RAYON STAPLE FIBER FROM FRANCE AND FROM FINLAND

Determinations of Injury in Investigations Nos. AA1921-190 and AA1921-191 Under the Antidumping Act, 1921, as Amended, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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USITC FINDS U.S. INDUSTRY BEING INJURED BY IMPORTS OF RAYON STABLE FIBER FROM FRANCE AND FROM FINLAND SOLD AT LESS THAN FAIR VALUE

The United States International Trade Commission today reported to the Secretary of the Treasury its determinations that a domestic industry is being injured as a result of sales of rayon staple fiber from France and from Finland sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell determined in the affirmative with respect to imports of the articles from both countries. Commissioner Paula Stern voted affirmatively regarding the imports of commodity-type rayon staple fiber from France, but decided in the negative respecting the imports from Finland. Vice Chairman Bill Alberger found in the negative in both cases.

The Commission's investigations began on November 28, 1978, after receipt of LTFV determinations by the Treasury Department. A public hearing in connection with the investigations was held on January 4 and 5, 1979, in Washington, D.C. The petition which led to Treasury's determinations of sales at LTFV was filed by counsel representing Avtex Fibers, Inc., the largest U.S. producer, which manufactures rayon staple in its plants located in Nitro, W.Va., and Front Royal,

Va. Courtaulds North America and American Enka are the two other U.S. firms that produce rayon staple fiber. The Department of the Treasury found LTFV margins on 100 percent of the French and Finnish sales to the United States during the period of its investigations, November 1, 1977, to April 30, 1978. The weighted average LTFV margins on sales from France and Finland were 24 and 8.7 percent, respectively.

Rayon staple is a manmade cellulosic textile fiber, resembling raw or unprocessed cotton. It is spun into yarn and then either woven or processed into a variety of products such as wearing apparel, home furnishings, and industrial fabric.

U.S. domestic shipments of the merchandise declined sharply from 666 million pounds in 1973 to 424 million pounds in 1977, or by 36 percent. The ratio of imports from France to apparent U.S. consumption of rayon staple fiber was negligible during 1973-76, but increased to 0.8 percent in 1977 and to 1.2 percent during January-October 1978. The ratio of Finnish imports to apparent consumption, also negligible during 1973-76, increased to 0.4 percent in 1977 and 0.8 percent during January-October 1978. During this latter period, imports from France and Finland together accounted for 2 percent of apparent consumption and about 25 percent of all U.S. imports.

The Commission's public report, Rayon Staple Fiber From France and From Finland (USITC Publication 938), contains the views of the Commissioners in investigations Nos. AA1921-190 and AA1921-191. Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436.

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Note.--Information which would disclose confidential operations of individual firms may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-190 and 191]

Determinations of Injury or Likelihood of Injury

On November 13, 1978, the United States International Trade Commission received advice from the Department of the Treasury (43 F.R. 53530, November 16, 1978) that rayon staple fiber from France and from Finland is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on November 28, 1978, the Commission instituted investigations Nos. AA1921-190 and AA1921-191 under section 201(a) of the act to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Notice of the institution of the investigation and of the public hearing to be held in connection therewith was published in the Federal Register of December 4, 1978 (43 F.R. 56735). On January 4 and 5, 1979, a hearing was held in Washington, D.C., at which time all interested persons were provided the opportunity to appear by counsel or in person.

On the basis of its investigation the Commission determines (Vice Chairman Alberger dissenting) that an industry in the United States is being injured 1/ by reason of the importation of rayon staple fiber 2/ from France, which is being, or is likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

1/ Commissioner Moore determined that an industry in the United States is being or is likely to be injured by reason of the importation of rayon staple fiber from France and from Finland, which is being, or is likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

2/ Commissioner Stern's determination was limited to the importation of "commodity type" rayon staple fiber.

On the basis of its investigation the Commission determines (Vice Chairman Alberger and Commissioner Stern dissenting) that an industry in the United States is being injured 1/ by reason of the importation of rayon staple fiber 2/ from Finland, which is being, or is likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

In arriving at its determinations, the Commission gave due consideration to all written submissions from interested parties and information adduced at the hearing as well as information provided by the Department of the Treasury and data obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

1/ Commissioner Moore determined that an industry in the United States is being or is likely to be injured by reason of the importation of rayon staple fiber from France and from Finland, which is being, or is likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

2/ Commissioner Stern's determination was limited to the importation of "commodity type" rayon staple fiber.

STATEMENT OF REASONS OF CHAIRMAN JOSEPH O. PARKER AND COMMISSIONERS GEORGE M. MOORE AND CATHERINE BEDELL

On November 13, 1978, the United States International Trade Commission received advice from the Department of the Treasury that rayon staple fiber from France and Finland is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. Accordingly, on November 28, 1978, the Commission instituted investigations Nos. AA1921-190 and AA1921-191 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of such merchandise into the United States.

Determination

On the basis of the information obtained in the investigations, we determine that an industry in the United States is being injured or is likely to be injured by reason of the importation of rayon staple fiber from France and Finland, which Treasury has determined is being, or is likely to be, sold at LTFV.

The imported article and the domestic industry

Rayon staple fiber is a manmade textile fiber which resembles raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. In this determination, we consider the relevant domestic industry to consist of the facilities in the United States devoted to the production of rayon staple fiber; three U.S. firms currently produce it.

1/ Prevention of the establishment of an industry is not an issue in these investigations and will not be discussed further.

LTFV sales

The present investigations of LTFV sales of rayon staple fiber are two of six such investigations instituted by the Department of Treasury in the last two years. On January 23, 1978, Treasury discontinued an investigation of LTFV imports from Austria on the basis of the provision of assurances of no future LTFV sales and "the presence of special circumstances." 1/ On September 7, 1978, the Commission determined that an industry in the United States is being or is likely to be injured by reason of the importation of rayon staple fiber from Belgium which Treasury had determined is being or is likely to be sold at LTFV. On November 16, 1978, Treasury announced a tentative determination that the same product from Sweden and Italy is being sold at LTFV and ordered the withholding of appraisement.

On November 13, 1978, the Commission received advice that rayon staple fiber from France and Finland is being, or is likely to be, sold at LTFV. Price comparisons were made by Treasury with respect to imports from both countries for the period November 1, 1977, through April 30, 1978. The comparisons revealed that 100 percent of the rayon staple fiber exported to the United States from France and Finland during this period was sold at LTFV with margins (revised by Treasury on January 4, 1979) of 24 percent and 8.7 percent, respectively.

Injury by reason of LTFV sales

From the early 1960's through 1968, apparent domestic consumption of rayon staple fiber increased strongly. In the late 1960's, other manmade fibers began to displace rayon staple in a number of applications. Apparent domestic consumption declined from 890 million pounds in 1968

1/ 43 F.R. 3234, Jan. 23, 1978.

to 711 million pounds in 1973 and then to 391 million pounds in 1975. It then increased to 475 million pounds in 1976 and remained at about the same level in 1977. With the decline in apparent consumption, domestic producers reduced capacity by about 20 percent during 1973-77. In spite of this reduction of capacity, capacity utilization in 1976, 1977, and January-October 1978 was below the level reached in 1973.

Although domestic producers' shipments increased after the low reached in 1975, the profit-and-loss experience of the domestic industry on rayon staple fiber operations has not been favorable. The ratio of net operating profit to net sales was less than 3 percent in 1976, and net operating losses occurred in both 1977 and January-September 1978.

Information obtained in the investigations indicates that LTFV imports from France and Finland were a cause of injury to the domestic industry. U.S. producers claimed lost sales involving seven textile mills. The Commission verified that four of these mills had purchased significant quantities of French and Finnish rayon staple fiber during 1977 and 1978 and that price had been an important factor influencing these purchases. One mill indicated that it began purchasing the French fiber as a replacement for Belgian fiber when that product was withdrawn from the U.S. market after Treasury began withholding appraisement on imports from Belgium on January 23, 1978. The only foreign produced fiber purchased by the remaining three companies was material entered from countries found to have been selling at LTFV. It is apparent that the significant dumping margins applicable to the LTFV imports were an important factor in enabling the foreign producers to make these sales.

Pricing policies of the French and Finnish producers not only led to lost sales in the domestic industry but also contributed to the

suppression of U.S. producers' prices. In March 1977, the largest U.S. producer of rayon staple fiber announced that it would be increasing its list price from $0.58 per pound to $0.61 per pound effective May 1977. A second U.S. producer announced a similar increase in list price. By mid-1977, the average domestic transaction price of a representative type of rayon staple fiber registered about $0.574, reflecting a $0.02 per pound increase since October-December 1976. In 1977, imports of rayon staple fiber from Belgium, France, and Finland, countries Treasury found to be selling rayon staple at LTFV, increased to 12.4 million pounds, or more than 10 times the quantity imported from those countries in 1976. The cumulative impact of this surge in LTFV imports, which were sold at prices approximately 3 cents per pound less than the average net selling price of U.S. producers, influenced U.S. producers' prices. By October-December 1977 the U.S. producers' list prices were reduced to $0.58 per pound. The average domestic transaction price fell from $0.574 per pound in April-June 1977 to $0.557 per pound in April-June 1978.

The issue of likelihood of injury to the domestic industry primarily involves the ability and willingness of Rhone Poulenc, the French producer, and Sateri, the Finnish producer, to export rayon staple fiber to the United States at LTFV. With the European market experiencing a prolonged slump in demand, both these companies may be induced to increase their exports to the United States in order to maintain their relatively high rates of capacity utilization. The large LTFV margins (24 percent for Rhone Poulenc and 8.7 percent for Sateri) applicable to exports to the United States from these companies suggest that both are willing to make LTFV sales when it is necessary to do so in order to sell their staple.

DETERMINATION OF COMMISSIONER STERN

Having considered all of the information before me in these investigations, I determine, pursuant to Section 201 of the Antidumping Act of 1921, as amended, that (1) with respect to Investigation No. AA1921-190, an industry in the United States is being, or is likely to be, injured by reason of the importation into the United States from France of commodity rayon staple fiber at less than fair value, and (2) with respect to Investigation No. AA1921-191, an industry in the United States is not being, and is not likely to be, injured by reason of the importation into the United States from Finland of commodity rayon staple fiber at less than fair value.

The Domestic Industry

Rayon staple fiber is a manmade cellulosic textile fiber resembling raw or unprocessed cotton. After being spun into yarn, rayon staple fiber is used in either textile fabrication or disposable nonwoven products. The common variety of rayon staple fiber, known as "commodity" staple, accounts for approximately three-fourths of domestic consumption of rayon fiber. Several varieties of "specialty" rayon staple fiber have also been developed to meet particular end-use needs, which cannot be satisfied by commodity staple.

Rayon staple fiber is produced by three companies in the United States -- Avtex Fibers (Avtex), Courtaulds North America (Courtaulds), and American Enka (Enka). Two of the three domestic producers manufacture both commodity and specialty staple. Separate data were not obtained in these investigations concerning capacity utilization, employment, inventories,

and profit and loss on commodity and specialty type rayon fiber; therefore, in order to evaluate fairly the economic health of the domestic industry, the domestic rayon staple fiber industry must be defined to include facilities producing both types of staple.

However, in view of the fact that all of the imports in question are commodity rayon staple fiber, my determination regarding the causation of injury is limited to the less than fair value imports of commodity rayon staple fiber. Since there were no less than fair value imports of specialty rayon staple fiber, I believe the Commission's determination should conform to the record and, therefore, not apply to specialty rayon fiber.

Imports

Imports of commodity staple from France, which were negligible from 1973 through 1976, increased to 3.8 million pounds in 1977 and to 5 million pounds for the first ten months of 1978. Treasury Department price comparisons made on all imports from France for the period November 1, 1977 through April 30, 1978, revealed that 100 percent of the commodity rayon staple fiber exported to the United States from France was sold at a less than fair value margin averaging 24 percent.

Imports of commodity staple from Finland, which were also negligible from 1973 through 1976, increased to 2.1 million pounds in 1977 and 3.3 million pounds during the first ten months of 1978. The price comparisons made on all imports from Finland by the Treasury Department for the period November 1, 1977 through April 30, 1978, revealed that 100 percent of the rayon staple exported to the United States from Finland was sold at a less

than fair value margin averaging 8.7 percent. This margin is significantly lower than the French margin.[1/]

Injury

Section 201 of the Antidumping Act, as amended, does not set forth standards for determining whether an industry is being or is likely to be injured by reason of less than fair value imports. As a result, the Commission can and does exercise considerable discretion in making its determinations based upon the particular facts in each case. However, as I stated in an earlier opinion on steel wire nails (Investigation No. AA 1921-189), Section 201 of the Act requires the Commission to find that two conditions have been satisfied before an affirmative determination can be made. First, the Commission must determine that an industry is being or is likely to be injured. This determination is based upon an analysis of certain economic indicators -- consumption, production, capacity changes and utilization, shipments, inventory levels, employment and profits. Second,

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1/ The Treasury Department made a last-minute revision of the final less than fair value margins in both cases, which complicated the tasks of all interested parties in the Commission's investigation. Treasury's action bears mentioning because it is not an isolated action. Without the benefit of Treasury's calculations on a timely basis, the Commission will always be hampered in carrying out fairly and efficiently its mandate under the Act. In view of the cooperative framework established by the Antidumping Act and the limited statutory time frame in which the Commission must make its determination, I believe that the Treasury Department must adjust its operations under that Act so as to be able to provide accurate information to the Commission and all interested parties on a timely basis.

the Commission must determine that the injury is "by reason of" the less than fair value imports. This second determination is based upon an analysis of such factors as market penetration by less than fair value imports, documented lost sales of domestic manufacturers to less than fair value imports, and a price depression or suppression of the impacted products. As for likelihood of injury, foreign capacity to produce for export is also considered. If the Commission finds that either condition has not been met, its determination must be negative, and it need not consider factors relevant to determining the other condition.

In the present investigations, I have found, based upon my consideration of the relevant indicators described above, that the rayon staple fiber industry in the United States is being injured. On September 7, 1978, the Commission determined that the domestic rayon staple fiber industry was being or was likely to be injured by reason of the importation of rayon staple fiber from Belgium at less than fair value (Investigation No. AA 1921-186). At that time, the Commission based its determination on information which included economic data available through March 1978. The Commission's majority opinion pointed out that the U.S. rayon staple fiber industry had been essentially stagnant over the past several years. Updated Commission data developed in the French and Finnish investigations suggests that while some of the relevant economic indicators have shown limited improvement, other indicators reveal continued stagnation or, in some instances, serious deterioration.

U.S. apparent consumption of rayon staple fiber was 474.7 million pounds in 1976, increasing only slightly in 1977 to 478 million pounds.

During the first ten months of 1978, U.S. apparent consumption was only 406.8 million pounds, as compared to 413 million pounds for the same period in 1977.

Capacity utilization was 71 percent in 1976, increasing to 78 percent in 1977. During the first ten months of 1978, there was only a negligible increase to 79 percent. In this regard, it is important to note that in testimony to the Commission, it was pointed out by an industry spokesman that the rayon staple industry is not "very healthy unless we are close to 90 percent capacity utilization."

Domestic production increased from 459 million pounds in 1976 to 507 million pounds in 1977. However, for the first ten months of 1978 domestic production was 427 million pounds, as compared to 437 million pounds for the same period in 1977.

Total shipments by U.S. producers increased from 468 million pounds in 1976 to 483.3 million pounds in 1977. During the first ten months of 1978, total shipments amounted to 443.3 million pounds as compared to 414.9 million pounds for the corresponding period in 1977. However, domestic shipments of rayon staple fiber declined from 433 million pounds in 1976 to 424 million pounds in 1977, and for the first ten months of 1978, U.S. domestic shipments were only 3 percent higher than in the corresponding period in 1977. The growth in total shipments is directly attributable to a substantial increase in exports. Avtex testified, however, that domestic producers have been forced to sell abroad at prices which do not cover fully their total costs.

Domestic inventories amounted to 24.2 million pounds at the end of 1976, increasing by 95 percent to 47.3 million pounds by the end of 1977. However, at the end of the first ten months of 1978, inventories decreased to 31.4 million pounds.

Most significantly, profitability of the domestic industry has seriously deteriorated. In 1976, the domestic industry earned $7.6 million, only to suffer a $1.7 million loss in 1977. In 1978, the financial difficulties of the domestic industry intensified. During the first three quarters of 1978, the domestic industry lost $7.2 million.

Respondents argued that economic data for the fourth quarter of 1978 indicates substantial improvements with respect to all the economic indicators. Unfortunately, complete data for the fourth quarter of 1978 is not yet available to the Commission. I do not question that some indicators, particularly when data projections for the fourth quarter of 1978 are considered, suggest that the economic health of the domestic rayon staple fiber industry may be improving. However, incomplete indicators of one good quarter following eleven poor quarters is not a sufficient basis upon which to find that an injured industry has recovered and, therefore, is not being or likely to be injured in the future.

There were several factors which influenced my consideration of this last quarter's data. The Antidumping Act is not designed to punish past wrongs.[1/] Rather, it is designed to stop present unfair pricing practices and to prevent

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1/ The Antidumping Act is retroactive in the limited sense that there is a withholding of appraisement based on the Treasury Department's tentative determination of less than fair value.

them from reoccurring in the future. In short, the Act is designed to eliminate any competitive advantage a foreign firm might realize by selling at less than fair value. A determination is, by necessity, largely based on indicators reflecting past events. However, a determination should take into consideration, to the extent possible, present events in the market place.

The domestic rayon staple fiber industry is currently struggling to recover its economic health after being buffeted for several years by less than fair value imports from a number of countries. From present indications, its chances of success are hopeful. However, the current condition of the domestic industry is still one of injury. If the domestic rayon staple fiber industry has been injured by reason of less than fair value imports of commodity staple, those imports could have a significant impact on the outcome of the domestic industry's struggle to recover its economic health. Under these circumstances, an affirmative finding is required by the Antidumping Act.

Injury or Likelihood of Injury by Reason of LTFV Sales

France

I believe the record supports a finding that the domestic rayon staple fiber industry is being injured by reason of the importation of commodity rayon staple fiber from France which is being sold at less than fair market value.

First, although the ratio of French imports to domestic apparent consumption is not unusually high -- 0.8 percent in 1977 and 1.2 percent during January-October 1978, the Commission's staff developed detailed and convincing documentation of lost sales and price suppression resulting directly

from imports of French commodity staple sold at less than fair value. In one incident a U.S. company continued to sustain a loss of business when its customer switched to French commodity rayon staple fiber as a replacement for Belgian fiber when that product was withdrawn from the U.S. market after Treasury began withholding appraisement on imports from Belgium on January 23, 1978. In another incident, where a U.S. company purchased French commodity staple fiber at less than fair value prices, persuasive documentation existed that a domestic producer felt compelled to reduce its selling price in order to retain this customer.

Second, the Treasury Department found on the basis of 100 percent of the commodity rayon staple fiber exported to the United States by France that the less than fair value margin was an average of 24 percent. U.S. producers, seeking to maintain their competitive position in face of this large margin, have been forced to suppress their prices.

Finland

The circumstances and impact of the French imports contrasts sharply with the case of Finnish imports. The record in the Finnish case does not support a positive finding of injury by reason of imports at less than fair market value.

The Commission has been able to investigate two of the three instances of Finnish less than fair value sales made to U.S. companies. In one instance, the U.S. company claimed that it purchased Finnish

staple because it could not obtain all it required of off-standard commodity rayon staple from domestic sources. In contrast with this Finnish sale, the more flexible requirements of the purchasers of the French goods permitted a larger scope for substitution. In other words, the French imports -- but not the Finnish -- of commodity staple were essentially fungible with respect to the commodity staple available from domestic producers. In the second documented case of a Finnish sale, the U.S. company stated that it desired a secondary source of supply.

In addition, no evidence was submitted to the Commission which indicated price suppression due to less than fair value imports from Finland. On the contrary, evidence was submitted to the Commission which indicated that the price of the Finnish staple was essentially the same as the standard price for comparable domestically-produced commodity staple of the same grade.

The Treasury Department figured on the basis of 100 percent of the commodity rayon staple fiber exported to the United States by Finland that the less than fair value margin was only an average of 8.7 percent. The smaller the margin, the less significant it is in terms of price competitiveness. The Finnish margin is less than one-third of that found in the French case.

In view of the fact that the Finnish producer has been operating at close to 100 percent of capacity in 1977 and 1978, and has raised its U.S. price for rayon staple twice within the last five months, I believe the record does not indicate that there is a likelihood of injury to the domestic industry.

Conclusion

In order to discourage and prevent such unfairly-priced imports, the Antidumping Act provides for a finely-tuned sanction in the form of dumping duties which are placed only on the unfairly-priced goods and only at a level that puts the price of the goods of the unfair foreign competitor on par with U.S. producers. In the case of French imports of commodity rayon staple fiber, the effect of these imports at less than fair value has been to injure the domestic rayon staple fiber industry and to hinder that industry's efforts to recover its economic health. In the case of Finnish imports of commodity rayon staple fiber at less than fair value, the effect of those imports has not been to injure the domestic rayon staple fiber industry. Accordingly, there is no need to impose the sanctions of the Antidumping Act to Finnish imports of commodity staple.

A comparison of these cases illustrates clearly that the Antidumping Act is remedial, not penal. It is not designed to prevent less than fair value sales per se, but rather to discourage and prevent foreign producers from utilizing unfair price discrimination practices to the detriment of a United States industry.

VIEWS OF COMMISSIONER BILL ALBERGER
Rayon Staple Fiber from France and Finland

In order for a Commissioner to make an affirmative determination in an investigation under the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), it is necessary to find that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ and the injury or likelihood thereof must be by reason of imports at less than fair value (LTFV).

Determination

On the basis of information obtained in this investigation, I determine that an industry in the United States is not being injured and is not likely to be injured by reason of the importation of rayon staple fiber from France and Finland, which the Department of the Treasury (Treasury) has determined is being sold at LTFV.

The Imported Article and the Domestic Industry

Rayon staple fiber is a manmade textile fiber, which resembles raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. In this determination, I consider the relevant domestic industry to consist of the facilities in the United States devoted to the production of rayon staple fiber. Three U.S. firms currently produce rayon staple fiber.

1/ Prevention of the establishment of an industry is not an issue and will not be discussed further.

LTFV Sales

U.S. imports of rayon staple from France and Finland which were negligible from 1973 through 1976 increased to 3.8 million pounds and 2.1 million pounds, respectively, in 1977. January-October 1978 import levels rose to 5 million pounds for France and 3.3 million pounds for Finland. This represented a 1.2 percent import to apparent consumption ratio for French imports and a 0.8 percent ratio for Finnish imports.

Treasury made price comparisons on French and Finnish rayon staple exports to the United States for the period November 1, 1977 through April 30, 1978. These comparisons revealed that 100 percent of the French and Finnish exports to the U.S. was sold at LTFV, the weighted average margins being 24 and 8.7 percent, respectively.

The Question of Injury or Likelihood by Reason of LTFV Sales

U.S. imports -- From 1973 through 1977, total imports of rayon staple fiber have increased from 44.2 million pounds to 54.1 million pounds and based on January-October 1978 data, appear to be dropping back well below 1977 levels. Imports from France in 1977 were 3.8 million pounds and 5.0 million pounds for January-October 1978. These figures represent 0.8 percent and 1.2 percent of apparent consumption, respectively. Finnish imports for 1977 were 2.1 million pounds and 3.3 million pounds for January-October 1978, accounting for 0.4 percent and 0.8 percent of apparent consumption, respectively.

Production and shipments -- U.S. production declined from a high level of 660 million pounds in 1973 to a low of 350 million pounds in 1975, then

recovered to 507 million pounds in 1977, and based on January-October 1978 data appear to be maintaining the 1977 level. Shipments by U.S. producers followed a similar pattern from 1973 through 1977, and are up by 28.4 million pounds during January-October 1978 when compared with the same period in 1977.

Curiously, while imports of rayon staple fiber were almost exclusively of commodity staple (as opposed to specialty staple), the decline in U.S. producers' shipments is greater for specialty staple than for commodity staple. This suggests that declining demand is a rather important ingredient in the declines apparent in 1975 in all factors.

Capacity utilization -- Domestic facilities producing rayon staple fiber operated at 84 percent of capacity in 1973 and 78 percent in 1974, before dropping to 49 percent during the 1975 recession. Capacity has dropped about 17 percent since 1974, and the utilization rate in 1977 and January-October 1978 has recovered to the 1974 level.

Exports -- Substantial quantities of rayon staple fiber have been exported in recent years. U.S. exports increased from only 16.9 million pounds in 1973 to 33.8 million pounds in 1974, and then jumped to 59.4 million pounds in 1977. Exports for January-October 1978 are nearly 19 million pounds more than the comparable period of 1977 and are nearly nine times the size of the combined exports from France and Finland to the U.S.

Inventories -- The peak level of inventories during the period January 1973-October 1978 was reached at the end of 1974 -- 67.3 million pounds. Inventories had dropped to 24.2 million by the end of 1976, but were up again to 47.3 million pounds on December 31, 1977, before dropping to 31.4 million pounds by the end of October 1978.

Consumption -- Apparent consumption of rayon staple peaked in 1968 at 890 million pounds, dropped to 711 million pounds in 1973 and then dropped to 391 million pounds in 1975. A great deal of this decline is attributable to competition from polyester and other man-made fibers. In 1976 and 1977, apparent consumption recovered to 475 and 478 million pounds, respectively. January-October 1978 figures are slightly below those for the same 10 months of 1977.

Employment -- The average number of production and related workers producing rayon staple fiber declined from 3,700 in 1973-74 to 2,300 in 1975. By 1977, the number had climbed to 2,700 with a further increase to 3,000 workers in January-October 1978. Hours worked increased from 5.7 million hours in 1977 to 6.3 million, on an annualized basis, for 1978.

Profits -- Since 1974, when the aggregate net operating profit to net sales ratio was 13.4 percent, losses have been more the rule than profits. Losses for the industry as a whole occurred in both 1975 and 1977, and 1978 figures through September show a net operating loss to net sales ratio of 2.9 percent.

Prices -- Price competition exists in three different ways in this investigation. Intense competition appears to exist between the three domestic producers, who accounted for between 94 percent and 89 percent of apparent consumption between 1973 and 1977. Obviously, competition also exists between importers and U.S. producers. A third area of price competition involves the interaction of rayon staple, polyesters and other man-made fibers in the marketplace. While prices may appear low and suppressed since late 1974, the competition between substitute fibers appears to be an important factor.

Prices of both French and Finnish rayon staple have been at levels below the average domestic selling price in both 1977 and 1978.

U.S. producers who had lowered their prices from the second quarter of 1977 through the second quarter of 1978 raised them during October-November 1978, when they reported an average price for a representative item of rayon staple fiber slightly below the average price for the same item of imported rayon staple.

In competition with other man-made fibers, including polyester staple and cotton staple, rayon staple fiber has lost about half its market share in the past six years. The loss has been to polyester staple which has incurred much lower price increases over the six-year period than has rayon. For the past three years, the prices of rayon and polyester have paralleled one another, and relative market share of the two have been constant.

In my judgment, competition with other fibers, particularly polyester, is a greater restraint on domestic prices of rayon staple than import prices, and the competition among domestic producers is primarily responsible for the price rollback in 1977. The refusal of one producer to join the increase was a more important restraining force on prices than the prices of imported products from France or Finland.

Lost sales -- The Commission investigated four instances of sales allegedly lost to LTFV imports from France and Finland. One of these was a simple case of a customer substituting French imports for Belgian imports. Another, who made significant purchases of the French product in 1977 and 1978, maintained a stable level of purchases of the U.S. product for the same period and, therefore, it is difficult to find that the foreign purchases were "lost sales". With regard to sales allegedly lost to Finnish staple, customers cited interest in obtaining a secondary source of supply and the inability of

domestic producers to provide a sufficient quantity of the off-standard rayon staple it needed as reasons for buying imports.

Summary -- 1975, two years prior to the entry of French and Finnish imports into the U.S. market, was an extremely difficult year for the domestic rayon staple industry. Virtually every factor I have discussed experienced a sharp decline. Since then, however, the domestic industry has shown signs of recovery. Production, shipments, capacity utilization, and employment are at or approaching 1974 levels. Exports, already at record levels in 1977, will apparently increase even further in 1978. Profits made a slight recovery in 1976, but have faded considerably in 1977 and into 1978. Prices which have been up and down have been moving upward from June through November 1978. Consumption, while up from 1975, still is well off from 1974 levels.

In short, other than the profit picture, the domestic industry is doing better than might be expected, particularly in view of the more limited increase in consumption of rayon staple in recent years.

With respect to likelihood of injury, the only factor suggesting any future injury is profits. Production, shipments, capacity utilization, employment and consumption are all up or steady and inventories are down. As far as the capacity of French and Finnish producers is concerned, information received during the Commission's public hearing indicates both are operating at high rates of capacity utilization and have little excess capacity which could be used to produce additional rayon staple for the U.S. market. In addition, the recent Occupational Safety and Health Administration (OSHA) regulations regarding cotton dust will apparently cause a

shift to rayon staple as a substitute for cotton. This increase in demand should result in further improvement in the performance of the domestic rayon staple industry.

Therefore, based on the factors I have discussed, I conclude that the domestic rayon staple industry is not being injured and is not likely to be injured by LTFV imports from France and Finland.

SUMMARY

The U.S. International Trade Commission instituted investigations Nos. AA1921-190 and AA1921-191 on November 28, 1978, following notification from the Department of the Treasury on November 13, 1978, that rayon staple fiber from France and from Finland is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. The petition which led to Treasury's determination of sales at LTFV was filed by counsel representing Avtex Fibers, Inc., the largest U.S. producer of rayon staple fiber. A public hearing in connection with the Commission's investigation was held on January 4 and 5, 1978, in Washington, D.C.

Rayon staple is a manmade textile fiber resembling raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. There are three companies currently producing rayon staple fiber in the United States.

U.S. domestic shipments of rayon staple declined sharply, from 666 million pounds in 1973 to 424 million pounds in 1977, or by 36 percent. Shipments in January-October 1978 were 3 percent higher than shipments in the corresponding period of 1977. U.S. exports of rayon staple fiber increased from 16.9 million pounds in 1973 to 34.8 million pounds in 1976, and to 59.4 million pounds in 1977. Exports continued to rise in January-October 1978, reaching 72.2 million pounds, or by 22 percent compared with the total for all of 1977. The domestic industry's rate of capacity utilization fell from a peak of 84 percent in 1973 to a low of 49 percent in 1975, and then rose to 71 percent in 1976 and 78 percent in 1977. The average number of production and related workers producing rayon staple fiber was about 3,700 in 1973 and 1974, dropped precipitously in 1975, and then began a modest recovery in 1976. As of January-October 1978 the average number of production workers in this industry was about 3,000.

Net operating profit of the U.S. producers of rayon staple fiber increased from $18 million in 1973 to $39 million in 1974, but a net operating loss occurred during the recession year 1975. The industry registered small profits in 1976, but again fell into a loss position in 1977 and January-September 1978. U.S. producers of rayon staple fiber increased inventories during 1974, reduced them in 1975 and 1976, and increased them again in 1977. Inventory levels declined during January-October 1978.

The ratio of U.S. imports from France to apparent U.S. consumption of rayon staple fiber was very small for the period 1973-76. This ratio increased to 0.8 percent in 1977 and to 1.2 percent during January-October 1978. In a similar pattern, the ratio of U.S. imports from Finland to apparent consumption was negligible during 1973-76. The ratio increased to 0.4 percent in 1977 and to 0.8 percent during January-October 1978. In January-October 1978, France and Finland together accounted for 2 percent of apparent consumption and about 25 percent of all U.S. imports. Total market

share held by U.S. imports dropped sharply from 12.4 percent during January-October 1977 to 8.8 percent in the corresponding period of 1978. Reduced quantities of Austrian and Belgian staple account for this drop in market share.

The Department of the Treasury found LTFV margins on 100 percent of the French and Finnish sales to the United States during the period of its investigation, November 1, 1977-April 30, 1978. The weighted average LTFV margins on sales from France and Finland were 24 and 8.7 percent, respectively.

The average domestic price of a representative item of commodity grade rayon staple fiber fell from $0.574 per pound in April-June 1977 to $0.557 per pound in April-June 1978. During this period the price of French fiber ranged from *** to *** cents per pound, and the price of the Finnish fiber ranged from *** to *** cents per pound.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On November 13, 1978, the United States International Trade Commission received advice from the Department of the Treasury that rayon staple fiber from France and from Finland is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. 1/ Accordingly, on November 28, 1978, the Commission instituted investigations Nos. AA1921-190 and AA1921-191 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. The Commission issued its notice of investigation and hearing on November 29, 1978, and posted copies of this notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York office 2/. In addition, this notice was published in the Federal Register of December 4, 1978 (43 F.R. 56735). The Commission held a public hearing in connection with the investigations on January 4 and 5, 1978, in Washington, D.C.

The complaints which led to Treasury's determination of sales at LTFV were filed by counsel representing Avtex Fibers, Inc., the largest U.S. producer of rayon staple fiber. Treasury's notice of investigation was published in the Federal Register of May 5, 1978 (43 F.R. 19489). A notice of withholding of appraisement and determination of sales at LTFV was published in the Federal Register of November 16, 1978 (43 F.R. 53530).

Background

Past Commission investigations concerning rayon staple fiber

Between October 1959 and August 1961 the Commission conducted five antidumping investigations on rayon staple fiber, Nos. AA1921-11 (France), -17 (France), -18 (Belgium), -20 (Cuba), and -21 (West Germany). In each case the Commission determined unanimously that an industry in the United States was not being and was not likely to be injured by reason of the importation of rayon staple fiber sold at LTFV.

The Commission also conducted an escape-clause investigation on rayon staple fiber (No. 7-95 under sec. 7 of the Trade Agreements Extension Act of 1951, as amended) in 1961. In that investigation the Commission determined (Commissioners Overton and Sutton dissenting) that rayon staple fiber was not being imported in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

1/ A copy of Treasury's letter to the Commission is presented in app. A.
2/ A copy of the Commission's notice of investigation is presented in app. B.

On May 2, 1978, the U.S. International Trade Commission received advice from the Department of the Treasury that rayon staple fiber from Belgium was being, or was likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Accordingly, on May 15, 1978, the Commission instituted investigation No. AA1921-181 under section 201(a) of the act to determine whether an industry in the United States was being or was likely to be injured or was prevented from being established, by reason of the importation of such merchandise into the United States.

On July 21, 1978, the Commission was advised by Treasury that it had reconsidered the basis for its fair-value comparisons of rayon staple fiber from Belgium. As a result of its reconsideration, Treasury modified its determination of May 2, 1978, such that the weighted average LTFV margin increased from 6.7 to 57.6 percent. Having received new and substantially different advice from Treasury, the Commission took the following actions:

1. Terminated investigation No. AA1921-181 without any determination because of the intervening advice of the Treasury;

2. Instituted investigation No. AA1921-186 to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of rayon staple fiber from Belgium into the United States; and

3. Determined that there did not appear to be good and sufficient reasons for holding a public hearing in investigation No. AA1921-186 because the written statements and transcript of the hearing from the prior investigation remained relevant to the Commission's determination in the new investigation. Nevertheless, the Commission allowed any interested person to submit a request for a public hearing in investigation No. AA1921-186. No such requests were received, and a new public hearing was not held.

On the basis of its investigation the Commission determined (Vice Chairman Alberger and Commissioner Ablondi dissenting and Commissioner Minchew not participating) that an industry in the United States was being or was likely to be injured, by reason of the importation of rayon staple fiber from Belgium, which was being, or was likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

Description and uses

Rayon staple is a manmade cellulosic textile fiber resembling raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. Rayon staple fiber, the first

manmade fiber produced in commercial quantities, has lost appreciable market share to noncellulosic manmade fibers during the last 10 years, principally polyester. For the purpose of this report, the term "rayon staple fiber" means viscose rayon staple fiber, except solution-dyed, in noncontinuous form, not carded, not combed, and not otherwise processed, wholly of filaments (except laminated filaments and plexiform filaments).

Market participants generally recognize two rayon staple product lines. The highest volume rayon staple sold in the United States is often called commodity, conventional, or regular rayon staple. All other products are grouped under the heading of specialty rayon staple. Some specialty fibers include high fluid-holding and sterilizable types, and high-wet-modulus types. The difference between commodity and specialty rayon staple involves the extent to which the cellulosic polymer is reconstituted during the production process. Distinctions at the molecular level impart different physical properties to the respective fibers.

The manufacture of rayon staple, whether commodity or specialty type, involves four principal steps. First, wood pulp is dissolved through a variety of physical and chemical processes into a viscose solution. Second, after appropriate filtering and aging, the solution is extruded through fine holes in spinnerets. Third, the extruded solution coagulates in an acid-spinning bath into the form of very fine filaments. Fourth, a collection of many parallel, nontwisted, continuous filaments is cut to short lengths usually ranging from 1 to 3 inches.

U.S. producers generally manufacture commodity and specialty rayon staple in the same establishments but on different production lines. These lines differ principally with respect to grade of wood pulp, viscose quality control, and rate of spinning. The cost of converting a commodity line to a specialty line is considerable, ranging from *** to ***. However, such costs are modest compared with the $200 million cost of entering the domestic industry with a new, efficient-size rayon plant. U.S. producers have already converted a sizable portion of their capacity from commodity to specialty lines.

In the United States, rayon staple fiber is spun into yarn which, in turn, is used in producing mainly broadwoven goods or other fabrics. Final markets for these fabrics include wearing apparel, home furnishings, and industrial fabrics. In addition, rayon staple fiber has gained acceptance in the production of nonwoven fabrics, which are used extensively in disposable diapers, women's hygienic articles, and medical and surgical products.

U.S. producers

Three U.S. firms, Avtex Fibers, Courtaulds North America, and American Enka, currently produce rayon staple fiber; Beaunit Corp. was the last U.S. firm to discontinue production of such merchandise, closing its staple plant in 1971. Beaunit Corp. still produces some rayon products, other than staple, in its Elizabethton, Tenn., plant.

Avtex Fibers.--Avtex Fibers (Avtex), the complainant, is the largest rayon staple producer in the United States. The history of Avtex dates back to 1910, when the Viscose Co. (owned by Courtaulds Ltd., United Kingdom) started production of rayon yarn at Marcus Hook, Pa. In 1937 the Viscose Co. changed its name to American Viscose Corp., but continued under the ownership of Courtaulds Ltd. until 1941, when the British Government pledged the assets of the company to U.S. bankers for munitions financing. These assets were subsequently sold to the U.S. public, and American Viscose operated as an independent company until 1963, when it was acquired by FMC Corp. In July 1976, Avtex, a privately held company, was formed; it purchased all assets of FMC's Fiber Division, excluding the Fredericksburg, Va., plant, which is essentially a cellophane facility. Avtex's capital structure consists almost entirely of borrowed funds, making this firm highly vulnerable to financial shocks.

Avtex produces rayon yarn, cellulose acetate, polyester, nylon fibers, and textured continuous filament polyester yarns, in addition to commodity and specialty rayon staple fiber. Avtex manufactures rayon staple in its plants located in Nitro, W. Va., and Front Royal, Va. The Nitro plant produces commodity rayon staple fiber exclusively, and the Front Royal plant produces commodity and specialty rayon staple and rayon yarn.

Courtaulds North America.--Courtaulds North America's (Courtaulds) parent company, Courtaulds Ltd., United Kingdom, successfully introduced, while known in 1910 as the Viscose Co., the first commercial production of viscose rayon in the United States. In 1941, lend-lease agreements forced Courtaulds Ltd. to give up ownership of the company (see preceding discussion of Avtex Fibers for additional information). In 1952 Courtaulds reentered the U.S. rayon staple market and resumed production of staple in its then new plant in LeMoyne, Ala. Courtaulds has emphasized rayon/cotton blends and owns a leading cotton producer in Mississippi, the Delta Pine & Land Co. Courtaulds' parent company is probably the largest rayon producer in the world, with operations in 25 countries through 400 associated companies.

American Enka.--American Enka (Enka) is a division of Akzona, Inc., which was formed in 1970 by the merger of three North American companies in which AKZO Chemie Verkoopkantoor N.V. (AKZO), located in the Netherlands, had controlling interest. AKZO produces rayon, polyester, and nylon fibers worldwide. Prior to this merger, Enka had operated independently as the American Enka Corp. In 1957 Enka introduced rayon staple capacity to its plant at Lowland, Tenn.; Enka began production of rayon continuous filament yarn at Enka, N.C., in 1929 and at Lowland, Tenn., in 1948. On July 15, 1974, Enka announced that it would cease production of rayon filament yarns at the Lowland plant and convert part of its yarn capacity to staple. Enka closed its 46-year-old Enka, N.C., plant in 1975, citing reasons such as depressed rayon filament yarn prices, increased costs, and pollution control programs. Enka produces polyester and nylon fibers, in addition to commodity and specialty rayon staple.

U.S. tariff treatment

Imported rayon staple fiber, whether commodity or specialty type, is classified for tariff purposes under item 309.43 of the Tariff Schedules of the United States (TSUS). The most-favored-nation rate of duty currently applicable to this article was reduced from 15 to 7.5 percent ad valorem during the Kennedy round of trade agreements. The statutory rate for TSUS item 309.43 is 25 percent ad valorem. Rayon staple fiber is not eligible for duty-free treatment under the Generalized System of Preferences.

The United States is a party to the Arrangement Regarding International Trade in Textiles (Multifiber Arrangement or MFA), which provides a formula for limiting the level of trade of most textile and apparel articles of cotton, wool, and manmade fibers. Rayon staple, as well as all other raw (or unprocessed) fibers, is not currently covered by the MFA.

Nature and extent of sales at LTFV

Treasury's investigation of U.S. imports of rayon staple fiber from France covered the 6-month period extending from November 1, 1977, through April 30, 1978. One manufacturer, Rhone Poulenc Textiles, Paris, France, was the sole French producer exporting to the United States during the period of investigation. Fair-value comparisons were made on 100 percent of the subject merchandise sold to the United States during the period of investigation. This consisted of *** pounds of rayon staple, which Treasury originally found to be sold at an LTFV margin of 14.6 percent. On January 4, 1979, Treasury revised the LTFV margin from 14.6 to 24 percent.

Treasury's investigation of U.S. imports of rayon staple fiber from Finland covered the 6-month period extending from November 1, 1977, through April 30, 1978. One manufacturer, Hemira Oy Sateri, Valkerakoski, Finland, was the sole Finnish producer exporting to the United States during the period of investigation. Fair-value comparisons were made on 100 percent of the subject merchandise sold to the United States during the period of investigation. This consisted of *** pounds of rayon staple, all of which was found to have been sold at margin by Treasury. The weighted average LTFV margin was 11.77 percent. On January 4, 1979, Treasury revised the LTFV margin from 11.77 to 8.7 percent.

Other Treasury investigations on rayon staple fiber

On April 12, 1977, Treasury initiated an antidumping investigation on rayon staple fiber from Austria. On October 19, 1977, Treasury made a tentative determination that rayon staple fiber from Austria was being sold in the United States at a weighted average LTFV margin of approximately 10.5 percent. Accordingly, customs officers were directed to withhold appraisement of rayon staple fiber from Austria for 6 months. On January 23, 1978, Treasury discontinued this antidumping investigation, stating that while prices to the United States were below Austrian home-market prices, the elimination of the

price differential by the sole Austrian exporter, the provision of assurances of no future sales at LTFV, and the presence of special circumstances warranted the discontinuance.

On March 7, 1978, Treasury announced a reopening of the antidumping proceeding concerning rayon staple fiber from Austria. Treasury reopened the case pending the completion of an analysis of the production costs of the sole Austrian exporter (Chemiefaser Lenzing) in order to determine if sales in the home market are being made at prices below the cost of production. Treasury noted that a preliminary analysis had not revealed that such below-cost sales were in fact being made, but that an additional inquiry was necessary before final conclusions could be reached. On December 11, 1978, Treasury made a final determination that the Austrian home market sales were not being made at prices below the cost of production and discontinued the investigation.

In addition to the instant investigations concerning rayon staple fiber from France and Finland, Treasury also initiated antidumping proceedings against rayon staple from Sweden and Italy on May 5, 1978. On November 16, 1978, Treasury announced a tentative determination that rayon staple fiber from Sweden and Italy is being sold at LTFV and ordered the withholding of appraisement for 6 months. Treasury stated that the tentative weighted average LTFV margins for Sweden and Italy were 2.3 and 18.6 percent, respectively.

The U.S. Market

Apparent U.S. consumption

From 1960 through 1968, U.S. demand for rayon staple in wearing apparel and home furnishings increased significantly. Reflecting strong market conditions, apparent U.S. consumption increased 127 percent during this period. At the same time, polyester staple was introduced in the United States as a high-priced specialty fiber which was more durable and abrasion resistant than rayon. Polyester and other manmade fibers began to displace rayon in a number of apparel and home furnishing applications as soon as large-scale production reduced manufacturing costs and selling prices. Apparent U.S. consumption of rayon staple fiber decreased from 890 million pounds in 1968 to 711 million pounds in 1973, and then fell sharply to 390 million pounds in the recession year 1975 (table 1, app. C). Apparent consumption recovered somewhat in 1976 and 1977, increasing to 475 million and 478 million pounds, respectively. Apparent consumption was 407 million pounds during January-October 1978, virtually unchanged compared with apparent consumption in the corresponding period of 1977. In 1968 rayon staple accounted for about 15 percent of all cotton, polyester, and rayon staple consumed in the United States. In 1977 this market share had dropped to 8 percent (table 2).

Rayon staple has fared considerably better than rayon continuous filament yarn, which has lost nearly all its markets except tire cord. Rayon staple has retained its popularity in new nonwoven applications where moisture absorbency is a desired property, as with disposable diapers, wiping cloths, and sanitary articles. As shown in the following table, declining apparent consumption is common to both commodity and specialty rayon staple fiber. During the period 1973-77, apparent consumption of commodity and specialty staple dropped 30 and 41 percent, respectively.

Rayon staple fiber: Apparent U.S. consumption, by types, 1973-77, January-October 1977, and January-October 1978

(In millions of pounds)

Period	Commodity	Specialty	Total
1973	519.8	190.8	710.6
1974	427.8	150.4	578.2
1975	314.6	75.9	390.5
1976	373.0	101.7	474.7
1977	366.0	112.0	478.0
January-October--			
1977	318.4	94.6	413.0
1978	309.6	97.2	406.8

Source: Producers' shipments and exports compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; U.S. imports compiled from official statistics of the U.S. Department of Commerce and from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Apparent consumption equals producers' shipments plus imports minus exports.

U.S. imports

U.S. imports of rayon staple fiber consist exclusively of commodity staple except some Canadian articles which are of a high-wet-modulus type. U.S. imports from all countries declined from 44.2 million pounds in 1973 to 37.0 million pounds in 1974, increased slightly in 1975, and then increased to 41.5 and 54.1 million pounds in 1976 and 1977, respectively (table 3). The quantity of total imports dropped by nearly one-third in January-October 1978 compared with imports in the corresponding period of 1977 (table 4). The value of U.S. imports has exhibited a slightly different trend than has the quantity of imports owing to changing average unit values. The value of imports increased from $14.0 million in 1973 to $17.7 million in 1974 despite a 16-percent decline in the quantity of imports. This rapid rise in unit value was associated with the strong seller's market in 1974; thereafter, the average unit value of imports declined. The value of imports fell to $15.9 million in 1975, before rebounding somewhat to $17.8 million and $24.0 million in 1976 and 1977, respectively.

During the last 5 years Austria was the largest supplier of U.S. imports, accounting for more than 50 percent of total U.S. imports during 1975-77. The Austrian staple is imported by a single firm, Chemray Fibers, Inc., of New York City. Although U.S. imports increased by 12.6 million pounds in 1977 compared with 1976, imports from Austria declined. Imports from Austria continued to decline in 1978 following the commitment of Lenzing to make no further sales at LTFV. The increased imports in 1977 were supplied by Belgium, France, Sweden, Finland, and Italy.

Annual U.S. imports from France, which never exceeded 1.0 million pounds during the period 1973-76, amounted to 3.8 million pounds in 1977 and 5.0 million pounds in January-October 1978. The value of these imports was $1.7 million in 1977 and $2.3 million in January-October 1978. ***

During the period 1973-76, U.S. imports from Finland were small, reaching a peak of 772,000 pounds in 1976. Such imports increased to 2.1 million pounds in 1977 and 3.3 million pounds in January-October 1978. 1/ The value of these imports was $914,000 in 1977 and $1.6 million in January-October 1978. During the last 2 years the bulk of Finnish staple was imported by Huxley Raw Materials of New York City.

U.S. producers' shipments

For the purpose of this report, U.S. producers' shipments include U.S.-made rayon staple fiber which is shipped to domestic customers or exported. As shown in the following table, U.S. producers' shipments declined sharply from 683 million pounds in 1973 to 374 million pounds in 1975. These shipments increased somewhat in 1976 and 1977. U.S. producers' shipments of commodity and specialty staple were similar with the exception of 1977, when commodity staple declined by 2.2 million pounds whereas specialty staple increased by 17.5 million pounds. The reversal of this situation occurred in January-October 1978; commodity staple increased by 10 percent whereas specialty staple dropped by 3 percent when compared with the amount in the corresponding months of 1977.

Rayon staple fiber: U.S. producers' shipments, by types, 1973-77, January-October 1977, and January-October 1978

(In millions of pounds)

Period	Commodity	Specialty	Total
1973	494.7	188.6	683.3
1974	423.4	151.6	575.0
1975	296.8	77.0	373.8
1976	364.7	103.3	468.0
1977	362.5	120.8	483.3
January-October--			
1977	312.8	102.1	414.9
1978	344.3	99.0	443.3

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

1/ Statistics for imports from Finland during January-October 1978 have been revised to reflect an error in the published statistics.

Domestic shipments.--Domestic shipments of rayon staple declined sharply from 666 million pounds in 1973 to 424 million pounds in 1977, representing a 36-percent decrease. This decline affected both commodity and specialty rayon staple. In contrast to total U.S. producers' shipments, which increased in 1977, U.S. domestic shipments dropped from 433 million pounds in 1976 to 424 million pounds in 1977. By January-October 1978, U.S. domestic shipments were 3 percent higher than those in the corresponding period of 1977.

U.S. exports.--U.S. exports of domestic merchandise registered strong gains during the period 1973-77 (table 5). As shown in the following table, U.S. exports increased from 16.9 million pounds in 1973 to 34.8 million pounds in 1976, before surging upward to 59.4 million pounds in 1977. The 24.6-million-pound increase in U.S. exports during 1977 comprised a 17.8-million-pound increase in commodity staple and a 6.8-million-pound increase in specialty staple. This trend continued in January-October 1978, as exports of commodity staple increased by 23.2 million pounds, or by 53 percent compared with exports during the corresponding months of 1977.

Rayon staple fiber: U.S. exports of domestic merchandise by types, 1973-77, January-October 1977, and January-October 1978

(In millions of pounds)

Period	Commodity	Specialty	Total
1973	15.5	1.4	16.9
1974	32.0	1.8	33.8
1975	18.8	1.7	20.5
1976	31.3	3.5	34.8
1977	49.1	10.3	59.4
January-October--			
1977	43.9	9.4	53.3
1978	67.1	5.1	72.2

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

Information obtained at the public hearing in investigation No. 181 suggests the following reasons for the increased U.S. exports of rayon staple fiber: First, the price control system, in effect during part of 1974, gave U.S. producers an incentive to sell commodity rayon staple fiber abroad at the higher unregulated world price. Second, in 1977 some U.S. producers accumulated large inventories of rayon staple fiber, which was sold abroad at distress prices when no domestic customer could be found (transcript of the hearing in investigation no. 181, p. 68). Information obtained through Commission questionnaires shows that *** inventories and exports nearly doubled in 1977 compared with their 1976 levels.

Consideration of Injury

Utilization of productive facilities

To evaluate the extent of the idling of productive facilities, the Commission asked U.S. producers to report their annual capacity to produce rayon staple fiber, in pounds, for the period 1973-77. Further, the Commission defined capacity as the maximum sustainable output reflecting the firm's normal product mix during each of the years in question. Before the results are discussed, a shortcoming of this method of determining capacity utilization should be noted. Labor strikes reduce the measured rate of capacity utilization of the U.S. producers for reasons unrelated to actual production needs. A significant reduction in production occurred during the period October 15, 1976-December 15, 1976, when Enka's Lowland, Tenn., plant was struck with a labor dispute.

As shown in the following table, U.S. producers' capacity declined from 785 million pounds in 1973 to 650 million pounds in 1977. The closing of Avtex's Parkersburg, W. Va., plant in 1974 and the effects of environmental standards on the operations of various plants account for the declining capacity (table 6). The data further indicate substantial excess capacity during the last 5 years despite the fact that Enka operated at near capacity levels during most of the period under consideration. Idle capacity will not greatly affect the financial viability of a firm if it can readily transform its unused capital assets to cash or other productive purposes. Owing to the nature of rayon production, capacity cannot be readily adjusted to meet changing market demand. This lack of flexibility, coupled with the high capital intensiveness of rayon production, accentuates the adverse effects on producers with excess capacity.

Rayon staple fiber: U.S. production and U.S. producers' capacity, 1973-77 and January-October 1978

Item	1973	1974	1975	1976	1977	Jan.-Oct. 1978
Production---------million pounds--	660	612	350	459	507	427
Capacity----------do----	785	785	712	650	650	542
Ratio of production to capacity-- percent--	84	78	49	71	78	79

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

Employment

The Commission collected employment data from U.S. producers of rayon staple fiber, a summary of which is in the following table. The average number of production and related workers producing rayon staple fiber remained about the same from 1973 to 1974, and then dropped precipitously in 1975, with a modest recovery occurring in 1976, 1977, and January-October 1978. The pattern for man-hours worked is similar.

Average number of production and related workers producing rayon staple fiber, and man-hours worked, 1973-77, and January-October 1978

Item	1973	1974	1975	1976	1977	January-October 1978
Average number of production and related workers------thousands--	3.7	3.7	2.3	2.5	2.7	3.0
Man-hours worked by production and related workers million man-hours--	8.0	8.1	4.5	5.1	5.7	1/ 6.3

1/ Annualized

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

Characteristics of the work force.--At the public hearing in investigation No. 181, Mr. Bruce Dunton, Division Director, Amalgamated Clothing & Textile Workers, described the demographics of the rayon staple work force. Mr. Dunton characterized this work force as being either "fairly old" (more than 45 years of age) or young (less than 25 years of age). He stated that women account for about 20 to 30 percent of the work force and that the labor skills involved in the production of rayon staple are not readily transferrable to other industries. Finally, Mr. Dunton stated that rayon fiber plants are located in older industrial towns, where few other job opportunities are available.

Trade adjustment assistance.--Title II, chapter 2, of the Trade Act of 1974 provides for adjustment assistance to workers, firms, and communities when increased imports have contributed importantly to their economic difficulties. On May 23, 1978, the Department of Labor found that workers previously employed in Avtex's Nitro, W. Va., plant were entitled to import adjustment assistance. The U.S. Department of Labor found that "an increase of imports of articles like or directly competitive with rayon staple fibers produced at the Nitro, West Virginia plant of Avtex Fibers, Inc., contributed importantly to the decline in sales and production and to the total or partial separation of workers at that plant." On January 12, 1979, the Department of Labor found that both rayon staple and rayon yarn workers at Avtex's Front Royal, Va., plant were eligible for import adjustment assistance.

Profit-and-loss experience

The Commission asked the three U.S. producers to report their financial data with respect to their rayon staple fiber operations and overall establishment operations where rayon staple fiber was produced. Since the producers could provide usable financial data on their rayon staple fiber operations, this section will focus on such data.

Owing to sharply rising prices, net sales increased from $237 million in 1973 to $290 million in 1974. A very steep decline in producers' shipments accounts for the lower level of net sales--$201 million--in 1975. Net sales increased in 1976 and 1977, as shown in the following table. Net sales in January-September 1978 were at an annual rate of $334 million.

Aggregate profit-and-loss experience of the 3 U.S. producers of rayon staple fiber, 1973-77, and January-September 1978

Period	Net sales	Net operating profit or (loss) before income tax	Ratio of net operating profit or (loss) to net sales
	1,000 dollars	1,000 dollars	Percent
1973	237,422	18,321	7.7
1974	290,013	38,930	13.4
1975	200,742	(294)	(.2)
1976	261,282	7,613	2.9
1977	285,410	(1,680)	(.6)
1978 (January-September)	250,633	(7,223)	(2.9)

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

Net operating profit increased from $18 million in 1973 to $39 million in 1974, but a net operating loss occurred during the recession year 1975. The industry registered a small profit in 1976, but again experienced losses in 1977 and January-September 1978. None of the three firms reported a loss in either 1973 or 1974, but net losses were reported by *** in 1975 and 1976, while *** reported losses in 1977 and January-March 1978 (table 7).

Inventories

U.S. producers provided information regarding their inventories on certain dates during the period December 1973-October 1978. A summary of this information is found in the following table. The data indicate that U.S. producers increased inventories during 1974, reduced them in 1975 and 1976, and began increasing inventories throughout 1977. Inventory levels declined during January-October 1978.

Rayon staple fiber: End-of-period inventories held by U.S. producers, by specified periods, 1973-77, and January-October 1978

Period	U.S. producers' inventories	Ratio of U.S. producers' inventories to producers' shipments
	Million pounds	Percent
1973	32.0	4.7
1974	67.3	11.7
1975	43.6	11.7
1976	24.2	5.2
1977:		
January-October	46.7	11.3
October-December	47.3	9.8
1978: January-October	31.4	7.1

1/ The ratios represent inventories at the end of the period shown divided by the quantity of producers' shipments in that period.

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

The above table also presents the ratio of inventories to shipments for U.S. producers for specified periods during the past business cycle. This ratio was 4.7 percent in 1973, a year characterized by a worldwide manmade-fiber shortage. As the recession took hold in October-December 1974, the ratio jumped to 11.7 percent and remained at this high level through 1975. By the end of 1976, U.S. producers had finally brought their inventory levels under control, with the ratio of inventories to shipments dropping to 5.2 percent. The situation changed in 1977 as the ratio of inventories to shipments returned to nearly 10 percent. U.S. producers regained control of inventories in 1978 as the ratio of inventories to shipments dropped to 7.1 percent in October 1978.

Consideration of Likelihood of Injury

The issue of future injury to the domestic industry primarily involves the ability and willingness of Rhone Poulenc, the French producer, and Sateri, the Finnish producer, to export rayon staple fiber to the United States, at LTFV. The demand for rayon staple in the United States as well as Rhone Poulenc's and Sateri's capacity to increase their exports of rayon staple fiber, will influence the degree to which the domestic industry is susceptible to future injury by reason of LTFV sales from France and Finland.

Data show that apparent U.S. consumption of rayon staple declined significantly during the years 1968-75; it stabilized during the past 3 years (table 2). If present trends continue, any increase in U.S. imports will result in increased market penetration by foreign-made fibers. Counsel for J. J. Ryan & Sons predicted that Occupational Safety and Health Administration (OSHA) cotton dust regulations will strengthen the U.S. demand for rayon staple (statement from posthearing brief, p. 44).

According to information received by the Commission, Sateri operated at nearly full capacity during the last 2 years. Counsel for Avtex stated that Sateri's high capacity utilization is not determinative of its export volume to any particular country. Counsel presented information showing increasing levels of Finnish exports to the United States during the last 2 years as proof of his assertion (statement from posthearing brief, p. 75).

Francois Chemel, sales manager of Rhone Poulenc, testified that his company's current production is at 85 percent of capacity (transcript of the hearing in investigations No. 190 and 191, p. 308). With the European market experiencing a prolonged slump in demand, Rhone Poulenc may be induced to increase its exports to the United States. Counsel for Rhone Poulenc further argued that the company, as a matter of policy, has limited the maximum level of its U.S. exports to 7.0 million pounds annually (statement from posthearing brief, p. 39).

Consideration of the Causal Relationship Between Alleged Injury and LTFV Sales

The Department of the Treasury found LTFV margins on 100 percent of Rhone Poulenc's and Sateri's sales to the United States during the period of its investigation, November 1, 1977-April 30, 1978. The weighted average LTFV margins on sales from France and Finland were 24 and 8.7 percent, respectively.

Market penetration

As shown in the following table, the ratio of U.S. imports from France to apparent U.S. consumption of all rayon staple fiber was very small for the period 1973-76. This ratio increased to 0.8 percent in 1977 and to 1.2 percent during January-October 1978. In a similar pattern, the ratio of U.S. imports from Finland to apparent consumption was negligible during 1973-76. The ratio increased to 0.4 percent in 1977 and to 0.8 percent during January-October 1978. The total market share held by imports increased from 8.7 percent in 1976 to 11.3 percent in 1977, resulting entirely because of increased U.S. imports from Belgium, Sweden, France, and Finland. In January-October 1978 France and Finland together accounted for 2.0 percent of apparent U.S. consumption of rayon staple fiber and for about 25 percent of all U.S. imports.

Total market share held by U.S. imports dropped sharply from 12.4 percent during January-October 1977 to 8.8 percent in the corresponding period of 1978.

Reduced quantities of Austrian and Belgian staple account for this drop in market share. Counsel for the petitioner claimed that this reduction is a result of prior antidumping proceedings which now force the Austrian and Belgian exporters to sell at fair value (statement from posthearing brief p. 21). Counsel for Rhone Poulenc disagreed and stated that the decreased level of exports from Austria and Belgium is a result of the weakened dollar in the international exchange markets (statement from posthearing brief, p. 35).

Rayon staple fiber: Ratios of U.S. imports to apparent consumption, by sources, 1973-77, January-October 1977, and January-October 1978

(In percent)

Source	1973	1974	1975	1976	1977	January-October	
						1977	1978
Austria	2.1	2.4	6.4	6.2	5.8	6.7	3.1
Belgium	0	0	0	0	1.4	1.5	.3
Canada	1.9	2.8	1.4	1.3	1.2	1.2	.4
Sweden	.3	.1	.1	.1	1.0	1.0	2.1
France	.1	.1	.2	.1	.8	.8	1.2
Finland	.1	0	.1	.2	.4	.5	.8
Italy	0	.2	.1	.2	.2	.2	.1
All other	1.7	.8	1.2	.6	.5	.6	.6
All countries	6.2	6.4	9.5	8.7	11.3	12.4	8.8

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

As noted previously, U.S. imports of rayon staple fiber consist almost exclusively of the commodity-type staple. The following table presents the ratio of U.S. imports of commodity rayon staple to apparent U.S. consumption, by sources. The market share held by France and Finland together increased from 1.6 percent in 1977 to 2.7 percent during January-October 1978, with the more narrowly defined product being used.

Commodity rayon staple fiber: Ratios of U.S. imports to apparent consumption, by sources, 1973-77, January-October 1977, and January-October 1978

(In percent)

Source	1973	1974	1975	1976	1977	January-October	
						1977	1978
Austria	2.9	3.2	8.0	7.9	7.6	8.6	4.1
Belgium	0	0	0	0	1.8	1.9	.5
Canada	1.9	3.7	1.6	1.1	1.1	1.2	.6
Sweden	.4	.1	.1	.2	1.3	1.3	2.7
France	.2	.1	.2	.1	1.0	1.0	1.6
Finland	.1	0	.1	.2	.6	.6	1.1
Italy	0	.3	.1	.2	.3	.3	.2
All other	2.3	1.1	1.4	.9	.7	.7	.8
All countries	7.8	8.5	11.5	10.6	14.4	15.6	11.8

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

Prices

Total U.S. demand for rayon staple fiber is strongly affected by changes in price because this commodity has one relatively close substitute, polyester staple, and a number of more distant relatives. Thus, a significant price increase in imported and domestically produced rayon staple compared with price changes in polyester staple will result in a decrease in demand. In addition, the physical properties of this commodity and the types of market participants involved suggest that relative price is an important factor in determining how aggregate demand is shared between foreign and domestic suppliers. This market recognizes widely accepted product specifications with respect to rayon staple, thus reducing the ability of suppliers to differentiate their fiber according to quality or other physical characteristics. The price sensitivity of rayon staple is further enhanced because it is purchased by professional buyers of U.S. textile mills, who are extremely knowledgeable about current market conditions.

To investigate price trends in the U.S. market, the Commission sent detailed questionnaires to U.S. producers and importers, which were asked to supply the average selling prices received on sales of commodity rayon staple fiber to U.S. textile mills during January 1974-November 1978. Although U.S. producers do employ a price list, negotiated discounts are common. The Commission selected a pricing item adhering to the following specifications: first-quality, 1.35-1.65 denier, regular, bright viscose rayon staple fiber. Results showing the average selling prices of U.S. producers and importers can be found in table 8.

The U.S. wholesale price of rayon staple fiber, both domestic and imported, remained quite stable in 1973 before surging upward in 1974 and 1975; thereafter, the price of rayon staple rose much more moderately. As shown in the following table, the price of rayon staple increased significantly during 1973-75, while that of polyester staple actually dropped. This change in the relationship between the prices of the two fibers probably accounts for some of the decline in apparent U.S. consumption of rayon staple occurring during this period (table 2). In 1976 and 1977 the wholesale prices of both fibers increased at about the same rate, and the relative market share held by the respective fibers also remained about the same. During January-September 1978, the prices of both rayon staple and polyster staple declined at the same rate.

Annual increase or (decrease) in U.S. wholesale prices of rayon staple fiber and polyester staple fiber, 1973-77 and January-September 1978

(In percent)

Period	Rayon staple fiber	Polyester staple fiber
1973	4	-
1974	38	-
1975	8	(4)
1976	3	2
1977	6	9
1978 (January-September)	(2)	(2)

Source: Compiled from official statistics of the U.S. Bureau of Labor Statistics and from data submitted in response to questionnaires of the U.S. International Trade Commission.

During the period January-June 1977, the average domestic price of commodity rayon staple remained at about $0.57 per pound. During this period J. J. Ryan & Sons (Ryan), which was already selling Belgian fiber at about *** cents per pound in the U.S. market, began to offer Rhone Poulenc's rayon staple at an average price of *** per pound. During this same period Huxley Raw Materials (Huxley) began selling Sateri's rayon staple in the United States at an average price of about *** per pound. Both Ryan's and Huxley's price was approximately *** the price offered by the supplier of the Austrian fiber, the dominant importer at the time.

In March 1977 Avtex announced that it would increase its list price from $0.58 per pound to $0.61 per pound effective May 1977. Enka announced a similar increase in its list price. However, Courtaulds did not follow the other U.S. producers and eventually announced that it would not increase its price. By mid 1977, the average domestic transaction price registered about $0.574, reflecting an additional $0.02 per pound increase from October-December 1976. In an attempt to retain customers, *** would selectively

match the lower prices being offered by Ryan and Huxley. Nevertheless, some users of domestic rayon staple changed to foreign suppliers at this time.

Throughout the remaining months of 1977 and January-June 1978, U.S. producers reduced their price on rayon staple. By October-December 1977 Avtex and Enka had rolled back their list price to $0.58 per pound. The average domestic price fell from $0.574 per pound in April-June 1977 to $0.557 per pound in April-June 1978. During this period the price of French fiber ranged from *** per pound, and the price of the Finnish fiber ranged from *** per pound.

The pricing structure within the rayon staple market firmed markedly during the last 6 months of 1978. The average domestic price increased from $0.557 per pound in April-June 1978 to $0.586 during October-November 1978. Ryan's selling price of French staple increased from *** per pound in April-June 1978 to *** in October-November 1978. During the same period, Huxley's price for the Finnish fiber rose from *** per pound to *** per pound.

Lost sales 1/

* * * * * * *

1/ None of the discussion of lost sales can be presented here because it contains information received by the U.S. International Trade Commission in confidence, the disclosure of which would reveal the operations of the individual firms.

APPENDIX A

TREASURY DEPARTMENT LETTER ADVISING THE COMMISSION OF ITS DETERMINATION OF LTFV SALES FROM FRANCE AND FROM FINLAND

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

NOV 8 1978

Dear Mr. Chairman:

In accordance with section 201(a) of the Antidumping Act, 1921, as amended, you are hereby advised that viscose rayon staple fiber from France and from Finland is being, or is likely to be, sold at less than fair value within the meaning of the Act.

For purposes of Treasury's investigations, the term "viscose rayon staple fiber" refers to fibers in noncontinuous form, not carded or combed and not otherwise processed, wholly of filaments, except laminated filaments and plexiform filaments, made by the viscose process of rayon. These fibers are classified under items 309.4320 and 309.4325, Tariff Schedules of the United States, Annotated (TSUSA).

The U.S. Customs Service is making the files relative to these determinations available to the International Trade Commission under separate cover. These files are for the Commission's use in connection with its investigation as to whether an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Since some of the data in these files is regarded by the Treasury to be of a confidential nature, it is requested that the Commission consider all information therein contained for the use of the Commission only, and not to be disclosed to others without prior clearance with the Treasury Department.

Sincerely yours,

Robert H. Mundheim

The Honorable
Joseph O. Parker, Chairman
United States International
Trade Commission
Washington, D.C. 20435

Enclosures

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATION AND HEARING CONCERNING INVESTIGATIONS NOS. AA1921-190 and -191 RAYON STAPLE FIBER FROM FRANCE AND FINLAND

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(AA1921-190 and 191)

RAYON STAPLE FIBER FROM FRANCE AND FINLAND

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on November 13, 1978, that viscose rayon staple fiber from France and from Finland is being, or is likely to be, sold at less than fair value, the United States International Trade Commission on November 28, 1978, instituted investigation Nos. AA1921-190 and 191 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Hearing. A public hearing in connection with the investigations will be held on Thursday, January 4, 1979, in the Commission's Hearing Room, United States International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning at 10:00 a.m., e.s.t. All persons shall have the right to appear in person or by counsel, to present evidence and to be heard. Requests to appear at the public hearing, or to intervene under the provisions of section 201(d) of the Antidumping Act, 1921, shall be filed with the Secretary of the Commission, in writing, not later than noon, Friday, December 29, 1978.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: November 29, 1978

APPENDIX C

STATISTICAL TABLES

Table 1.--Rayon staple fiber: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1973-77, January-October 1977, and January-October 1978

Period	Producers' shipments	Imports 1/	Exports	Apparent consumption	Ratio of imports to consumption
	Million pounds	Million pounds	Million pounds	Million pounds	Percent
1973	683.3	44.2	16.9	710.6	6.2
1974	575.0	37.0	33.8	578.2	6.4
1975	373.8	37.2	20.5	390.5	9.5
1976	468.0	41.5	34.8	474.7	8.7
1977	483.3	54.1	59.4	478.0	11.3
January-October--					
1977	414.9	51.4	53.3	413.0	12.4
1978	443.3	35.7	72.2	406.8	8.8

1/ Imports may include small quantities of acetate staple fiber.

Source: U.S. producers' shipments and exports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; U.S. imports, compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Rayon, cotton, polyester, and other manmade fibers: Apparent U.S. consumption, 1960-77

(In millions of pounds)

Year	Rayon		Cotton staple	Polyester		Other manmade fibers
	Staple 1/	Yarn 2/		Staple 3/	Yarn 3/	
1960	369.8	401.8	4,196	64.0	37.6	511.8
1961	476.0	385.2	4,108	70.9	36.1	607.2
1962	546.3	384.6	4,192	115.3	38.1	744.7
1963	690.4	380.7	4,029	150.7	48.9	875.9
1964	682.5	399.6	4,287	177.5	63.6	1,093.1
1965	705.1	409.3	4,453	290.4	77.2	1,325.7
1966	741.9	389.6	4,621	372.1	81.4	1,521.4
1967	706.6	311.1	4,414	537.2	133.0	1,647.2
1968	839.6	353.5	4,104	756.1	226.7	2,095.5
1969	824.1	294.7	3,973	883.3	353.6	2,100.7
1970	672.7	251.1	3,774	992.9	433.0	2,117.3
1971	721.2	297.0	3,965	1,111.4	636.8	2,643.7
1972	740.0	246.9	3,850	1,286.9	935.4	3,158.8
1973	742.2	197.6	3,643	1,530.3	1,320.5	3,524.2
1974	572.2	153.1	3,306	1,388.1	1,295.2	3,074,9
1975	391.1	74.9	3,069	1,973.6	1,477.0	2,926.7
1976	468.6	65.1	3,389	1,777.2	1,373.9	3,146.4
1977	440.5	68.1	3,174	1,880.3	1,510.6	3,587.5

1/ Includes some tow.
2/ Includes some rayon yarn which is exported.
3/ Includes some polyester which is exported.

Source: Compiled from statistics of the Textile Organon.

Table 3.--Rayon staple fiber: Apparent U.S. consumption, imports from France, imports from Finland, and total U.S. imports, 1973-77, January-October 1977, and January-October 1978

Period	Apparent consumption (1)	Imports from France (2)	Imports from Finland (3)	Total U.S. imports 1/ (4)	Ratio of-- (2) to (1)	Ratio of-- (3) to (1)	Ratio of-- (4) to (1)
	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Percent	Percent
1973	710.6	1.0	.7	44.2	0.1	0.1	6.2
1974	578.2	.5	0	37.0	.1	0	6.4
1975	390.5	.7	.2	37.2	.2	.1	9.5
1976	474.7	.5	.8	41.5	.1	.2	8.7
1977	478.0	3.8	2.1	54.1	.8	.4	11.3
Jan.-Oct.--							
1977	413.0	3.3	2.0	51.4	.8	.5	12.4
1978	406.8	5.0	3.3	35.7	1.2	.8	8.8

1/ May include small quantities of acetate staple fiber.

Source: Apparent consumption, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce; U.S. imports, compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Rayon staple fiber: U.S. imports for consumption, by principal sources, 1973-77, January-October 1977, and January-October 1978

Source	1973	1974	1975	1976	1977	January-October-- 1977	January-October-- 1978
	Quantity (1,000 pounds)						
Austria	15,227	13,800	25,024	29,598	27,907	27,539	12,556
Belgium	0	0	0	0	6,484	6,055	1,378
Canada	13,415	16,330	5,587	5,993	5,591	4,824	1,811
Sweden	2,056	446	435	624	4,680	4,232	8,563
France	996	519	706	477	3,750	3,279	5,044
Finland	732	0	225	772	2,119	2,001	3,332
Italy	202	1,077	418	829	1,167	1,039	648
All other	11,587	4,822	4,776	3,232	2,441	2,405	2,395
Total	44,215	36,994	37,171	41,525	54,139	51,374	35,727
	Value (1,000 dollars)						
Austria	4,124	5,144	9,964	11,739	12,025	11,851	5,612
Belgium	-	-	-	-	2,597	2,419	573
Canada	4,383	9,167	2,645	3,217	2,988	2,599	1,249
Sweden	566	190	165	244	2,117	1,914	3,864
France	552	360	495	351	1,737	1,533	2,280
Finland	200	0	121	317	914	859	1,558
Italy	69	521	175	325	501	445	304
All other	4,139	2,300	2,361	1,570	1,152	1,135	1,153
Total	14,033	17,682	15,926	17,763	24,031	22,755	16,593
	Unit value (per pound)						
Austria	$0.27	$0.37	$0.40	$0.40	$0.43	$0.43	$0.45
Belgium	-	-	-	-	.40	.40	.42
Canada	.33	.56	.47	.54	.53	.54	.69
Sweden	.28	.43	.38	.39	.45	.45	.45
France	.55	.69	.70	.74	.46	.47	.45
Finland	.27	0	.54	.41	.43	.43	.47
Italy	.34	.48	.42	.39	.43	.43	.47
All other	.36	.48	.49	.49	.47	.47	.48
Average	.34	.50	.49	.48	.45	.44	.46

1/ Statistics for imports from Finland during January-October 1978 have been revised to reflect an error in the published statistics.

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

Table 5.--Rayon staple fiber: U.S. exports of domestic merchandise, by principal markets, 1973-77, January-October 1977, and January-October 1978

Market	1973	1974	1975	1976	1977	January-October--	
						1977	1978
	Quantity (1,000 pounds)						
Philippines	1,998	2,214	3,284	2,106	9,307	7,812	17,457
Hong Kong	104	264	1,037	619	7,844	5,649	8,425
India	0	0	0	0	7,401	7,200	6,834
Mexico	939	1,231	230	1,918	6,956	5,192	2,471
Canada	2,369	1,283	2,482	5,506	6,666	5,932	3,987
Venezuela	278	3,983	1,627	5,346	4,718	3,585	8,832
Ecuador	0	0	0	0	1,202	551	1,401
All other	9,834	11,731	6,542	4,216	7,999	6,519	12,006
Total	15,522	20,706	15,202	19,711	52,093	42,440	61,413
	Value (1,000 dollars)						
Philippines	659	966	1,162	842	4,601	3,825	7,947
Hong Kong	44	124	512	365	3,845	2,780	4,119
India	-	-	-	-	5,636	5,478	3,269
Mexico	309	666	145	821	3,349	2,525	1,220
Canada	1,033	754	1,512	3,016	3,901	3,452	2,610
Venezuela	80	2,342	835	2,791	1,823	1,347	3,461
Ecuador	-	-	-	-	617	293	711
All other	2,568	6,884	2,941	2,100	4,482	3,711	6,689
Total	4,693	11,736	7,107	9,935	28,254	23,411	30,026
	Unit value (per pound)						
Philippines	$0.33	$0.44	$0.35	$0.40	$0.49	$0.49	$0.46
Hong Kong	.42	.47	.49	.59	.49	.49	.49
India	-	-	-	-	.76	.76	.48
Mexico	.33	.54	.63	.43	.48	.49	.49
Canada	.44	.59	.61	.55	.59	.58	.65
Venezuela	.29	.59	.51	.52	.39	.38	.39
Ecuador	-	-	-	-	.51	.53	.51
All other	.26	.59	.45	.50	.56	.57	.56
Average	.35	.54	.51	.50	.53	.55	.49

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

Table 6.--Rayon staple fiber: U.S. producers' capacity, production, and capacity utilization, by companies, 1973-77, January-October 1977, and January-October 1978

Company and period	Capacity	Production	Capacity utilization
	Million pounds	Million pounds	Percent
American Enka:			
1973	***	***	***
1974	***	***	***
1975	***	***	***
1976	***	***	***
1977	***	***	***
January-October--			
1977	***	***	***
1978	***	***	***
Avtex:			
1973	***	***	***
1974	***	***	***
1975	***	***	***
1976	***	***	***
1977	***	***	***
January-October--			
1977	***	***	***
1978	***	***	***
Courtaulds:			
1973	***	***	***
1974	***	***	***
1975	***	***	***
1976	***	***	***
1977	***	***	***
January-October--			
1977	***	***	***
1978	***	***	***
Total:			
1973	785	660	84
1974	785	612	78
1975	712	350	49
1976	650	459	71
1977	650	507	78
January-October--			
1977	542	437	81
1978	542	427	79

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

Table 7.--Profit-and-loss experience of the 3 U.S. producers of rayon staple fiber on their rayon staple fiber operations, 1973-77 and January-September 1978

Company	1973	1974	1975	1976	1977	January-September--1978
Avtex:						
Net sales----------1,000 dollars--	***	***	***	***	***	***
Net operating profit or (loss) before income tax----------1,000 dollars--	***	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales---------percent--	***	***	***	***	***	***
American Enka:						
Net sales----------1,000 dollars--	***	***	***	***	***	***
Net operating profit or (loss) before income tax----------1,000 dollars--	***	***	***	***	***	***
Ratio of net operating profit or (loss to net sales---------percent--	***	***	***	***	***	***
Courtaulds:						
Net sales----------1,000 dollars--	***	***	***	***	***	***
Net operating profit or (loss) before income tax----------1,000 dollars--	***	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales---------percent--	***	***	***	***	***	***
All companies, total:						
Net sales----------1,000 dollars--	237,422	290,013	200,742	261,282	285,410	250,633
Net operating profit or (loss) before income tax----------1,000 dollars--	18,321	38,930	(294)	7,613	(1,680)	(7,223)
Ratio of net operating profit or (loss) to net sales---------percent--	7.7	13.4	(.2)	2.9	(.6)	(2.9)

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

Table 8.-- Average net selling prices received by U.S. producers and importers on sales of first-quality, 1.35-1.65 denier, regular, bright viscose rayon staple fiber to U.S. textile mills, by quarters, January 1976-November 1978

(In cents per pound)

Period	U.S. producers				Importers							
	Avtex	Courtaulds	Enka	Average	J. J. Ryan & Sons (Belgium)	Chemray (Austria)	Huxley (Finland)	Products from Sweden (Sweden)	Snia Viscosa (Italy)	Courtaulds (Canada)	J. J. Ryan & Sons (France)	Average
1976:												
Jan.-Mar-----	***	***	***	53.0	***	***	***	***	***	***	***	50.3
Apr.-June----	***	***	***	52.9	***	***	***	***	***	***	***	50.1
July-Sept----	***	***	***	53.2	***	***	***	***	***	***	***	50.9
Oct.-Dec-----	***	***	***	55.6	***	***	***	***	***	***	***	51.3
1977:												
Jan.-Mar-----	***	***	***	56.9	***	***	***	***	***	***	***	52.0
Apr.-June----	***	***	***	57.4	***	***	***	***	***	***	***	52.8
July-Sept----	***	***	***	57.0	***	***	***	***	***	***	***	53.0
Oct.-Dec-----	***	***	***	56.5	***	***	***	***	***	***	***	53.2
1978:												
Jan.-Mar-----	***	***	***	55.8	***	***	***	***	***	***	***	53.4
Apr.-June----	***	***	***	55.7	***	***	***	***	***	***	***	53.5
July-Sept----	***	***	***	56.5	***	***	***	***	***	***	***	52.6
Oct.-Nov-----	***	***	***	58.6	***	***	***	***	***	***	***	59.8

1/ No sales during the specified period.

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

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