

# **KRAFT CONDENSER PAPER FROM FINLAND AND FRANCE**

**Determinations of Injury in  
Investigations Nos. AA1921-204,  
and AA1921-205,  
Under the Antidumping Act,  
1921, as Amended**

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

## COMMISSIONERS

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Bill Alberger, Vice Chairman  
George M. Moore  
Catherine Bedell  
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# NEWS

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## USITC REPORTS INJURY TO U.S. INDUSTRY FROM LTFV IMPORTS OF KRAFT CONDENSER PAPER FROM FINLAND AND FRANCE

The United States International Trade Commission today notified the Secretary of the Treasury that kraft condenser paper (KCP) from Finland and France is being, or is likely to be, sold in the United States at less than fair value (LTFV).

Concurring in the determinations were Chairman Joseph O. Parker, Vice Chairman Bill Alberger, and Commissioners George M. Moore, Catherine Bedell, and Paula Stern.

The Commission's investigations were instituted on June 5, 1979, under section 201(a) of the Antidumping Act, 1921, as amended. The complaint which led to the Commission's investigations was filed by three domestic producers of KCP--Schweitzer Division of the Kimberly-Clark Corp., Crocker Technical Papers, Inc., and the Stevens Paper Mill, Inc.--which accounted for virtually all domestic production of KCP. In 1978, U.S. imports of KCP from Finland and France amounted to 3.4 million pounds, valued at \$4.2 million. As a share of consumption, imports of KCP from Finland and France increased from one percent in 1976 to over 13 percent in 1978.

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USITC REPORTS INJURY TO U.S. INDUSTRY FROM LTFV IMPORTS OF KRAFT CONDENSER PAPER  
FROM FINLAND AND FRANCE

2

KCP is an exceptionally thin and costly paper made from specially treated wood pulp and used primarily as an essential component in certain types of condensers. Such condensers are used in telephone line systems, household appliances, air-conditioning units, fluorescent lighting, and in other types of consumer goods.

The Commission's public report, Kraft Condenser Paper From Finland and France (USITC Publication 999), contains the views of the Commissioners in the investigations (Nos. AA1921-204 and AA1921-205). Copies may be obtained by calling (202) 523-5178; from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436; or at the USITC's New York office, 6 World Trade Center, Suite 629, New York, NY 10048, telephone (212) 466-5598.

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## C O N T E N T S

	<u>Page</u>
Determinations of injury-----	1
Statement of reasons of Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell-----	3
Statement of reasons of Vice Chairman Bill Alberger-----	7
Statement of reasons of Commissioner Paula Stern-----	32
Information obtained in the investigation:	
Summary-----	A-1
Introduction-----	A-5
The product:	
Description and uses-----	A-5
U.S. tariff treatment-----	A-7
Nature and extent of sales at LTFV-----	A-7
The domestic industry:	
U.S. producers-----	A-8
U.S. importers-----	A-11
U.S. purchasers-----	A-12
Foreign producers-----	A-12
The question of injury or likelihood thereof:	
Capacity utilization-----	A-16
U.S. producers' shipments and exports-----	A-16
U.S. employment-----	A-18
U.S. producers' inventories-----	A-18
Financial performance of U.S. producers-----	A-18
The question of the causal relationship between LTFV imports and the alleged injury:	
U.S. consumption and market penetration of imports-----	A-22
Prices-----	A-22
Lost sales-----	A-25
Appendix A. Treasury Department's letters of notification to the U.S. International Trade Commission-----	A-27
Appendix B. Notice of Commission's investigations and hearing-----	A-31
Appendix C. Probable economic effects of tariff changes under title I and title V of the Trade Act of 1974 for Trade Agreement Digest No. 20083, July 1975-----	A-35
Appendix D. Statistical tables-----	A-37

## Tables

1. Summary of LTFV sales during February 1, 1978-July 31, 1978-----	A-9
2. Kraft condenser paper (KCP): U.S. producers' shipments, by firms, 1974-78, January-May 1978, and January-May 1979-----	A-10
3. KCP: Imports, by sources, 1974-78, January-May 1978, and January-May 1979-----	A-13
4. KCP: U.S. consumption, by firms, 1976-78 and January-May 1979-----	A-14
5. KCP: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1974-78, January-May 1978, and January-May 1979-----	A-15
6. KCP: U.S. production, producers' capacity, and capacity utilization, by firms, 1974-78, January-May 1978, and January-May 1979-----	A-17

## CONTENTS

	<u>Page</u>
7. Average number of employees in U.S. establishments producing KCP, total, all production and related workers, and production and related workers engaged in the manufacture of KCP, by firms, 1974-78, January-May 1978, and January-May 1979-----	A-19
8. Man-hours worked by production and related workers engaged in the manufacture of KCP and output of KCP per man-hour worked, by firms 1974-78, January-May 1978, and January-May 1979-----	A-19
9. KCP: U.S. producers' inventories, by firms, as of December 31, 1974-78, May 31, 1978, and May 31, 1979-----	A-20
10. Selected financial data for U.S. producers of KCP on their U.S. KCP operations, by firms, 1974-78 and January-May 1979-----	A-21
11. Selected financial data for U.S. producers of KCP on their total U.S. operations, by firms, 1974-78 and January-May 1979-----	A-23
D-1.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.0003-inch thickness, by quarters, January 1976-May 1979-----	A-38
D-2.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.00035-inch thickness, by quarters, January 1976-May 1979-----	A-39
D-3.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.0004-inch thickness, by quarters, January 1976-May 1979-----	A-40
D-4.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.00045-inch thickness, by quarters, January 1976-May 1979-----	A-41
D-5.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.0005-inch thickness, by quarters, January 1976-May 1979-----	A-42
D-6.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.00055-inch thickness, by quarters, January 1976-May 1979-----	A-43
D-7.--KCP: Comparative price effects of the addition of LTFV margins to importers' prices to specific customers vis-a-vis U.S. producers' prices to these customers, January 1978-May 1979-----	A-44
D-8.--Normal density KCP: Average weighted price of U.S. producers to respective principal customers (producers of condensers), by thickness, and by quarters, January 1976-May 1979-----	A-45

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

[AA1921-204 and AA1921-205]

KRAFT CONDENSER PAPER FROM FINLAND AND FRANCE

Determinations of Injury

On the basis of facts developed during the course of investigations Nos. AA1921-204 and AA1921-205, the Commission determines that an industry in the United States is being injured, or is likely to be injured, by reason of the importation of kraft condenser paper from Finland and France, provided for in items 252.40 and 256.30 of the Tariff Schedules of the United States, which the Department of the Treasury has determined is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.). 1/

On May 30, 1979, the United States International Trade Commission received advice from the Department of the Treasury that kraft condenser paper from Finland and France 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 June 5, 1979, the Commission voted to institute investigations Nos. AA1921-204 (kraft condenser paper from Finland) and AA1921-205 (kraft condenser paper from France), 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.

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1/ Chairman Joseph O. Parker and Commissioners George M. Moore, Catherine Bedell, and Paula Stern determine that an industry in the United States is being injured, or is likely to be injured, by reason of the importation of kraft condenser paper from Finland and France, provided for in items 252.40 and 256.30 of the Tariff Schedules of the United States, which the Department of the Treasury has determined is being, or is likely to be, sold at less than fair value within the meaning of the Anti-dumping Act, 1921, as amended. Vice Chairman Bill Alberger determines that an industry in the United States is being injured by reason of the importation of kraft condenser paper from Finland and France, provided for in items 252.40 and 256.30 of the Tariff Schedules of the United States, which the Department of the Treasury has determined is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

In connection with the investigations, a public hearing was held in Hartford, Conn., on July 24 and 25, 1979. Notice of the institution of the investigations and the public hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the notice in the Federal Register of June 13, 1979 (44 F.R. 33983).

The Treasury Department instituted its investigations after receiving a complaint filed on June 27, 1978, from counsel acting on behalf of the Schweitzer Division of the Kimberly-Clark Corp., Lee, Mass.; the Stevens Paper Mill, Inc., Westfield, Mass.; and Crocker Technical Papers, Inc., Fitchburg, Mass. Treasury's notices of withholding of appraisement were published in the Federal Register of February 20, 1979 (44 F.R. 10452-53), and its determinations of sales at LTFV were published in the Federal Register of June 4, 1979 (44 F.R. 32063-64).

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 obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

Views of Chairman Joseph O. Parker and  
Commissioners George M. Moore and Catherine Bedell

On June 5, 1979, the Commission instituted investigations Nos. AA1921-204 and AA1921-205 under section 201(a) of the Antidumping Act, 1921, 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 kraft condenser paper from Finland and France which the Department of the Treasury has determined is being, or is likely to be, sold in the United States at less than fair value (LTFV). For purposes of these investigations, kraft condenser paper is defined as capacitor tissue or condenser paper containing 80 percent or more by weight of chemical sulphate or soda wood pulp based on total fiber content. This paper is provided for in items 252.40 and 256.30 of the Tariff Schedules of the United States.

After considering the information developed in these investigations, we have determined that an industry in the United States is being injured or is likely to be injured, by reason of the importation of kraft condenser paper from Finland and France which the Department of the Treasury has determined is being, or is likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

In making this determination, we have considered the relevant domestic industry to consist of the facilities in the United States used to produce kraft condenser paper. Four firms, all of which are located in Massachusetts and Connecticut, currently produce kraft condenser paper; three firms account for nearly all production of this product in the United States.

The Department of the Treasury's examination of imports of kraft condenser paper from Finland and France covered importations made during the

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

6-month period extending from February 1, 1978, through July 31, 1978. During the period covered by Treasury's investigation, all imports from Finland were produced by Tervakoski Osakeyhtio (TOY). Treasury examined transactions accounting for 80 percent of TOY's sales to the United States during this period and found less-than-fair-value margins on 80 percent of the sales examined. The LTFV margins found on such imports range from 1.6 percent to 30.5 percent, with a weighted average margin for all sales examined of 15.3 percent. During the period covered by Treasury's investigation of imports from France, all the French exports were produced by Papeteries Bollore, S.A., of France, and were sold to its U.S. subsidiary, Bollore, Inc. Treasury found LTFV margins on 99 percent of these transactions ranging from 28.9 percent to 50.9 percent, with a weighted average margin of 42.6 percent.

It is the impact of these imports sold at the indicated margins with which these investigations are concerned. As the Senate Committee on Finance stated in its report on the Trade Act of 1974:

Conceptually, the Antidumping Act is not directed toward forcing foreign suppliers to sell in the U.S. market at the same prices that they sell at in their home markets. Rather, the Act is primarily concerned with the situation in which the margin of dumping contributes to underselling the U.S. product in the domestic market, resulting in injury or likelihood of injury to a domestic industry. Such injury may be manifested by such indicators as suppression or depression of prices, loss of customers, and penetration of the U.S. market. When clear indication of injury, or likelihood of injury, exists there would be reason for making an affirmative determination. 1/

In our judgment, the information gathered during these investigations establishes a clear indication of injury or likelihood of injury.

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1/ Trade Reform Act of 1974; Report of the Committee on Finance . . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 179.

Since 1976, there has been a rapid and substantial increase in imports from Finland and France. These imports increased from 207,000 pounds--less than 1 percent of apparent consumption--in 1976 to 3.4 million pounds--more than 13 percent of apparent consumption--in 1978. In that year, more than twice as much kraft condenser paper was exported to the United States from Finland and France as in the 3 previous years. This rapid increase of imports at LTFV prices in 1978 had several consequences, each of which had a negative impact on the domestic industry.

Although apparent domestic consumption of kraft condenser paper increased by 16 percent from 1977 to 1978, domestic shipments increased by only 5 percent. Increased imports from France and Finland captured two-thirds of the growth in the market in 1978 and occurred at a time when the domestic industry had substantial unused capacity.

Pricing information obtained by the Commission indicates that most of these increased imports were sold at prices below those of domestic producers. In the period January 1978-May 1979, during which 75 percent of all imports from Finland and France entered the United States, comparisons of prices paid by individual customers for imported and domestically produced condenser paper show that imports from Finland undersold domestic merchandise in almost 90 percent of the comparisons, and those from France undersold domestic merchandise in 86 percent of the comparisons.

The pricing information also shows that domestic producers generally reduced prices during 1978. Comparisons of the quarterly average weighted prices of U.S. producers to their principal customers on six different thicknesses of normal-density kraft condenser paper reveal that in every quarter of 1978 the prices received for nearly all of these products were lower than in any quarter in 1977.

The Commission's investigation showed that the imports of kraft condenser paper from Finland and France resulted in a substantial loss of sales to the domestic industry. In nearly all the instances in which a loss of sales was alleged, it was established that purchases of imported products were made in lieu of available domestic products. The combination of a loss of sales and reduced prices contributed to the decrease of profits in the domestic industry from 1977 to 1978.

The investigation established that the injury to the domestic industry is likely to continue if imports from France and Finland continue to enter the U.S. market at less than fair value. Although such imports from France declined after the withholding of appraisement by Treasury, imports from Finland during January-May 1979 increased sharply in comparison with those in the corresponding period of 1978. Imports from France could be expected to at least return to previous levels if a negative determination were made under which products from France could be entered at LTFV.

During January-May 1979, U.S. producers' shipments and capacity utilization declined in comparison with those in the corresponding period in the preceding year, while the ratio of inventories to shipments increased moderately.

Data which are available for January-May 1979 also indicate that, notwithstanding some increases in prices during this period, the profitability of the domestic industry has continued to deteriorate. These data also indicate that during this period the increase in prices did not keep pace with cost increases. If kraft condenser paper continues to be sold at the significant LTFV margins determined by the Department of the Treasury, it is clear that they will be likely to continue to cause injury to the domestic industry.

## STATEMENT OF REASONS OF COMMISSIONER BILL ALBERGER

In order for the Commission to find in the affirmative 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, <sup>1/</sup> and the injury or the likelihood thereof must be by reason of imports at less than fair value (LTFV). I find in the case of kraft condenser paper (KCP) from France and Finland that the domestic industry is being injured by reason of such imports which the Secretary of the Treasury (Treasury) has determined are being, or are likely to be, sold at LTFV.

The imported article and the domestic industry

KCP, the subject of this investigation, is a capacitor or condenser paper containing 80 percent or more by weight of chemical sulphate or soda woodpulp based on total fiber content. I consider the relevant domestic industry to consist of facilities in the United States which produce kraft condenser paper. Four firms currently produce kraft condenser paper in the United States. Three of the firms -- Crocker Technical Papers, Inc. (Crocker), Fitchburg, Mass.; Schweitzer Division of Kimberly-Clark Corp. (Schweitzer), Lee, Mass.; and the Stevens Paper Mill, Inc. (Stevens), Westfield, Mass. -- account for nearly all production of kraft condenser paper in the United States and were the originators of the complaint before Treasury that resulted in these investigations. A fourth firm -- Dexter

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<sup>1/</sup> Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

Corp., Windsor Locks, Conn. -- accounts for only a small proportion of U.S. production of kraft condenser paper.

#### LTFV sales

Treasury's examination of imports of kraft condenser paper from Finland and France covered importations made during the 6-month period extending from February 1, 1978, through July 31, 1978. During this period, all imports from Finland were produced by Tervakoski Oy and margins were found on 80 percent of the sales examined. The LTFV margins found on such imports from Finland ranged from 1.6 percent to 30.5 percent of the fair market value of the sales, with a weighted average margin for all sales examined of 15.3 percent of the fair market value. With regard to the imports from France, all of the French exports were produced by Papeteries Bollore, S.A., of France. LTFV margins were found on 99 percent of the imports from France, and ranged from 28.9 percent to 50.9 percent of the fair market value, with a weighted average margin of 42.6 percent of the fair market value.

#### Injury by reason of LTFV sales

For the period 1974 through 1978, 1974 was the domestic industry's finest year. Although it has recovered from a very poor year in 1975, the domestic industry, by the end of 1978, still had not attained the 1974 levels for such economic indicia as production, shipments, exports, capacity utilization, and profits. Consumption was up 6 percent over 1974 levels.

During the three years following the recession of 1975, the domestic industry experienced a significant challenge from Finnish and French KCP .

imports as it bid to capture a share of the market growth. Finnish and French imports represented less than 1 percent of U.S. consumption in 1976, but by 1978 had a combined share of slightly over 13 percent. 1978 Finnish imports represented 7.1 percent of consumption while French imports gained a 6.0 percent share of the market. From 1976 through 1978, the U.S. market experienced a growth of 17 percent.

Production, shipments, and exports by U.S. producers of KCP were at their high point in 1974, before dropping sharply during 1975. All of these categories showed a marked recovery in 1976, but have shown little, if any, growth since then. Year end 1978 figures for production, shipments, and exports had not achieved 1974 levels and statistics for the first five months of 1979 indicate little growth for U.S. producers this year. In fact, shipments for January-May 1979 are down by 9 percent from the comparable period of 1978.

Capacity utilization for the U.S. KCP industry dropped by nearly half from 1974 to 1975. Although it has climbed since 1976, capacity utilization for U.S. producers continues to run more than 10 percent below the 1974 level.

Employment, like the other categories in this industry, is down. 1978 year-end figures were well below 1974 figures and while increased imports have played a role in this drop, U.S. producers have contributed to this situation as older, less efficient equipment has been retired and existing machinery has been updated and made more productive. Worker productivity for KCP production increased each year from 1974 through 1978.

Profitwise, the U.S. producers of KCP have seen their net profit to net sales ratio dip from 14.8 percent in 1974 to 6.8 percent in 1978. A further decline is evident in January-May 1979. It should be noted, too,

that Schweitzer accounts for most of the data and that the smaller producers have not fared nearly as well. Schweitzer accounts for more than half of the KCP produced in the United States and has enjoyed profits many times those of Stevens and Crocker.

Examination of the pricing patterns in this industry again points to Schweitzer as a very dominant factor. In 1976, at approximately the same time French and Finnish imports were beginning their upward movement in the U.S. market, Schweitzer announced an aggressive pricing plan. The plan may have been a reaction to domestic price competition, or in anticipation of or in response to import competition. Regardless, the effect of the plan in conjunction with the low priced imports was a downward pressure on prices for other U.S. producers and a slowing down of the aggregate industry recovery. In viewing the import prices vis a vis the price of the comparable domestic product, the margin of underselling was, in most instances, more than accounted for by the LTFV margins.

With regard to lost sales, the Commission was able to verify four instances where imported KCP was chosen over the domestically produced product. This amounted to approximately \$3 million dollars in the aggregate for 1977-78. It should be noted that some of these purchases were of products not available in various sizes from U.S. producers and that a large portion of these purchases were of products not available in acceptable quality from more than one U.S. producer.

In conclusion, I must say that a decision in this investigation is difficult. The role played by the dominant U.S. producer cannot be discounted. That Schweitzer's pricing policy in 1976 played a part in holding prices down is clear. Further, were Schweitzer the sole producer of KCP in the U.S.,

a finding of injury would be far more difficult to reach. However, the law does not give the Commission the discretion to segregate the various producers within an industry, save for the instance when regional injury is a consideration. Production, shipments, exports, capacity utilization, and profits are down. Inventories, although down for the industry as a whole, are up for the two smaller producers. Prices have been held down and there is evidence of lost sales to LTFV imports from both France and Finland. Finally, what growth there has been in the domestic KCP market since the entry of imports from France and Finland has largely been captured by those imports. The domestic industry has missed an opportunity for market recovery and growth. On balance, I believe injury is present by reason of LTFV sales.

STATEMENT OF REASONS FOR THE DETERMINATION OF  
COMMISSIONER PAULA STERN

On the basis of the information obtained in this investigation, I have determined that an industry in the United States is being injured by reason of imports of kraft condenser paper from Finland and from France sold at less than fair value within the meaning of the Antidumping Act of 1921, as amended.

Imported Article

Kraft condenser paper (KCP) is a very thin, dense, and costly paper which is made from specially treated wood pulp. The Commission's investigation covered both varieties of kraft condenser paper (KCP) produced in the United States, electrostatic and electrolytic KCP. <sup>1/</sup> These types of KCP are provided for in items 252.40 and 256.30 of the Tariff Schedules of the United States. Ninety-five percent of KCP imported into the United States has been of the electrostatic variety. The bulk of KCP is used as an essential component in certain kinds of condensers. Ultimately, KCP becomes a part of such consumer goods as telephone line systems, household appliances, air conditioning units and fluorescent lighting.

Significant quantities of KCP imports began entering the U. S. market in 1977 and increased so rapidly that their share of apparent consumption more than doubled in just two years, rising from 5.9 percent in 1977 to 13.1 percent in 1978. Treasury found less than fair value (LTFV) margins ranging from 2 to 31 percent on 80 percent of those import sales from Finland which it examined. On 100 percent of the sales examined from France, Treasury

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<sup>1/</sup> Upon advice from the Commission, Treasury concluded that electrolytic and electrostatic KCP are of the same general class or kind. However, these two varieties have different uses and constitute vastly different proportions both of imports into the United States and of domestic production. Treasury collected no data on electrolytic KCP, yet its determination that sales of less than fair value existed covered both categories. Thus, the Commission in this case is forced to find injury to the entire KCP industry, even though there is no separate data substantiating Treasury's determination that electrolytic KCP was in fact sold at less than fair value.

found LTFV margins ranging from 29 to 51 percent.

#### Domestic Industry

In order to understand the character of the domestic industry, it is important to note that the structure of the industry and the differences in production capabilities of these firms had an important bearing on this case. Size of market share and thus market power distinguish Schweitzer from the other two firms which produce electrostatic KCP. Schweitzer has consistently dominated the U.S. KCP market, maintaining a market share substantially above that of the two smaller firms. This domination has been reinforced by its extremely aggressive pricing policy, highlighted by the "VIP plan", 2/, which went into effect in 1977. The struggle of the two smaller domestic producers to compete with Schweitzer's stiff price competition may have contributed to their losses, which continued beyond the 1975 recession year.

Differences in production abilities of the industry were also important. Three of the four domestic firms constituting the industry produce electrostatic KCP: Schweitzer Division of Kimberly-Clark Corp., Crocker Technical Papers, Inc., and Stevens Paper Mill, Inc.--all located in Massachusetts. These three were the petitioners in this case. The record shows that quality considerations and variety of product availability often influenced competition among the three domestic producers of electrostatic KCP and between domestic producers and importers. Some types of KCP were reported to be unavailable from any U.S. producers; in many other instances substitutes for imported products could be obtained from only one domestic producer, Schweitzer. Evidence gathered by the Commission also suggests that at least one of the two smaller producers may have been incapable of producing certain types of KCP in an acceptable quality. These differences in production capabilities influenced purchasing decisions by limiting the number of suppliers for certain specific needs.

Thus, size and production distinctions which characterize the domestic industry indicate that its individual firms were not equally vulnerable to the

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2/ Volume Incentive Pricing Plan.

impact of KCP imports. These peculiarities of the industry made the analysis by the Commission more difficult.

#### The Commission's Determination

In order to make an affirmative finding, the Commission must decide that the following two requirements of the law, as provided for in the Antidumping Act of 1921, as amended, are fulfilled:

- (1) that the industry be injured, and
- (2) that injury be caused by imports which were sold at less than fair market value.

The law gives the Commission a great deal of discretion in making its determination, because no single check list can accurately determine the exact degree of injury experienced by an industry nor ascertain the existence of a definitive causal link between imports and injury. In order to evaluate economic health of an industry, the Commission has customarily used the traditional economic indicators for production and shipments, capacity, capacity utilization, employment, sales and profitability. In analyzing the indicators and the other information obtained in this investigation, I found that mitigating factors prevented me from drawing clear conclusions in almost every instance. It was therefore with great difficulty that I determined that the two requirements of the law outlined above have been met.

#### Injury

After evaluating all the relevant information, I believe that there is a reasonable basis for determining that injury to the domestic industry exists. This case required me to analyze the traditional indicators of injury in the face of two important, potentially distorting, considerations: the cyclical nature of the demand for KCP and the particular structure of the domestic industry. Before reviewing the economic indicators which led to an affirmative

injury finding, it is important to note the difficulties posed by these considerations.

First, this industry's production must respond to cyclical demand. Of the five years investigated by the Commission, 1974 (a profitable year, generally) was clearly the most favorable for domestic producers. This peak in the demand cycle was followed by a recession year, which considerably weakened the entire industry. Data for 1976-78, however, reveal that the industry had begun its recovery process. Because much of kraft condenser paper is ultimately used in consumer goods such as appliances or in fluorescent lighting, it is possible that this industry's recovery has been restrained by general economic conditions and the somewhat reduced consumer demand resulting from these conditions.

Secondly, analysis of the evidence was often complicated by the fact that all firms in the industry do not behave in the manner indicated by aggregate figures. The performance of the market dominator, Schweitzer, differs greatly from that of the two smaller producers of electrostatic KCP. While Schweitzer consistently exhibited a strong performance, the much slower, and as yet incomplete, recoveries of Crocker and Stevens have effectively continued to hold aggregate industry averages at low levels.

With these two factors in mind, one can note that aggregate data for almost all of the indicators followed the same general trend: very strong performance in 1974, an uncharacteristically poor performance in the recession year 1975, followed by performances in the period from 1976 through 1978 which, though weaker than in 1974, represent continuous improvement. A slight deterioration for the first 5 months of 1979 (as compared with the January-May 1978) may be indicated.

Capacity utilization fell from the 1974 level of 84.2 percent to 72 percent in 1978. However, the industry average improved by over two percentage points between 1976 and 1978, when imports of KCP began to enter the United States in significant quantities. 3/ It is significant that producers have recently increased productivity enough to allow them to retire a number of machines and some employees while maintaining production levels. Therefore, declines in employment and capacity figures in this case do not necessarily indicate injury.

Figures for producers shipments, which are more meaningful than production data, 4/ remained about even during the 1976-78 period, but have yet to reach 1974 levels in terms of value or quantity. Producers inventories, however, collectively declined every year since 1975, as did the ratio of inventories to shipments. Despite this decline in aggregate figures, inventories of the two smaller firms increased considerably during the 1976-78 period.

Data for financial performance followed the same trends. Although 1974 was by far the most profitable year for the industry, the 1978 ratio of net operating profit to net sales was 6.8 percent, an improvement over 1976's ratio of 5.4 percent. The difference between the performance of the industry's largest firm and the two smaller producers is perhaps most evident in this category, with one of the smaller firms managing to show only a small profit for the first time in 1978.

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3/ Capacity utilization figures must be carefully scrutinized because at least two producers included in capacity figures inactive machinery which might be excessively costly to put back into use.

4/ Approximately 14 percent of all production becomes waste.

It is apparent from the above indicators that, when taken as a whole, the industry is injured. However, the difficulty facing the Commission was to determine the existence of injury to the industry, when the aggregate data disguise the uneven performances of individual members of that industry. In short, it is not clear that without the existence of the two smaller producers, who were suffering severely even before LTFV imports entered the United States, a determination of injury would be justified.

I did not find that threat of injury or likelihood thereof exists in this case. Foreign producers are operating at high levels of capacity utilization and the performance of domestic producers has continued to improve, even in the presence of current levels of imports.

By reason of LTFV imports

In determining whether injury was caused by dumped imports of KCP, the Commission considered factors such as market penetration, lost sales, and price suppression or depression.

Market penetration: Market penetration by imports of KCP was both rapid and significant. Imports first entered the United States in significant quantities in 1977. Both in terms of absolute quantities and as a share of apparent domestic consumption, imports rose rapidly in 1977 and 1978. Over the five-year period investigated by the Commission, imports' share of the domestic market has increased from .6 percent in 1974 to 13.1 percent in 1978. Imports from Finland claimed 7.1 percent and those from France 6.0 percent of consumption in 1978.

Lost sales: The Commission investigation produced evidence of lost sales. In the crucial period from 1977 to 1978, apparent domestic consumption increased by 3.7 million pounds, or 16 percent.

Although some of this large increase in consumption did result in increased purchases from domestic producers, domestic shipments rose by only 6 percent. The data in fact show that all three firms producing electrostatic KCP lost market share to imports. Because two-thirds of the growth in the market was captured by foreign producers, domestic producers were not able to increase their share of the domestic market. However, it had to be determined that these lost sales occurred as a result of imports sold at less than fair value.

Because product availability, assurance of consistent supply, and quality have played an influential role in U.S. purchasers' choice of supplier, it was important to make a careful examination of these **non-price** factors in relation to prices of imports. It is clear that at least some of these sales would have occurred in the absence of dumping. The best evidence of the secondary nature of price is the fact that on occasion, domestic purchasers have paid higher prices to two firms, in effect subsidizing them, in order to assure the continued presence of an alternate supplier. The Commission has also confirmed that purchasers experienced quality problems and interruptions of supply, conditions giving rise to the need for an alternate supplier. In addition, some of the products supplied by importers were simply not available from U.S. producers.

Furthermore, in evaluating the relationship between price and purchases, one must take into account the unique role of the customer. In this industry, the customer enjoys great leverage in determining prices. At times, both the presence of imports and institution in 1977 of Schweitzer's aggressive pricing policies may have been used by the customer to manipulate prices downward. Therefore, even if the actions of the customer were based on the ultimate motive of sustaining foreign suppliers as insurance against inadequate domestic production--in terms of delivery, quality, and price--rather than simply a cheaper price on a specific sale, domestic producers lost sales.

The Commission was faced with the difficulty of deciding whether or not these other influences on purchasing decisions completely replaced the role of price as a determinate of sale or whether all were contributing factors to the injury to the domestic industry.

Despite the fact that these other determinants were important factors influencing purchasers' decisions to import KCP, it is clear that the margins of dumping did contribute to imports underselling domestic products in the U.S. market. The importance of the impact of the margins of dumping in terms of underselling is highlighted by the report, of the Senate Finance Committee on the Trade Act of 1974, which states at p. 179, that--

. . . . the Antidumping Act is primarily concerned with the situation in which the margin of dumping contributes to underselling the U.S. product in the domestic market, resulting in injury or likelihood of injury to a domestic industry.

In the critical period from January 1978 to May 1979, when three-quarters of all KCP imports entered the United States, Finnish products undersold the

competing U.S. product 89 percent of the time by a weighted average of 7 percent. In 44 - 67 percent of those sales (depending upon whether minimum or maximum LTFV margins are used) LTFV margins accounted for the margins of underselling. In the same period, French producers undersold U.S. producers 86 percent of the time by a weighted average margin of 10 percent. The margin of underselling could be accounted for by the LTFV margin in every case.

Primarily based on the contribution of dumping to underselling, I have found that sales and market opportunities were lost to imports, at least in part, as a result of dumping.

Price Depression:

Price data from 1977 and 1978 show the existence of price depression in this industry. Price comparisons based on average weighted prices of U.S. producers to respective principal customers for normal density and six different thicknesses reveal consistently lower price trends in 1978 for all categories.

In addition to the impact of imports underselling domestic products, two other factors may be cited as important influences on prices or on price trends in the industry: (1) the relatively successful customer efforts to dictate prices, and (2) the Schweitzer VIP pricing strategy for increasing its market share at the expense of other suppliers, foreign or domestic.

Given the margins of dumping and of underselling cited above, however, I have concluded that, notwithstanding the obvious effects of Schweitzer's VIP policy, imports sold at less than fair value did contribute to this downward pressure on prices, and therefore cannot be discounted in establishing the existence of a causal link between the dumped imports and injury.

On page 180 of the report cited above, the Senate Finance Committee analyzes the causal link:

the law does not contemplate that injury from less-than-fair-value imports be weighed against other factors which may be contributing to injury to an industry. The words 'by reason of' express a causation link but do not mean that dumped imports must be a (or the) principal cause, a (or the) major cause, or a (or the) substantial cause of injury caused by all factors contributing to overall injury to an industry.

In short, the Committee does not view injury caused by unfair import competition, such as dumping to require as strong a causation link to imports as would be required for determining the existence of injury under fair trade conditions.

It is thus clear that the law is designed to protect domestic industry from an unfair price discrimination practice which contributes to the existence of injury to that industry.

Thus, I have determined that rapid import penetration and the fact that dumping contributed to lost sales and price depression support the existence of a causal link between LTFV imports and injury to the domestic industry. Although the information obtained in this investigation does not show that LTFV imports of kraft condenser paper were the major cause of injury, they were a contributing factor.

#### Conclusion

The Commission's investigation shows that a slow recovery on the part of the two smaller firms from the recession year of 1975 left the domestic industry in a weakened state. It was, therefore, particularly vulnerable to the events of 1977, the year when Schweitzer's VIP policy went into effect and when imports of KCP began to enter the country in significant quantities. I found that one probable effect of the VIP plan was to significantly weaken Schweitzer's two domestic competitors. The influx

of dumped imports, which occurred simultaneously, produced an additional shock to the industry.

I have determined that the domestic industry has been injured and that, of that injury, dumped imports was a cause. The conclusions on which this determination is based were not easily drawn. Both on the questions of injury and causation interpretation of the information in this case required me to make borderline judgments. Although, as I have stated above, no dumping case can be decided on the basis of one set of economic indicators, this case was particularly difficult because the data was colored by the following complicating circumstances:

- (1) At least two of the domestic producers exhibited exceptionally weak performances in 1976, prior to the influx of imports into the U.S. market. Thus, the industry was injured before there was any price competition from imports.
- (2) The large increase in demand during 1977-78 resulted in improving performances for the two weakest producers and gave an impression of recovery, albeit incomplete, in the industry as a whole.
- (3) The dominant U.S. producer aggressively sought to capture market sales from its already vulnerable domestic competitors at the same time there was dramatic import penetration.
- (4) The importance of many non-price considerations somewhat diminished the role of price as a significant influence on purchasers' decisions.

(5) Purchasers used their strength in the market place in ways which had contradictory effects on price. While at times they were willing to subsidize certain producers in the interests of maintaining alternate suppliers, they were also effective in exerting downward pressure on both foreign and domestic prices.

Careful review of the information obtained in this investigation, however, indicated that the industry has not recovered and is indeed in a state of injury. Import penetration was dramatic and significant. The Commission investigators found that lost sales had occurred and that the margins of dumping contributed importantly to the margins of underselling. In addition, Commission data show that price depression did result, at least in part, from sales of imports at less than fair value. In establishing the existence of a causal link between imports and injury, the law requires only that LTFV imports be a contributing factor to injury to the domestic industry. Thus, despite the circumstances listed above which complicated the analysis of the data, the information obtained in this investigation does demonstrate that LTFV imports caused injury to domestic producers of Kraft condenser paper.



## INFORMATION OBTAINED IN THE INVESTIGATIONS

## Summary

On June 5, 1979, the United States International Trade Commission instituted antidumping investigations Nos. AA1921-204 and AA1921-205 on kraft condenser paper (KCP) after receiving advice from the Department of the Treasury on May 30, 1979, that such merchandise from Finland and France is being, or is likely to be, sold in the United States at less than fair value (LTFV). Treasury instituted its investigations in response to a complaint filed on June 27, 1978, by three domestic producers of KCP.

KCP is an exceptionally thin and costly paper made from specially treated wood pulp and used primarily as an essential component in certain types of condensers. Such condensers are ultimately consumed in telephone line systems, household appliances, air-conditioning units, fluorescent lighting, and in other types of consumer goods.

The three petitioners account for nearly all of the KCP produced domestically. One--the Schweitzer Division of the Kimberly-Clark Corp.--is responsible for more than \* \* \* percent of domestic production and manufactures other types of paper in addition to the product in question. All of the petitioners are located in Massachusetts and sell directly to condenser manufacturers.

In connection with its investigations, Treasury examined about 80 percent of the sales from Finland and 99 percent of the sales from France between February 1, 1978, and July 31, 1978, finding LTFV margins on 100 percent of sales examined for France and 80 percent of sales examined for Finland. Finland and France each have one producer of KCP. As a percentage of a third-country price (used by Treasury to calculate fair market value in lieu of the home-market price), the LTFV margins ranged from 2 to 31 percent for Finland and from 29 to 51 percent for France. The weighted average LTFV margins were 15 percent and 43 percent for Finland and France, respectively.

Currently, two domestic firms import the subject merchandise: Tervakoski U.S.A., which imports from Finland; and Bollore, Inc., which imports from France. Both firms are wholly owned subsidiaries of the two foreign manufacturers examined by Treasury. These same manufacturers--Tervakoski Osakeyhtio in Finland and Papeteries Bollore in France--account for nearly all of the KCP imported into the United States during the period covered by these investigations.

As shown in the following table, imports of KCP, virtually all of which were sold at LTFV, increased from nil or small quantities in 1975 and 1976 to 3.4 million pounds, or 13.1 percent of U.S. consumption, in 1978. Of this total, Finland accounted for 1.9 million pounds, or 7.1 percent of U.S. consumption, and France accounted for 1.6 million pounds, or 6.0 percent of U.S. consumption. The ratio of imports to consumption increased slightly again in January-May 1979 from the ratio in the corresponding period in 1978, despite a substantial decrease in the imports from France.

KCP: U.S. imports for consumption, 1974-78, January-May 1978,  
and January-May 1979

Period	Imports			Ratio of imports to apparent U.S. consumption		
	From Finland	From France	Total <sup>1/</sup>	Finland	France	Total
	-----1,000 pounds-----			-----Percent-----		
1974-----	150	0	150	0.6	-	0.6
1975-----	0	0	0	-	-	-
1976-----	7	200	207	<sup>2/</sup>	0.9	.9
1977-----	591	761	1,352	2.6	3.3	5.9
1978-----	1,864	1,570	3,434	7.1	6.0	13.1
Jan.-May----						
1978-----	583	700	1,283	4.8	5.8	10.6
1979-----	876	359	1,235	7.9	3.3	11.2

<sup>1/</sup> Imports from Finland and France account for virtually all imports.

<sup>2/</sup> Less than 0.05 percent.

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

It is apparent that the most favorable year for the domestic industry during the period 1974-78 in terms of U.S. production, producers' shipments, exports, employment, and profits was 1974. The least favorable year for the industry was 1975, a recessionary year. During 1976-78, in which LTFV imports increased from less than 1 percent of domestic consumption to 13.1 percent of U.S. consumption, U.S. production was nearly level, falling by only 1.6 percent; capacity utilization rose by 4 percent; producers' shipments and exports were about level, rising by 2.7 percent and 1.1 percent, respectively; employment (affected primarily by increased productivity) fell by 6 percent; net operating profits rose by 31.7 percent, and the ratio of net operating profit to net sales increased from 5.4 percent to 6.8 percent, as shown in the following table. In addition, U.S. producers' inventories fell to their lowest yearend level in 5 years on December 31, 1978, both in actual terms and relative to shipments.

Comparisons of prices paid by individual customers for imported KCP and for domestic merchandise indicate that imports from France undersold domestic producers in 86 percent of the instances compared during the period January 1978-May 1979, and that the LTFV margins more than accounted for the margins of underselling in all of the instances compared. For imports from Finland, 89 percent of the price comparisons for the same period show underselling by the imported product, and 44 percent to 67 percent of the instances of underselling were more than accounted for by the LTFV margins, depending upon whether minimum or maximum LTFV margins are used in the calculations. It should be noted, however, that there was little correlation between the trends of import prices and the trends of U.S. producers' prices, and that there was often a substantial price spread among the U.S. producers' prices on similar merchandise.

Kraft Condenser Paper: U.S. production, capacity utilization, producers' shipments, exports, average number of production and related workers producing KCP, and net operating profit or (loss) of U.S. producers, 1974-78, January-May 1978, and January-May 1979

Period	Production 1,000 pounds	Capacity utilization Percent	Producers' shipments 1,000 pounds	Exports 1,000 pounds
1974-----	33,849	84.2	27,302	2,515
1975-----	19,065	46.8	15,040	1,575
1976-----	28,881	69.6	24,050	1,727
1977-----	27,554	66.0	23,385	2,020
1978-----	28,423	72.0	24,703	1,746
January-May--				
1978-----	12,450	76.2	11,577	751
1979-----	12,581	74.7	10,567	763

Period	Average number of: production and related workers Number	Net operating profit or (loss) 1,000 dollars	Ratio of net operating profit or (loss) to net sales Percent
1974-----	742	* * *	14.8
1975-----	412	* * *	(14.4)
1976-----	550	* * *	5.4
1977-----	522	* * *	7.4
1978-----	518	* * *	6.8
January-May--			
1978-----	533	<u>1/</u>	<u>1/</u>
1979-----	556	* * *	3.9

1/ Not available.

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

Although the Commission confirmed that U.S. producers had lost sales to importers, much of the KCP purchased in lieu of the U.S. product was either not available in the United States or available in acceptable quality from only one producer.

## Introduction

On May 30, 1979, the United States International Trade Commission received advice from the Department of the Treasury that kraft condenser paper (KCP) from Finland and France 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)). 1/ Accordingly, on June 5, 1979, the Commission instituted investigations Nos. AA1921-204 (KCP from Finland) and AA1921-205 (KCP from France) 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. By statute, the Commission must render its determinations within 3 months of its receipt of advice from Treasury--in this case by August 30, 1979.

In connection with the investigations, a public hearing was held in Hartford, Conn., on July 24 and 25, 1979. Notice of the institution of the investigations and the public hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the notice in the Federal Register of June 13, 1979 (44 F.R. 33983). 2/

The Treasury Department instituted its investigations into the fact or likelihood of LTFV sales after receiving a properly filed complaint on June 27, 1978, from counsel acting on behalf of the Schweitzer Division (Schweitzer) of the Kimberly-Clark Corp., Lee, Mass.; the Stevens Paper Mill, Inc. (Stevens), Westfield, Mass.; and Crocker Technical Papers, Inc. (Crocker), Fitchburg, Mass. Treasury's withholding of appraisalment notices were published in the Federal Register of February 20, 1979 (44 F.R. 10452), and its determinations of sales at LTFV were published in the Federal Register of June 4, 1979 (44 F.R. 32063).

## The Product

### Description and uses

KCP is an exceptionally thin, dense, and costly paper made from specially treated wood pulp and used primarily as an essential component in certain types of condensers. Condensers, in turn, are essential components of electrical circuitry. Basically, condensers consist of two metallic conductors, or plates, electrically insulated from each other by a nonconducting material, or dielectric, that stores electrical current for release at predetermined rates at predetermined times. The term "kraft" denotes the

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1/ Copies of Treasury's letters to the Commission concerning LTFV sales of KCP from Finland and France are presented in app. A.

2/ A copy of the Commission's notice of investigations and hearing is presented in app. B.

particular chemicals and chemical process used to reduce wood into pulp. <sup>1/</sup> Nearly all of the condenser paper consumed in the United States is made from northern pine and spruce which have been reduced to pulp by the kraft process.

Two varieties of KCP, differentiated by thickness, density, and use, are manufactured domestically: electrostatic KCP, which is the thinner and less porous variety and accounts for at least 95 percent of total KCP consumption in the United States; and electrolytic KCP, which accounts for the remaining 5 percent. The electrostatic variety is used in condensers as a dielectric in conjunction with thin strips of aluminum foil, both of which are wound into a tight coil and sealed within a metal case. Electrolytic KCP is not used as a dielectric in condensers, but as a conducting or semiconducting spacer material between dielectrics. With the exception of a few small shipments from France in 1978 and 1979, all of the KCP imported from Finland and France has been of the electrostatic variety.

Both electrostatic and electrolytic KCP vary in terms of thickness and density according to the end use of the condenser. These dimensions are critical. Although electrostatic KCP may vary in density from 0.69 grams per cubic centimeter (g per cm<sup>3</sup>) to 1.30 g per cm<sup>3</sup> and in thickness from 0.0002 to 0.001 inch, at least 90 percent of the electrostatic KCP sold in the United States is 1.0 g per cm<sup>3</sup> in density, which the industry refers to as "normal" density, and ranges in thickness from 0.0003 inch to 0.0006 inch. Electrolytic KCP is less dense and thicker. There is, however, a slight degree of overlap at a density of 0.7 g per cm<sup>3</sup> and within this small range electrostatic KCP and electrolytic KCP are often interchangeable. Both types of KCP are made on the same paper production equipment and are normally sold in rolls 1 inch to 8 inches wide.

In addition to kraft paper, several other types of materials are used as dielectrics in condensers, including mica, glass, ceramics, plastic film, teflon, air, and gas among others. For electrolytic condensers manila and benares papers are often used instead of kraft paper. Each of these materials has advantages and disadvantages depending on the engineering preferences and the particular application and geographical destination of the condensers. Condensers using plastic film and paper as dielectrics, for example, have many similar applications; but, because of lower voltages and certain conventional technologies in Europe, condensers using plastic film have a relatively larger market there than in the United States. According to both U.S. producers and importers, condensers using plastic film will not replace those using paper in the United States to any noticeable degree unless the price of KCP relative to plastic film should increase substantially.

The process for producing KCP is similar to that for producing other wood-pulp papers. First, cellulose fibers are chemically separated from other components of wood to form a pulp, which is then thoroughly rinsed and mixed with purified water to form a slurry. The slurry is then fed into large

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<sup>1/</sup> According to the Tariff Schedules of the United States, kraft paper is paper that is produced from pulp of which 80 percent or more by weight was obtained by the chemical sulphate or soda process.

papermaking machines where the pulp fibers are drained of water, pressed into paper, and wound into large rolls. Later, and if customers so desire, the paper is cut to designated widths. To insure that KCP functions according to specification, it must be free of impurities and its thickness and density must not only be within fine tolerances but must also be uniform within a roll and between rolls. Because of the relatively high density and thinness of KCP, KCP-producing machines are slower and usually narrower in width than most other paper-producing machines. These constraints make them unsuitable for producing most other types of paper. To avoid setup and retooling costs, producers of KCP prefer large production runs and minimum variations in the dimensions of KCP. Setup times rarely exceed 1 hour, however, as certain machines are earmarked for certain thicknesses and densities.

### U.S. tariff treatment

If KCP weighing no more than 9 pounds per ream of 432,000 square inches enters the United States in rolls exceeding 6 inches in width or in sheets exceeding 15 inches in either length or width, it is classifiable along with other specified papers under item 252.40 in the Tariff Schedules of the United States (TSUS) and is subject to a most-favored-nation duty rate of 1.5¢ per pound and 5 percent ad valorem (equivalent to 6.2 percent ad valorem if based on imports in 1978) <sup>1/</sup>. The statutory rate is 6¢ per pound and 20 percent ad valorem. If cut to size, i.e., "in rolls or strips not exceeding 6 inches in width, or in rectangular sheets not exceeding 15 inches in either length or width," the corresponding TSUS item is 256.30, a basket category with a most-favored-nation duty rate of 7.5 percent ad valorem and a statutory rate of 30 percent ad valorem. <sup>2/</sup> All imports of KCP from designated beneficiary developing countries are eligible for duty-free treatment under the Generalized System of Preferences. <sup>3/</sup>

### Nature and Extent of Sales at LTFV

Treasury's LTFV determinations are based on an examination of KCP from one producer in Finland--Tervakoski Osakeyhtio (TOY)--and one producer in France--Papeteries Bollore--for the period February 1, 1978, through July 31, 1978. There are no other producers of KCP in these countries. Although Treasury did not investigate electrolytic KCP (electrolytic KCP has not been imported in other than sample quantities), it concluded that electrolytic KCP is of the same general class or kind as is electrostatic KCP and therefore did not make a distinction between electrostatic and electrolytic KCP in its notices of determinations of sales at LTFV.

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<sup>1/</sup> During the recently concluded Tokyo round of multilateral trade negotiations (MTN) in Geneva, Switzerland, the United States agreed that the rate of duty applicable to imports under TSUS item 252.40 be reduced to 4.3 percent ad valorem.

<sup>2/</sup> During the MTN, the United States agreed to reduce the most-favored-nation rate of duty applicable to TSUS item 256.30 to 3 percent ad valorem.

<sup>3/</sup> The probable economic effects statement from the Trade Agreement Digest on TSUS item 252.40 is shown as appendix C.

For the purpose of determining whether KCP from Finland was being, or was likely to be, sold at less than fair value, Treasury considered the purchase price to unrelated U.S. customers and the export sales price to a third country (Brazil) to be the proper bases of comparison. The purchase price to unrelated U.S. customers was used since, according to Treasury, such customers accounted for more than 80 percent of TOY's sales to the United States. <sup>1/</sup> The export sales price to Brazil was used in determining fair value because transactions between Finland and Brazil, in terms of type of merchandise and market and volume and dates of sales, were most comparable to those between Finland and the United States. Using the above criteria, Treasury made comparisons on approximately 80 percent of KCP sales to the United States (\* \* \* pounds, for which the purchase price totaled \* \* \*) during the representative period and found LTFV margins on 80 percent of the sales examined. As calculated by Treasury, margins ranged from 2 percent to 44 percent of the purchase price, with a weighted average margin of 18 percent. As a percent of the third-country price, used by the Commission, margins ranged from 1.6 percent to 30.5 percent with a weighted average margin of 15.3 percent. A summary of LTFV sales and margins is shown in table 1.

For France, Treasury compared the exporter's sales price to the United States with the export sales price to a third country (Italy). The exporter's sales prices to the United States were used since all sales made to the United States were to a wholly owned subsidiary of the manufacturer, and the export sales prices to Italy were used because they represented the best information available (Papeteries Bollore was not timely in submitting information relating to home-market prices). Accordingly, Treasury made comparisons on approximately 99 percent of KCP sales to the United States (\* \* \* pounds, for which the exporter's sales price totaled \* \* \*) during the representative period and found LTFV margins on 100 percent of the sales examined. LTFV margins by the Treasury method of calculation ranged from 40.7 percent to 103.8 percent of the exporter's sales price, with a weighted average margin of 74.2 percent. <sup>2/</sup> LTFV margins, based on the Commission's method of calculation, ranged from 28.9 to 50.9 percent of the third-country price, with a weighted average margin of 42.6 percent.

### The Domestic Industry

#### U.S. producers

In addition to Schweitzer, Stevens, and Crocker, one other firm--the Dexter Corp. (Dexter) in Windsor Locks, Conn.--produces KCP in the United States. Dexter, however, produces the electrolytic variety exclusively and in relatively insignificant quantities. Table 2 shows U.S. producers and their

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<sup>1/</sup> TOY's wholly owned subsidiary in the United States was nevertheless the sole importer-of-record for all domestic imports of KCP from Finland during the period Treasury investigated.

<sup>2/</sup> Treasury's margins for France were reported incorrectly as 48.7 percent, 163.8 percent, and 77.7 percent, respectively, in its notice of determination of sales at LTFV. The Commission is expecting a letter from Treasury correcting this error.

Table 1.--KCP: Summary of LTFV sales during Feb. 1, 1978-July 31, 1978

Exporter and country of origin and sale designations	KCP specifications		Exports to United States examined by Treasury 1/	Exports to United States found to be sold at LTFV	Percentage of exports examined found to be sold at LTFV	LTFV exports							
	Density	Thickness				Estimated selling price to U.S. market (purchase price or exporters' sales price of exports examined	Estimated fair market value of exports examined		Estimated LTFV margin		Ratio of LTFV margin to estimated selling price 2/	Ratio of LTFV margin to fair market value 3/	
							Total	Per pound	Total	Per pound			Total
	g cm <sup>3</sup>	Inches	Pounds	Pounds	Percent							Percent	Percent
TOY (Finland):													
1-----	***	***	***	***	***	***	***	***	***	***	***	***	***
2-----	***	***	***	***	***	***	***	***	***	***	***	***	***
3-----	***	***	***	***	***	***	***	***	***	***	***	***	***
4-----	***	***	***	***	***	***	***	***	***	***	***	***	***
5-----	***	***	***	***	***	***	***	***	***	***	***	***	***
6-----	***	***	***	***	***	***	***	***	***	***	***	***	***
7-----	***	***	***	***	***	***	***	***	***	***	***	***	***
Total-----	4/	4/	***	***	***	***	***	***	***	***	***	***	***
Bollere (France):													
1-----	***	***	***	***	***	***	***	***	***	***	***	***	***
2-----	***	***	***	***	***	***	***	***	***	***	***	***	***
3-----	***	***	***	***	***	***	***	***	***	***	***	***	***
4-----	***	***	***	***	***	***	***	***	***	***	***	***	***
5-----	***	***	***	***	***	***	***	***	***	***	***	***	***
6-----	***	***	***	***	***	***	***	***	***	***	***	***	***
7-----	***	***	***	***	***	***	***	***	***	***	***	***	***
Total-----	4/	4/	***	***	***	***	***	***	***	***	***	***	***

A-9

1/ Treasury examined 99.1 percent of the imports of KCP from France (or \*\*\* pounds out of a total of \*\*\* pounds) imported during the period under investigation and 80 percent of the imports from Finland (or \*\*\* pounds out of a total of an estimated \*\*\* pounds) imported during the period under investigation.

2/ As calculated by the Treasury Department.

3/ As calculated by the U.S. International Trade Commission.

4/ Not applicable.

Source: Compiled from material presented in the Treasury file.

Note.--Figures in parentheses are averages weighted by trade in instances where ranges are given.

Table 2.--KCP: U.S. producers' shipments, by firms, 1974-78, January-May 1978, and January-May 1979

Firm	1974	1975	1976	1977	1978	January-May--	
						1978	1979
Quantity (1,000 pounds)							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Dexter-----	***	***	***	***	***	***	***
Total-----	27,302	15,040	24,050	23,385	24,703	11,577	10,567
Percentage distribution by quantity							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Dexter-----	***	***	***	***	***	***	***
Total-----	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Value (1,000 dollars)							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Dexter-----	***	***	***	***	***	***	***
Total-----	34,477	***	32,186	33,315	33,386	16,249	15,523
Percentage distribution by value							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Dexter-----	***	***	***	***	***	***	***
Total-----	100.00	100.00	100.00	100.00	100.00	100.00	100.00

1/ Not available.

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

respective quantities, values, and shares of shipments of domestically produced KCP for recent time periods. Schweitzer alone accounts for over \* \* \* percent of all KCP manufactured in the United States. Relative to Stevens and Crocker, Schweitzer produces KCP in a broader range of densities and thicknesses, although the output of all three of these producers is concentrated in KCP of normal density and 0.0003- to 0.0006-inch thickness.

Unlike Stevens, whose operations are devoted exclusively to producing the product in question, Schweitzer and Crocker manufacture a variety of other paper products. Schweitzer operates four paper-producing establishments throughout the Northeast, only two of which produce KCP. Of its total sales, KCP accounts for about \* \* \* percent. (The Kimberly-Clark Corp., Schweitzer's parent company, owns and operates at least nine paper mills in addition to those of Schweitzer.) Crocker's KCP production accounts for about \* \* \* percent of its total sales. Dexter allocates an almost negligible proportion of its resources to KCP production.

No domestic firm ceased production of KCP during the period January 1974-May 1979; however, in order to improve the overall efficiency of their KCP operations, all of the U.S. producers upgraded some KCP-making machines and retired others. Because of the remaining machines' increased yields, production capabilities have not been adversely affected. The Stevens Co., for example, retired \* \* \* of its original \* \* \* machines between 1970 and 1974 and \* \* \* in 1976, but is able to produce \* \* \* percent more KCP on the remaining \* \* \*. Currently, Schweitzer operates \* \* \* machines and Crocker operates \*\*\*, both having retired \* \* \* machines since 1974. The number of production workers in the industry has decreased correspondingly. Increasing the productivity of existing equipment is favored over installing new replacement equipment, as producers consider the latter alternative to be far more costly than the additional income, if any, would justify. Other areas of production in which the producers have ongoing research include pulp preparation (i.e., alining pulp fibers to achieve greater dielectric strength), pulp yield (i.e., reducing waste), and energy savings.

None of the U.S. producers import KCP. A considerable proportion of the value of domestically produced KCP, however, is incurred abroad, for U.S. manufacturers import all of the kraft pulp used in KCP production. Two manufacturers of kraft pulp--one in Sweden and one in Canada--account for the vast majority of the kraft pulp consumed in the market-economy countries. After receiving the pulp in dried form, U.S. producers add water they have purified to form the requisite slurry.

#### U.S. importers

Nearly all imports of KCP during the period under investigation are accounted for by three importers. After its incorporation in February 1977, Bollore, Inc., in Stonington, Conn., has been the sole importer of KCP from France; and, since January 1978, Tervakoski U.S.A., Inc. (TOY U.S.), in Lenox, Mass., has been the sole importer of KCP from Finland. Prior to January 1978, KCP from Finland was imported by the Jay Madden Corp., New York, N.Y. Bollore

and TOY U.S. are wholly owned subsidiaries of Papeteries Bollore and TOY, respectively. The chief executive officers of Bollore and TOY, moreover, are former employees of Schweitzer.

With the exception of warehousing and slitting, i.e., cutting KCP to proper widths, the importers add no value to the imported product. For these functions Bollore and TOY U.S. each maintain \* \* \* to \* \* \* employees, although Bollore reduced the number of its employees considerably after Treasury's notice of withholding of appraisement. Slitting and warehousing facilities allow specific orders for imported KCP to be fulfilled in reduced times, since substantial stocks of uncut KCP can readily be kept in inventory. Table 3 shows imports of KCP, by sources, for recent time periods.

### U.S. purchasers

Nearly all KCP, whether produced domestically or imported, is sold directly to producers of condensers. At least 16 firms in the United States purchase KCP for use in condensers. The largest purchasers are the General Electric Co. (GE), Ft. Edward, N.Y., and Aerovox Industries, Inc. (Aerovox), New Bedford, Mass., which together account for over \* \* \* of KCP consumption in the United States. GE alone consumes more than a \* \* \* of all KCP sold domestically. Table 4 shows the KCP consumption and share of total U.S. KCP consumption of each of the eight largest purchasers of KCP for recent time periods. Ultimately, condensers made with KCP are consumed in telephone line systems, household appliances, air-conditioning units, fluorescent lighting, and in other consumer goods, all of which are subject to cyclical demand. Only one producer, Stevens, expects any significant growth in the market for KCP in the near future.

Sales of KCP are customarily negotiated at yearend for the customer's needs for the following year. Prices increase directly with the density of the paper and inversely with the thickness of the paper, the quantity of the order, and the size of the purchaser in the KCP market. Normally, there is no price differential for width unless the width is under 1 inch. KCP under 1 inch in width, however, represents a very small proportion of total U.S. consumption. Table 5 shows U.S. producers' shipments, exports, imports, and apparent consumption of all KCP for recent time periods.

### Foreign Producers

At least 10 firms in addition to Papeteries Bollore and TOY have produced KCP outside of the United States during the period covered by these investigations: four are in Japan (Honshu Paper Co. Ltd., Mitsubishi Paper Mills Ltd., Shikoku Paper Mfg. Co. Ltd., and Tokushu Paper Mfg. Co. Ltd.); three are in West Germany (Julius Glatz GmbH, Moufang AG, and Schoeller & Hoesch GmbH); and one each is in Great Britain (Brittains Ltd.), Brazil (Santa Therezinha SA), and India (Wiggins Treape Ltd.). According to industry sources, two of these--Brittains and Schoeller & Hoesch--have ceased production within the last year.

Table 3.--KCP: Imports, by sources, 1974-78, January-May 1978, and January-May 1979

Source	1974	1975	1976	1977	1978	January-May--	
						1978	1979
Quantity (1,000 pounds)							
Finland <u>1</u> /-----	150	0	7	591	1,864	583	876
France-----	0	0	200	761	1,570	700	359
Total-----	150	0	207	1,352	3,434	1,283	1,235
Value (1,000 dollars)							
Finland <u>1</u> /-----	250	-	10	913	2,192	730	980
France-----	0	-	330	1,010	2,023	959	435
Total-----	250	-	340	1,923	4,215	1,689	1,415

1/ Prior to 1978, the Jay Madden Corp., New York, N.Y., accounted for all imports from Finland. From 1978 to present, Tervakoski U.S.A. was the sole importer of record.

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

Table 4.--KCP: U.S. consumption, by firms, 1976-78 and January-May 1979

Firm	1976	1977	1978	January-May 1979
Quantity (1,000 pounds)				
General Electric Co., Hudson Falls, N.Y-----	***	***	***	***
Aerovox Industries Inc., New Bedford, Mass-----	***	***	***	***
Mallory Capacitor Co., Indianapolis, Ind-----	***	***	***	***
Universal Mfg. Co., Bridgeport, Conn-----	***	***	***	***
JARD Co., Bennington, Vt-----	***	***	***	***
Cornell-Dubilier Electric Corp., New Bedford, Mass---	***	***	***	***
Electrical Utilities Co., LaSalle, Ill-----	***	***	***	***
Westinghouse Electric Co., Bloomington, Ind-----	***	***	***	***
All other-----	5,093	5,018	4,141	1,222
Total-----	22,530	22,717	26,391	11,039
Percentage distribution				
General Electric Co-----	***	***	***	***
Aerovox Industries Inc-----	***	***	***	***
Mallory Capacitor Co-----	***	***	***	***
Universal Mfg. Co-----	***	***	***	***
JARD Co-----	***	***	***	***
Cornell-Dubilier Electric Corp-----	***	***	***	***
Electrical Utilities Co-----	***	***	***	***
Westinghouse Electric Co-----	***	***	***	***
All others-----	22.61	22.09	15.69	11.07
Total-----	100.00	100.00	100.00	100.00

1/ Estimated.

2/ Not available.

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

Table 5.--KCP: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1974-78, January-May 1978, and January-May 1979

Year	Producers' shipments	Imports			Exports	Apparent consumption	Ratio of imports to consumption		
		From Finland	From France	Total <sup>1/</sup>			From Finland	From France	Total
		1,000 pounds	1,000 pounds	1,000 pounds			Percent	Percent	Percent
1974-----	27,302	150	0	150	2,515	24,937	0.6	-	0.6
1975-----	15,040	0	0	0	1,575	13,465	-	-	-
1976-----	24,050	7	200	207	1,727	22,530	<sup>2/</sup>	.9	.9
1977-----	23,385	591	761	1,352	2,020	22,717	2.6	3.3	5.9
1978-----	24,703	1,864	1,570	3,434	1,746	26,391	7.1	6.0	13.1
January-May--									
1978-----	11,577	583	700	1,283	751	12,109	4.8	5.8	10.6
1979-----	10,567	876	359	1,235	763	11,039	7.9	3.3	11.2

<sup>1/</sup> Imports from Finland and France account for virtually all imports.

<sup>2/</sup> Less than 0.05 percent.

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

Virtually all of the KCP imported into the United States is produced by TOY and Papeteries Bollore. <sup>1/</sup> Papeteries Bollore operates three separate paper mills in France, only one of which produces KCP. Here, at Scaer, France, Papeteries Bollore employs about 450 persons, operates approximately 5 papermaking machines, and manufactures several types of paper in addition to KCP. While TOY operates only one establishment, it is large, employing approximately 1,500 people and operating about 11 papermaking machines. TOY, too, manufactures several other kinds of paper. Very little of either firm's production is consumed in its home market.

### The Question of Injury or Likelihood Thereof

#### Capacity utilization

Production, capacity, and capacity utilization for the domestic producers of KCP are shown in table 6. For the industry as a whole, capacity utilization fell from 84.2 percent in 1974 to 46.8 percent in 1975 before rebounding to 72.0 percent in 1978. \* \* \* capacity utilization, however, remained below \* \* \* percent throughout 1975-78. A slight decline is evident for the industry in January-May 1979 when compared with January-May 1978. Between 1976 and 1978, when imports of KCP began entering into the United States in significant quantities, U.S. producers' capacity utilization increased by more than 2 percentage points. U.S. producers' capacity includes all but one of the six papermaking machines that were idled during the 1974-78 period. (\* \* \* considered that the capital investment required to reactivate one of its idled machines was too great to justify its inclusion in current capacity.) Increasing the yield of papermaking machines has allowed U.S. producers to retire a substantial number of machines and still maintain production capabilities.

#### U.S. producers' shipments and exports

After falling from more than 27 million pounds in 1974 to 15 million pounds in 1975, U.S. producers' shipments of KCP remained at about 24 million pounds annually between 1976 and 1978 (table 2). From January-May 1978 to January-May 1979, U.S. producers' shipments decreased by about 1 million pounds, or by about 9 percent. U.S. producers' shipments have followed a similar trend in terms of value. After declining from \$34.5 million in 1974 to \$19.5 million in 1975, U.S. producers' shipments were relatively level at about \$33 million annually during 1976-78, falling to a level in January-May 1979 that was about 4.5 percent below that in January-May 1978.

Exports of KCP decreased from 2.5 million pounds in 1974 to 1.6 million pounds in 1975, rose to 2.0 million pounds in 1977, and then fell again to 1.7 million pounds in 1978 (table 5). A slight increase in exports is evident from January-May 1978 to January-May 1979. As a share of U.S. producers' annual shipments, exports decreased from a high of 10.4 percent in 1975 to 7.1 percent in 1978.

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<sup>1/</sup> The Kimberly-Clark Corp. owned a large but noncontrolling interest in the latter firm until 1975.

Table 6.--KCP: U.S. production, producers' capacity, and capacity utilization, by firms, 1974-78, January-May 1978, and January-May 1979

Item	1974	1975	1976	1977	1978	January-May--	
						1978	1979
<b>Production:</b>							
Schweitzer---1,000 pounds--:	***	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***	***
Dexter 1/-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	33,849	19,065	28,881	27,554	28,423	12,450	12,581
<b>Capacity:</b>							
Schweitzer---1,000 pounds--:	***	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***	***
Dexter 2/-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	40,098	40,696	41,471	41,763	39,498	16,338	16,835
<b>Capacity utilization: 3/</b>							
Schweitzer-----percent--:	***	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***	***
Total-----do-----:	84.2	46.8	69.6	66.0	72.0	76.2	74.7

1/ Estimated.

2/ Not available.

3/ Excluding Dexter.

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

U.S. employment

While the level of all employees and all production and related workers in U.S. establishments producing KCP remained relatively constant from 1976 to 1978, the level of production and related workers producing KCP fell by about 6 percent, reflecting, for the most part, \* \* \* (table 7). From January-May 1978 to January-May 1979, however, the average number of production and related workers producing KCP increased by 4 percent, i.e., from 533 to 556 workers. While man-hours worked in the production of KCP declined by 4 percent during 1976-78, output per man-hour increased by 3 percent, i.e., from 23.0 to 23.6 pounds of KCP per man-hour (table 8). The output of KCP per man-hour in 1974 was 19.4 pounds.

U.S. producers' inventories

Collectively, U.S. producers' inventories of KCP have declined in each year since 1975 (table 9). From 4.6 million pounds as of December 31, 1975, KCP inventories fell to 2.9 million pounds as of December 31, 1978, representing a decrease of over 37 percent. The ratio of inventories to shipments declined similarly from 30.5 percent in 1975 to 11.9 percent in 1978. Between May 31, 1978, and May 31, 1979, however, the ratio of inventories to shipments rose moderately by about 2 percentage points.

\* \* \* \* \*

Financial performance of U.S. producers

Selected financial data for U.S. producers of KCP on their KCP operations are presented in table 10. Although U.S. producers' net operating profits on their KCP operations fell between 1977 and 1978 by nearly 8 percent, from \* \* \* to \* \* \*, they nevertheless remained at a higher level than that in 1976 ( \* \* \* ), when imports of KCP were at a relatively low level. Similarly, the ratio of net operating profit to net sales dropped from 7.4 percent in 1977 to 6.8 percent in 1978, still 1.4 percentage points above the 1976 level. Owing to \* \* \* in January-May 1979, the ratio of net operating profit to net sales for the industry in this period fell to 3.9 percent. Crocker, \* \* \*. U.S. producers have yet to reach the levels of profitability they attained in 1974.

\* \* \* \* \*

Table 7.--Average number of employees in U.S. establishments producing KCP, total, all production and related workers, and production and related workers engaged in the manufacture of KCP, by firms, 1974-78, January-May 1978, and January-May 1979

Item	1974	1975	1976	1977	1978	January-May--	
						1978	1979
<b>All employees:</b>							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Total-----	1,307	969	1,115	1,104	1,120	1,125	1,187
<b>All production and related workers:</b>							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Total-----	1,091	766	918	901	920	922	987
<b>Production and related workers producing KCP:</b>							
Schweitzer-----	***	***	***	***	***	***	***
Stevens-----	***	***	***	***	***	***	***
Crocker-----	***	***	***	***	***	***	***
Total-----	742	412	550	522	518	533	556

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

Table 8.--Man-hours worked by production and related workers engaged in the manufacture of KCP and output of KCP per man-hour worked, by firms, 1974-78, January-May 1978, and January-May 1979

Item	1974	1975	1976	1977	1978	January-May--	
						1978	1979
<b>Production and related workers producing KCP:</b>							
Schweitzer----1,000 hours---	***	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***	***
Total-----do-----	1,741	955	1,254	1,187	1,204	530	531
<b>Output per man-hour:</b>							
Schweitzer							
pounds per man-hour---	***	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***	***
Average-----do-----	19.4	20.0	23.0	23.2	23.6	23.5	23.7

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

Table 9.--KCP: U.S. producers' inventories, by firms, as of Dec. 31 of 1974-78, May 31, 1978, and May 31, 1979

Item and firm	Dec. 31--					May 31--	
	1974	1975	1976	1977	1978	1978	1979
Inventories:							
Schweitzer-----1,000 pounds--	***	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***	***
Total-----do-----	4,035	4,570	4,248	3,744	2,932	2,369	2,364
Ratio of inventories to ship-							
ments during the preceding							
12-month or 5-month							
period:							
Schweitzer-----percent--	***	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***	***
Total-----do-----	14.7	30.5	17.7	16.0	11.9	20.5	22.4

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

Table 10.--Selected financial data for U.S. producers of KCP on their U.S. KCP operations, by firms, 1974-78 and January-May 1979

Item	1974	1975	1976	1977	1978	January-May 1979
Net sales:						
Schweitzer--1,000 dollars--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Cost of goods sold:						
Schweitzer--1,000 dollars--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Gross profit or (loss):						
Schweitzer--1,000 dollars--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Administrative and selling expenses:						
Schweitzer--1,000 dollars--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Net operating profit or (loss):						
Schweitzer--1,000 dollars--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales:						
Schweitzer-----percent--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	14.8	(14.4)	5.4	7.4	6.8	3.9
Ratio of net operating profit or (loss) to fixed assets (cost less depreciation):						
Schweitzer-----percent--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Ratio of net operating profit or (loss) to fixed assets (at cost):						
Schweitzer-----percent--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***
Ratio of net operating profit or (loss) to fixed assets (replacement cost):						
Schweitzer-----percent--	***	***	***	***	***	***
Stevens-----do-----	***	***	***	***	***	***
Crocker-----do-----	***	***	***	***	***	***
Total-----do-----	***	***	***	***	***	***

1/ Not available.

2/ \*\*\*.

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

Selected financial data for the overall operations of these firms are shown in table 11. As indicated earlier, sales of KCP only account for about \* \* \* percent of Schweitzer's total sales. Overall, Schweitzer's profit \* \* \*. Stevens' operations, as noted previously, are devoted to KCP exclusively.

### The Question of the Causal Relationship between LTFV Imports and the Alleged Injury

#### U.S. consumption and market penetration of imports

From 1974 to 1975, apparent consumption of KCP in the United States fell from 24.9 million pounds to 13.5 million pounds, then partially recovered to 22.5 million pounds in 1976 (table 5). By 1978, apparent consumption of KCP increased to 26.4 million pounds. Approximately 1 million pounds less KCP, however, was consumed in January-May 1979 than in January-May 1978. As a share of apparent consumption, imports of KCP from Finland and France increased from less than 1 percent in 1976 to 7.1 percent and 6.0 percent, respectively, in 1978. The ratio of imports from Finland to consumption further increased in January-May 1979 from the corresponding period in 1978, from 4.8 percent to 7.9 percent. The ratio of imports from France to consumption, on the other hand, declined in this period, from 5.8 percent to 3.3 percent. Imports of KCP from France fell considerably after Treasury's announcement of its withholding of appraisal in February of this year.

#### Prices

U.S. producers and importers were asked to report, on a quarterly basis, prices and quantities of six grades of KCP <sup>1/</sup> shipped to their three principal customers (manufacturers of condensers) between January-March 1976 and April-May 1979. The prices reported by both producers and importers are f.o.b. point of shipment and net of all discounts, allowances, rebates, and/or the value of any accepted premiums. From these data tables D-1 through D-6 (app. D) were prepared, showing prices of imported and U.S.-produced KCP, by customer, for each grade. The customers shown reflect only those to which both importers and U.S. producers sold KCP in major quantities.

The data show that, in 67 percent of those instances in which both TOY U.S. and U.S. producers sold KCP of a specified thickness to a particular customer, the prices paid to TOY U.S. were lower than those paid to U.S. producers by \* \* \* to \* \* \* percent; in 82 percent of those instances in which both Bollore and U.S. producers sold KCP of a specified thickness to a particular customer, the prices paid to Bollore were lower than those paid to U.S. producers by \* \* \* to \* \* \* percent. TOY U.S.'s prices and Bollore's prices were higher than those paid to U.S. producers in 30 percent and 16 percent of these instances, respectively, particularly in 1976 and 1979.

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<sup>1/</sup> Normal density and 0.0003, 0.00035, 0.0004, 0.00045, 0.0005, and 0.00055 inch thickness.

Table 11.—Selected financial data for U.S. producers of KCP on their total U.S. operations, by firms, 1974-78 and January-May, 1979

Item	1974	1975	1976	1977	1978	January-May 1979
Net sales:						
Schweitzer--1,000 dollars--:	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***
Cost of goods sold:						
Schweitzer--1,000 dollars--:	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***
Gross profit or (loss):						
Schweitzer--1,000 dollars--:	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***
Administrative and selling expenses:						
Schweitzer--1,000 dollars--:	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***
Net operating profit or (loss):						
Schweitzer--1,000 dollars--:	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales:						
Schweitzer-----percent--:	***	***	***	***	***	***
Stevens-----do-----:	***	***	***	***	***	***
Crocker-----do-----:	***	***	***	***	***	***

1/ Stevens' total operations are equivalent to that of its KCP operations.

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

In January 1978-May 1979, during which 75 percent of all imports from Finland and France entered the United States, comparisons of prices paid by individual customers for imported KCP and for domestic merchandise indicate that imports from Finland undersold domestic merchandise in 89 percent of the instances, as summarized in table D-7. The margins of underselling ranged from \*\*\* percent to \*\*\* percent. More than 44 percent of the instances of underselling compared were accounted for by the minimum LTFV margins found by Treasury. If the maximum margins found by Treasury are applied to the import prices, then 67 percent of the instances of underselling compared are accounted for by the LTFV margins. Comparisons of prices of imports from France during this period indicate that in 86 percent of the instances compared, the import prices were lower than U.S. producers' prices. The margins of underselling ranged from \*\*\* to \*\*\* percent and, in every instance, were more than accounted for by the LTFV margins found by Treasury.

Calculations of average weighted prices based on the above data (table D-8) show that prices for U.S.-produced KCP increased by 0.4 to 15 percent during the period, despite lower prices in 1978 than in 1977. Between 1976 and 1978, the average price per pound and average production cost per pound of KCP shipped by U.S. producers increased at about the same rate.

If prices increased between January 1976 and May 1979 at less than what might be expected, Schweitzer may be partly responsible. In an effort to prevent imports from penetrating the U.S. market, Schweitzer instituted a volume incentive pricing policy in early 1977, which allowed individual customers certain rebates after they had purchased certain quantities of KCP within a specified time period. According to \* \* \*, this precipitated a downward pressure on prices which had not existed earlier for them. It also cost \* \* \* sales; for, in attempting to remain price competitive by improving the cost-efficiency of their machinery, \* \* \* reports that it was not able to control the quality of its paper in 1977 and 1978 to the satisfaction of many of its customers and lost sales to at least two customers-- \* \* \* and \* \* \* --as a consequence.

It is significant that there is little correlation between the movement of prices for imported and U.S.-produced KCP, indicating that there is much less than perfect knowledge of competitors' prices among the members of the industry and, indirectly, that there is a considerable degree of customer leverage in price determination. When, for example, U.S. importers' prices fell, U.S. producers' prices in some instances rose (e.g., \* \* \*). Often U.S. producers' prices increased while importers' prices remained the same. In other instances the prices of both importers and U.S. producers increased (e.g., \* \* \*), and in at least two cases the prices for U.S.-produced KCP remained the same for long periods of time in spite of substantially lower prices for the imported product (\* \* \*). U.S. producers' prices to certain customers even fell in some periods when these customers purchased no imports (e.g., \* \* \*).

Even more indicative of customers' influence in price determination are the consistently higher prices paid to Crocker and Stevens than to Schweitzer. Prices paid to Stevens and Crocker ranged from 1 percent to 22 percent higher than those paid to Schweitzer in nearly all cases reported. According to Stevens' top management, price subsidies paid to Stevens by \* \* \*, allow it to stay in business. Importers' prices, too, varied considerably. In most instances prices paid to \* \* \* were lower than those paid to \* \* \*. That such price spreads exist among producers, and even between importers, indicates that the absolute level of price may not be nearly as important to customers as the leverage gained by maintaining as many suppliers as possible. There are no other sources of competitive price information to importers and producers other than customers. Published price lists are generally available, but they are of little use in an industry in which allowances, discounts, rebates, and other price adjustments to different customers are rampant. Under these circumstances, it is possible that both importers and U.S. producers have in many instances been cited competitive prices that were lower than those customers eventually paid. In short, the data gathered by the Commission suggest that customers may have used the presence of the importers to manipulate prices in this industry to a significant degree.

#### Lost sales

In an effort to ascertain whether imports increased at the expense of U.S. producers and not just relative to U.S. consumption, the Commission requested that U.S. producers identify, by quantity and value, specific sales to individual customers that were lost to imports between January 1, 1976, and June 30, 1979. In response, U.S. producers identified lost sales in 1977 and 1978 to Aerovox (\* \* \*), JARD Co. (\* \* \*), Sprague Electric Co. (\* \* \*), and Universal Manufacturing Corp. (\* \* \*).

In 1977 and 1978 Aerovox purchased about \* \* \* pounds of KCP from Finland and France, valued at over \* \* \*, in favor of the U.S.-produced product. At least \* \* \* percent of these purchases were KCP of 1.2g per cm<sup>3</sup> density, which Aerovox claims was unavailable from any U.S. producer. <sup>1/</sup> Additionally, Aerovox claims that the quality (specifically the finish) of the imported product not only makes it mechanically easier to use in their winding equipment, thereby increasing productivity per machine hour, but also enables them to get a tighter section and thus more capacitance per pound of raw material. According to Aerovox, only Schweitzer offers the thin grades of paper they use in fluorescent lighting, a situation which induced them to seek out alternate suppliers. Nearly \* \* \* of Aerovox's purchases of imported KCP in 1977 and 1978 were of 0.00035 inch thickness or less. Aerovox regards the KCP of another U.S. producer, Stevens, as unacceptable in terms of quality. Between 1976 and 1978, Aerovox increased its purchases of U.S.-produced KCP from \* \* \* pounds to \* \* \* pounds while increasing its purchases of imported KCP from \* \* \* pounds to \* \* \* pounds.

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<sup>1/</sup> Another large purchaser of 1.2 g per cm<sup>3</sup> KCP--Maxwell Laboratories, Inc., San Diego, Calif.--also claims that such paper is unavailable from any U.S. producer.

In lieu of U.S.-produced KCP, JARD Co. purchased about \* \* \* pounds of imported KCP in 1977 and 1978 valued at about \* \* \*. Like Aerovox, JARD Co. maintains that without the presence of the importers there would be only one source of thin grade paper in the United States, since the quality of one producer's paper is unacceptable. JARD Co.'s purchases of U.S.-produced KCP increased from \* \* \* pounds in 1976 to much more than \* \* \* pounds in 1978. During the same period, its purchases of imported KCP, mostly from Finland, increased from a little over \* \* \* pounds to over \* \* \* pounds. Sprague Electric Co. purchased \* \* \* pounds of imported KCP (valued at \* \* \*) in 1977 and 1978, and, therefore, could account at most for \* \* \* percent of U.S. producers' claimed lost sales. Nevertheless, the firm expressed views similar to those of Aerovox and JARD Co. \* \* \* of the paper it purchases from foreign sources is of thinner grades. From 1976 to 1978, Sprague Electric Co. increased its purchases of U.S.-produced KCP from \* \* \* pounds to \* \* \* pounds, while increasing its purchases of imported KCP, all from France, from \* \* \* to \* \* \* pounds. Universal Manufacturing Corp., which purchased more than \* \* \* pounds of imported KCP (valued at over \* \* \*) in this period, also concentrates its purchases of imported KCP in the thinner grades, i.e., those from 0.0003 to 0.00035 inch in thickness. Had it not been for an inadequate domestic supply of thin paper of suitable quality, the Universal Manufacturing Corp. claims that it would have had far less interest in purchasing from an offshore source.

In view of the purchasers' self-interest in maintaining as many suppliers as possible for pricing purposes, their comments in regard to U.S. importers and producers must not be examined uncritically. Such bias notwithstanding, it is clear that uncertainty of an adequate domestic supply of certain grades of KCP has at least favored, if not inspired, foreign competition. No KCP denser than 1.1g per cm<sup>3</sup> is apparently available from U.S. producers, and only Schweitzer manufactures KCP of 0.00035-inch thickness or less that is of satisfactory quality to most producers of condensers. While attempting to upgrade its machines in 1977 and 1978, Stevens reportedly encountered serious problems in maintaining an acceptable level of quality. Stevens' thinner grades of paper are still regarded as suspect by most of the condenser-producing industry. Since there is only one domestic supplier of the thinner grades of KCP, condenser producers assert that they are vulnerable to supply interruptions and to price changes not tempered by competitive pressures.

APPENDIX A

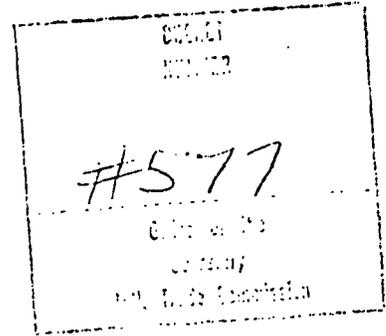
TREASURY DEPARTMENT'S LETTERS OF NOTIFICATION TO  
THE U.S. INTERNATIONAL TRADE COMMISSION



A-28

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

MAY 29 1979



Dear Mr. Chairman:

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

The United States Customs Service will make available to the International Trade Commission as promptly as possible the file on sales or likelihood of sales at less than fair value of kraft condenser paper subject to this determination. This file is 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 the reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with the Customs Service.

Sincerely,

  
Robert H. Mundheim

The Honorable  
Joseph O. Parker, Chairman  
United States International  
Trade Commission  
Washington, D. C. 20436

Enclosure



A-29

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

SECRET NUMBER
# 578
MAY 29 1979
MR. [illegible]

Dear Mr. Chairman:

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

The United States Customs Service will make available to the International Trade Commission as promptly as possible the file on sales or likelihood of sales at less than fair value of kraft condenser paper subject to this determination. This file is 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 the reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with the Customs Service.

Sincerely,

  
Robert H. Mundheim

The Honorable  
Joseph O. Parker, Chairman  
United States International  
Trade Commission  
Washington, D. C. 20436

Enclosure



**APPENDIX B**

**NOTICE OF COMMISSION'S INVESTIGATIONS AND HEARING**

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

[AA1921-204 and AA1921-205]

## KRAFT CONDENSER PAPER FROM FINLAND AND FRANCE

## Notice of Investigations and Hearing

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on May 30, 1979, that kraft condenser paper from Finland and France, provided for in items 252.40 and 256.30 of the Tariff Schedules of the United States, is being, or is likely to be, sold at less than fair value within the meaning of the Anti-dumping Act, 1921, as amended (19 U.S.C. 160(a)). Treasury indicated that, for the purpose of its investigations, kraft condenser paper means capacitor tissue or condenser paper containing 80 percent or more by weight of chemical sulphate or soda wood pulp based on total fiber content. Accordingly, the Commission on June 5, 1979, instituted investigations Nos. AA1921-204 and AA1921-205, 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.

Hearing. A public hearing in connection with the investigations will be held in Hartford, Conn., on Tuesday, July 24, 1979, at 10:00 a.m., e.d.t. The hearing will be held in Room 509, Internal Revenue Service Building, 450 Main Street, Hartford, Conn. All parties will be given an opportunity to be present, to produce evidence, and to be heard at such hearing. Requests to appear at the public hearing, or to intervene under the provisions of section 201(d) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(d)), should be received in writing in the office of the Secretary to the Commission not later than noon Thursday, July 19, 1979.

Written statements. Interested parties may submit statements in writing in lieu of, and in addition to, appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received not later than Friday, August 3, 1979.

By order of the Commission.



Kenneth R. Mason  
Secretary

Issued: June 6, 1979



APPENDIX C

PROBABLE ECONOMIC EFFECTS OF TARIFF CHANGES UNDER TITLE I  
AND TITLE V OF THE TRADE ACT OF 1974 FOR TRADE AGREEMENT  
DIGEST NO. 20083, July 1975.

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APPENDIX D  
STATISTICAL TABLES

Table D-1.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.0003-inch thickness, by quarter, January 1976-May 1979.

Period	(Per pound)			
	Price to * * * of--		Price to * * * of--	
	U.S. importers	U.S. producers	U.S. importers	U.S. producers
1976:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1977:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1978:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1979:				
Jan.-Mar-----	***	***	***	***
Apr.-May-----	***	***	***	***

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

Note.--The abbreviations B. T. Sch., S, and C in parenthesis refer to Bollore, TOY, Schweitzer, Stevens, and Crocker, respectively. \* \* \*

Table D-2.—KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.00035-inch thickness, by quarters, January 1976–May 1979

(Per pound)

Period	Price to * * * of--							
	U.S. importers	U.S. producers						
1976:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***
1977:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***
1978:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***
1979:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-May-----	***	***	***	***	***	***	***	***

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

Note.--The abbreviations B, T, Sch, S, and C in parenthesis refer to Bollore, TOY, Schweitzer, Stevens, and Crocker, respectively. \*\*\*

Table D-3.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.0004-inch thickness, by quarters, January-1976-May 1979.

(Per pound)				
Period	Price to * * * of--		Price to * * * of--	
	U.S. importers	U.S. producers	U.S. importers	U.S. producers
1976:				
Jan.-Mar----	***	***	***	***
Apr.-June----	***	***	***	***
July-Sept----	***	***	***	***
Oct.-Dec----	***	***	***	***
1977:				
Jan.-Mar----	***	***	***	***
Apr.-June----	***	***	***	***
July-Sept----	***	***	***	***
Oct.-Dec----	***	***	***	***
1978:				
Jan.-Mar----	***	***	***	***
Apr.-June----	***	***	***	***
July-Sept----	***	***	***	***
Oct.-Dec----	***	***	***	***
1979:				
Jan.-Mar----	***	***	***	***
Apr.-May----	***	***	***	***

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

Note.--The abbreviations B, T, Sch, S, and C in parenthesis refer to Bollore, TOY, Schweitzer, Stevens, and Crocker, respectively. \* \* \*

Table D-4.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.00045-inch thickness, by quarters, January 1976-May 1979

(Per pound)

Period	Price to * * * of--							
	U.S. importers	U.S. producers						
1976:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***
1977:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***
1978:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***	***	***
1979:								
Jan.-Mar-----	***	***	***	***	***	***	***	***
Apr.-May-----	***	***	***	***	***	***	***	***

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

Note.--The abbreviations B, T, Sch, S, and C in parenthesis refer to Bollore, TOY, Schweitzer, Stevens, and Crocker, respectively. \* \* \*

Table D-5.--KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.0005-inch thickness, by quarters January 1976-May 1979

Period	(Per pound)					
	Price to * * * of--		Price to * * * of--		Price to * * * of--	
	U.S. importers	U.S. producers	U.S. importers	U.S. producers	U.S. importers	U.S. producers
1976:						
Jan.-Mar-----	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***
1977:						
Jan.-Mar-----	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***
1978:						
Jan.-Mar-----	***	***	***	***	***	***
Apr.-June-----	***	***	***	***	***	***
July-Sept-----	***	***	***	***	***	***
Oct.-Dec-----	***	***	***	***	***	***
1979:						
Jan.-Mar-----	***	***	***	***	***	***
Apr.-May-----	***	***	***	***	***	***

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

Note.--The abbreviations B, T, Sch, S, and C in parenthesis refer to Bollere, TOY, Schweitzer, Stevens, and Crocker, respectively. \* \* \*

Table D-6.—KCP: Prices of U.S. producers and importers to principal customers for KCP of normal density and 0.00055-inch thickness, by quarters, January-1976-May 1979.

(Per pound)

Period	Price to * * * of--		Price to * * * of--	
	U.S. importers	U.S. producers	U.S. importers	U.S. producers
1976:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1977:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1978:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***
July-Sept-----	***	***	***	***
Oct.-Dec-----	***	***	***	***
1979:				
Jan.-Mar-----	***	***	***	***
Apr.-June-----	***	***	***	***

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

Note.--The abbreviations B, T, Sch, S, and C in parenthesis refer to Bollore, TOY, Schweitzer, Stevens, and Crocker, respectively. \* \* \*

Table D-7.--KCP: Comparative price effects of the addition of LTFV margins to importers' prices to specific customers vis-a-vis U.S. producers' prices to these customers, January 1978-May 1979

(Number of applicable price comparisons)			
Item	Ballore (France)	TOY (Finland)	Total
Grades and types of KCP for which Treasury did not compare prices or for which Treasury found no LTFV margins:			
Import prices lower than domestic prices-----	***	***	***
Import prices identical to domestic prices----	***	***	***
Import prices higher than domestic prices-----	***	***	***
Total-----	***	***	***
Grades and types of KCP for which Treasury found LTFV margins:			
Price comparisons using unadjusted LTFV prices:			
Import prices lower than domestic prices-----	***	***	***
Import prices identical to domestic prices----	***	***	***
Import prices higher than domestic prices----	***	***	***
Total-----	***	***	***
Price comparisons adjusted upward by the amount of minimum LTFV margins:			
Import prices lower than domestic prices-----	***	***	***
Import prices identical to domestic prices----	***	***	***
Import prices higher than domestic prices----	***	***	***
Total-----	***	***	***

1/ \*\*\*

Source: Compiled from data presented in tables D-1 through D-6 of this report.

Table D-8.--Normal-density KCP: Average weighted prices 1/ of U.S. producers to principal customers (producers of condensers), by thicknesses and by quarters, January 1976-May 1979

(In cents per pound)

Period	0.0003+inch	0.00035-inch	0.0004-inch	0.00045-inch	0.0005-inch	0.00055-inch
1976:						
Jan.-Mar---	-	1.51	1.40	1.23	1.09	1.03
Apr.-June--	2.03	1.57	1.43	1.32	1.11	1.13
July-Sept--	2.02	1.59	1.46	1.28	1.16	1.15
Oct.-Dec---	2.03	1.55	1.47	1.32	1.15	1.13
1977:						
Jan.-Mar---	2.09	1.55	1.53	1.41	1.26	1.17
Apr.-June--	2.11	1.66	1.53	1.38	1.24	1.17
July-Sept--	2.10	1.62	1.52	1.41	1.26	1.17
Oct.-Dec---	2.08	1.65	1.51	1.38	1.26	1.20
1978:						
Jan.-Mar---	2.04	1.57	1.47	1.32	1.19	1.16
Apr.-June--	2.07	1.59	1.46	1.34	1.19	1.07
July-Sept--	2.06	1.60	1.43	1.32	1.19	1.08
Oct.-Dec---	2.07	1.61	1.42	1.33	1.16	1.11
1979:						
Jan.-Mar---	1.99	1.71	1.54	1.41	1.24	1.13
Apr.-May---	2.04	1.67	1.54	1.42	1.25	1.14

1/ Weighted on the basis of quantity sold.

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



Library Cataloging Data

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23, A 45p. illus. 28 cm. (USITC Publication 999)

1. Kraft condenser paper. 2. Paper.
- I. Title.

UNITED STATES  
INTERNATIONAL TRADE COMMISSION  
WASHINGTON, D.C. 20436

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