negligible capital investment.[3]

Milliken has indicated that it has waged a continuing battle against circumvention of the existing orders by producers in the subject countries. Reportedly, Chinese circumvention has been their biggest problem. Examples given included Chinese shop towels being transhipped through Peru; shop towels imported into the United States under the HTS classification for dish towels; and in 1994, the Department of Commerce determined[4] that Chinese shop towels were being transhipped through Honduras. Chinese fabric was shipped to Honduras to be "completed or assembled" into shop towels, which were then exported to the United States as Honduran shop towels.[5] Milliken reported that Bangladesh shop towels have also been improperly imported under the classification for dish towels. Milliken also believes that Bangladesh shop towels are transhipped through Nepal. According to Milliken, Pakistani producers have also circumvented the existing countervailing duty order on shop towels from Pakistan. Milliken claims that there were many Pakistani owners of shop towels production facilities in Bangladesh, and the petitioner contends that Pakistani shop towels are currently transhipped through Sri Lanka.[6]

The Commission sent State Department telegrams to the U.S. embassies in Beijing, China, Dhaka, Bangladesh, and Islamabad, Pakistan requesting information on capacity, production, shipments, and inventories of cotton shop towels in each country.[7]

China

The response from the U.S. embassy in Beijing[8] indicated that China did not export cotton shop towels to the United States in 1997, 1998, and January-June 1999. According to Hong Kong Trade Department data, Hong Kong has not exported cotton shop towels to the United States since 1995. However, according to China Customs statistics, China's cotton shop towel exports to the world have risen gradually over the last three years. Japan is China's biggest cotton shop towel export market. China Customs data show that the quantity of China's exports of miscellaneous textile articles, including dish towels and cotton shop towels, have increased annually since 1996, as shown in the following tabulation (*in 1,000 towels*):

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[1] Response of Milliken & Co. to the Notice of Institution of Five-Year Sunset Review, p. 15.
[2] Ibid., p. 6.
[3] Ibid.
[4] Scope Rulings, see *Federal Register* 59 FR 25615 (1994).
[5] Milliken's posthearing brief, part II, question 8, pp. 15-16.
[6] Ibid.
[7] State Department outgoing telegram Washington, DC, 157934, September 1, 1999.
[8] State Department incoming telegrams Beijing 9124, September 30,1999, and Hong Kong 08239, September 17, 1999.

Market	1995	1996	1997	1998	1997/96	1998/97
					(Percent change)	
Japan	81,477	91,469	108,390	141,547	18.5	30.6
Hong Kong	19,102	16,263	32,572	28,685	100.3	-11.9
United States	34,111	32,354	23,709	16,483	-26.7	-30.5
Canada	25,480	16,432	11,561	14,285	-29.6	23.6
Other	61,297	39,996	38,223	34,049	-4.4	-10.9
World	221,467	196,514	214,455	235,049	9.1	9.6

Bangladesh

The U.S. embassy in Dhaka[9] reported the following companies producing cotton shop towels in Bangladesh:

Al Hamede Textiles, Ltd.
AN-AA Fabrics, Ltd.
Bakalia Textile Mills, Ltd.
Grey Fab (Bangladesh), Ltd.
Hashed Textile Mills, Ltd.
Jaantex Industries, Ltd.
JSQ Textiles, Ltd.
Haled Textile Mills, Ltd.
Modern Towels, Ltd.
Qualitex Industries
Shabnam Textiles
Bengal Towel Industries, Ltd.
Towellers Bangladesh, Ltd.
Zaman Dyeing & Fabrics, Ltd.

Data provided by the embassy show that the Bangladesh shop towel industry began exporting significantly only in 1991 with the establishment of a U.S. quota. The quota is now increasing at about 10 percent per year, and the industry would like to, and plans to, fully utilize its U.S. quota for shop towels in 1999 and 2000. Bangladesh exports cotton shop towels only to the United States. In 1998, shop towel production in Bangladesh was reported at 1.6 million kilograms, while production capacity was reported to be 3.1 million kilograms. Projections for production of shop towels in 1999 and 2000 are 1.8 million kilograms and 2.0 million kilograms, respectively. The shop towels industry trade association claims that capacity in 1999 and 2000 will be twice the production, as was the case in 1998. Inventory data was not available, but it was indicated that generally finished inventory is minimal as production is driven by overseas orders, and the finished product is immediately shipped. Reportedly, the major restraint to exports of cotton shop towels for the U.S. market is the bilaterally-agreed quota on shop towels.

Pakistan

[9] State Department incoming telegram Dhaka 02275, September 22, 1999.

Pakistan

The U.S. embassy in Islamabad[10] listed 24 exporters of cotton shop towels in Pakistan. The embassy reported that sources did not have estimates of production, capacity, or capacity utilization for Pakistani cotton shop towels. They claimed there is no home market for cotton shop towels in Pakistan, and production is solely for export. The Commission received 11 foreign producers' questionnaires through the Embassy of Pakistan in Washington. In response to the questionnaires, it was reported that Pakistan produces shop towels using conventional power looms. The major production input for shop towels is cotton yarn of coarse counts (counts 7-10) which is domestically available. The product is produced in greige form and stitched with greige yarn on overlock sewing machines. There has been no significant change in the prices of raw materials during January 1997-June 1999, as the cotton yarn for shop towels is produced from cotton waste for which prices have been stable during the period; a significant change in the raw material cost in the future was also not anticipated. Producers report trying to develop export markets other than the United States, but state there has been no significant progress made. In discussing future changes with regard to expanded production of shop towels in Pakistan it was stated, "Currently, we are restricted in the U.S. market until the textile quota limit for shop towels is lifted in 5 years. At that time, we will consider plans to expand capacity, subject to our competitiveness in the U.S. market vis-a-vis our competitors." Pakistan's exports of cotton shop towels are not limited by quantitative restrictions in other quota countries.

Data on Pakistani producers of cotton shop towels are shown in (table IV-3). Based on questionnaire responses, the United States accounted for all of Pakistan's cotton shop towel exports during the period under investigation.

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[10] State Department incoming telegram Islamabad 07336, September 24, 1999. The telegram included the following statement regarding the elimination of countervailing duties on cotton shop towels made by Pakistan's Ministry of Commerce. "We wish to state that the determination by the U.S. Department of Commerce Internal Trade Administration as a result of the expedited sunset review on cotton shop towels from Pakistan, that revocation of countervailing duty order would be likely to lead to continuation or recurrence of a countervailing subsidy at 5.17 percent for all manufacturers/exporters, is not justified for the following reasons: (a) the export finance and presumptive income tax are not subsidies; (b) refund of excise duty in the past years represented a refund of actual excise duty paid on cotton yarn used in the production of cotton shop towels in Pakistan. This accords with international practice and cannot be regarded as a subsidy. The central excise duty on cotton yarn was abolished several years ago, and consequently no refund of excise duty is neither admissible nor allowed on exports of cotton shop towels to any country including the United States; (c) there is no drawback now of customs duty as no imported dutiable imports are used; and (d) currently there is a 15 percent sales tax on cotton yarn which is paid by the producers of cotton shop towels. This sales tax is refunded to exporters of shop towels to any country on production of sales tax paid invoice for the quantity of cotton yarn used in manufactures of cotton shop towels as verified according to the standard formulas."

Table IV-3
Cotton shop towels: Data for foreign producers of cotton shop towels from Pakistan, 1997-98, January-June 1998, and January-June 1999

Item	1997	1998	January-June	
			1998	1999
	Quantity (*1,000 towels*)			
Capacity	24,376	25,886	12,708	16,288
Production	16,878	17,976	8,393	12,580
End-of-period inventories	1,590	2,198	1,333	1,669
Shipments:				
Commercial	73	154	89	75
Internal consumption/transfer	0	0	0	37
Exports to:				
United States	15,501	17,049	8,416	12,882
All other markets	0	0	0	0
Total exports	15,501	17,049	8,416	12,882
Total shipments	15,574	17,203	8,505	12,994
	Ratios and shares (*percent*)			
Capacity utilization	69.2	69.4	66.0	77.2
Inventories/production	9.4	12.2	7.9	6.6
Inventories/shipments	10.2	12.8	7.8	6.4
Share of total shipments:				
Commercial	0.5	0.9	1.0	0.6
Internal consumption/transfer	0.0	0.0	0.0	0.3
Exports to:				
United States	99.5	99.1	99.0	99.1
All other markets	0.0	0.0	0.0	0.0
Total exports	99.5	99.1	99.0	99.1

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

U.S. producers report that the cost of raw materials has not changed significantly between January 1997 and June 1999. Milliken, an integrated producer, reported that its raw material costs as a percentage of the cost of goods sold were *** percent in 1997 and *** percent in 1998. ***, a converter, reported that its raw material costs as a percentage of the cost of goods sold were *** percent in 1997 and *** percent in 1998.[1]

Pakistani producers did not report significant changes in the price of raw materials during January 1997 through June 1999. Cotton yarn for shop towels is produced from cotton waste and the prices have been stable. Significant changes in raw material costs are not expected in the future because even though cotton lint prices may fluctuate according to the crop size, cotton waste prices tend to remain stable.

Transportation Costs to the U.S. Market

Transportation charges for shop towels from Bangladesh, China, and Pakistan to the United States (excluding U.S. inland costs) are estimated to be approximately 4.3, 133,[2] and 3.8 percent, respectively, of customs values in 1998. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

*** reported that U.S. inland transportation costs account for 4 percent of the total delivered price of shop towels and *** reported no inland transportation costs due to the fact that prices are quoted on an f.o.b. basis. Four reporting importers stated that U.S. inland transportation costs account for between 2 and 10 percent of the total delivered price of shop towels.

Tariff Rates

Shop towels are covered by subheading 6307.10.20 of the HTS. The normal trade relations tariff rate for these products is 7.9 percent in 1999 and it decreases to 7.4 percent in 2000.

Exchange Rates

Yearly exchange rate data reported by the International Monetary Fund for Bangladesh, China, and Pakistan are shown in figures V-1 through V-3.

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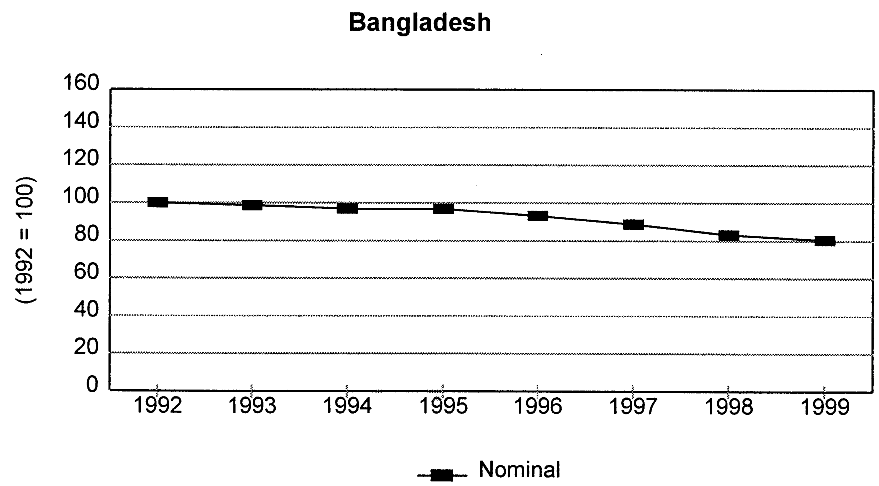
[1] *** did not provide information on raw material costs.

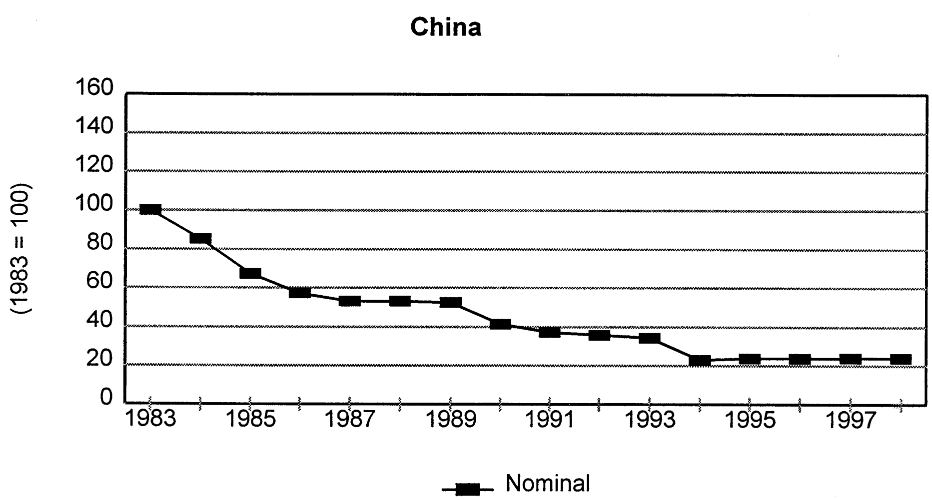
[2] These transportation charges for Chinese shop towels are atypical. This could possibly be due to a misclassification or a special order.

Figure V-1
Exchange rates: Index of the nominal exchange rate between the Bangladesh taka and the U.S. dollar, by years, 1992-99



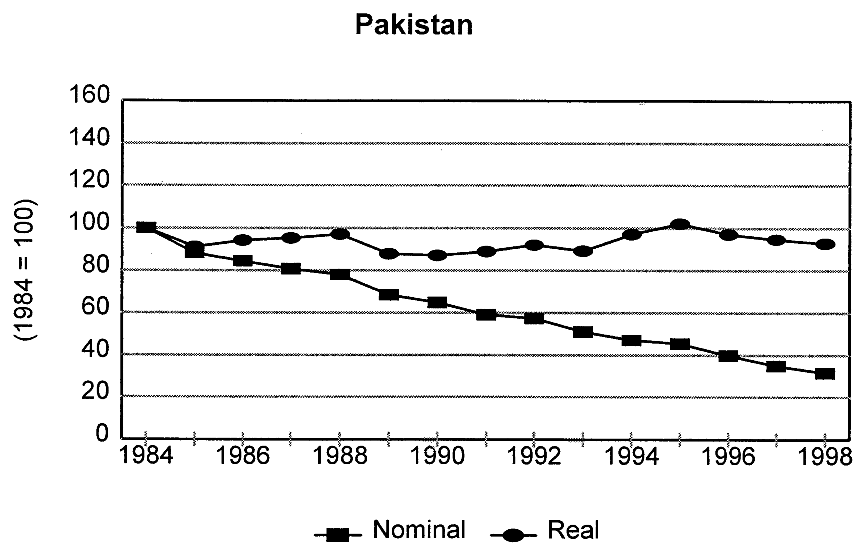
Source: International Monetary Fund, *International Financial Statistics*, September 1999.

Figure V-2
Exchange rates: Index of the nominal exchange rate between the Chinese yuan and the U.S. dollar, by years, 1983-98



Source: International Monetary Fund, *International Financial Statistics*, September 1999.

Figure V-3
Exchange rates: Indices of the nominal and real exchange rates between the Pakistan rupee and the U.S. dollar, by years, 1984-98



Source: International Monetary Fund, *International Financial Statistics*, September 1999.

PRICING PRACTICES

Pricing Methods

Domestic producers sell the majority of their shop towels directly to industrial laundries and linen supply firms and a small proportion to distributors. Of the eight responding importers, one importer sells its towels to industrial laundry and linen supply services, distributors, and the retail market; one importer sells a majority of its towels to distributors with some sales to industrial laundries; one sells its towels to industrial laundries only; two sell their towels to distributors only; and three importers sell their towels into the retail market only.

*** uses a published price list and *** sets its prices by the volume of units purchased in one year. Five importers set their prices by negotiating on a transaction-by-transaction basis depending on what the market will bear, one importer has contracts for multiple shipments, and another importer negotiates prices either on group or individual contracts for a period of time.[3]

The majority of sales by two reporting domestic producers, *** and *** percent, are based on contracts while the responses from importers are mixed.[4] Three importers' sales are all spot market sales,

[3] One importer did not respond to this question.

[4] Two importers that import nonsubject imports provided very limited information in their questionnaires and another did not answer this question. Also, one producer did not answer this question.

and three importers' sales are 75, 90, and 99 percent contract sales. From a quantity standpoint, however, the majority of subject imports' sales are based on contracts.[5]

The contracts for domestic producers are similar. The average contract is 3 months in duration, is renegotiated quarterly, fixes price and quantity, and does not have a price premium for sub-minimum shipments. One producer does have a meet-or-release provision and a standard quantity requirement of 2,500 shop towels, while another producer has neither.[6] One producer did not provide this information. Two importers' contracts are 1 year in duration, renegotiated yearly, with fixed prices. One importer's contracts contain a meet-or-release provision and have a standard price requirement of $2,000. The other importer did not answer the meet-or-release question and does not have a standard quantity requirement. One importer, ***, sells 99 percent of its shop towels to ***. These sales are based on monthly contracts and are renegotiated monthly.

Producers and importers were asked what percentage of their sales of shop towels are of a dyed product. Two domestic producers sell *** percent and *** percent of their shop towels as a dyed product. A third producer reported that it sold *** percent of its towels dyed in 1997-98 and *** percent of its towels dyed in January-June 1999. Five importers answered this question. Two importers sell all of their shop towels dyed and these are sold into retail. Three importers sell all of their shop towels in the griege state and these are sold primarily to distributors. Three importers dye between 20 and 40 percent of their shop towels. These sales are distributed between retail, industrial laundry and linen supply services, and distributors. The price differential for a dyed versus an undyed shop towel is usually 11-30 percent.[7]

Sales Terms and Discounts

One importer reported having promotional discounts from time to time, but in general, discounts are not given by importers. Several importers noted that discounts can be part of price negotiations, however. Two domestic producers reported that they give quantity discounts.

U.S. producers quote their prices f.o.b. plant and importers quote their prices as either f.o.b. port or delivered. The sales terms for this industry are varied. One U.S. producer and six importers require payment to be made in *** days while the another U.S. producer requires payment to be made in *** days but gives a *** percent discount if payment is made in *** days. One importer requires payment to be made in either 30 or 150 days.

PRICE DATA

The Commission requested U.S. producers and importers of shop towels to provide quarterly data for the total quantity and value of shop towels that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 1997-June 1999. Separate price data were requested for different channels of distribution (specifically, for (1) distributors and (2) industrial laundry and linen supply services). The products for which pricing data were requested are as follows:

Product 1.–All-cotton shop towel, unbleached and uncolored, 18 x 18 inches, and
Product 2.–Blended fabric shop towel, unbleached and uncolored, 18 x 18 inches.

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[5] ***, however, sells its imported shop towels to the industrial laundry and supply service segment, and these are spot sales.

[6] In 1992, most of the domestic producers' sales were on spot basis.

[7] ***; conversation with ***, October 28, 1999.

Two U.S. producers and four importers provided usable pricing data for sales of shop towels, although not all firms reported pricing for all products for all quarters.[8]

Pricing data reported by responding producers accounted for approximately *** percent of their shipments of shop towels.[9] According to Commerce data, the United States imported approximately 60 million shop towels from Bangladesh and approximately 25.5 million shop towels from Pakistan in 1998.[10] Approximately 33 percent of the shop towels imported in 1998 from Bangladesh and 7.3 percent of the shop towels imported from Pakistan were sold into the retail market.[11] Pricing data on Bangladesh and Pakistan imports represent approximately 39.1 and 56.6 percent, respectively, of the 1998 quantities reported in the official Commerce statistics.[12] ***, a large importer, was unable to disaggregate its pricing data by country. It sells its towels for the same price regardless of country of origin. Its pricing data are presented in appendix table H-1 and not included in tables presented in this section.

Milliken suggested using imports' average unit values from official statistics as indicators of price because of the insufficient or unreliable questionnaire pricing data. However, official statistics include shop towels of various sizes and, therefore, the average unit values are distorted. Quarterly unit values for official statistics are presented in appendix table H-2.

Tables V-1 and V-2 and figures V-4 to V-6 show weighted-average quarterly prices for U.S.-produced and imported shop towels sold to industrial laundry and linen supply services and to distributors from January 1997 through June 1999. U.S. producers and importers were asked to supply quantity and value data for sales to distributors and end users that were made on an f.o.b. basis. Although the Commission did not request importers to provide pricing data on sales to retail stores, one importer, ***, provided it. These data are presented in table V-3.

Table V-1
Shop towels: Weighted-average f.o.b. prices and quantities of domestic blended and domestic and imported all-cotton shop towels sold to industrial laundries and linen supply services and margins of (overselling), by quarters, January 1997-June 1999

* * * * * * *

Table V-2
Shop towels: Weighted-average f.o.b. prices and quantities of imported all-cotton shop towels sold to distributors, by quarters, January 1997-June 1999

* * * * * * *

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[8] Five purchasers reported that U.S. prices were higher than all imports and that all imports were priced similarly; another purchaser reported that the U.S. prices were higher than those of imports from Pakistan and another reported that U.S. prices were higher than those of imports from Bangladesh.

[9] ***.

[10] Shop towels of various sizes, particularly an 18 x 30 inch shop towel, are included in the Commerce official statistics. The Commission did not request pricing data on sizes other than 18 x 18 inch.

[11] *** sells *** of its imported shop towels into the retail market and *** sells *** percent of its imports into the retail market.

[12] These percentages may not be accurate. For example, ***. Conversation with ***, December 2, 1999.

Table V-3
Shop towels: Weighted-average f.o.b. prices and quantities of imported all-cotton shop towels sold to retail stores, by quarters, January 1997-June 1999

*　　*　　*　　*　　*　　*　　*

Figure V-4
Weighted-average f.o.b. prices (per towel) of all-cotton shop towels sold to industrial laundries, by quarters, January 1997-June 1999

*　　*　　*　　*　　*　　*　　*

Figure V-5
Weighted-average f.o.b. prices (per towel) of blended fabric shop towels sold to industrial laundries and linen supply services, by quarters, January 1997-June 1999

*　　*　　*　　*　　*　　*　　*

Figure V-6
Weighted-average f.o.b. prices (per towel) of all-cotton shop towels, sold to distributors, by quarters, January 1997-June 1999

*　　*　　*　　*　　*　　*　　*

One importer provided quantity and f.o.b. values on shop towels from Bangladesh and two importers provided data on Pakistani shop towels that were sold to end users. One importer provided pricing data on Bangladesh shop towels and two importers provided data on Pakistani shop towels sold to distributors. Due to the fact that importers did not provide data on blended shop towels, pricing trends are only provided for domestically produced blended shop towels.[13] An importer, ***, who imported a small amount of shop towels from China in 1998, returned a questionnaire. These towels have not been resold and are presently in inventory. Therefore, no pricing data is available for Chinese shop towels.

U.S. Producers' and Importers' Prices

U.S. Product

U.S. producers' prices for sales of blended shop towels to industrial laundries and linen supply services ranged from a high of *** per towel to a low of *** per towel (table V-1 and figure V-5). The per-unit prices fluctuated in a downward trend throughout the period. U.S. producers' prices for sales of

[13] *** asserts that no physical difference exists between a domestically produced shop towel and an imported shop towel. The content of its towel is 90 percent cotton and Milliken alleges that the content of imported towels is also approximately 90 percent cotton although they are sold as 100 percent cotton shop towels. According to *** of *** and *** of ***, a 90 percent cotton and 10 percent polyester shop towel is considered a blended towel in the market. The towels they purchase from Bangladesh and Pakistan are 100 percent cotton; phone conversations, October 4, 1999. According to *** of ***, an importer, imports from Bangladesh and Pakistan are 100 percent cotton; phone conversation, October 19, 1999.

all-cotton shop towels to industrial laundries and linen supply services are available for only the first two quarters of 1999, and the price has remained stable at $*** per towel (table V-1 and figure V-4). *** has only recently started production of an all-cotton shop towel.

Pakistan/Bangladesh Product

Average prices for both Bangladesh and Pakistan shop towels sold to industrial laundries and linen supply services fell slightly on a yearly basis from *** per towel in 1997 to *** per towel in 1998 to *** per towel in 1999 (table V-1 and figure V-4). Average unit values of both Pakistan and Bangladesh shop towels sold to distributors fluctuated slightly, but remained relatively stable throughout the period (table V-2 and figure V-6).

Price Comparisons

Table V-1 shows the margins of overselling for all-cotton shop towels from January 1999 through June 1999 for Bangladesh and Pakistan. The margin of overselling for Bangladesh and Pakistan is *** percent. However, the quantities represented in these two price comparisons represent a very small proportion of the overall market. *** started producing all-cotton shop towels in 1999 and is the only known domestic producer of all-cotton shop towels. The margins of overselling apply to the all-cotton shop towels only. Milliken contends that ***'s price for these cotton shop towels is based on initial production runs and is not a reliable indicator of prevailing domestic prices.[14] Margins of overselling/(underselling) for the blended shop towels are not provided because the imported towels are sold as an all-cotton towel.

[14] Milliken's pre-hearing brief, p. 43.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–103 (Review), 701–TA–202 (Review), 701–TA–E (Review), and 731–TA–514 (Review)]

Cotton Shop Towels From China, Pakistan, Peru, and Bangladesh

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on cotton shop towels from China and Bangladesh, the countervailing duty order on cotton shop towels from Pakistan, and the suspended countervailing duty investigation on cotton shop towels from Peru.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on cotton shop towels from China and Bangladesh, revocation of the countervailing duty order on cotton shop towels from Pakistan, and termination of the suspended countervailing duty investigation on cotton shop towels from Peru would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; the deadline for responses is February 23, 1999. Comments on the adequacy of responses may be filed with the Commission by March 19, 1999.

For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 F.R. 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: January 4, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193) or Vera Libeau (202–205–3176), 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.—On October 4, 1983, the Department of Commerce issued an antidumping duty order on imports of cotton shop towels from China (48 F.R. 45277). On March 9, 1984, the Department of Commerce issued a countervailing duty order on imports of cotton shop towels from Pakistan (49 F.R. 8974). On September 12, 1984, the Department of Commerce suspended a countervailing duty investigation on imports of cotton shop towels from Peru (49 F.R. 35835). On March 20, 1992, the Department of Commerce issued an antidumping duty order on imports of cotton shop towels from Bangladesh (57 F.R. 9688). The Commission is conducting reviews to determine whether revocation of the orders and/or termination of the suspended investigation would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

Definitions.—The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Bangladesh, China, Pakistan, and Peru.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations concerning China and Pakistan, the Commission defined the Domestic Like Product as shop towels. In its original determination concerning Bangladesh, the Commission defined the Domestic Like Product as shop towels, whether blended or all cotton, regardless of the origin of the fabric. The Commission in the Bangladesh determination indicated that this definition was not different in substance than the definition used in the original determinations concerning China and Pakistan. There was no Commission determination concerning the suspended countervailing duty investigation concerning Peru. Therefore, for purposes of this notice concerning Peru, you should consider the Domestic Like Product to be shop towels, whether blended or all cotton, regardless of the origin of the fabric.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations concerning China and Pakistan, the Commission defined the Domestic Industry as all producers of shop towels. In its original determination concerning Bangladesh, the Commission defined the Domestic Industry as all producers of the Domestic Like Product, including integrated producers, converters, and toll producers. There was no Commission determination concerning the suspended countervailing duty investigation concerning Peru. Therefore, for purposes of this notice concerning Peru, the Domestic Industry is all producers of the Domestic Like Product, including integrated producers, converters, and toll producers.

(5) The Order Dates are the dates that the antidumping duty and countervailing duty orders under review became effective and the countervailing duty investigation was suspended. In the review concerning China, the Order Date is October 4, 1983. In the review concerning Pakistan, the Order Date is March 9, 1984. In the review concerning Peru, the Order Date is September 12, 1984. In the review concerning Bangladesh, the Order Date is March 20, 1992.

(6) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list.—Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. § 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is February 23, 1999. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is March 19, 1999. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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. Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty and countervailing duty orders and termination of the suspended investigation on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. § 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Countries that currently export or have exported Subject Merchandise to the United States or other countries since the years the petitions were filed. The Subject Countries and the years the petitions were filed are listed below:

Subject Countries	Years
China	1982
Pakistan	1983
Peru	1984
Bangladesh	1990

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 1998 (report quantity data in thousands of towels and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production; and

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in thousands of towels and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Countries accounted for by your firm's(s') imports; and

(b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Countries.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 1998 (report quantity data in thousands of towels and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Countries accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Countries accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Countries since the *Order Dates,* and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad).

Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, Subject Merchandise 'produced in the Subject Countries, and such merchandise from other countries.

(11) (Optional) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry;* if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: December 24, 1998.

Donna R. Koehnke,

Secretary.

[FR Doc. 98-34806 Filed 12-31-98; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

Cotton Shop Towels From Bangladesh, China, Pakistan, and Peru[1]

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty orders on cotton shop towels from Pakistan and Peru and the antidumping duty orders on cotton shop towels from Bangladesh and China.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty orders on cotton shop towels from Pakistan and Peru and the antidumping duty orders on cotton shop towels from Bangladesh and China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date.

For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: April 8, 1999.

FOR FURTHER INFORMATION CONTACT: Robert Eninger (202–205–3194), 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: On April 8, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products. See 19 U.S.C. 1675(c)(5)(D); 63 F.R. 29372, 29374 (May 29, 1998). The Commission found that the domestic interested party group response to its notice of institution (64 FR 371, Jan. 4, 1999) of the subject five-year reviews was adequate and the respondent interested party group responses were inadequate.[2] The Commission also found[3] that other circumstances warranted conducting full reviews. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: April 14, 1999

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99–9693 Filed 4–16–99; 8:45 am]

BILLING CODE 7020–02–P

[1] The investigation numbers are as follows: Bangladesh is 731-TA-514 (Review), China is 731-TA-103 (Review), Pakistan is 701-TA-202 (Review), and Peru is 701-TA-E (Review).

[2] Commissioner Askey dissenting with respect to the adequacy of the respondent interested party group response for Peru.

[3] Chairman Bragg, Vice Chairman Miller, and Commissioner Crawford dissenting.

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–E and 202 (Review) and 731–TA–103 and 514 (Review)]

Cotton Shop Towels From Bangladesh, China, Pakistan, and Peru [1]

AGENCY: United States International Trade Commission.

ACTION: Scheduling of a full five-year review concerning the countervailing duty orders and antidumping duty orders on cotton shop towels from Bangladesh, China, Pakistan, and Peru.

SUMMARY: The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty orders and the antidumping duty orders on cotton shop towels from Bangladesh, China, Pakistan, and Peru would be likely to lead to continuation or recurrence of material injury. For further information concerning the conduct of this review 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, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at http://www.usitc.gov/rules.htm.

EFFECTIVE DATE: June 15, 1999.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202–205–3167), 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

On April 8, 1999, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed (64 FR 19195, April 19, 1999). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

[1] The investigation numbers are as follows: Bangladesh is 731–TA–514 (Review), China is 731–TA–103 (Review), Pakistan is 701–TA–202 (Review), and Peru is 701–TA–E (Review).

Participation in the Review and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

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 this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the review will be placed in the nonpublic record on October 25, 1999, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on November 18, 1999, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before November 9, 1999. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on November 15, 1999, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is November 3, 1999. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is November 30, 1999; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before November 30, 1999. On December 22, 1999, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before December 27, 1999, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also 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 Commission's rules, each document filed by a party to the review must be served on all other parties to the review (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.

Determination

The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: June 22, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-16405 Filed 6-25-99; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-003]

Final Results of Expedited Sunset Review: Cotton Shop Towels From the People's Republic of China

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

ACTION: Notice of final results of expedited sunset review: cotton shop towels from the People's Republic of China.

SUMMARY: On January 4, 1999, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty order on cotton shop towels from the People's Republic of China (64 FR 364) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and adequate substantive comments filed on behalf of a domestic interested party and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited review. As a result of this review, the Department finds that revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Review section of this notice.

FOR FURTHER INFORMATION CONTACT: Scott E. Smith or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6397 or (202) 482-1560, respectively.

EFFECTIVE DATE: August 5, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*"). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The merchandise subject to this antidumping duty order is cotton shop towels from the People's Republic of China. Shop towels are absorbent industrial wiping cloths made from a loosely woven fabric. The fabric may be either 100-percent cotton or a blend of materials. Shop towels are currently classifiable under item numbers 6307.10.2005 and 6307.10.2015 of the Harmonized Tariff Schedules of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding remains dispositive.[1]

This review covers imports from all manufacturers and exporters of Chinese shop towels.

History of the Order

On August 16, 1983, the Department issued its amended final determination of sales at less than fair value in the investigation of cotton shop towels from the People's Republic of China (48 FR 37055). The Department published weighted average dumping margins of 30.1 percent for China National Textile Import & Export Corporation and 37.2 percent for China National Arts & Crafts Import & Export Corporation. The Department also published a weighted average dumping margin of 36.2 percent for all other Chinese manufacturers/exporters.

The antidumping duty order on cotton shop towels from the People's Republic of China was published in the **Federal Register** on October 4, 1983 (48 FR 45277). Since that time, the Department has conducted six administrative reviews.[2] The order remains in effect for all manufacturers and exporters of the subject merchandise.

Background

On January 4, 1999, the Department initiated a sunset review of the antidumping duty order on cotton shop towels from the People's Republic of China (64 FR 364), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of Milliken & Company ("Milliken") on January 19, 1999, within the deadline specified in § 351.218(d)(1)(i) of the *Sunset Regulations*. We received a complete substantive response from Milliken on February 3, 1999, within the 30-day deadline specified in the *Sunset Regulations* under § 351.218(d)(3)(i). Milliken claimed interested party status under section 771(9)(C) of the Act, as a domestic producer of shop towels. In addition, Milliken stated that it was the petitioner in the original investigation. We did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C), the Department determined to conduct an expedited, 120-day, review of this order.

The Department determined that the sunset review of the antidumping duty order on cotton shop towels from the People's Republic of China is extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). Therefore, on May 3, 1999, the Department extended the time limit for

[1] The Department determined that certain 18"x30" dish towels (02/19/93) are within the scope of the order. Pursuant to court remand, the Department determined that certain cotton shop towels, hemmed or cut and hemmed in Honduras, are within the scope of the order (1/18/94). The Department determined that the following products are outside the scope of the order: towels assembled in Canada from cotton grey fabric from the People's Republic of China (8/21/90).

[2] *See Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 50 FR 26020 (June 24, 1985); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 55 FR 7756 (March 5, 1990); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 56 FR 4040 (February 1, 1991); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 56 FR 60969 (November 29, 1991); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 57 FR 30466 (July 9, 1992); *and Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 57 FR 43695 (September 22, 1992).

completion of the final results of this review until not later than August 2, 1999, in accordance with section 751(c)(5)(B) of the Act.[3]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping duty order, and it shall provide to the International Trade Commission ("the Commission") the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margin are discussed below. In addition, Milliken's comments with respect to continuation or recurrence of dumping and the magnitude of the margin are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt. 1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin*, the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2). In addition, the Department indicated that normally it will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes of the subject merchandise declined significantly (*see* section II.A.3).

In addition to considering guidance on likelihood cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In the instant review, the Department did not receive a response from any respondent interested party. Pursuant to § 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

In its substantive response, Milliken argues that the history of the case and the actions taken by Chinese producers and exporters of shop towels prior to and during the pendency of this proceeding clearly demonstrate that revocation likely would result in a recurrence of dumping of shop towels in the United States. Specifically, Milliken, citing *The World Trade Atlas* (Nov. 1998), asserts that Chinese producers and exporters significantly reduced their shipments to the United States and ultimately ceased exportation after the Department calculated extremely high dumping margins in subsequent reviews (*see* February 3, 1999, Substantive Response of Milliken at 4).

In conclusion, Milliken argues that the Department should determine that there is a likelihood that dumping would continue or recur were the order revoked because imports of the subject merchandise decreased significantly after the imposition of the order and continue to be virtually non-existent.

The Department agrees with Milliken that imports of the subject merchandise decreased substantially over the 16-year period from the imposition of the order in 1983 to the present. However, we disagree with Milliken's assertion that the Department should rest its decision on the basis that imports of subject merchandise have ceased. Despite a two-year cessation of imports between 1996 and 1997, shipments of the subject merchandise from the People's Republic of China continue.

With respect to dumping margins, an examination of the final results of administrative reviews confirms that dumping margins above *de minimis* levels have continued throughout the life of the order.[4] As discussed in section II.A.3 of the *Sunset Policy Bulletin*, the SAA at 890, and the House Report at 63–64, if companies continue dumping with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed.

Based on this analysis, the Department finds that the existence of dumping margins after the issuance of the order is highly probative of the likelihood of continuation or recurrence of dumping. Deposit rates above *de minimis* levels continue in effect for exports of the subject merchandise by all known Chinese manufacturers/exporters. Therefore, given that dumping has continued over the life of the order, imports of subject merchandise declined significantly, and respondent interested parties have waived their right to participate in this review before the Department, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the order were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. (*See* section II.B.1 of the *Sunset Policy Bulletin*.) Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations. (*See* sections II.B.2 and 3 of the *Sunset Policy Bulletin*.)

The Department, in its final determination of sales at less than fair value, published weighted-average

[3] *See Steel Wire Rope From Japan, Shop Towels From the People's Republic of China, Shop Towels From Bangladesh, Candles From the People's Republic of China, Steel Wire Rope From Mexico, Shop Towels From Pakistan, Steel Wire Rope From South Korea, Malleable Cast Iron Pipe Fittings From South Korea, Malleable Cast Iron Pipe Fittings From Taiwan, Malleable Cast Iron Pipe Fittings From Japan: Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 24573 (May 7, 1999).

[4] *See Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 50 FR 26020 (June 24, 1985); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 55 FR 7756 (March 5, 1990); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 56 FR 4040 (February 1, 1991); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 56 FR 60969 (November 29, 1991); *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 57 FR 30466 (July 9, 1992); and *Shop Towels of Cotton From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*, 57 FR 43695 (September 22, 1992).

dumping margins for two producers/exporters of cotton shop towels from the People's Republic of China (48 FR 37055, August 16, 1983).[5] The Department also published an "all others" rate in its determination. We note that, to date, the Department has not issued any duty absorption findings in this case.

In its substantive response, citing to the final results of the 1990/1991 administrative review, Milliken asserts that the margins found in the original investigation are far below the most recently calculated margins. Accordingly, Milliken argues that, consistent with the *Sunset Policy Bulletin* and legislative history, the Department should inform the Commission that the margins likely to prevail are the more recently calculated rates of 72.14 percent for Tianjin Arts & Crafts Import & Export Corporation and 122.81 percent for all other companies. Milliken notes that its suggested margins, from the 1990/1991 administrative review, reflect the most likely U.S. pricing levels for Chinese shop towels if the order were revoked (*see* February 3, 1999 Substantive Response of Milliken at 6).

The Department disagrees with Milliken's argument concerning the choice of the margins to report to the Commission. The Department finds the existence of higher margins after the initial investigation, as a sole criterion, provides insufficient reason for the Department to deviate from its stated policy.[6] Milliken has not presented any argument or evidence to suggest that such increases in margins have been coupled with increases in import volumes and, thus, increased dumping in an attempt to gain, or even maintain, market share. Absent such argument and evidence, the Department finds that the margins calculated in the original investigation are probative of the behavior of Chinese producers and/or exporters if the order were revoked as they are the only margins which reflect their actions absent the discipline of the order. As such, the Department will report to the Commission the company-specific and "all others" rates from the original investigation as contained in the Final Results of Review section of this notice.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the margins listed below:

Manufacturer/exporter	Margin (percent)
China National Textile Import & Export Corp.	30.1
China National Arts & Crafts Import & Export Corp.	37.2
All Other Chinese Manufacturers/Exporters	36.2

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 30, 1999.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-20222 Filed 8-4-99; 8:45 am]

BILLING CODE 3510-DS-P

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5 The dumping margins from this determination were subsequently amended. *See Cotton Shop Towels From the People's Republic of China; Amended Final Determination of Sales at Less Than Fair Value,* 48 FR 37055 (August 16, 1983).

6 The Department recognizes that where a more recent dumping margin is "more representative of a company's behavior in the absence of an order," such margin should be reported to the Commission (*see Sunset Policy Bulletin*). The "more representative" standard may be satisfied if the Department finds an "increase in imports * * * corresponding to the increase in the dumping margin" (*see Final Results of Expedited Sunset Review: Barium Chloride From the People's Republic of China,* 64 FR 5633 (February 4, 1999)).

DEPARTMENT OF COMMERCE

International Trade Administration

[A-538-802]

Final Results of Expedited Sunset Review: Cotton Shop Towels From Bangladesh

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

ACTION: Notice of final results of expedited sunset review: cotton shop towels from Bangladesh.

SUMMARY: On January 4, 1999, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty order on cotton shop towels from Bangladesh (64 FR 364) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and adequate substantive comments filed on behalf of a domestic interested party and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited review. As a result of this review, the Department finds that revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Review section of this notice.

FOR FURTHER INFORMATION CONTACT: Scott E. Smith or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482-6397 or (202) 482-1560, respectively.

EFFECTIVE DATE: August 5, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*"). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin,* 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The merchandise subject to this antidumping duty order is cotton shop towels from Bangladesh. Shop towels are absorbent industrial wiping cloths made from a loosely woven fabric. The fabric may be either 100-percent cotton or a blend of materials. Shop towels are currently classifiable under item numbers 6307.10.2005 and 6307.10.2015 of the Harmonized Tariff Schedules of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding remains dispositive.

This review covers imports from all manufacturers and exporters of shop towels from Bangladesh.

History of the Order:

On February 3, 1992, the Department issued its final determination of sales at less than fair value in the investigation of cotton shop towels from Bangladesh (57 FR 3996). The Department published weighted average dumping margins of 42.31 percent for Eagle Star Textile Mills, Ltd., and 2.72 percent for Sonar Cotton Mills, Ltd. The Department also published a weighted average dumping margin of 4.60 percent for all other Bangladeshi manufacturers and/or exporters of the subject merchandise.

The antidumping duty order on cotton shop towels from Bangladesh was published in the **Federal Register** on March 20, 1992 (57 FR 9688). Since that time, the Department has conducted four administrative reviews.[1] We note that, to date, the Department has not issued any duty absorption findings in this case. The order remains in effect for all manufacturers and exporters of the subject merchandise.

Background

On January 4, 1999, the Department initiated a sunset review of the antidumping duty order on cotton shop towels from Bangladesh (64 FR 364), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of Milliken & Company ("Milliken") on January 19, 1999, within the deadline specified in § 351.218(d)(1)(i) of the *Sunset Regulations*. We received a complete substantive response from Milliken on February 3, 1999, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). Milliken claimed interested party status under section 771(9)(C) of the Act, as a domestic producer of shop towels. In addition, Milliken stated that it was the petitioner in the original investigation. We did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C), the Department determined to conduct an expedited, 120-day, review of this order.

The Department determined that the sunset review of the antidumping duty order on cotton shop towels from Bangladesh is extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). (*See* section 751(c)(6)(C) of the Act.) Therefore, on May 3, 1999, the Department extended the time limit for completion of the final results of this review until not later than August 2, 1999, in accordance with section 751(c)(5)(B) of the Act.[2]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping duty order, and it shall provide to the International Trade Commission ("the Commission") the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margin are discussed below. In addition, Milliken's comments with respect to continuation or recurrence of dumping and the magnitude of the margin are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No. 103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin*, the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2). In addition, the Department indicated that normally it will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (*see* section II.A.3).

In addition to considering guidance on likelihood cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In the instant review, the Department did not receive a response from any respondent interested party. Pursuant to § 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

In its substantive response, Milliken argues that the history of the case and the actions taken by Bangladeshi producers and exporters of shop towels prior to and during the pendency of this proceeding demonstrate clearly that revocation likely would result in a recurrence of dumping shop towels in the United States. With respect to whether dumping continued after the issuance of the order, Milliken, citing the Department's final results of several administrative reviews, asserts that a number of manufacturers/exporters continued dumping above a *de minimis* level during the pendency of this proceeding. Further, Milliken argues that although certain manufacturers received zero or *de minimis* dumping margins in administrative reviews, these findings are due to the peculiarity of the Department's constructed value calculation.

With respect to whether imports of the subject merchandise ceased after the issuance of the order, Milliken asserts that, faced with continuing antidumping duties, two known Bangladeshi producers, Sonar Cotton, Ltd. ("Sonar"), and Eagle Star Textile Mills, Ltd. ("Eagle Star"), ceased exporting to the United States since the issuance of the order (*see* February 3, 1999, Substantive Response of Milliken at 5, 6).

[1] *See Shop Towels of Cotton From Bangladesh; Final Results of Antidumping Duty Administrative Review*, 62 FR 12600 (March 17, 1997); *Shop Towels of Cotton From Bangladesh; Amendment to Final Results of Antidumping Duty Administrative Review*, 62 FR 4253 (January 29, 1997); *Shop Towels of Cotton From Bangladesh; Final Results of Antidumping Duty Administrative Review*, 61 FR 55957 (October 30, 1996); *Shop Towels of Cotton From Bangladesh; Final Results of Antidumping Duty Administrative Review*, 61 FR 5377 (February 12, 1996); and *Shop Towels of Cotton From Bangladesh; Final Results of Antidumping Duty Administrative Review*, 60 FR 48966 (September 21, 1995).

[2] *See Steel Wire Rope From Japan, Shop Towels From the People's Republic of China, Shop Towels From Bangladesh, Candles From the People's Republic of China, Steel Wire Rope From Mexico, Shop Towels From Pakistan, Steel Wire Rope From South Korea, Malleable Cast Iron Pipe Fittings From South Korea, Malleable Cast Iron Pipe Fittings From Taiwan, Malleable Cast Iron Pipe Fittings From Japan: Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 24573 (May 7, 1999).

In conclusion, Milliken argues that the Department should determine that there is a likelihood that dumping would continue or recur were the order revoked because (1) dumping margins above *de minimis* levels continued after the issuance of the order and (2) imports of the subject merchandise ceased after the imposition of the order (for some companies).

We agree with Milliken that dumping margins continued above *de minimis* levels after the issuance of the order. The Department, after examining the final results of the four administrative reviews, finds that dumping margins above *de minimis* levels continue for at least two of the six known Bangladeshi producers/exporters. As discussed in section II.A.3 of the *Sunset Policy Bulletin*, the SAA at 890, and the House Report at 63–64, if companies continue dumping with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed.

The Department, utilizing U.S. Census Bureau IM146 Reports and U.S. Department of Commerce trade statistics, finds that imports of the subject merchandise have continued, and generally increased, over the life of the order. With respect to Milliken's assertion that imports from Sonar and Eagle Star have ceased, although the Department agrees that Eagle Star had no shipments during the 1993/1994 administrative review (61 FR 5377 (February 12, 1996)), the Department cannot conclude from the **Federal Register** notices of results of administrative reviews that Sonar ceased exporting or that there continue to be no shipments from these two companies.

Based on this analysis, the Department finds that the existence of dumping margins after the issuance of the order is highly probative of the likelihood of continuation or recurrence of dumping. Deposit rates above *de minimis* levels continue in effect for exports of the subject merchandise by two of the six known Bangladeshi producers/exporters. Therefore, given that dumping has continued over the life of the order and respondent interested parties have waived their right to participate in this review before the Department, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the order were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. (*See* section II.B.1 of the *Sunset Policy Bulletin*.) Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations. (*See* sections II.B.2 and 3 of the *Sunset Policy Bulletin*.)

The Department, in its final determination of sales at less than fair value, published weighted-average dumping margins for two producers/exporters of cotton shop towels from Bangladesh (57 FR 3996, February 3, 1992). The Department also published an "all others" rate in this determination. We note that, to date, the Department has not issued any duty absorption findings in this case.

In its substantive response, Milliken, citing the *Sunset Policy Bulletin*, suggests that the Department report to the Commission the two company-specific margins and the "all others" rates established in the investigation because those are the only calculated rates that reflect the behavior of exporters without the discipline of the order in place.

The Department agrees with Milliken. Absent argument and evidence to the contrary, the Department finds that the margins calculated in the original investigation are probative of the behavior of Bangladeshi producers/exporters if the order were revoked as they are the only margins which reflect their actions absent the discipline of the order. As such, the Department will report to the Commission the company-specific and all others rates from the original investigation as contained in the Final Results of Review section of this notice.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the margins listed below:

Manufacturer/exporter	Margin (percent)
Eagle Star Textile Mills, Ltd.	42.31
Sonar Cotton Mills, Ltd.	2.72
All Others	4.60

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 30, 1999.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–20223 Filed 8–4–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–535–001]

Final Results of Expedited Sunset Review: Cotton Shop Towels From Pakistan

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

ACTION: Notice of final results of expedited sunset review: cotton shop towels from Pakistan.

SUMMARY: On January 4, 1999, the Department of Commerce ("the Department") initiated a sunset review of the countervailing duty order on cotton shop towels from Pakistan pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of the domestic party, and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited review. As a result of this review, the Department finds that revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailing subsidy. The net countervailable subsidy and the nature of the subsidy are identified in the Final Results of Review section to this notice.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th St. & Constitution Ave., NW., Washington, DC 20230; telephone (202) 482–3207 or (202) 482–1560, respectively.

EFFECTIVE DATE: August 5, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*"). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The subject merchandise is cotton shop towels from Pakistan. This merchandise is classifiable under item number 6307.10.20 of the Harmonized Tariff Schedule (HTS). The HTS item number is provided for convenience and customs purposes. The written description remains dispositive.

History of the Order

On January 11, 1984, the Department issued a final affirmative countervailing duty determination on cotton shop towels from Pakistan.[1] The Department found a country-wide estimated net subsidy rate of 12.67 percent *ad valorem* based on seven programs: 7.5 percent under the compensatory rebate program, 3.8 percent under the excise tax program, 0.11 percent under the sales tax rebate program, 0.37 percent under the customs duty rebate program, 0.013 percent under the income tax reduction program, 0.08 percent under the export financing program, and 0.8 percent under the export credit insurance program. Receipt of benefits under each of these programs was contingent upon exports. The Department also found that the import duty rebate program was not used.[2]

On March 9, 1984, the Department issued a countervailing duty order which confirmed the subsidy rates found in the original investigation.[3] Since the issuance of the order, the Department has conducted eight administrative reviews covering the eight programs investigated in the original investigation.[4]

During the administrative reviews covering April 1, 1984 through December 31, 1984 and January through December 1985, the Department determined that the compensatory rebate scheme had been repealed. In addition, during these same reviews, the Department found that Pakistan producers/exporters received countervailable benefits under the import duty rebate program at a rate of zero percent in 1984 and 0.000028 percent in 1985.

In the final results of the administrative review of the period January 1, 1993 through December 31, 1993, the Department, for the first time, issued company-specific rates in addition to a country-wide rate. Net subsidies of 11.50 percent and 11.54 percent were determined for Eastern Textiles, Ltd., and Creation (Pvt.) Ltd., respectively.

This review covers all producers and exporters of cotton shop towels from Pakistan.

Background

On January 4, 1999, the Department initiated a sunset review of the countervailing duty order on cotton shop towels from Pakistan pursuant to section 751(c) of the Act. On January 19, 1999, the Department received a Notice of Intent to Participate from Milliken & Company ("Milliken"), within the deadline specified in § 351.218(d)(1)(i) of the *Sunset Regulations*. Milliken claimed interested party status under § 771(9)(C) of the Act, as a domestic producer of cotton shop towels. Milliken asserted that it was the petitioner in the original countervailing duty investigation and has participated as a domestic interested party since that time. On February 3, 1999, the Department received Milliken's substantive response to the Department's notice of initiation, within the 30-day deadline specified in the *Sunset Regulations* in § 351.218(d)(3)(i). We did not receive a response from any respondent interested party, including the Government of Pakistan. As a result, pursuant to section 751(c)(3)(B) of the Act and our regulations (19 CFR 351.218(e)(1)(ii)(C)(2)), we determined to conduct an expedited review.

The Department determined that the sunset review of the countervailing duty order on cotton shop towels from Pakistan is extraordinarily complicated. In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). (*See* section 751(c)(6)(C) of the Act.) Therefore, on May 7, 1999, the Department extended the time limit for completion of the final results of this review until not later than August 2, 1999, in accordance with section 751(c)(5)(B) of the Act.[5]

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, the Department shall consider the net countervailable subsidy determined in the investigation and subsequent reviews, and whether any change in the program which gave rise to the net countervailable subsidy has occurred that is likely to affect that net countervailable subsidy. Pursuant to section 752(b)(3) of the Act, the Department shall provide to the International Trade Commission ("the ITC") the net countervailable subsidy likely to prevail if the order is revoked. In addition, consistent with section 752(a)(6), the Department shall provide the ITC information concerning the nature of the subsidy and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the 1994 WTO Agreement on Subsidies and Countervailing Measures ("Subsidies Agreement").

The Department's determination concerning continuation or recurrence of a countervailable subsidy, the net countervailable subsidy likely to prevail if the order is revoked, and the nature of the subsidy are discussed below. In addition, Milliken's comments with respect to each of these issues are addressed within the respective sections.

Continuation or Recurrence of a Countervailable Subsidy

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreement Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103–316, vol. 1 (1994), the House Report, H.R. Rep. No.103–826, pt.1 (1994), and the Senate Report, S. Rep. No. 103–412 (1994), the

[1] *Cotton Shop Towels From Pakistan; Final Affirmative Countervailing Duty Determination*, 49 FR 1408, (January 11, 1984).

[2] *Id.*

[3] *Cotton Shop Towels From Pakistan, Countervailing Duty Order*, 49 FR 8974 (March 9, 1984).

[4] *Cotton Shop Towels From Pakistan; Final Results of Administrative Review of Countervailing Duty Order*, 51 FR 5219 (February 12, 1986); *Cotton Shop Towels From Pakistan; Final Results of Countervailing Duty Administrative Review*, 54 FR 14671 (April 12, 1989); *Cotton Shop Towels From Pakistan; Final Results of Countervailing Duty Administrative Review*, 56 FR 28740 (June 24, 1991); *Cotton Shop Towels From Pakistan; Final Results of Countervailing Duty Administrative Review*, 57 FR 12475 (April 10, 1992); *Cotton Shop Towels From Pakistan; Final Results of Countervailing Duty Administrative Review*, 58 FR 48038, (September 14, 1993); and *Cotton Shop Towels From Pakistan; Final Results of Countervailing Duty Administrative Reviews*, 62 FR 24082 (May 2, 1997).

[5] *See Steel Wire Rope from Japan, et. al.: Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 24573 (May 7, 1999).

Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the basis for likelihood determinations. The Department clarified that determinations of likelihood will be made on an order-wide basis (*see* section III.A.2 of the *Sunset Policy Bulletin*). Additionally, the Department normally will determine that revocation of a countervailing duty order is likely to lead to continuation or recurrence of a countervailable subsidy when (a) a subsidy program continues, (b) a subsidy program has been only temporarily suspended, or (c) a subsidy program has been only partially terminated (*see* section III.A.3.a of the *Sunset Policy Bulletin*). Exceptions to this policy are provided when a company has a long record of not using a program (*see* section III.A.3.b of the *Sunset Policy Bulletin*).

In addition to considering the guidance on likelihood cited above, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of a countervailable subsidy when a respondent interested party waives its participation in the sunset review. Pursuant to the SAA, at 881, in a review of a countervailing duty order, when the foreign government has waived participation, the Department shall conclude that revocation of the order would be likely to lead to a continuation or recurrence of a countervailable subsidy for all respondent interested parties.[6] In the instant review, the Department did not receive a response from the foreign government or from any other respondent interested party. Pursuant to § 351.218(d)(2)(iii) of the Sunset Regulations, this constitutes a waiver of participation.

In its substantive response, Milliken asserted that revocation of the countervailing duty order on cotton shop towels from Pakistan would likely result in the recurrence of countervailable subsidies. Milliken asserted that in the original investigation and in the subsequent administrative reviews, the Department found several programs to confer countervailable subsidies. Further, Milliken asserted that the Government of Pakistan's recent withdrawal of its administrative review request strongly suggests that there has been no change in the programs giving rise to countervailing subsidies.[7] In its substantive response, Milliken asserted that, with the exception of the compensatory rebate program, to the best of its knowledge, there is no evidence that the programs giving rise to the subsidies have been suspended or terminated, or that the respondent exporters have renounced the countervailable subsidies under these programs.[8]

In conclusion, Milliken argued that, based on the history of this case, the Department must determine that revocation of the countervailing duty order would likely lead to the recurrence of subsidized imports of cotton shop towels from Pakistan.

The *Sunset Policy Bulletin*, at section III.A.3, states that, consistent with the SAA at 888, continuation of a program will be probative of the likelihood of continuation or recurrence of countervailable subsidies. Temporary suspension or partial termination of a subsidy program also will be probative of continuation or recurrence of countervailable subsidies, absent significant evidence to the contrary. Additionally, the *Sunset Policy Bulletin* provides that, when a program has been officially terminated by the foreign government, this will be probative of the fact that the program will not continue or recur if the order is revoked (*see Sunset Policy Bulletin* at section III.A.5).

We agree with Milliken that Pakistan producers/exporters continue to benefit from several countervailable subsidy programs. The Department, in the most recent administrative review, determined that producers/exporters received countervailable benefits under the export financing program, the excise tax, sales tax, and customs duty rebate programs, and the income tax reduction program. The Department also listed two programs found not to be used that had previously been found countervailable.

As stated above, the continued use of a program is highly probative of the likelihood of continuation or recurrence of countervailable subsidies if the order were revoked. Additionally, the presence of programs that have not been used, but that also have not been terminated, is also probative of the likelihood of continuation or recurrence of a countervailable subsidy. Therefore, because there are countervailable programs that are currently being used and others that remain in existence, the foreign government and other respondent interested parties waived their right to participate in this review before the Department, and absent argument and evidence to the contrary, the Department determines that it is likely that a countervailable subsidy will continue if the order is revoked.

Net Countervailable Subsidy

In the *Sunset Policy Bulletin*, the Department stated that, consistent with the SAA and House Report, the Department normally will select a rate from the investigation, because that is the only calculated rate that reflects the behavior of exporters and foreign governments without the discipline of an order or suspension agreement in place. The Department went on to clarify that this rate may not be the most appropriate rate if, for example, the rate was derived (in whole or in part) from subsidy programs which were found in subsequent reviews to be terminated, there has been a program-wide change, or the rate ignores a program found to be countervailable in a subsequent administrative review. Additionally, when the Department determined company-specific countervailing duty rates in the original investigation, the Department normally will report to the Commission those company-specific rates from the original investigation, or where no company-specific rate was determined for a company, the Department normally will provide to the Commission the country-wide or "all others" rate. (*See Sunset Policy Bulletin* at section III.B.2.)

Milliken suggested that the Department select the original subsidy rate of 12.67 percent as the net countervailable subsidy rate likely to prevail if the order is revoked. Milliken argued that, should the Department decide that adjustments to the original subsidy rate are warranted, the Department should provide the Commission the rates from the final results of the most recent administrative review: Eastern Textiles, Ltd., 11.50 percent *ad valorem*, and Creation (Pvt), Ltd., 11.54 percent *ad valorem*, and for all other producers/exporters of cotton shop towels from Pakistan, 8.49 percent *ad valorem;* the rates from the final results of the most recent administrative review (*see* Milliken's February 3, 1999, Substantive Response, at 9.)

We disagree with Milliken's arguments that we use either the unadjusted rate from the original investigation or the rates from the most recent administrative review. As stated above, the Department normally will select the rate from the investigation, because that is the only calculated rate that reflects the behavior of exporters and foreign governments without the

[6] *See* 19 CFR 351.218(d)(2)(iv).

[7] *See* Milliken Substantive Response (February 3, 1999) at 4, and *Cotton Shop Towels From Pakistan; Termination of Countervailing Duty Administrative Review*, 62 FR 34046 (June 24, 1997).

[8] *See* Milliken Substantive Response (February 3, 1999) at 6.

discipline of the order in place. However, the *Sunset Policy Bulletin* (in section III.B.3.) also provides that adjustments may be made to the original net countervailable subsidy when programs have been terminated or when new programs have been added.

As Milliken noted in its substantive response, the compensatory rebate scheme was found to have been terminated. Additionally, over the life of this order, the Department found that producers/exporters received countervailable benefits under the import duty rebate program—a program found not used in the original investigation.

As a result of changes in programs since the imposition of the order, the Department determines that using the net countervailable subsidy rate as determined in the original investigation is no longer appropriate. Rather, we have adjusted the net countervailable subsidy from the original investigation by adding in the rate from the import duty rebate program (first used in the review covering April 1984 through December 1984) and subtracting out the subsidy from the compensatory rebate scheme which was terminated on May 29, 1986. (*See* calculation memo.)

Nature of the Subsidy

In the *Sunset Policy Bulletin*, the Department stated that, consistent with section 752(a)(6) of the Act, the Department will provide information to the Commission concerning the nature of the subsidy and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. In this case, Milliken did not address this issue.

Because receipt of benefits under each of the countervailable programs is contingent upon exports, these programs fall within the definition of an export subsidy under Article 3.1(a) of the Subsidies Agreement. Each of the countervailable programs is described below.

Customs Duty Rebate

The government provides a 2% customs duty rebate on exported goods. The program, is in effect, a duty drawback. The government pays this rebate on items not physically incorporated into the exported product.

Rebates On Exportation

The government of Pakistan provides exporters of shop towels with cash rebates which are calculated as a percentage of the f.o.b. value of the exported product.

Income Tax Reduction

The government of Pakistan provides a 55% reduction of taxes attributable to income generated by products made for export.

Preferential Export Financing

The government permits short-term export financing to be provided to exporters at rates considerably lower than those otherwise charged on short-term loans in Pakistan.

Excise Tax and Sales Tax Rebate

The government of Pakistan provides an excise tax rebate and sales tax rebate on exports of shop towels.

Final Results of Review

As a result of this review, the Department finds that revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rate listed below.

Manufacturers/exporters	Margin (percent)
All manufacturers/exporters	5.17

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with § 351.305 of the Department's regulation (19 CFR 351.305).

Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 30, 1999.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–20224 Filed 8–4–99; 8:45 am]

BILLING CODE 3510–DS–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 701–TA–E (Review)]

Cotton Shop Towels From Peru

AGENCY: International Trade Commission.

ACTION: Termination of five-year review.

SUMMARY: On November 30, 1999, the Department of Commerce published notice in the **Federal Register** of its negative final determination of the likelihood of continuation or recurrence of a countervailable subsidy in connection with the subject five-year review. Accordingly, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)), the five-year review of the suspended countervailing duty investigation concerning cotton shop towels from Peru (investigation No. 701–TA–E (Review)) is terminated.

EFFECTIVE DATE: November 30, 1999.

FOR FURTHER INFORMATION CONTACT: Gail Burns (202–205–2501), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. 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).

Authority: This five-year review is being terminated under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.69 of the Commission's rules (19 CFR 207.69).

Issued: December 8, 1999.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 99–32496 Filed 12–14–99; 8:45 am]

BILLING CODE 7020–02–P

APPENDIX B

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Cotton Shop Towels from China, Pakistan, Peru, and Bangladesh, Inv. Nos. 731-TA-103 (Review), 701-TA-202 (Review), 701-TA-E (Review), and 731-TA-514 (Review)

On April 8, 1999, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C.§ 1675(c)(5)).[1] The Commission, in consultation with the Department of Commerce, grouped these reviews because they involve similar domestic like products.[2]

With regard to each of the reviews, the Commission determined that the domestic interested party group response to the notice of institution was adequate and the respondent interested party group responses were inadequate.[3]

Notwithstanding its finding that there was not an adequate respondent group response, the Commission determined to conduct a full review of *Shop Towels from Peru,*[4] based on the substantive response to the Commission's notice of institution filed by the Comite´ Textil - Sociedad Nacional de Industrias, a national association of Peruvian textile producers.[5] The Commission voted to conduct a full review even though the Comite´ Textil is not an interested

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[1] Chairman Bragg, Vice Chairman Miller and Commissioner Crawford dissenting.

[2] *See* 19 U.S.C. § 1675(c)(5)(D); 63 *Fed. Reg.* 29372, 29374 (May 29, 1998).

[3] The Commission found (Commissioner Askey dissenting with respect to the Peruvian individual response) that there was not an adequate individual response from any respondent interested party in these reviews. A response with regard to the investigation of *Cotton Shop Towels from Peru* was filed by a Peruvian trade association, Comite Textil-Sociedad Nacional de Industrias, but a majority of its members are not producers, exporters or importers of the subject merchandise. Therefore, the Commission concluded that the Comite´ Textil is not an interested party (19 U.S.C. § 1677(9)(A)). Chairman Bragg notes that its submission was responsive to the Commission's information request. With respect to *Cotton Shop Towels from Bangladesh,* the Commission found that the request for an extension of time to file a response submitted by the Embassy of Bangladesh did not constitute an adequate response to the notice of institution. No responses were filed by a respondent interested party with respect to *Cotton Shop Towels from China* or *Cotton Shop Towels from Pakistan.*

[4] Chairman Bragg, Vice Chairman Miller and Commissioner Crawford dissenting.

[5] See section 207.62(b)(2) ("If the Commission concludes that interested parties' responses to the notice of institution are adequate, <u>or otherwise determines that a full review should proceed</u>, investigative activities pertaining to that review will continue.") 19 C.F.R. § 207.62(b)(2) (emphasis added).

party, because: (1) although there is reportedly no current production of the subject merchandise in Peru, which may be attributable in part to the 1984 suspension agreement under which Peruvian producers agreed to cease export of the merchandise to the United States,[6] the four known former producers in Peru, including the two that signed the suspension agreement, are members of the Comite´ Textil, and (2) the Comite´ Textil furnished the information requested in the notice of institution and expressed its willingness to participate in this review by providing information requested by the Commission.

The Commission further determined to conduct full reviews of *Cotton Shop Towels from China, Pakistan, and Bangladesh* to promote administrative efficiency in light of the Commission's decision to conduct a full review with respect to *Cotton Shop Towels from Peru. See* 63 *Fed. Reg.* 30599, 30604 (June 5, 1998).[7]

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.

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[6]49 Fed. Reg. 35835 (Sept. 12, 1984).

[7] Chairman Bragg, Vice Chairman Miller and Commissioner Crawford dissenting.

APPENDIX C

CALENDAR OF THE PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

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

Subject:	Cotton Shop Towels from Bangladesh, China, Pakistan, and Peru
Invs. Nos.:	701-TA-E and 202 (Review) and 731-TA-103 and 514 (Review)
Date and Time:	November 18, 1999 - 9:30 a.m.

A session was held in connection with these investigations in the Main Hearing Room, 500 E Street, SW, Washington, DC.

OPENING REMARKS

In Support of Continuation (Ronald I. Meltzer, Wilmer, Cutler & Pickering)

In Support of the Continuation of the Orders:

Wilmer, Cutler & Pickering
Washington, D.C.
on behalf of

Milliken & Co.

Terry Topp, Territory Manager, Milliken & Co.

Ronald I. Meltzer)--OF COUNSEL

CLOSING REMARKS

In Support of Continuation (Ronald I. Meltzer, Wilmer, Cutler & Pickering)

APPENDIX D

SUMMARY DATA

Table D-1
Cotton shop towels: Summary data concerning the U.S. market, 1997-98, January-June 1998, and January-June 1999

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

	Reported data				Period changes	
			January-June			Jan.-June
Item	1997	1998	1998	1999	1997-98	1998-99
U.S. consumption quantity:						
Amount	430,433	498,727	238,591	304,259	15.9	27.5
Producers' share (1)	35.9	33.4	34.4	25.4	-2.5	-9.0
Importers' share (1):						
Bangladesh	13.4	12.1	13.8	13.9	-1.4	0.1
China	0	(2)	0	0.2	(3)	0.2
Pakistan	6.0	5.1	5.6	3.9	-0.9	-1.7
Subtotal	19.4	17.2	19.4	18.0	-2.2	-1.4
Other sources	44.7	49.4	46.2	56.6	4.8	10.4
Total imports	64.1	66.6	65.6	74.6	2.5	9.0
U.S. consumption value:						
Amount	48,748	54,089	26,113	31,066	11.0	19.0
Producers' share (1)	43.3	39.8	40.5	30.1	-3.5	-10.4
Importers' share (1):						
Bangladesh	11.4	10.4	11.9	12.1	-1.0	0.1
China	0	(2)	0	0.4	(3)	0.4
Pakistan	5.0	4.5	4.8	4.1	-0.4	-0.8
Subtotal	16.3	14.9	16.8	16.5	-1.4	-0.3
Other sources	40.4	45.3	42.7	53.4	4.9	10.7
Total imports	56.7	60.2	59.5	69.9	3.5	10.4
U.S. imports:						
Bangladesh:						
Quantity	57,892	60,293	32,891	42,270	4.1	28.5
Value	5,543	5,606	3,117	3,747	1.1	20.2
Unit value	$95.74	$92.99	$94.77	$88.65	-2.9	-6.5
Ending inventory quantity	***	***	***	***	***	***
China:						
Quantity	0	5	0	599	(4)	(4)
Value	0	7	0	113	(4)	(4)
Unit value	(4)	$1,325.40	(4)	$188.30	(4)	(4)
Ending inventory quantity	***	***	***	***	***	***
Pakistan:						
Quantity	25,707	25,514	13,396	11,943	-0.8	-10.8
Value	2,416	2,446	1,266	1,266	1.2	-0.0
Unit value	$93.98	$95.87	$94.52	$106.00	2.0	12.1
Ending inventory quantity	***	***	***	***	***	***
Subtotal:						
Quantity	83,600	85,812	46,287	54,812	2.6	18.4
Value	7,959	8,059	4,383	5,126	1.3	16.9
Unit value	$95.20	$93.92	$94.70	$93.52	-1.3	-1.2
Ending inventory quantity	***	***	***	***	***	***
Other sources:						
Quantity	192,191	246,443	110,315	172,219	28.2	56.1
Value	19,692	24,524	11,156	16,600	24.5	48.8
Unit value	$102.46	$99.51	$101.13	$96.39	-2.9	-4.7
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	275,790	332,256	156,602	227,031	20.5	45.0
Value	27,651	32,583	15,539	21,726	17.8	39.8
Unit value	$100.26	$98.07	$99.23	$95.70	-2.2	-3.6
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table D-1--Continued
Cotton shop towels: Summary data concerning the U.S. market, 1997-98, January-June 1998, and January-June 1999

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

	Reported data					
			January-June			Jan.-June
Item	1997	1998	1998	1999	1997-98	1998-99
U.S. producers':						
Average capacity quantity	333,277	404,751	195,115	200,309	21.4	2.7
Production quantity	164,637	158,952	77,533	78,130	-3.5	0.8
Capacity utilization (1)	49.4	39.3	39.7	39.0	-10.1	-0.7
U.S. shipments:						
Quantity	154,643	166,471	81,989	77,228	7.6	-5.8
Value	21,097	21,506	10,574	9,340	1.9	-11.7
Unit value	$136.42	$129.19	$128.97	$120.94	-5.3	-6.2
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	172	145	155	138	-15.7	-11.0
Hours worked (1,000s)	416	413	202	205	-0.7	1.5
Wages paid ($1,000s)	3,995	3,515	1,667	1,848	-12.0	10.9
Hourly wages	$9.60	$8.51	$8.25	$9.01	-11.4	9.2
Productivity (towels per hour)	395.8	384.9	383.8	381.1	-2.8	-0.7
Unit labor costs	$24.27	$22.11	$21.50	$23.65	-8.9	10.0
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value (per 1,000 towels)	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS (per 1,000)	***	***	***	***	***	***
Unit SG&A expenses (per 1,000)	***	***	***	***	***	***
Unit operating income or (loss) (per 1,000 towels)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Less than 0.05 percent.
(3) An increase of less than 0.05 percent.
(4) Not applicable.
(5) Data are for *** only.
(6) Undefined.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, and official Commerce statistics.

APPENDIX E

U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION OF THE ORDERS

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes if Orders Were To Be Revoked (Question II-4)

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the production of cotton shop towels in the future if the antidumping and countervailing duty orders on cotton shop towels from Bangladesh, China, and/or Pakistan were to be revoked. Their responses are as follows:

Blue Ridge Textile Mfg. Inc.

***

Kleen-Tex Industries, Inc.

***

Milliken & Company

***

Significance of Existing Orders in Terms of Trade and Related Data (Question II-15)

The Commission requested U.S. producers to describe the significance of the existing antidumping and countervailing duty orders covering imports of cotton shop towels from Bangladesh, China, and Pakistan: in terms of their effect on their firms' production capacity, production, U.S. shipments, inventories, purchases, and employment. Their responses are as follows:

Blue Ridge Textile Mfg. Inc.

***

Kleen-Tex Industries, Inc.

***

Milliken & Company

***

Significance of Existing Orders in Terms of Financial Data (Question III-8)

The Commission asked U.S. producers to describe the significance of the existing antidumping and countervailing duty orders covering imports of cotton shop towels from Bangladesh, China, and Pakistan in terms of their effect on their firms' revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Their responses are as follows:

Blue Ridge Textile Mfg. Inc.

***

Kleen-Tex Industries, Inc.

***

Milliken & Company

***

Anticipated Changes in Financial Data if Orders Were To Be Revoked (Question III-9)

The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of cotton shop towels in the future if the antidumping and countervailing duty orders on cotton shop towels from Bangladesh, China, and/or Pakistan were to be revoked. Their responses are as follows:

Blue Ridge Textile Mfg. Inc.

***

Kleen-Tex Industries

***

Milliken & Company

***

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes if Orders Were To Be Revoked (Question II-4)

The Commission requested importers to describe any anticipated changes in the character of their operations or organization relating to the importation of cotton shop towels in the future if the antidumping and countervailing duty orders on cotton shop towels from Bangladesh, China, and/or Pakistan were be revoked. Their responses are as follows:

***

"No."

***

"No."

***

"Yes. We would seek suppliers in Peru, China, and Bangladesh."

***

"Yes. If the anti-dumping orders were revoked, we would import shop towels but sell them to our major customers. We have not yet prepared business plans which address this issue."

***

"No."

***

"No."

***

"No."

***

"No."

Significance of Existing Orders in Terms of Trade and Related Data (Question II-9)

The Commission requested importers to describe the significance of the existing antidumping and countervailing duty orders covering imports of cotton shop towels from Bangladesh, China, and Pakistan in terms of their effect on their firms' imports, U.S. shipments of imports, and inventories. Their responses are as follows:

***

"No effect."

***

No response.

***

"Because we do not conduct a large portion of business in shop towels, this has not affected us."

***

"The existing antidumping duty orders have forced us to stop shipping these products; they do not allow us to compete effectively. This negative applies to Bangladesh, China and Pakistan."

***

"No effect except to increase cost to ultimate consumers."

***

"We don't import from them because of antidumping."

***

"No sources in Pakistan; not buying from sources with high CVD/antidumping duties from Bangladesh."

***

"We don't import from them because of antidumping."

Anticipated Changes in Trade and Related Data if Orders Were To Be Revoked (Question II-10)

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of cotton shop towels in the future if the antidumping and countervailing duty orders on cotton shop towels from Bangladesh, China, and/or Pakistan were to be revoked. Their responses are as follows:

***

"No."

***

"No.

***

"As stated in II-4 we would seek sources in Peru, China and Bangladesh. We would not forecast any significant changes in our importing quantities."

***

"Yes. We would resume product importing with Bangladesh, China and Pakistan."

***

"No."

***

"No."

***

"No."

***

"No."

U.S. PURCHASERS' COMMENTS REGARDING THE LIKELY EFFECTS OF REVOCATION

Effects of Revocation on Future Activities of the Firms and the U.S. Market as a Whole (Question III-12)

The Commission requested purchasers to comment on the likely effects of revocation of the antidumping/countervailing duty orders on cotton shop towels from Bangladesh, China, and Pakistan on (1) future activities of their firms and (2) the U.S. market as a whole. Their responses are as follows:

***

(1) Activities of your firm: No response.
(2) Entire U.S. market: No response.

***

(1) Activities of your firm: No response.
(2) Entire U.S. market: No response.

***

(1) Activities of your firm: "None."
(2) Entire U.S. market: "Unknown."

***

(1) Activities of your firm: "Enhanced value for our customers will or should spur increased sales and revenue."

(2) Entire U.S. market: "It should provide for consistency of supply and higher levels of competition among domestic and foreign suppliers."

***

(1) Activities of your firm: "Revocation of countervailing/antidumping would reduce prices paid by the end user."

(2) Entire U.S. market: "Same."

***

(1) Activities of your firm: "Lower cost of product (2 years); higher level of responsiveness from domestic producers."

(2) Entire U.S. market: "Unknown."

***

(1) Activities of your firm: "None."
(2) Entire U.S. market: "None."

***

(1) Activities of your firm: "Minimal - We'll test them for quality and pricing information to use in competitive comparisons.".
(2) Entire U.S. market: "Some laundries will buy the cheapest towel available, regardless of country or quality. A lower price will benefit them and their purchases may switch from U.S. to foreign."

***

(1) Activities of your firm: "I believe that suppliers will increase prices and supply will be short. The long term effect will be to look at alternative types of products within the market."
(2) Entire U.S. market: "The U.S. market is becoming tighter for supply because of retail. In general, supply will become tight and prices will increase."

***

(1) Activities of your firm: "No effects on our company. Most of the shop towels we purchase are from ***."
(2) Entire U.S. market: "I don't know."

***

(1) Activities of your firm: "Minimal, due to our lack of business in that market."
(2) Entire U.S. market: "Would drive costs up for users, however would not likely create a rush to substitutes. Could potentially drive some small companies out of business that import and some that provide commercial cleaning services."

***

(1) Activities of your firm: "None at this time. Our shop towel business is getting smaller each month."
(2) Entire U.S. market: "Might increase cost of domestic and other imports as Turkey and Russian."

***

(1) Activities of your firm: "There will be potential of buying more shop towels from Pakistan."
(2) Entire U.S. market: "Price of the product will go down."

***

(1) Activities of your firm: "No change."

(2) Entire U.S. market: "Cheaper, low quality towels will take away a percentage of domestic towel production."

***

(1) Activities of your firm: "None."

(2) Entire U.S. market: "None."

***

(1) Activities of your firm: "None purchased." (no response)

(2) Entire U.S. market: "None purchased." (no response)

U.S. FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND LIKELY EFFECTS OF REVOCATION

Significance of Existing Orders in Terms of Trade and Related Data (Question II-15)

The Commission requested foreign producers to describe the significance of the existing antidumping/countervailing duty orders covering imports of cotton shop towels in terms of their effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories. Their responses are as follows:

THE FOLLOWING FOREIGN PRODUCERS IN PAKISTAN:

Fine Fabrico
Iftikhar Corp.
Jawwad Industries
Khaksar Impex (PVT), Ltd.
Mehtabi Towel Mills (PVT), Ltd.
Quality Linen Supply Corp.
Ranjha Linen
Shahi Textiles
Sultex Industries

Reported:

***

Aqil Textile Industries

***

M/S. R. I. Weaving

***

M/S. United Towel Exporters

***

Anticipated Changes in Trade and Related Data If Orders Were To Be Revoked (Question II-16)

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of cotton shop towels in the future if the countervailing duty and antidumping duty orders on cotton shop towels were to be revoked. Their responses are as follows:

THE FOLLOWING FOREIGN PRODUCERS IN PAKISTAN:

Fine Fabrico
Iftikhar Corp.
Jawwad Industries
Khaksar Impex (PVT), Ltd.
Mehtabi Towel Mills (PVT), Ltd.
Quality Linen Supply Corp.
Ranjha Linen
Shahi Textiles
Sultex Industries

Reported:

***

Aqil Textile Industries

***

M/S. R. I. Weaving

***

M/S. United Towel Exporters

***

APPENDIX F

COMPANY-SPECIFIC DUMPING MARGINS

Planned initiation month: 01/99

Case History and Scope Information BANGLADESH

Complete scope of the order:

The product covered by this administrative review is shop towels. Shop towels are absorbent industrial wiping cloths made from a loosely woven fabric. The fabric may be either 100-percent cotton or a blend of materials. Shop towels are currently classifiable under item numbers 6307.10.2005 and 6307.10.2015 of the Harmonized Tariff Schedules (HTS). Although HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding remains dispositive.

Annual import volume:

FY 93 $3,645,362
FY 94 $2,289,816
FY 95 $1,929,398
FY 96 $3,560,423
FY 97 $4,866,301

All company margins and/or duty absorption rates:

Final Determination LTFV Investigation 57 FR 9688 (March 20, 1992)

Manufacturer/exporter	Margin (percent)
Eagle Star Textile Mills, Ltd.	42.31
Sonar Cotton (BD), Ltd	2.72
All others	4.60

Final Results - First Administrative Review 60 FR 48966 (September 21, 1995)

Manufacturer/exporter	Time period	Margin (percent)
Eagle Star Mills Ltd	9/21/91-2/28/93	42.31
Greyfab (Bangladesh) Ltd	9/21/91-2/28/93	0.00
Hashem International	9/21/91-2/28/93	0.01
Khaled Textile Mills Ltd	9/21/91-2/28/93	9.61
Shabnam Textiles	9/21/91-2/28/93	0.15
Sonar Cotton Mills (Bangladesh) Ltd	9/21/91-2/28/93	8.30

Final Results - Second Administrative Review 61 FR 5377 (February 12, 1996)

Manufacturer/exporter	Time period	Margin (percent)
Eagle Star Mills Ltd	3/1/93-2/28/94	42.31
Greyfab (Bangladesh) Ltd	3/1/93-2/28/94	0.00
Hashem International	3/1/93-2/28/94	0.00
Khaled Textile Mills Ltd	3/1/93-2/28/94	9.61
Shabnam Textiles	3/1/93-2/28/94	1.74
Sonar Cotton Mills (Bangladesh) Ltd	3/1/93-2/28/94	42.31

Note: Eagle Star had no shipments during the POR.

Final Results - Third Adminstrative Review 61 FR 55957 (October 30, 1996)
Amended for exporter Greyfab 62 FR 4253 (January 29, 1997)

Manufacturer/exporter	Time period	Margin (percent)
Eagle Star Textile Mills, Ltd.	3/1/94-2/28/95	42.31
Greyfab (Bangladesh), Ltd.	3/1/94-2/28/95	0.02
Hashem International	3/1/94-2/28/95	0.00
Khaled Textile Mills, Ltd.	3/1/94-2/28/95	0.00
Shabnam Textiles	3/1/94-2/28/95	0.00
Sonar Cotton (BD), Ltd	3/1/94-2/28/95	27.31

Final Results - Fourth Administrative Review 62 FR 12600 (March 17, 1997)

Manufacturer/exporter	Time period	Margin (percent)
Greyfab (Bangladesh), Ltd.	3/1/95-2/29/96	0.00
Hashem International	3/1/95-2/29/96	0.00
Khaled Textile Mills, Ltd.	3/1/95-2/29/96	0.00
Shabnam Textiles	3/1/95-2/29/96	0.00

Margin rates by program (if CVD):

A-538-802 **Number of determinations: 1**

Planned initiation month: 01/99

Case History and Scope Information

▼Complete scope of the order:
SCOPE FOR COTTON SHOP TOWELS FROM THE PEOPLES REPUBLIC OF CHINA
A-570-003

The products covered by this review are cotton shop towels from the PRC. This merchandise is classifiable under item number 6307.10.2005 of the Harmonized Tariff Schedule (HTS). The HTS item number is provided for convenience and customs purposes. The written description remains dispositive.

OTHER SCOPE FINDINGS

From: 59 FR 25615
Notice of Scope Rulings and Anticircumvention Inquiries
Tuesday, May 17, 1994

Country: People's Republic of China.
A-570-003: Cotton Shop Towels. Win-Tex Products, Inc. (original applicant)-- Remanded from the Court of International Trade to determine whether certain cotton shop towels, hemmed or cut and hemmed in Honduras, are within the scope of the order. Our redetermination pursuant to the remand is that these shop towels are within the scope of the order--1/18/94.

****

February 24, 1994 59 FR 8910
A-570-003: Cotton Shop Towels
Win-Tex Products, Inc. (original applicant)--Clarification to determine whether certain cotton shop towels are within the scope of the order. This scope ruling was remanded to the Department by the Court of International Trade for further analysis.

****

November 12, 1993 58 FR 59991
A-570-003: Cotton Shop Towels
Win-Tex Products, Inc. (original applicant)--Clarification to determine whether certain cotton shop towels are within the scope of the order. This scope ruling was remanded to the Department by the Court of International Trade for further analysis.

****

From 58 FR 27542
Notice of Scope Rulings
May 10, 1993

A-570-003: Shop Towels of Cotton
Venus Textiles, Inc.--certain 18"30" dish towels are within the scope of the order--02/19/93

****

From 55 FR 43020
Notice of scope rulings
October 25, 1990

A-570-003: Cotton Shop Towels; Able Textile--towels assembled in Canada from cotton grey fabric from the People's Republic of China are outside the scope of the order--8/21/90

Annual import volume:
FY 93 NOT LISTED
FY 94 NOT LISTED
FY 95 xx
FY 96 xx
FY 97 xx

All company margins and/or duty absorption rates:
MARGIN HISTORY FOR COTTON SHOP TOWELS FROM THE PEOPLES REPUBLIC OF CHINA A-570-003

From: 57 FR 43695 Final Results of Antidumping Duty Administrative Review
Tuesday, September 22, 1992

Producer/exporter Margin (percent)

TAC 72.14
All other companies without specific rates 122.81

****
From: 57 FR 60466 Final Results of Antidumping Duty Administrative Review
Thursday, July 9, 1992

Producer/exporter Margin (percent)

TAC 72.14
Chinatex 122.81
CNART 122.81
All other companies without specific rates 122.81

****
From: 56 FR 60969 Final Results of Antidumping Duty Administrative Review: Shop Towels of Cotton From The People's Republic of China
Friday, November 29, 1991

Exporter Margin (percent)

Tianjin Arts & Crafts Import & Export Corporation 78.38
China National Arts & Crafts Import & Export
Corporation 122.81
China National Native Produce and Animal By-products
Import and Export Corporation 122.81
China National Textiles Import & Export Corporation 122.81
Transatlantic Sales Co., Ltd [FN1] 66.00
Fabric Enterprise Limited [FN1] 37.20
Cuisininere Company Limited [FN1] 37.20
All other exporters of Chinese shop towels 78.38

1 These are all companies based in third countries (Hong Kong or Canada) with no shipments during the review period. The rates shown are these companies' rates from the last review in which there were shipments.

****
From: 56 FR 4040 Notice of final results of antidumping duty administrative review.
February 1, 1991

Exporters Margin (percent)

CNART/Cusisinnere [FN1] 37.20
CNART/Fabric Enterprise [FN1] 37.20
ChinaTex/Trans-Atlantic Sales [FN1] 66.00
China Resources Transportation [2]
All other exporters 55.27

FN1 Third-country reseller with noshipments during the period; rate is from last review in which there were shipments.
[2] Not a known exporter or reseller

The review covers four exporters and four third-country resellers for the period October 1, 1987 through September 30, 1988. The only company to answer the Department's questionnaire is China National Arts and Crafts Import and Export Corporation, Tianjin Branch (CNART-Tianjin).

Effective January 1, 1989, this firm changed its name to Tianjin Arts & Crafts Import & Export Corporation. One firm, China Resources Transportation and Godown Co., Ltd., had no shipments during the period. This firm is not known to have been a manufacturer or exporter of the merchandise during or prior to the period of investigation and will be regarded as a new exporter for any shipments after the period. The other producers and resellers either had no sales during the period of review or did not respond to the Department's questionnaire.

We have assigned to each firm which did not respond a deposit rate equal to the rate we calculated for the only responding firm in this review period. There is no evidence that any of the non-responding firms actually made any exports to the United States during the period of review.

Following the policy stated in the recent administrative review involving Iron Construction Castings from the PRC, we are publishing a single country-wide rate applicable to all exporters located within the PRC. We have continued to publish separate rates for third-country resellers.

.... For any future entries of this merchandise from a new ex[p]orter, whose first shipments occurred after September 30,1988, and who is unrelated to any review firm or any previously reviewed firm, a cash deposit of 55.27 percent shall be required

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From: 55 FR 7756 Final Results of Antidumping Duty Administrative Review
Monday, March 5, 1990

Exporter/third-country reseller Margin (Percent)

China National Arts and Crafts Import and Export Corp.
(CNART) 32.12
China National Arts and Crafts, Tianjin (CNART Tianjin) 32.12
CNART/Cuisininere [FN1] 37.20
CNART/Fabric Enterprise [FN1] 37.20
China National Textiles Import and Export Corp. (Chinatex) 122.81
Chinatex/Trans-Atlantic Sales [FN1] 66.00
China National Native Produce and Animal By-Products
Import and Export Corp 122.81
China Resources Transportation [FN2]

[FN1] shipments during the period; rate is from last review in which there were shipments.
[FN2] not a known exporter or reseller.

****

From: 50 FR 26020 Final Results of Administrative Review of Antidumping Duty Order
Monday, June 24, 1985

Exporter/third-country reseller (country) Margin (percent)

China National Arts and Crafts Import and Export Corporation
(CNART) 38.42
CNART/Cuisininere Co., Limited (Hong Kong) [FN1] 37.20
CNART/Fabric Enterprise Limited (Hong (Kong) [FN1] 36.20
China National Native Produce and Animal By-Products Import
and Export Corporation 86.10
China National Textiles Import and Export Corporation
(Chinatex) 73.22
Chinatex/Trans-Atlantic Sales Co., Ltd. (Canada) 66.00

1 No entries during the period.

Margin rates by program (if CVD):

A-570-003 **Number of determinations: 1**

APPENDIX G

COMPAS PRESENTATION

*   *   *   *   *   *   *

APPENDIX H

PRICING

Table H-1
Cotton shop towels: Weighted-average f.o.b. prices and quantities of *** imports of all-cotton shop towels , by quarters, January 1997-June 1999

* * * * * * *

Table H-2
Cotton shop towels: Weighted-average landed duty paid values of imported cotton shop towels,[1] by quarters, January 1997-June 1999

Period	Bangladesh	China [2]	Pakistan
	Price (*per towel*)	Price (*per towel*)	Price (*per towel*)
1997:			
Jan.-Mar.	$0.095	-	$0.097
Apr.-June	0.092	-	0.085
July-Sept.	0.096	-	0.096
Oct.-Dec.	0.100	-	0.093
1998:			
Jan.-Mar.	0.093	-	0.096
Apr.-June	0.098	-	0.093
July-Sept.	0.090	$0.387	0.100
Oct.-Dec.	0.093	1.883	0.093
1999:			
Jan.-Mar.	0.088	0.120	0.109
Apr.-June	0.089	0.958	0.102
July-Sept.	0.084	16.803	0.109

[1] All-cotton shop towels of various sizes. The Commission requested pricing data for 18" by 18" griege shop towels only.
[2] The average unit values for Chinese shop towels could be in error due to a misclassification or some type of special order.

Source: Compiled from Official Commerce statistics.