

# RAYON STAPLE FIBER FROM SWEDEN

Determination of the Commission in  
Investigation No. 104-TAA-13  
Under Section 104(b) of the  
Trade Agreements Act of 1979,  
Together With the Information  
Obtained in the Investigation



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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**COMMISSIONERS**

**Alfred E. Eckes, Chairman**

**Paula Stern**

**Veronica A. Haggart**

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**Kenneth R. Mason, Secretary to the Commission**

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This report was prepared by:

Mary Elizabeth Sweet, Office of Industries

James Tsao, Office of Economics

Clarease Mitchel, Office of the General Counsel

Chandrakant Mehta, Office of Investigations

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Reuben Schwartz, Office of Industries

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**Address all communications to  
Office of the Secretary  
United States International Trade Commission  
Washington, D.C. 20436**

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Note.--Information which discloses confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 104-TAA-13

RAYON STAPLE FIBER FROM SWEDEN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission unanimously determines, pursuant to section 104(b) of the Trade Agreements Act of 1979, that an industry in the United States would be materially injured by reason of imports from Sweden of rayon staple fiber, provided for in item 309.43 of the Tariff Schedules of the United States and covered by an outstanding countervailing duty order, if the order were to be revoked.

Background

On October 28, 1980, the U.S. International Trade Commission received a request from counsel for Svenska Rayon, AB, the sole Swedish producer of rayon staple fiber, for an investigation under section 104 of the Trade Agreements Act of 1979 with respect to rayon staple fiber imported from Sweden. Accordingly, effective November 16, 1982, the Commission instituted investigation No. 104-TAA-13 under section 104(b) to determine whether an industry in the United States would be materially injured or threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of rayon staple fiber from Sweden, currently covered by a countervailing duty order, if the order were to be revoked.

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

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notices in the Federal Register (47 F.R. 53151, Nov. 24, 1982, and 47 F.R. 56217, Dec. 15, 1982). The hearing was held in Washington, D.C. on February 7, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

## VIEWS OF THE COMMISSION

We unanimously determine that an industry in the United States would be materially injured by reason of imports of rayon staple fiber from Sweden covered by the outstanding countervailing duty order 1/ if that order were to be revoked.

The focus of a section 104 investigation is the likely effects on the domestic industry of the revocation of the subject countervailing duty order. In making this determination, we assess the condition of the domestic industry and the U.S. market, examine the product mix of the imports and the capabilities of the foreign industry, and determine whether the domestic industry would be materially injured or threatened with material injury if the order were to be revoked.

## DISCUSSION

The domestic industry

Section 104 of the Trade Agreements Act of 1979 incorporates the definitions contained in section 771 of the Tariff Act of 1930. 2/ In general, section 771 of the Tariff Act defines the domestic industry as consisting of "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 3/ A like product, in turn, is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to investigation." 4/

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1/ T.D. 79-141, 44 Fed. Reg. 28319 (May 15, 1979).

2/ Section 104(e), 19 U.S.C. 1671 note.

3/ Section 771(4)(A) of the Tariff Act, 19 U.S.C. 1677(4)(A).

4/ Section 771(10) of the Tariff Act, 19 U.S.C. 1677(10).

The product covered by the outstanding countervailing duty order and the subject of this investigation is rayon staple fiber imported from Sweden. The outstanding order established different net subsidy rates for regular rayon staple fiber and high-wet-modulus fiber. 5/ However, only the regular type has been imported in commercially significant quantities during the period of the Commission's investigation. 6/

The Department of Commerce finding of different subsidy rates was based on factors that it considers in its calculation of net subsidies. The Commerce Department's finding is not dispositive of the Commission's like product determination, which is based upon an analysis of the imports subject to investigation and the characteristics and uses of comparable products produced domestically.

Domestic producers manufacture a wide-range of types of rayon staple fiber. They produce commodity fiber as well as various specialized fibers, such as sterilizable, high-fluid-holding, intermediate-tenacity, and high-wet-modulus. Whether different types of rayon staple fiber are interchangeable in end use depends upon a customer's specifications and the price of the product. 7/ While there are differences among the various types of rayon staple fiber, especially with respect to strength, there are no clear dividing lines among the various types of fiber. Therefore, we determine that the appropriate like product is rayon staple fiber and that the appropriate

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5/ The Department of Commerce has used the terminology regular rayon staple fiber to refer to all types of rayon staple fiber except high-wet-modulus. 44 Fed. Reg. 28319 (May 15, 1979) and 46 Fed. Reg. 60486 (December 10, 1981), reproduced in the Report at A-40 and A-46, respectively. The cash deposits established for entries after December 10, 1981, amount to 3.44 percent of the f.o.b. invoice price of the regular fiber and 40.37 percent of the f.o.b. invoice price of the high-wet-modulus fiber.

6/ Transcript at 105-106.

7/ Id. at 18.



domestic industry consists of the following three producers of rayon staple fiber: Avtex Fibers, Inc., Courtaulds North America, Inc., 8/ and American Enka Company. 9/

Condition of the domestic industry

The U.S. market for rayon staple fiber is based primarily on demand for apparel, draperies, upholstery, slipcovers, and nonwoven medical, surgical and sanitary products. 10/ Domestic consumption of rayon staple fiber declined from 448 million pounds in 1979 to 377 million pounds in 1980, but rose to 398 million pounds in 1981. Consumption declined from 333 million pounds during January - October 1981 to 250 million pounds in the corresponding period of 1982. 11/ The decline in consumption followed the deepening of the recession in the general economy.

Data developed on capacity, production, shipments, inventories, and employment reveal the extent of the domestic industry's current difficulties. Domestic production capacity for rayon staple fiber declined from 655 million pounds in 1979 to 505 million pounds in 1981 and 1982. 12/ Total U.S. production declined from 537 million pounds in 1979 to 433 million pounds in 1982. During January - October 1982, production amounted to 243 million pounds, or 79 percent of that for the corresponding period in 1981. 13/ Domestic shipments fell from 428 million pounds in 1979 to 383 million pounds

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8/ Courtaulds is the only producer that does not manufacture high-wet modulus fiber.

9/ Profit and loss and employment data are available to the Commission on overall rayon staple fiber operations only. See, section 771(4)(D) of the Tariff Act, 19 U.S.C. 1677(4)(D).

10/ In 1981 these uses accounted for over 75 percent of the end use consumption of the domestic shipments of rayon staple fiber. Report at A-10.

11/ Id. at A-28 and A-29.

12/ Id. at A-15.

13/ Id. at A-14.

in 1981. Shipments during the first 10 months of 1982 were 28 percent less than those during the corresponding period in 1981. 14/ Domestic year-end inventories declined from 1979 to 1980 but have risen since. In October of 1982, inventories were 42 percent higher than those a year earlier. 15/ The number of production and related workers decreased 24 percent from 1979 to 1981 and declined another 9 percent in the first 10 months of 1982 as compared with the same months in 1981. 16/

The financial experience of the domestic producers also reflects significant downward trends. The ratio of net income to net sales dropped from 2.6 percent in 1980 to 2.3 percent in 1981 and fell substantially during the first 9 months of 1982 to a 5.7 percent loss from a 2.2 percent profit in the comparable period in 1981. 17/ Operating income and cash flow followed the same pattern. High fixed costs, characteristic of this industry, combined with lower sales volume contributed to higher unit costs and lower profit.

Likely effects of the revocation of the outstanding countervailing duty order:

The nature of the Commission's determination in a section 104 investigation is prospective. The Commission must determine what would reasonably be expected to happen in the event that the countervailing duty order were to be revoked, particularly with respect to the effects on import volume and prices.

Svenska, the Swedish manufacturer, has indicated that it does not intend to export high-wet-modulus fiber to the United States and that it does not

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14/ Id. at A-15 and A-16.

15/ Id. at A-20 and A-21.

16/ Id. at A-22

17/ Id., Table 8, at A-24.

intend to change its minor role in the U.S. market for other rayon staple fiber. However, it is also important for the Commission to consider whether market conditions and the foreign exporter's business interests support this position.

The United States is an attractive market for the various types of regular as well as high-wet-modulus fibers because of its size and relatively high price structure. 18/ Moreover, rayon staple fiber is a very price sensitive product. Differences of only a few pennies per pound can cause customers to shift suppliers. 19/ Furthermore, if the price of the high-wet-modulus fiber were to fall, price decreases would most likely ripple downward, creating downward pricing pressure on other types of rayon staple fiber because of the closely related price structure of the different types. 20/ 21/

The Swedish industry has greatly increased its capacity in recent years, and this capacity is underutilized. Before 1975, Sweden had only one plant for production of regular rayon staple fiber. After that time, a second plant was constructed to provide capacity for high-wet-modulus fiber production for national security reasons. However, the equipment in this plant, with some

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18/ Transcript at 14 and 11 and 25, respectively.

19/ Transcript at 10 and 53; Report at A-32. We note that price comparisons between Swedish and domestically manufactured regular rayon staple fiber indicate that the importer of the Swedish fiber undersold the domestic producers during the most recent six quarters surveyed. Report, at A-36.

20/ Transcript at 55.

21/ Commissioner Stern notes that the current countervailing duty deposit rate on high-wet-modulus fiber is 40.37 percent and on regular rayon staple fiber is 3.44 percent of the f.o.b. invoice price. Because price is critical to the sale of this product, the potential for increased imports of rayon staple fiber as a result of revocation of the order exists even on those imports currently affected by only the 3.44 percent deposit rate. (The domestic producers estimate that the cost to an importer of this deposit rate is equivalent to three cents a pound (Transcript at 66 and 67).)

modification, can be used for production of the full range of rayon staple fiber covered by this investigation. 22/ The Swedish industry is export-oriented, with only a small share of its production used domestically. 23/

Imports of regular rayon staple fiber from Sweden have played a minor role in the U.S. market to date and there have not been any imports of high-wet-modulus fiber in commercially significant quantities. However, this situation is likely to change if the order were to be revoked. The Swedish producer has excess capacity which can be used to produce the full range of rayon staple fiber and is dependent on export sales. Svenska has been pressing its U.S. sales representative (Lyon, Schenck, Steck, Associates) to increase sales in this market. 24/ The removal of the countervailing duty order would provide a significant advantage for sales of all types of Swedish rayon staple fiber in the United States. Thus, imports of regular fiber would be expected to increase and high-wet-modulus fiber, which has been effectively excluded from this market by the order, could be expected to commence. Revocation of the order is likely to adversely affect both the domestic price level and the market share of U.S. producers at a time when they are already experiencing economic difficulties. Therefore, we conclude that the domestic industry would be materially injured by the subject imports in the event that this countervailing duty order were revoked.

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22/ See, confidential submission of the Swedish Embassy, received February 14, 1983.

23/ Report at A-29 through A-31.

24/ The recent strengthening of the dollar has led the Swedish manufacturer, Svenska, to conclude that a higher volume of rayon staple fiber exports to the United States would be desirable. Prehearing statement of Earl L. Stewart, at 3.

## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On May 15, 1979, the U.S. Department of Treasury (Treasury) determined that exports of rayon staple fiber from Sweden were receiving benefits considered to be bounties or grants within the meaning of the countervailing duty law (sec. 303 of the Tariff Act of 1930) from the Government of Sweden (44 F.R. 28319). 1/ Treasury determined that regular rayon staple fiber was subject to a zero rate countervailing duty and high-wet-modulus rayon staple fiber was subject to an 8.6-percent countervailing duty.

On January 1, 1980, the provisions of title I of the Trade Agreements Act of 1979 became effective, and the authority for administering the countervailing duty law was transferred from Treasury to the U.S. Department of Commerce (Commerce). In accordance with section 751(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(1)), Commerce conducted its first annual administrative review of the countervailing duty order on rayon staple fiber from Sweden and, on December 10, 1981, notice of the final results of Commerce's administrative review of rayon staple fiber from Sweden was published in the Federal Register (46 F.R. 60486). 2/

On October 28, 1980, counsel for Svenska Rayon, AB, the sole Swedish producer of rayon staple fiber, requested that an investigation be conducted under section 104 of the Trade Agreements Act of 1979 with respect to rayon staple fiber from Sweden. The Trade Agreements Act of 1979, subsection 104 (b)(1), requires the Commission, in the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930, upon the request of a government or group of exporters of merchandise covered by the order, to conduct an investigation to determine whether an industry in the United States would be materially injured, or threatened with material injury, or whether the establishment of such industry would be materially retarded, if the order were to be revoked. On November 16, 1982, the Commission instituted investigation No. 104-TAA-13 on rayon staple fiber from Sweden. Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on November 24, 1982, (47 F.R. 53151). On December 15, 1982, notice of a change in the public hearing date was published in the Federal Register (47 F.R. 56217). 3/

The hearing was held on February 7, 1983. The Commission vote on this investigation was held in public session on March 8, 1983.

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1/ A copy of Treasury's notice is presented in app. A.

2/ Copies of Commerce's notices are presented in app. B.

3/ A copy of the Commission's notices of investigation and of change in hearing date are presented in app. C.

Nature and Extent of Subsidies  
Being Provided

Two countervailable programs (the elderly employment compensation program and the interest-free loans/grants program) were included in Commerce's administrative review of the countervailing duty order on rayon staple fiber from Sweden, which was based upon information covering the period October 1, 1979, through September 30, 1980.

The elderly employment compensation program was adopted by the Swedish Government in March 1977. A company participating in the program must agree not to dismiss or release any "redundant" employees of any age except for normal attrition. Compensation is provided to an employer based upon the number of hours worked by employees over 50 years of age; annual payments are calculated on the basis of 25 kroner per hour for every hour worked by production workers over age 50. The payments are restricted to no more than 15 percent of the company's total labor costs. Commerce determined that gross payments to Svenska under this program for which Commerce found no indication of offsets were equivalent to 3.44 percent of the f.o.b. invoice price for both regular and high-wet-modulus rayon staple fiber.

Through the interest-free loans/grants program, the Swedish Government lent, on an interest-free basis, investment capital needed to establish capacity to produce high-wet-modulus rayon staple fiber for national defense purposes. Repayment of the loan will not be required if Svenska maintains those production facilities for 10 years. The initial loan was augmented by a second loan for environmental improvements to the plant. Though Svenska is to repay the principal of this loan, the interest will be forgiven as long as Svenska maintains its capacity to produce high-wet-modulus rayon staple fiber. Commerce determined the net subsidy under the interest-free loans/grants program for the period studied to be 36.93 percent of the f.o.b. invoice price of high-wet-modulus fiber. Consequently, the aggregate net subsidy conferred by the Swedish Government on the production of high-wet-modulus rayon staple fiber under both programs was determined by Commerce to be equivalent to 40.37 percent of the f.o.b. invoice price. Commerce's final determination was the same as its preliminary determination published in the Federal Register on July 31, 1981. In addition, as a result of the determination, rayon staple fiber imported directly or indirectly from Sweden, and entered or withdrawn from warehouse for use on or after December 10, 1981, has been subject to a cash deposit of estimated countervailing duties at these same rates.

Other Commission Investigations on Rayon Staple Fiber

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

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

On May 15, 1978, the Commission instituted investigation No. AA1921-181 under section 201(a) of the Antidumping Act, 1921, as a result of advice received from Treasury that rayon staple fiber from Belgium was being, or was likely to be, sold in the United States at LTFV. However, in July 1978, the Commission was advised by Treasury that it was modifying its earlier determination as a result of its reconsideration of the basis for its fair-value comparisons of rayon staple fiber from Belgium. Treasury modified its May 2, 1978, weighted-average LTFV margin determination from 6.7 to 57.6 percent on August 3, 1978. On the basis of the new advice from Treasury, the Commission terminated investigation No. AA1921-181 without any determination and instituted investigation No. AA1921-186. In this investigation, the Commission determined (Vice Chairman Alberger and Commissioner Ablondi dissenting, and Commissioner Minchew not participating) that an industry in the United States was being or was likely to be injured by reason of LTFV imports of rayon staple fiber from Belgium.

On November 13, 1978, on the basis of advice from Treasury that rayon staple fiber from France and from Finland was being, or was likely to be, sold in the United States at LTFV, the Commission instituted investigations Nos. AA1921-190 and AA1921-191. As a result of its investigations, the Commission determined (Vice Chairman Alberger dissenting) that an industry in the United States was being injured 1/ by reason of LTFV imports of rayon staple fiber 2/ from France, and determined (Vice Chairman Alberger and Commissioner Stern dissenting) that an industry in the United States was being injured 1/ by reason of LTFV imports of rayon staple fiber 2/ from Finland.

On February 22, 1979, the Commission received advice from Treasury that rayon staple fiber from Italy was being, or was likely to be sold in the United States at LTFV within the meaning of the Antidumping Act, 1921. Accordingly, on March 7, 1979, the Commission instituted investigation No. AA1921-201 and, on the basis of its investigation, determined (Vice Chairman Alberger and Commissioner Stern dissenting) that an industry in the United States was being, or was likely to be, injured by reason of LTFV imports of rayon staple fiber from Italy.

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1/ It was determined by Commissioner Moore that an industry in the United States was being or was likely to be injured.

2/ Commissioner Stern's determination was limited to the importation of commodity-type rayon staple fiber. Commodity-type rayon staple fiber includes all rayon staple fiber except high-fluid-holding, sterilizable, and high-wet-modulus types.

## Description and Uses

Rayon is a manmade fiber produced by regenerating dissolved cellulosic materials. Wood pulp is the most widely used raw material, but cotton linters 1/ may also be used. As a result of their mutual cellulosic vegetable origin, rayon staple fiber resembles cotton in many chemical and physical properties. In its natural state, it is white in color, moderately strong, highly absorbent, and burns at a high temperature rather than melting.

Though rayon staple fiber may be manufactured through several processes, the one most widely used, and that producing the type of fiber which is the subject of this investigation, is the viscose process. Because this investigation is only concerned with viscose rayon staple fiber, and since this is the only process used in the United States and in Sweden to produce rayon, viscose rayon staple fiber shall hereafter in this report be referred to as rayon staple fiber. This process, which is illustrated in fig. 1, begins with sheets of cotton linters or of specially processed wood pulp which look like large pieces of thick, white blotting paper. The sheets are steeped in caustic soda, shredded, then treated with carbon disulphate resulting in orange crumbs called xanthate crumb. Dissolving this in a dilute caustic soda solution produces a thick, honey-colored liquid called viscose, which gives the process its name.

After aging and filtering, the viscose solution is forced through minute holes of spinnerettes 2/ into a dilute sulphuric acid bath, a process referred to as spinning. The emerging continuous strands of fiber pass around a series of wheels and through a series of baths which stretch and wash the strands. The strands then go through a cutter which chops them into short, uniform length fibers. The fibers are further washed and otherwise purified, finished, dried, and packaged into bales, similar in size and appearance to cotton bales, for shipment.

There are several different types of rayon staple fiber, each having certain unique characteristics. Within what is usually known as regular rayon staple fiber there is commodity fiber (the most extensively produced type) as well as specialized types including sterilizable, high-fluid-holding, and intermediate-tenacity fiber. Another type is high-wet-modulus fiber which differs from regular fiber primarily in strength and elongation properties--high-wet-modulus being the stronger and tending to stretch less, particularly when wet. The tensile properties (strength and extensibility) of rayon staple fiber vary along a continuum, with stronger fiber costing more to produce. Some users of rayon staple fiber have the flexibility of selecting the best available price-to-strength ratio to suit their needs. The fiber industry provides general guidelines for fiber strength in terms of breaking tenacity,

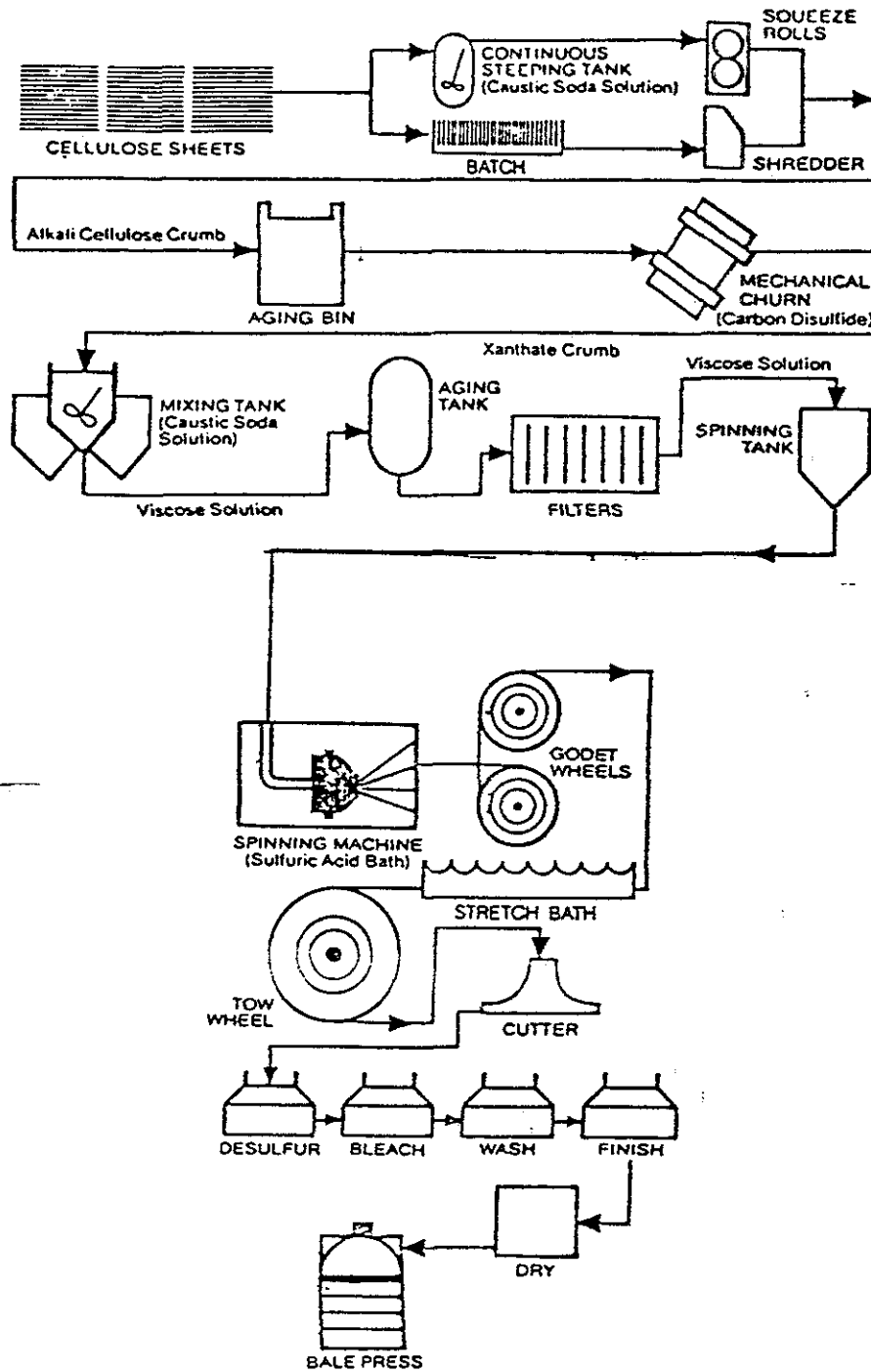
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1/ Cotton linters are short cotton fibers which remain attached to the cotton seed after the initial ginning; they are usually removed from the seed at seed-crushing plants.

2/ Spinnerettes are round caps or jets, usually of platinum or stainless steel, containing holes through which solutions used to produce manmade fibers are forced into a coagulating medium.



Figure 1.--Rayon-staple-fiber-manufacturing process.



Source: Welcome to Avtex Fibers, Avtex Fibers, Inc., Front Royal, Va.

measured in grams per denier. The guidelines for the various types of rayon staple fiber are as follows:

Fiber type	Breaking tenacity	
	Standard	Wet
-----Grams per denier-----		
Regular tenacity-----	0.7-2.6 :	0.7-1.8
Intermediate tenacity-----	2.4-3.2 :	1.2-1.9
High-wet-modulus-----	2.5-5.5 :	1.8-4.0

Information in this report is provided on high-wet-modulus fiber and on regular fiber, the regular fiber category containing all types of rayon staple fiber except high-wet-modulus. Although this two-way division does not always correspond to industry categorization practice, it was done to parallel the distinctions in the countervailing duty order.

All types of rayon staple fiber are made by the same basic process, the differences a result of the grade and type of pulp used, the strength of the chemicals, the length of aging periods, the diameter of the spinnerettes' holes, and the equipment used in the stretching phase of production. The equipment used to stretch high-wet-modulus fiber must be heavier and stronger than that used to produce regular fiber due to the higher strength of the high-wet-modulus fiber. The versatile more modern stretching equipment (that acquired since the early 1960's) can be used to produce all types of rayon staple fiber and can readily be switched from producing one type to another. <sup>1/</sup> Older equipment is less versatile and not capable of producing certain of the specialty regular types of rayon staple fiber or high-wet-modulus.

Rayon staple fiber is spun into yarn either wholly of rayon or blended with other fibers, principally cotton or polyester. The yarn is used to weave or knit fabrics for a wide variety of apparel, home furnishings, and industrial or other consumer uses. Rayon staple fiber is also used to make nonwoven <sup>2/</sup> fabrics, and surgical and sanitary products; a small portion of total production is used for fiberfill, felt, flock, thread, rope, and cordage.

#### U.S. Tariff Treatment

All imports of rayon staple fiber are classified under item 309.43 of the Tariff Schedules of the United States (TSUS). A copy of the TSUS provision for rayon staple fiber appears in appendix D. The current column 1 or

<sup>1/</sup> Prehearing brief of Committee of U.S. Rayon Producers, February 1983.

<sup>2/</sup> Nonwoven fabric is produced by bonding and/or interlocking fibers. The term excludes fabrics which are woven, knitted, tufted, or made by felting processes.

most-favored-nation rate of duty is 6.6 percent ad valorem, and the column 2 rate is 25 percent ad valorem. 1/

The current column 1 rate of duty reflects the second stage of reductions resulting from concessions granted during the Tokyo round of the multilateral trade negotiations (MTN) conducted under the General Agreements on Tariffs and Trade. The pre-MTN column 1 rate of duty for item 309.43 was 7.5 percent ad valorem. The staged reductions and their effective dates are as follows (in percent ad valorem):

<u>Effective Jan. 1--</u>	<u>Rate</u>
1982-----	7.1
1983-----	6.6
1984-----	6.2
1985-----	5.8
1986-----	5.3
1987-----	4.9

Imports from the least developed developing countries (LDDC's) 2/ have been dutiable at the rate of 4.9 percent ad valorem since January 1, 1982.

Imports of rayon staple fiber are not eligible for duty-free treatment under the GSP. 3/ Like other unprocessed fibers, rayon staple is not currently subject to import restrictions under the Arrangement Regarding International Trade in Textiles, also referred to as the Multifiber Arrangement (MFA). The MFA provides the legal framework for controlling the level of trade of most textile and apparel articles of cotton, wool, or

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1/ The rates of duty in rate of duty column numbered 1 are most-favored-nation (MFN) rates, and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates would not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column. The rates of duty in rate of duty column numbered 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

2/ The LDDC rate reflects the final U.S. MTN concession rate for an item, without the normal staging of duty reductions, applicable to products from the LDDC's enumerated in general headnote 3(d) of the TSUS.

3/ GSP is a program of nonreciprocal tariff preferences granted by developed countries to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The U.S. GSP program, enacted under title V of the Trade Act of 1974, was implemented by Executive Order No. 11888 in January 1976 and is scheduled to expire on Jan. 4, 1985.

manmade fibers among the signatory parties. However, article 12 of the MFA provides a mechanism for controlling "artificial and synthetic staple fiber" (along with certain other items) should conditions of market disruption be found to exist.

### U.S. Producers

Three firms in the United States--Avtex Fibers, American Enka, and Courtaulds North America--currently produce rayon staple fiber. They have been the sole producers since 1971 when another firm, Beaunit Corp., discontinued production of this fiber.

#### Avtex Fibers

Avtex Fibers (Avtex) is the largest U.S. producer of rayon staple fiber. Avtex produces both regular and high-wet-modulus rayon staple fiber in its plant in Front Royal, Va., where it also produces industrial rayon filament yarn. <sup>1/</sup> Avtex's research and development facilities are also located in Front Royal. Until February 1980, Avtex also produced regular rayon staple fiber in a plant in Nitro, W. Va., which was closed for economic reasons. Avtex owns three plants in Pennsylvania in which it produces polyester filament yarn, acetate yarn, vinyon staple fiber, and spinnerettes.

Though Avtex, a privately owned company, has been in existence only since 1976, its history dates back to 1910. In that year, Courtaulds, Ltd., of the United Kingdom, began production of rayon filament yarn at Marcus Hook, Pa., under the name of the Viscose Co. In 1937, the Viscose Co. changed its name to American Viscose Corp., but continued under the ownership of Courtaulds, Ltd., until 1941, when the British Government pledged the assets of the company to U.S. bankers for munitions financing. These assets were subsequently sold to the U.S. public, and American Viscose operated as an independent company until 1963, when it was acquired by FMC Corp. In July 1976, Avtex was formed; it purchased all of the assets of FMC's Fiber Division, excluding the Fredericksburg, Va., plant, which is essentially a cellophane-producing facility.

#### American Enka

American Enka (Enka) produces both regular and high-wet-modulus rayon staple fiber in a plant in Lowland, Tenn. Enka also produces nylon staple fiber and nylon and polyester filament yarn in the Lowland plant. Enka has other plants in North Carolina, South Carolina, and Tennessee in which it produces nylon and polyester yarns and fibers and polypropylene film.

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<sup>1/</sup> Long, continuous strands of rayon fiber.

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

#### Courtaulds North America

Courtaulds North America (Courtaulds) produces only regular rayon staple fiber in its plant in Le Moyne, Ala. In an adjoining plant, Courtaulds produces nylon filament. In 1910, Courtaulds' parent company, Courtaulds, Ltd., United Kingdom, known at the time as the Viscose Co., successfully introduced the first commercial production of viscose rayon in the United States. In 1941, lend-lease agreements required Courtaulds, Ltd., to give up ownership of the company as described in the preceding discussion of Avtex Fibers. In 1952, Courtaulds reentered the U.S. rayon staple fiber market and resumed production of staple in its then-new plant in Le Moyne, Ala. Courtaulds' parent company is probably the largest rayon producer in the world, with operations in 25 countries through 400 associated companies.

#### Channels of Distribution

Virtually all rayon staple fiber, whether domestically produced or imported, is sold directly to the user whether it be a yarn spinner, integrated textile mill, nonwoven fabric producer, or manufacturer of surgical or sanitary products. The chief exception is the small share of imports which are of second-quality fiber and U.S.-produced second-quality fiber and waste. A portion of these types of fiber is sold to fiber processors that blend the seconds and waste with other fibers and then sell this product for use as furniture or mattress stuffing and to produce upholstery and industrial fabrics (mostly substrate fabrics which are coated with, or laminated to, rubber or plastics).

Exports of U.S.-produced rayon staple fiber are either sold directly to foreign manufacturers by the U.S. producer or purchased by foreign wholesalers which subsequently sell to manufacturers. Exports are generally sold on a f.a.s. <sup>1/</sup> basis, with the purchaser responsible for overseas shipping, insurance, and other cost.

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<sup>1/</sup> F.a.s. (free alongside ship) basis means that the invoice value of the merchandise includes the transaction price, inland freight, insurance, and other charges incurred in placing the merchandise alongside the carrier at the U.S. port of exportation.

## U.S. Importer

Lyon, Schenck, Steck, Associates, a privately owned firm in Greensboro, N.C., is the sole U.S. importer of rayon staple fiber from Sweden. The firm serves as a manufacturers' representative, primarily engaged in selling yarn to the textile industry. The only fiber they deal with is rayon staple fiber from Sweden, which they have been importing since 1977. They state that their customers for rayon staple fiber are primarily small, privately owned firms which appreciate the services and personal attention they receive by purchasing from a small firm such as Lyon, Schenck, Steck, Associates.

## Condition of the U.S. Industry

U.S. market

The U.S. market for rayon staple fiber is primarily based on demand for apparel, draperies, upholstery, slipcovers, and nonwoven medical, surgical, and sanitary products. In 1981, these uses accounted for over 75 percent of end use consumption for U.S. domestic shipments of rayon staple fiber. 1/ Apparel accounted for approximately 27 percent of the total, home furnishings, for 28 percent, and nonwoven medical, surgical, and sanitary products, for another 28 percent.

Industry sources estimate that virtually all of the high-wet-modulus fiber produced in the United States is used to produce fabrics for apparel. Most of this consumption is in fabrics of blended yarn, primarily rayon blended with polyester, but there is also a significant amount of blended rayon/cotton yarn used in apparel fabrics. Most of the remaining market for high-wet-modulus fiber is used in specialty nonwoven fabrics particularly disposable wiping cloths, where wet strength is important.

Regular rayon staple fiber is used to a large extent in apparel fabrics. Like high-wet-modulus fiber, it is most often blended with polyester or cotton; but some special fabrics, particularly challis, 2/ are wholly of rayon. For most industrial and home furnishings fabrics and a large portion of nonwovens, regular rayon staple fiber may be used. As with apparel fabrics, industrial and home furnishings fabrics are usually not wholly of rayon, but are a blend of fibers; nonwovens are almost entirely of one fiber.

Price competition between rayon and other fibers is not the most significant factor affecting demand for rayon staple fiber. Rayon is desirable in certain applications because of its capacity to absorb moisture, its dyeability, and its softness; it has a core market in which it faces little competition from other fibers. 3/ These characteristics are lacking in most other manmade fibers, particularly polyester. Cotton does have these characteristics, but rayon, as a manmade fiber, has the advantage of being

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1/ Textile Economics Bureau, Inc., Rayon Staple & Tow Shipments, 1982.

2/ Challis is a very lightweight, soft fabric, usually printed with delicate floral patterns.

3/ Transcript of the hearing, pp. 36 and 37.

cleaner and thus more efficient to process than cotton, as well as having greater consistency of physical characteristics. Because adjusting yarn spinning equipment to handle different fibers can be a difficult and expensive process, some manufacturers that use rayon staple fiber are reluctant to switch to other fibers. It is more advantageous to search for the best buy in rayon staple fiber for their particular purposes than to use other fibers.

### U.S. imports

From January 1979 through October 1982, U.S. imports of rayon staple fiber were almost exclusively of regular fiber. The only imports of high-wet-modulus fiber reported to the Commission were made by Courtaulds from its affiliated company in Canada and a shipment imported by a firm for internal use during January-October 1982.

As shown in table 1, imports of rayon staple fiber from all sources, as reported by respondents to the Commission's questionnaire, dropped sharply during 1980 to 5.5 million pounds in contrast to the 1979 level of 10.2 million pounds, but rose to 11.4 million pounds in 1981. Total imports of 9.4 million pounds during January-October 1982 were about equal to imports during the corresponding period of 1981.

Table 1.--Rayon staple fiber: U.S. imports for consumption from Sweden and from all other sources, 1979-81, January-October 1981, and January-October 1982

Source	1979	1980	1981	January-October--	
				1981	1982
Quantity (1,000 pounds)					
Sweden-----	***	***	***	***	***
All other <u>1/</u> -----	***	***	***	***	***
Total-----	10,157	5,493	11,423	9,405	9,388
Percent of total quantity					
Sweden-----	***	***	***	***	***
All other <u>1/</u> -----	***	***	***	***	***
Total-----	100	100	100	100	100
Value (1,000 dollars)					
Sweden-----	***	***	***	***	***
All other <u>1/</u> -----	***	***	***	***	***
Total-----	6,051	3,636	8,340	6,863	7,259

See footnote and source at end of table.

Table 1.--Rayon staple fiber: U.S. imports for consumption from Sweden and from all other sources, 1979-81, January-October 1981, and January-October 1982--Continued

Source	1979	1980	1981	January-October--	
				1981	1982
Average unit value (cents per pound)					
Sweden-----	***	***	***	***	***
All other <u>1/</u> -----	***	***	***	***	***
Average-----	60	66	73	73	77

1/ Major sources other than Sweden are Canada and Austria.

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

Imports of rayon staple fiber from Sweden also \* \* \* during 1980, when they amounted to \* \* \* million pounds, valued at \* \* \* million, compared with the 1979 level of \* \* \* million pounds valued at \* \* \* million. Sweden's share of rayon staple fiber imports \* \* \* in 1979 to \* \* \* in 1980. During 1981, though imports of Swedish rayon staple fiber \* \* \* million pounds valued at \* \* \* million, Sweden's share of total imports \* \* \*. The average unit value for imports of rayon staple fiber from Sweden in 1980 was \* \* \* cents per pound and \* \* \* the average unit values from all other sources in each of the periods for which data are shown.

During January-October 1982, imports of rayon staple fiber from Sweden amounted to nearly \* \* \* million pounds, valued at \* \* \* million, which were \* \* percent in quantity and in value \* \* \* of the same period of 1981. Sweden's share of imports \* \* \* percent during the 1982 period. The average unit value of the imports from Sweden was \* \* \* cents per pound; while that of the imports from all other sources was\*\*\* cents per pound.

\* \* \* \* \*.

In order to examine imports of rayon staple fiber from Sweden prior to 1979, official statistics for 1977-82 are shown in table 2.



Table 2.--Rayon staple fiber: 1/ U.S. imports for consumption from Sweden and from all other sources, 1977-82.

Source	1977	1978	1979	1980	1981	1982
Quantity (1,000 pounds)						
Sweden-----	4,687	9,083	5,586	2,257	2,709	4,552
All other-----	48,433	26,032	7,967	4,933	11,691	7,096
Total-----	53,111	37,115	13,553	7,190	14,400	11,648
Percent of total quantity						
Sweden-----	9	24	41	31	19	39
All other-----	91	76	59	69	81	61
Total-----	100	100	100	100	100	100
Value (1,000 dollars)						
Sweden-----	2,177	4,125	2,917	1,384	1,900	3,166
All other-----	21,197	12,638	4,736	3,968	8,265	4,994
Total-----	23,374	16,763	7,653	5,352	10,165	8,160
Average unit value (cents per pound)						
Sweden-----	47	45	52	61	70	70
All other-----	44	45	59	80	71	70
Average-----	44	45	56	74	71	70

1/ Includes imports of solution-dyed rayon staple fiber and acetate staple, as well as fiber which is the subject of this investigation.

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

The official data indicate that in 1977, imports of rayon staple fiber from Sweden amounted to 4.7 million pounds, making it the fourth leading source, with an 8.9-percent share of total imports. In 1978, imports from Sweden rose to 9.1 million pounds, or 24.5 percent of the total; in 1979, though the quantity of imports from Sweden declined to 5.6 million pounds, it was the leading source, with a 41-percent share of total imports.

Austria was the major source of imports in 1977 and 1978; its share of the total was 52 percent in 1977 and 35 percent in 1978. Much of the overall decline in imports in 1978 can be attributed to a decline in Austria's shipments, which went from 27.7 million pounds in 1977 to 12.9 million pounds in 1978. This decline, which continued through 1980 when imports from Austria were 1.3 million pounds, largely can be attributed to Austria's assurances to discontinue sales at LTFV. 1/ In 1981, imports from Austria rose to 4.6 million pounds and then declined to 2.9 million pounds in 1982. Since 1979, Canada has been a leading source of rayon staple fiber; its share of total

1/ U.S. International Trade Commission, Rayon Staple Fiber from Italy, USITC Publication 976, May 1979, p. A-10.

imports went from 11 percent in 1979 to 37 percent in 1980, and 33 percent in 1981. During 1980 and 1981, with imports of 2.7 million pounds and 4.8 million pounds, respectively, Canada was the leading source of rayon staple fiber imports. In 1982, Canada was the third-ranked source after Sweden and Austria with a 22-percent share.

Belgium, Finland, France, and Italy were also significant sources of rayon staple fiber during 1977 and 1978. The decline in their exports to the United States in subsequent years may be attributed to the imposition of antidumping duties to offset sales of rayon staple fiber at LTFV. The antidumping duties were imposed in 1978 and 1979.

#### U.S. production, capacity, and capacity utilization

Total U.S. production of rayon staple fiber declined from 537 million pounds in 1979 to 433 million pounds in 1980 (table 3). In 1981, production rose to 445 million pounds which was 85 percent of the 1979 level. During January-October 1982, production was 293 million pounds, equalling 79 percent of production for the corresponding period of 1981. In each of the periods shown except 1980, high-wet-modulus fiber accounted for \* \* \* percent of total production; during 1980 its share of the total was \* \* \* percent.

Table 3.--Rayon staple fiber: U.S. production, by types and by firms, 1979-81, January-October 1981, and January-October 1982.

(In thousands of pounds)						
Item and firm	1979	1980	1981	January-October--		
				1981	1982	
High-wet-modulus:						
Avtex-----	***	***	***	***	***	
Enka-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
Regular:						
Avtex-----	***	***	***	***	***	
Enka-----	***	***	***	***	***	
Courtaulds-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
Total:						
Avtex-----	***	***	***	***	***	
Enka-----	***	***	***	***	***	
Courtaulds-----	***	***	***	***	***	
Total-----	537,205	432,986	444,781	370,054	292,642	

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

U.S. production capacity for rayon staple fiber declined from 655 million pounds in 1979 to 505 million pounds during 1981 and 1982 (table 4). The decline in total production capacity in 1980 can largely be attributed to the closing of Avtex's Nitro, W. Va., plant in February of that year. This plant had capacity to produce only regular-type fiber.

The levels of capacity and capacity utilization for regular rayon staple fiber were not available, because Avtex provided only capacity data for high-wet-modulus production and total production. It contends that since regular fiber can be made on high-wet-modulus equipment, total capacity equals total capacity to produce regular fiber.

Table 4.--Rayon staple fiber: U.S. production capacity and capacity utilization, by types, 1979-82.

(Capacity in million of pounds; capacity utilization in percent)

Item	1979	1980	1981	1982
Capacity:				
High-wet-modulus-----	***	***	***	***
All rayon staple fiber <u>1/</u> -----	655	520	505	505
Capacity utilization:				
High-wet-modulus-----	***	***	***	***
All rayon staple fiber <u>1/</u> -----	82	83	88	<u>2/</u> 70

1/ The data shown for all rayon staple fiber capacity represent potential capacity for regular rayon staple fiber since it is possible to produce it on high-wet-modulus machinery; however, the reverse is not true, i.e., high-wet-modulus rayon cannot be produced on any machinery except that which is specifically designed for that purpose.

2/ Calculated on a prorated basis.

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

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

Domestic shipments.--The quantity of U.S. producers' total domestic shipments of rayon staple fiber fell from 428 million pounds in 1979 to 383 million pounds in 1981. During January-October 1982, shipments of 234 million pounds were nearly 28 percent below shipments during the corresponding period of 1981 (table 5).

Table 5.--Rayon staple fiber: U.S. producers' domestic shipments, by types and by firms, 1979-81, January-October 1981, and January-October 1982.

Item and firm	1979	1980	1981	January-October--	
				1981	1982
Quantity (1,000 pounds)					
High-wet-modulus:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Total-----	***	***	***	***	***
Regular:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	427,792	381,914	383,062	324,677	233,954
Value (1,000 dollars)					
High-wet-modulus:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Total-----	***	***	***	***	***
Regular:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	273,548	275,440	320,479	270,137	194,689

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

The value of U.S. producers' domestic shipments rose from \$274 million in 1979 to \$275 million in 1980 and to \$320 million in 1981. The value of domestic shipments in January-October 1982 was down by 28 percent to \$195 million compared with the value of shipments during the same months of 1981.

The percentage share of the total quantity of shipments attributed to regular fiber and to high-wet-modulus fiber remained relatively constant throughout the period, with high-wet-modulus accounting for \* \* \* percent of the total except during 1980 when its share \* \* \* percent.

The quantity of shipments of high-wet-modulus fiber \* \* \* in 1979 to \* \* \* million pounds in 1980, and then \* \* \* in 1980. Shipments of high-wet-modulus fiber during January-October 1982 of \* \* \* were \* \* \* those of the corresponding period of 1981. The value of shipments of high-wet-modulus fiber followed the same trends, \* \* \* in 1979 to \* \* \* in 1980 then \* \* \* in 1981. For January-October 1982, the value of shipments of high-wet-modulus fiber was \* \* \* in contrast to \* \* \* during the corresponding months of 1981. Shipments from both producers followed the overall trend, with Avtex's share of the total ranging from \* \* \* percent.

The average unit value of shipments of high-wet-modulus fiber during the years under consideration was as shown in the following tabulation:

<u>Period</u>	<u>Average unit value</u> <u>(cents per pound)</u>
1979-----	***
1980-----	***
1981-----	***
January-October--	
1981-----	***
1982-----	***

The quantity of shipments of regular rayon staple fiber \* \* \* the period, going from \* \* \* in 1979 to \* \* \* in 1981. For January-October 1982, shipments were \* \* \*, compared with \* \* \* in the same period of 1981. However, the value of shipments of regular fiber, \* \* \* from 1979 to 1981 \* \* \* to \* \* \*. Shipments during January-October 1982 were valued at \* \* \* compared with \* \* \* in January-October 1981.

The performance of the different producers with respect to shipments of regular fiber varied. The quantity of shipments of all three \* \* \*.

The average unit value for shipments of regular rayon staple fiber changed between 1979 and 1982, as shown in the following tabulation:

<u>Period</u>	<u>Average unit value</u> <u>(cents per pound)</u>
1979-----	***
1980-----	***
1981-----	***
January-October--	
1981-----	***
1982-----	***

Exports.--U.S. exports of rayon staple fiber \* \* \* between 1979 and 1981, \* \* \* during January-October 1982 compared with exports in the corresponding period of 1981 (table 6). In 1979, exports amounted to \* \* \*, valued at \* \* \*, and \* \* \*, valued at \* \* \*, in 1981. During January-October 1982, exports amounted to \* \* \* million pounds, valued at \* \* \* million, in contrast to those of the same period in 1981 which were \* \* \* million pounds, valued at \* \* \* million.

Table 6.--Rayon staple fiber: U.S. producers' exports, by types and by firms, 1979-81, January-October 1981, and January-October 1982.

Item and firm	1979	1980	1981	January-October--	
				1981	1982
Quantity (1,000 pounds)					
High-wet-modulus:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Total-----	***	***	***	***	***
Regular:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***

See source at end of table.

Table 6.--Rayon staple fiber: U.S. producers' exports, by types and by firms, 1979-81, January-October 1981, and January-October 1982--Continued

Item and firm	Value (1,000 dollars)				
	1979	1980	1981	January-October 1981	1982
High-wet-modulus:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Total-----	***	***	***	***	***
Regular:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***
High-wet-modulus:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***
Total:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

Exports of high-wet-modulus fiber \* \* \*.

Exports of regular rayon staple fiber \* \* \*.

The ratios of exports compared to domestic shipments for high-wet-modulus and for regular rayon staple fiber during January 1979-October 1982 were as shown in the following tabulation (in percent by weight):

<u>Period</u>	<u>High-wet-modulus fiber</u>	<u>Regular fiber</u>
1979-----	***	***
1980-----	***	***
1981-----	***	***
January-October:		
1981-----	***	***
1982-----	***	***

Major markets for U.S. exports of rayon staple fiber from January 1979 to October 1982 were Mexico, Venezuela, the Philippines, South Korea, and Hong Kong.

The unit value of exports of rayon staple fiber \* \* \*. In their testimony at the hearing, 1/ the domestic producers stated that increasing exports in 1982 are not, to them, a "bright spot", as prices in exports markets are considerably lower than those in the United States. They state that this is particularly true in countries where there is a small or no domestic industry, and that in these regions there is much competition from foreign suppliers. Comparing the U.S. producers' domestic prices with the average unit value of exports seems to support this. During January-October 1982, the average unit value of exports of high-wet-modulus fiber was \* \* \*. During the same period domestic prices ranged from \* \* \*. Likewise exports of regular rayon staple fiber during the same months averaged \* \* \* while domestic sales prices ranged from 77.6 to 86.9 cents per pounds.

### Inventories

U.S. producers' yearend inventories of both high-wet-modulus and of regular rayon staple fiber declined in 1980 compared with inventories in 1979, having gone from 31.8 million pounds to 20.8 million pounds, then rose in 1981 to 25.0 million pounds, as indicated in the following tabulation (in thousands of pounds):

Type	1979	1980	1981	January-October--	
				1981	1982
High-wet-modulus---	***	***	***	***	***
Regular-----	***	***	***	***	***
Total-----	31,750	20,755	24,954	20,623	29,323

1/ Transcript of the hearing, p. 12 and pp. 56-60.



Inventories rose during 1982, and in October 1982, inventories of 29.3 million pounds were 42 percent greater than those of October 1981; inventories of high-wet-modulus fiber of \* \* \* million pounds were \* \* \* those of October 1981, and inventories of regular fiber of \* \* \* million pounds were \* \* \* than 12 months earlier.

The ratios of the weight of end-of-period inventories to the weight of high-wet-modulus and of regular rayon staple fiber during January 1979-October 1982 was as shown in the following tabulation (in percent):

<u>Period</u>	<u>High-wet-modulus fiber</u>	<u>Regular fiber</u>
1979-----	***	***
1980-----	***	***
1981-----	***	***
January-October:		
1981-----	***	***
1982-----	***	***

#### Employment and wages

Employment and wage data for the three U.S. producers of rayon staple fiber are presented in table 7. Since, during several steps of processing, employees of the two firms which produce both high-wet-modulus and regular rayon staple fiber are working with both types of fiber, separate employment and wage data for the two types of fiber are not available.

Table 7.--Average number of employees, total and production workers producing rayon staple fiber, hours worked by and wages paid to the latter, by firm, 1979-81, January-October 1981, and January-October 1982.

Item and firm	1979	1980	1981	January-October--	
				1981	1982
Average number of all employees:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	4,465	3,379	3,251	3,282	2,881

See source at end of table.

Table 7.--Average number of employees, total and production workers producing rayon staple fiber, hours worked by and wages paid to the latter, by firm, 1979-81, January-October 1981, and January-October 1982--Continued

Item and firm	1979	1980	1981	January-October--	
				1981	1982
Production and related workers:					
Avtex-----	***	***	***	***	***
Enka-----	***	***	***	***	***
Courtaulds-----	***	***	***	***	***
Total-----	2,844	2,195	2,173	2,179	1,989
Hours worked by production and related workers:					
Avtex-----1,000 hours--	***	***	***	***	***
Enka-----do-----	***	***	***	***	***
Courtaulds-----do-----	***	***	***	***	***
Total-----do-----	6,045	4,643	4,556	3,778	3,189
Wages paid to production and related employees:					
Avtex-----1,000 dollars--	***	***	***	***	***
Enka-----do-----	***	***	***	***	***
Courtaulds-----do-----	***	***	***	***	***
Total-----do-----	44,773	36,910	39,764	32,546	30,015

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

The average number of employees in U.S. producers' rayon staple fiber establishments declined 27 percent during 1979-1981 from 4,465 employees to 3,251 employees. During January-October 1982, the number of employees declined 12 percent, to 2,881 compared with the number in January-October 1981.

The number of production and related workers producing rayon staple fiber declined from 2,844 in 1979 to 2,173 in 1981, or by 24 percent. Employment declined another 9 percent during January-October 1982 to 1,989 employees.

Hours worked by production and related workers producing rayon staple fiber also declined, falling 25 percent between 1979 and 1981 from 6.0 million hours to 4.6 million hours. Hours worked by these workers declined to 3.2 million hours during January-October 1982, 16 percent below those worked during the corresponding months of 1981. The closing of Avtex's plant in Nitro, W. Va., accounted for a substantial portion of the decline during 1980.

Wages paid to production and related workers producing rayon staple fiber declined from \$44.8 million in 1979 to \$36.9 million in 1980, and then rose to \$39.8 million in 1981. Wages paid these workers during January-October 1982

amounted to \$30 million compared with \$32.5 million paid during January-October 1981. Average hourly wages for production workers rose throughout the period, going from \$7.41 per hour in 1979 to \$9.41 per hour during January-October 1982.

Production workers at Avtex and Courtaulds are represented by the Synthetic Fibers and Film Division of the Amalgamated Clothing & Textile Workers Union; workers at Enka's plant are represented by the United Textile Workers of America. In October 1982, the unions negotiated new 3-year contracts with Courtaulds and with Enka. The contract with Courtaulds provides for no wage increases for the first 6 months, with subsequent annual increases to be no higher than projected inflation rates. 1/ Enka's workers will receive no pay increase for the first year of the contract and only cost-of-living pay increases the next 2 years. 2/ The current contract with Avtex expires in October 1983. Officials representing both unions submitted letters to the Commission opposing revocation of the countervailing duty order.

#### Financial experience of U.S. producers

Income-and-loss data, for aggregated rayon staple fiber on an establishment basis, were received from three U.S. firms which accounted for 100 percent of the value of total U.S. shipments of rayon staple fiber in 1981. The data for their rayon staple fiber operations, by firms, are presented in table 8.

Rayon staple fiber operations.--Aggregate net sales of rayon staple fiber increased by 10 percent from \$325.8 million in 1979 to \$357.9 million in 1981 after declining to \$311.9 million in 1980, or by 4 percent. In January-September 1982, aggregate net sales declined by 25 percent to \$204.2 million, compared with \$270.5 million in the corresponding period of 1981.

\* \* \* \* \*

The ratio of operating income or (loss) to net sales closely tracked the ratio of pre-tax net income or (loss) to net sales during January 1979-September 1982. \* \* \*.

The primary reason for the declining profitability during January-September 1982, was a drop in sales volume (partly due to the recession) which contributed to rising unit costs because of high fixed costs, coupled with selling prices which did not keep pace with increasing unit costs and expenses.

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1/ Letter from Bruce A. Dunton, director, Amalgamated Clothing & Textile Workers Union, Textile Division, Jan. 19, 1983.

2/ Letter from Francis Schaufenbil, International President, United Textile Workers of America, Feb. 1, 1983.

Table 8.—Income-and-loss experience of 3 U.S. producers on their rayon staple fiber operations, by firms, 1979-81, January-September 1981, and January-September 1982

Period and firm	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses:		Operating income or (loss)	Interest expense	Other income or (expense)	Net income or (loss) before taxes	Ratio of operating income or (loss) to net sales	Ratio of net income or (loss) before income taxes to net sales	Cash flow or (deficit) from operation
				1,000 dollars	Percent							
1979												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	325,756	299,650	26,106	17,530	8,576	1,207	313	7,682	2.6	2.4	15,242	
1980:												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	311,901	290,203	21,698	15,846	5,852	1,198	(39)	4,615	1.9	1.5	13,828	
1981												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	357,946	331,488	26,458	18,279	8,179	1,581	2,361	8,959	2.3	2.5	19,747	
January-September 1981.												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	270,522	250,739	19,783	13,753	6,030	1,192	922	5,760	2.2	2.1	13,973	
January-September 1982:												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or Average	204,155	202,670	1,485	13,178	(11,693)	1,337	149	(12,881)	(5.7)	(6.3)	(4,024)	

1/ Included in cost of goods sold.

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

Avtex, \* \* \*. The British-owned firm, Courtaulds \* \* \*. Enka \* \* \*.

Cash flow generated from U.S. producers' rayon staple fiber operations declined from \$15.2 million in 1979 to \$13.8 million in 1980 and then increased to \$19.7 million in 1981. During January-September 1982, the three firms reported a negative cash flow of \$4.0 million, compared with a positive cash flow of \$14.0 million in the corresponding period of 1981.

Overall establishment operations.--The income-and-loss data for U.S. producers' establishments in which rayon staple fiber is produced are shown in table 9. Only one firm, Avtex, produced other products besides rayon staple fiber in its establishment. \* \* \*. The trends for establishment net sales and pretax income are similar to those for rayon staple fiber operations during January 1979-September 1982. From January-September 1981 to the corresponding period of 1982, net sales \* \* \* and pre-tax income of \* \* \* for establishment operations, while net sales for rayon staple fiber operations \* \* \* percent and pretax income of \* \* \*.

Two firms, Avtex and Enka produced high-wet-modulus rayon staple fiber with other rayon staple fiber and provided separate income-and-loss data on each of those operations as requested on the Commission's questionnaire. However, both companies clearly stated in their response that the income-and-loss data provided on their overall rayon staple fiber operations, which are discussed earlier, represent a more reliable measure of their financial experience because the allocation of data between high-wet-modulus and other rayon staple fiber was arbitrary. As a result of these reservations, such data are not included in this report.

Table 9. Income-and-loss experience of 3 U.S. producers on the overall operations of the establishments within which rayon staple fiber is produced, by firms, 1979-81, January-September 1981, and January-September 1982

Period and firm	1,000 dollars										Percent	
	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating income or (loss)	Interest expense	Other income or (expenses)	Net income before taxes	Net income or (loss) after taxes	Ratio of operating income to net sales	Ratio of income before taxes to net sales	
1979												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***
1980												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***
1981												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1981												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***
January-September 1982												
Avtex	***	***	***	***	***	***	***	***	***	***	***	***
Courtaulds	***	***	***	***	***	***	***	***	***	***	***	***
Enka	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***	***	***

I/ Included in cost of goods sold.

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

Fixed assets.--To provide an additional measure of profitability, the ratios of net income or (loss) before income taxes to the book value of fixed assets employed in production of rayon staple fiber are presented in table 10. These ratios followed the same trend as did the ratios of net income or (loss) before income taxes to net sales, declining in 1980, increasing in 1981, and turning negative in 1982.

Table 10.--Fixed assets of 3 U.S. producers of rayon staple fiber as of the end of years 1979-81, September 30, 1981, and September 30, 1982

Item	As of Dec. 31--			As of Sept. 30--	
	1979	1980	1981	1981	1982
Rayon staple fiber:					
Book value-----1,000 dollars--:	97,825	103,517	94,746	89,776	94,569
Ratio of net income (loss) before income taxes to:					
Net sales-----percent--:	2.4	1.5	2.5	2.1	(6.3)
Book value-----do-----:	7.9	4.5	9.5	6.4	(13.6)
Overall establishment operations:					
Book value-----1,000 dollars--:	110,402	118,591	106,157	100,880	106,170
Ratio of net income (loss) before income taxes to:					
Net sales-----percent--:	2.3	0.8	2.7	2.7	(6.8)
Book value-----do-----:	7.7	2.5	10.4	8.1	(14.6)

Research and development and capital expenditures.--U.S. producers reported the following research and development and capital expenditures for the specified rayon staple fiber, as shown in the following tabulation (in thousands of dollars):

Item	1979	1980	1981	January-September--	
				1981	1982
Research and development:					
All rayon staple fiber----	4,860	4,803	5,360	4,169	3,652
High-wet-modulus-----:	***	***	***	***	***
Regular-----:	***	***	***	***	***
Capital expenditures:					
All rayon staple fiber----	19,626	15,821	21,242	13,311	9,193

Research and development expenses for rayon staple fiber amounted to \$4.9 million in 1979, remained steady in 1980, and then increased to \$5.4 million in 1981. In January-September 1982, research and development expenses declined by 12 percent to \$3.7 million compared with \$4.2 million in the corresponding period of 1981. \* \* \*. Avtex and Enka \* \* \* of the research and development expenditures for all rayon staple fiber.

The majority of capital expenditures were made for machinery, equipment, and fixtures. Total capital expenditures for all rayon staple fiber declined from \$19.6 million in 1979 to \$15.8 million in 1980 and then increased to \$21.2 million in 1981. Such expenditures dropped by 31 percent to \$9.2 million in January-September 1982, compared with \$13.3 million for the corresponding period of 1981. In 1981, Avtex \* \* \*. Enka was \* \* \*. Courtaulds reported \* \* \*.

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U.S. consumption

U.S. consumption of rayon staple fiber declined from \* \* \* in 1979 to \* \* \* in 1980, and then rose to \* \* \* in 1981 (table 11). During January-October 1982, consumption was \* \* \* compared with \* \* \* during the corresponding months of 1981.

Table 11.--Rayon staple fiber: U.S. production, exports, imports, and apparent consumption, by types, 1979-81, January-October 1981 and January-October 1982

(In thousands of pounds)					
Type and period	:	:	:	:	:
	:	Production	Exports	Imports	Apparent consumption 1/
	:	:	:	:	:
High-wet-modulus:	:	:	:	:	:
1979-----	:	***	***	***	***
1980-----	:	***	***	***	***
1981-----	:	***	***	***	***
January-October--	:	:	:	:	:
1981-----	:	***	***	***	***
1982-----	:	***	***	***	***
Regular:	:	:	:	:	:
1979-----	:	***	***	***	***
1980-----	:	***	***	***	***
1981-----	:	***	***	***	***
January-October--	:	:	:	:	:
1981-----	:	***	***	***	***
1982-----	:	***	***	***	***
	:	:	:	:	:

See footnote and source at end of table.



Table 11.—Continued

(In thousands of pounds)					
Type and period	Production	Exports	Imports	Apparent consumption 1/	
Total:	:	:	:	:	:
1979-----	537,205	***	10,175	***	***
1980-----	432,986	***	5,493	***	***
1981-----	455,240	***	11,423	***	***
January-October--	:	:	:	:	:
1981-----	380,513	***	9,405	***	***
1982-----	292,642	***	9,350	***	***

1/ Does not account for producers' and importers' beginning and ending inventories.

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

Consumption of high-wet-modulus fiber followed a similar trend, \* \* \* in 1979 to \* \* \* in 1980, then \* \* \* in 1981. For the months of January-October, consumption \* \* \* in 1981 to \* \* \* in 1982.

Regular rayon staple fiber consumption \* \* \* in 1979 to \* \* \* in 1980, then \* \* \* in 1981. During January-October 1982 consumption was \* \* \* compared to the \* \* \* consumed during the corresponding months of 1981.

#### Importers' inventories

U.S. importers of rayon staple fiber reported end-of-period inventories for the period studied as follows (in thousands of pounds):

Source	<u>Dec. 31--</u>			<u>Oct. 31--</u>	
	1979	1980	1981	1981	1982
Sweden-----	***	***	***	***	1/ ***
All other-----	813	8	541	102	124
Total-----	***	***	***	***	1/ ***

1/ \* \* \*.

#### The Swedish rayon staple fiber industry

Svenska Rayon Aktiebolaget (Svenska), the sole manufacturer of rayon staple fiber in Sweden, has the capacity to produce both regular and

high-wet-modulus fiber. Svenska has two adjacent plants; the older plant produces only regular fiber and the newer one, built during the late 1970's, was designed to produce high-wet-modulus fiber.

Data on production of each type of fiber are not available. Total production of rayon staple fiber in Sweden during 1975-82 <sup>1/</sup> was as follows:

<u>Year</u>	<u>Production</u> <u>(million pounds)</u>
1975-----	40.8
1976-----	67.0
1977-----	73.0
1978-----	81.3
1979-----	81.3
1980-----	76.9
1981-----	76.5
1982-----	***

Though some of the increased production during the period consisted of high-wet-modulus fiber made in the new facility, it is not known to what extent such production was the cause of the increase. The U.S. Embassy in Stockholm has furnished information indicating that \* \* \*.

#### Imports from Sweden

Imports of rayon staple fiber from Sweden since 1979 have been exclusively of regular fiber.

The share of U.S. consumption of regular rayon staple fiber (in percent) supplied by Sweden \* \* \* January-October 1982, as shown in the following tabulation:

<u>Period</u>	<u>Imports from Sweden as a</u> <u>share of U.S. consumption</u> <u>(percent)</u>
1979-----	***
1980-----	***
1981-----	***
January-October--	
1981-----	***
1982-----	***

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<sup>1/</sup> Compiled from data in Textile Organon, Textile Economics Bureau, Inc., 1982 data from report from U.S. Embassy, Stockholm, January 1983.

Capacity of the Swedish industry

The U.S. Embassy states that production capacity in Sweden for rayon staple fiber during 1979-82 was as shown in the following tabulation: 1/

<u>Year</u>	<u>Capacity</u> <u>(million pounds)</u>
1979-----	***
1980-----	***
1981-----	***
1982-----	***

In response to a request at the Commission's hearing on February 7, 1983, in conjunction with this investigation, the U.S. importer asked Svenska to provide information regarding its current capacity and capacity utilization for each of its rayon staple fiber plants. In its reply, Svenska stated that 2/ \* \* \*.

Home market and third-country export markets

The market in Sweden for rayon staple fiber is small compared with its production. The U.S. Embassy in Stockholm provided the data, shown in the following tabulation, regarding shipments of Swedish rayon staple fiber during 1979-82 (in millions of pounds). 3/

<u>Year</u>	<u>Domestic</u> <u>shipments</u>	<u>Exports</u> <u>to the</u> <u>United States</u>	<u>Exports</u> <u>to all other</u> <u>markets</u>
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
1982-----	***	***	***

In recent years, the United Kingdom, Iran, France, Romania, India, and West Germany have been the leading markets for Sweden's exports of rayon staple fiber. In 1982 the United States received approximately \* \* \* percent of Sweden's rayon staple exports and ranked as the eighth largest export destination.

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1/ Report from U.S. Embassy, Stockholm.

2/ Telegram from Svenska Rayon, AB, February 1983.

3/ Report from U.S. Embassy, Stockholm.

Prices and price trends

Rayon staple fiber is an intermediate good that enters into the production of other goods. Demand for rayon staple fiber and price trends for such a product depend on the levels of production in the textile, furniture, and other industries that use rayon staple fiber as an input for production. For a small share of users, the demand for rayon staple fiber also is affected by changes in availability and prices of substitutes such as polyester staple fiber and cotton. Thus, a significant price decrease in a close substitute will result in a decrease in demand for rayon staple fiber. In addition, the physical properties of this fungible commodity and the types of market participants involved suggest that relative price is an important factor in determining how aggregate demand is shared between foreign and domestic suppliers.

U.S. producers testified that price differences of as little as a penny per pound may account for shifts in sales from one supplier to another 1/ and that sales have probably been lost for less than a penny per pound. 2/ In addition, the producers testified that price depression on a single item such as high-wet-modulus rayon staple fiber would cause price depression on other types of rayon staple fiber because of the closely related price structure of the different types. 3/ However, the importer testified that providing quality and service are important considerations and that customers do not always change suppliers for an advantage of 0.5 or 1 cent. 4/

The Commission asked U.S. producers and importers to supply the average selling prices received for sales to their three largest customers in 1982 of two types of rayon staple fiber--commodity and high-wet-modulus--to U.S. buyers between January 1979 and November 1982. Specifications for the two items selected for price comparisons are (1) commodity-type rayon staple fiber, first quality, 1.35-1.64 denier, bright or dull, and (2) high-wet-modulus rayon staple fiber, first quality, 1.35-1.64 denier, bright or dull.

In their posthearing brief, the producers stated that comparison of sales prices to each of their largest customers with prices to the importer's three largest customers does not provide an accurate comparison of selling prices. 5/ Large-volume customers generally receive discounts in accordance with the size of their purchases. As the importer's largest customers do not purchase in volumes comparable with the largest customers of the domestic producers, the producers contend they do not receive comparable discounts, and thus, if the importer's prices to his largest customers "are within the range of the prices offered by the domestic producers to their largest customers, then Swedish fiber is effectively underselling domestically produced fiber in the market place." The importer's quarterly sales volume to his three largest customers from January 1979 through November 1982 ranged from \* \* \*.

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1/ Transcript of the hearing, p. 10.

2/ Ibid., p. 53.

3/ Ibid., p. 55.

4/ Ibid., p. 109.

5/ Posthearing Brief of Committee of U.S. Rayon Fiber Producers, appendix p. 5.

Domestic prices.--Domestic list prices of rayon staple fiber are generally quoted on a mill-delivered basis. Terms of payment are net 30 days. List prices usually include both commodity and high-wet-modulus rayon staple fiber. However, list prices generally have not been followed for the last 4 to 5 years. An examination of the shipment and import data submitted in response to the questionnaires suggests that demand for rayon staple has fallen sharply since July-September 1981. As demand for rayon staple fiber fell, competition and discounting increased, and producers indicate that they have frequently sold rayon staple fiber at negotiated rather than at list prices.

Price data on U.S.-produced rayon staple fiber were supplied to the Commission by the three domestic producers--Avtex, Courtaulds, and Enka. Prices reported are based on shipments to each company's three largest customers in the United States. An evaluation of data submitted in response to questionnaires of the Commission indicates that the average domestic price of commodity rayon staple fiber rose from 59.0 cents per pound in January-March 1979 to 84.6 cents per pound in July-September 1981 (table 12). As demand for commodity rayon staple fiber declined in October-December 1981, and continued downward through October-November 1982, the prices of commodity rayon staple fiber softened. Average prices declined from 84.6 cents per pound in July-September 1981 to 79.2 cents in October-November 1982, or by 6.4 percent.

Weighted-average prices of high-wet-modulus rayon staple fiber behaved similarly to those of commodity rayon staple fiber. The average price of U.S.-produced high-wet-modulus rayon staple fiber \* \* \* cents per pound in January-March 1979 to \* \* \* cents per pound in July-September 1981, and then \* \* \* cents per pound in October-November 1982 (table 13).

Table 12.--Commodity rayon staple fiber: U.S. producers' selling prices to customers in the United States, by producers, and weighted-average producers' selling prices, by quarters, January 1979-November 1982

(In cents per pound)					
Period	Avtex	Courtaulds	Enka	Producers weighted-average selling price	
1979:					
January-March-----	***	***	***		59.0
April-June-----	***	***	***		63.0
July-September-----	***	***	***		64.0
October-December-----	***	***	***		65.4
1980:					
January-March-----	***	***	***		66.8
April-June-----	***	***	***		70.2
July-September-----	***	***	***		73.1
October-December-----	***	***	***		72.9

See source and note at end of table.

Table 12.--Commodity rayon staple fiber: U.S. producers' selling prices to customers in the United States, by producers, and weighted-average producers' selling prices, by quarters, January 1979-November 1982--Continued

(In cents per pound)

Period	Avtex	Courtaulds	Enka	Producers weighted- average selling price
1981:				
January-March-----	***	***	***	78.5
April-June-----	***	***	***	79.4
July-September-----	***	***	***	84.6
October-December-----	***	***	***	83.8
1982:				
January-March-----	***	***	***	83.0
April-June-----	***	***	***	82.1
July-September-----	***	***	***	81.0
October-November-----	***	***	***	79.2

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

Note.--U.S. producers' prices are for commodity rayon staple fiber on a mill-delivered basis.

Table 13.--High-wet-modulus rayon staple fiber: U.S. producers' selling prices to customers in the United States, by producers, and weighted-average producers' selling prices, by quarters, January 1979-November 1982

(In cents per pound)				
Period	Avtex	Enka	Producers weighted-average selling price	
1979:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1980:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1981:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1982:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-November-----	***	***	***	***

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

Note.--U.S. producers' prices are for high-wet-modulus rayon staple fiber on a mill-delivered basis.

Import prices.--The pricing policy of the U.S. importer of Swedish rayon staple fiber is similar to that of U.S. producers. The importer sells rayon staple fiber at negotiated prices and quotes prices on a mill-delivered basis. Terms of payment are net 30 days. During 1979-82, Swedish rayon staple fiber sold in the United States was exclusively commodity rayon staple. Thus, data on import prices are only for commodity rayon staple fiber.

Prices for Swedish rayon staple fiber and U.S.-produced rayon staple fiber were similar in 1979-82, table 14 and fig. 2. The weighted average prices of imports \* \* \* in January-March 1979 \* \* \* July-September 1981, and then \* \* \* in October-November 1982.

Margins of underselling.--Commodity rayon staple fiber sold by the importer during the period under consideration was, in most instances, priced \* \* \* domestically-produced commodity rayon staple fiber (table 14). The margin of \* \* \*. In 6 of the 16 periods, \* \* \*.



Table 14.--Commodity rayon staple fiber: Net selling prices to U.S. purchasers of Swedish rayon staple and domestic rayon staple, and margins of underselling or overselling, by quarters, January 1979-November 1982

Period	Imported rayon staple <u>1/</u>	U.S.-produced rayon staple <u>2/</u>	Margins of underselling or (overselling) <u>3/</u>	
			Amount	As a share of producer price
	Cents per pound		Percent	
1979:				
January-March-----	***	59.0	***	***
April-June-----	***	63.0	***	***
July-September-----	***	64.0	***	***
October-December-----	***	65.4	***	***
1980:				
January-March-----	***	66.8	***	***
April-June-----	***	70.2	***	***
July-September-----	***	73.1	***	***
October-December-----	***	72.9	***	***
1981:				
January-March-----	***	78.5	***	***
April-June-----	***	79.4	***	***
July-September-----	***	84.6	***	***
October-December-----	***	83.8	***	***
1982:				
January-March-----	***	83.0	***	***
April-June-----	***	82.1	***	***
July-September-----	***	81.0	***	***
October-November-----	***	79.2	***	***

1/ Weighted average prices for 1 importer.

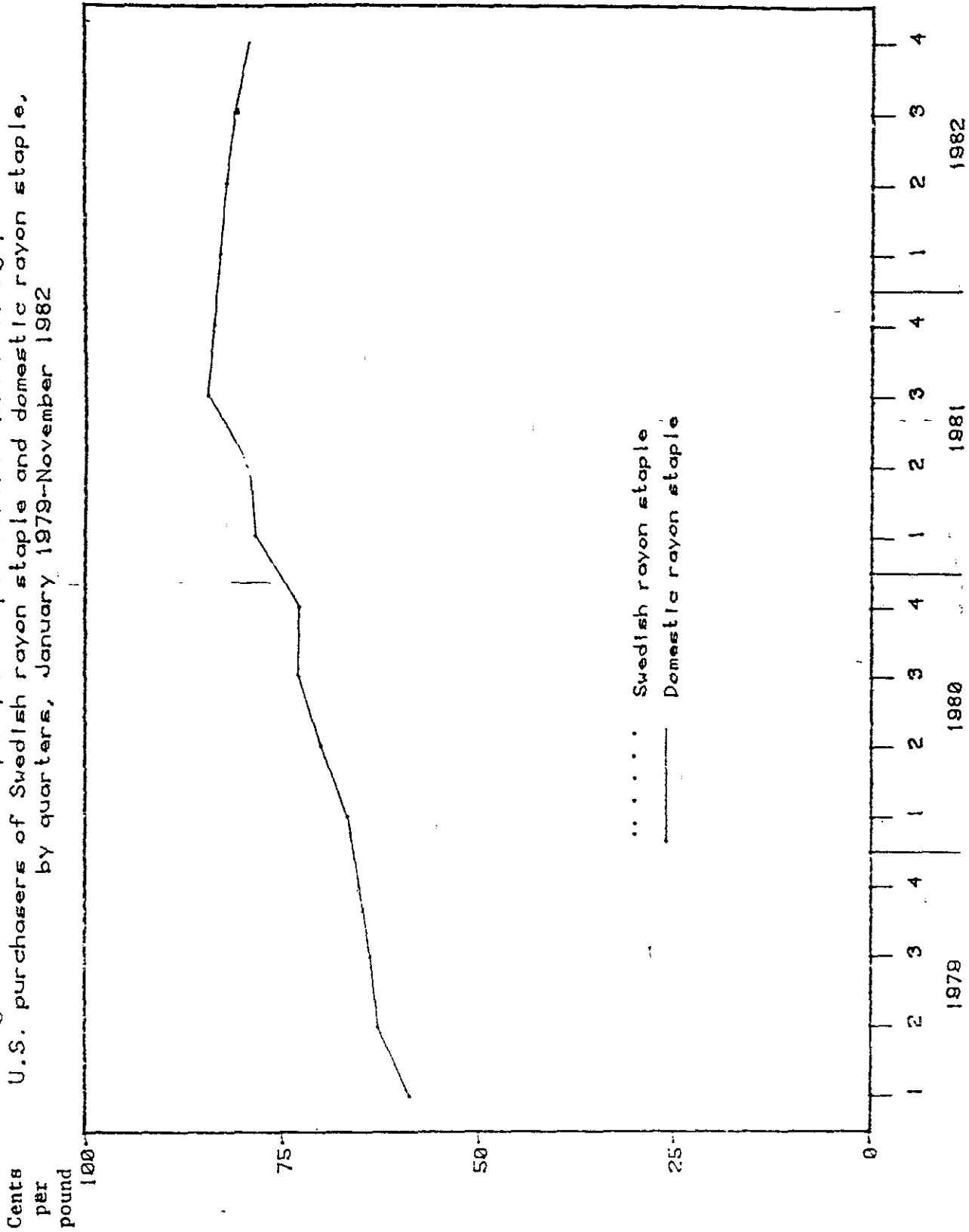
2/ Weighted average prices for 3 domestic producers.

3/ Based on weighted average prices of U.S.-produced commodity rayon staple and Swedish commodity rayon staple.

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

Note.--Prices for imported and U.S.-produced rayon staple fiber are on a mill-delivered basis.

Figure 2.--Commodity rayon staple fiber: Net selling prices to U.S. purchasers of Swedish rayon staple and domestic rayon staple, by quarters, January 1979--November 1982



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

APPENDIX A

TREASURY'S FEDERAL REGISTER NOTICE OF  
FINAL COUNTERVAILING DUTY DETERMINATION

## DEPARTMENT OF THE TREASURY

## Customs Service

## 19 CFR Part 159

Final Countervailing Duty  
Determination; Viscose Rayon Staple  
Fiber From Sweden

AGENCY: U.S. Customs Service, Treasury  
Department.

ACTION: Final Countervailing Duty  
Determination.

**SUMMARY:** This notice is to inform the public that a countervailing duty investigation has resulted in a final determination that the Government of Sweden has given benefits considered to be bounties or grants within the meaning of the countervailing duty law on the manufacture or exportation of viscose rayon staple fiber from Sweden.

**EFFECTIVE DATE:** May 15, 1979.

**FOR FURTHER INFORMATION CONTACT:**  
Mary S. Clapp, Duty Assessment  
Division, U.S. Customs Service, 1301  
Constitution Avenue, N.W., Washington,  
D.C. 20229, telephone (202) 566-5492.

**SUPPLEMENTARY INFORMATION:** On January 31, 1979, a "Preliminary Countervailing Duty Determination" was published in the Federal Register (44 FR 6245). That notice stated that it had been preliminarily determined that bounties or grants within the meaning of section 503 Tariff Act of 1930 as amended (19 U.S.C. 1303) (referred to as the "Act") are being paid or bestowed directly or indirectly by the Government of Sweden upon the manufacture or exportation of viscose rayon staple fiber. Further information has been obtained since that time regarding the various programs under consideration.

The imports from Sweden covered by this investigation are classified under item numbers 309 4320 and 309 4325 Tariff Schedules of the United States Annotated (TSUSA). Both regular and high-wet modulus ("modal") viscose rayon staple fiber are included within the scope of this investigation.

The programs considered in this investigation are discussed below:

A. The program under which the Government of Sweden provides funds to producers of merchandise to encourage the continued employment of older workers in certain regions of the country was preliminarily determined to constitute a bounty or grant. The sole Swedish producer of the investigated merchandise Svenska Rayon AB ("Svenska") was determined to be eligible to participate in this program. Its

objective is to reduce the number of dismissals faced by workers over the age of 50 who have greater difficulty than younger workers in finding substitute employment when laid off. It is not a program in any way related to the exportation of the merchandise produced by the company.

In order to qualify under this plan a company must agree that it will not dismiss any workers, regardless of age, during the period in which it is accepting government compensation, or that it will withdraw any pending dismissals. The company must then establish the number of employees over age 50 on its payroll and the estimated number of working hours of these workers during the period for which funds are sought. A government agency determines monthly the actual number of hours worked by the older workers and compensation is paid based on a fixed hourly rate for such employees. Total compensation cannot exceed a maximum allowable percentage of the company's total labor costs.

The costs involved in not laying off redundant workers will vary from company to company, and the compensation provided by the Government of Sweden is not always sufficient to induce companies to take part in the program. However, Svenska has elected to participate. The costs incurred in maintaining redundant, older workers on the payroll have been calculated, and in December 1978 these costs exceeded the payments received by the company.

Accordingly, it is hereby determined that a bounty or grant is paid or bestowed within the meaning of section 303 of the Act on the manufacture or exportation of viscose rayon staple fiber (both regular and modal) by reason of this program. Because payments received under this program are currently offset by the extra expenses borne by Svenska, however, the rate of countervailing duty that applies to the product as a result is zero. However, a change in business conditions may alter this balance. The Swedish producer will therefore be requested to supply periodic, current information in order to enable Treasury to determine whether any net countervailable benefit is being received. If so, appropriate countervailing duties would then be assessed on the subject merchandise.

B. Interest-free loans provided by the Government of Sweden to Svenska for the acquisition of machinery and equipment for the production of modal fiber not exported to the United States were preliminarily determined not to constitute a bounty or grant. At that

time, it was stated that further information would be obtained regarding these loans.

The interest-free loans are provided under programs broadly defined to aid national economic security. Modal fiber represents a technological advance over regular fiber, the currently prevalent form of viscose rayon staple fiber. The preliminary determination implied that a countervailable benefit would exist only if an indirect benefit was conferred on the production or export of the regular fiber which is, in fact, currently exported to the United States. However, as discussed below, a countervailable benefit also exists if a benefit is conferred on the production and exportation of modal fiber.

The development of modal fiber production capacity began in 1975. The government provided loans for up to 75 percent of approved capital expenditures, and adopted procedures to ensure that the funds thus supplied were used solely for the purpose for which intended. The modal fiber facility is a physically separate unit of Svenska's operation, and shares only general supporting facilities with the regular fiber production line. Thus, the question of whether any indirect benefit is conferred upon the latter centers on the dual notions of fungibility of money and the potential of conversion of the modal production line to regular fiber.

With regard to fungibility, it has been determined in a previous investigation that the mere provision of capital to a company producing a number of goods does not necessarily constitute a bounty or grant on the production or export of particular products. (See *Papermaking Machinery from Finland*, February 20, 1979, 44 FR 10451). It is necessary to ascertain how closely related to the purpose for which the funds are provided are the products or operations being analyzed in order to resolve this issue. In the instant case, both regular and modal fiber are "viscose rayon staple fiber," but the latter is of better quality and is more expensive to produce. The finer merchandise can usually be used in the place of the lower quality one, but purchasers who would normally use regular fiber would not substitute modal for regular fiber merely because it is possible to do so. On the other hand, textile production that requires modal fiber could not use regular fiber and yield the same final product. Therefore, the payments limited and solely applied to modal production should not be considered as a benefit to production of regular fiber. Further, there is no way to measure the effect of "fungible" money for the many products

some companies make. Thus, from an administrative, as well as a commercial, point of view, it seems impossible accurately to quantify any indirect benefits for a particular product merely because another was directly benefited.

Notwithstanding this conclusion concerning the lack of a benefit to regular fiber, as such, the benefits provided for acquiring modal fiber machinery might have been considered a benefit applicable to regular fiber production, if it had been shown that modal machinery could easily be adapted to the production of regular fiber. However, conversion appears to be impractical from both the commercial and technical points of view. Therefore, it would be improper to allocate portions of the benefits associated with the production of modal fiber to the production of regular fiber.

Accordingly, the benefit derived from the interest-free loans must be associated solely with the production of modal fiber. When a purely domestic (rather than an export) subsidy is involved, as is the case here, a countervailable benefit is deemed to exist only if a preponderance of production is exported, unless the *ad valorem* benefit is so large that trade distortion is likely to result. Even though virtually no modal fiber was exported by Svenska to the United States in 1978, the company did export the bulk of its total production of modal fiber to other countries, thus satisfying the preponderance criterion cited above. Accordingly, since a preponderance of production is exported, it is determined that a bounty or grant is paid or bestowed within the meaning of section 303 of the Act on the manufacture or exportation of modal viscose rayon staple fiber by reason of the interest-free loans. However, it is also determined this program confers no benefit on the manufacture or exportation of regular viscose rayon staple fiber.

The true benefit associated with the interest-free loans must be evaluated in light of the terms of these loans. When this is done, it appears that the loans will never be paid and, therefore, should be considered an outright grant to Svenska. The current *ad valorem* benefit associated with the grants received to date is calculated by spreading their total amount over 10 years (which is the minimum period designated by the Government of Sweden for writing off the grants) and then dividing this figure by the total production of modal fiber in 1978. This yields an *ad valorem* benefit of 8.6 percent on the modal fiber. The

Department will adjust this figure should it become necessary to do so.

C. The grant of funds through a government program devised to stockpile raw materials and maintain extra production capacity for national defense purposes was preliminarily determined not to constitute a bounty or grant. More information regarding this plan was obtained before making this final determination.

The Government of Sweden, in response to its perceived need to maintain adequate defense in both the military and economic fields, has established a plan whereby strategic stockpiles and minimum production capacity deemed essential to national security are maintained. Among the numerous products included in this plan is the subject merchandise. The company is paid only for the extra expenses it incurs by cooperating with its government's plan. Machinery is maintained in storage for possible future need and fiber itself is kept in a rotating stockpile in order to ensure its freshness. Strategic stockpiles are set at a given level and may not be used for commercial purposes and, in the same manner, commercial inventories may not be used by the company to meet its defense obligations. Given this strict management of the government program and the fact that Svenska receives no net benefit owing to its participation, this program is determined not to constitute a bounty or grant.

Interested parties were invited to submit relevant data, views, or arguments orally or in writing with respect to the preliminary determinations. Such data, views or arguments have been taken into account in rendering this determination.

Accordingly, notice is hereby given that viscose rayon staple fiber which is imported directly or indirectly from Sweden, if entered, or withdrawn from warehouse, for consumption on or after May 15, 1979, will be subject to the payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed. Since it has been determined that no bounty or grant is presently being paid or bestowed with respect to regular fiber, imports of such merchandise from Sweden shall be subject to a zero rate countervailing duty.

In accordance with section 303 of the Act and until further notice the net amount of such bounties or grants on the f.o.b. value of the modal fiber has been ascertained and determined to be 8.6 percent. Therefore effective on or after (publication date of this notice), and

until further notice, upon the entry, or withdrawal from warehouse, for consumption of such modal viscose rayon staple fiber imported directly or indirectly from Sweden, which benefit from these bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration. To the extent that it can be established to the satisfaction of the Commissioner of Customs that imports of modal fiber from Sweden are benefiting from a bounty or grant smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be assessed and collected.

Any merchandise subject to the terms of this order shall be deemed to have benefitted from a bounty or grant, if such bounty or grant has been or will be credited or bestowed, directly or indirectly, upon the manufacture, production or exportation of viscose rayon staple fiber from Sweden.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting after the last entry for "Sweden", the words "viscose rayon staple fiber" in the column headed "Commodity", the number of this Treasury Decision in the column headed "Treasury Decision" and the words "Bounty Declared-Rate" in the column headed "Action."

(R.S. 251, as amended, secs. 303 as amended, 624, 48 Stat. 687, as amended, 759 (19 U.S.C. 66, 1303, 1824)).

This final determination is published pursuant to section 303(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order 190 (Revision 15) March 16, 1978, the provisions of Treasury Department Order No. 165, Revised, November 2, 1954, and § 154.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a final countervailing duty determination by the Commissioner of Customs, are hereby waived.

David E. Brennan,  
Acting General Counsel of the Treasury

May 8, 1979.

[T.D. 79-141]  
[FR Doc. 79-15125 Filed 5-14-79; 8:45 am]  
BILLING CODE 4810-22-4



APPENDIX B

COMMERCE'S FEDERAL REGISTER NOTICES OF PRELIMINARY AND  
FINAL RESULTS OF ADMINISTRATIVE REVIEW

A copy of the Notice of Determination to close the aforementioned portion of the July 22, 1981 meeting is available for public inspection and copying in the Central Reference and Records Inspection Facility, Room 5317, U.S. Department of Commerce, Washington, D.C. 20230. Telephone: (202) 377-4217. Summary minutes of the General Session will be available 30 days after the meeting.

**FOR FURTHER INFORMATION OR COPIES OF THE MINUTES CONTACT:** Ronald G. Oechler, Committee Control Officer, Office of East-West Policy and Planning, International Trade Administration, Room 4816, U.S. Department of Commerce, Washington, D.C. 20230, telephone: 202-377-5896.

Dated: July 7, 1981.

Erna K. Lawson,

Deputy Assistant Secretary for East-West Trade.

PR Doc. 81-20228 Filed 7-10-81; 8:45 am

BILLING CODE 3510-25-M

### Viscose Rayon Staple Fiber from Sweden, Preliminary Results of Administrative Review of Countervailing Duty Order

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

**ACTION:** Notice of Preliminary Results of Administrative Review of Countervailing Duty Order.

**SUMMARY:** The Department of Commerce has conducted an administrative review of the countervailing duty order on rayon staple fiber from Sweden. The review is based upon information for the period October 1, 1979, through September 30, 1980. As a result of this review, the Department has preliminarily determined the amount of the net subsidy to be 3.44 percent of the f.o.b. invoice price for regular fiber and 40.37 percent of the f.o.b. invoice price for modal fiber. Interested parties are invited to comment on these preliminary results.

**EFFECTIVE DATE:** July 13, 1981.

**FOR FURTHER INFORMATION CONTACT:** Paul J. McGarr, Office of Compliance, Room 2803, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1167).

**SUPPLEMENTARY INFORMATION:**

#### Procedural Background

On May 15, 1979, a notice of "Final Countervailing Duty Determination, Viscose Rayon Staple Fiber from

Sweden," T. D. 79-141, was published in the Federal Register (44 FR 28319). The notice stated that the Department of the Treasury had determined that exports of viscose rayon staple fiber from Sweden benefitted from bounties or grants within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) ("the Tariff Act"). Accordingly, imports into the United States of this merchandise were subject to countervailing duties.

On January 1, 1980, the provisions of title I of the Trade Agreements Act of 1979 (the "TAA") became effective. On January 2, 1980, the authority for administering the countervailing duty law was transferred from the Department of the Treasury to the Department of Commerce ("the Department"). The Department published in the Federal Register of May 13, 1980 (45 FR 31455) a notice of intent to conduct administrative reviews of all outstanding countervailing duty orders.

On August 22, 1980, liquidation of entries of viscose rayon staple fiber from Sweden was suspended. The U.S. International Trade Commission ("the ITC") notified the Department on October 30, 1980, that an injury determination had been requested under section 104(b) of the TAA. As required by section 751 of the Tariff Act, the Department has conducted an administrative review of the order on viscose rayon staple fiber from Sweden.

#### Scope of the Review

Imports covered by this review are both regular and high-wet modulus ("modal") viscose rayon staple fiber from Sweden. These imports are currently classifiable under items 309.4320 and 309.4325, Tariff Schedules of the United States Annotated.

The review is based upon information for the period October 1, 1979, through September 30, 1980, and it is limited to the two programs found countervailable in the original order: the elderly employment compensation program and the interest free loans/grants program. The sole Swedish producer is Svenska Rayon AB ("Svenska").

#### Analysis of Programs

##### 1. The elderly employment program

The Swedish government provides a subsidy to certain companies within the textile industry through a special employment contribution by the government for older workers. This program was established by Swedish government bill 1976/77: 105, adopted on March 3, 1977. While the program is designed to encourage the retention of any redundant employees, compensation is provided to a company

based upon the number of hours worked by employees over 50 years of age. A company participating in the program must agree not to dismiss or release redundant employees of any age except because of normal attrition. Payments are calculated on the basis of 25 kroner per hour for every hour worked by production workers over age 50. The payments can total up to 15 percent of the company's total labor cost. Svenska participated in this program. We have preliminarily determined that the gross payments under this program are 3.44 percent of the f.o.b. invoice price for both regular and modal viscose rayon staple fiber. Since there is no issue of offsets, the net subsidy is also 3.44 percent of the f.o.b. invoice price.

##### 2. Interest-free government loans/grants

For the purpose of national defense, the Swedish government subsidizes the establishment of productive capacity for modal rayon staple fiber. Accordingly, the government and Svenska negotiated an agreement whereby the government lent, on an interest-free basis, investment capital needed to establish productive capacity for modal fiber. The loans were to be forgiven if Svenska maintained those production facilities for modal fiber for ten years. The loans provided Svenska under this first agreement, referred to as Project 77, totaled 14 million kroner.

Government bill 1977/78: 125, adopted on March 16, 1978, approved a second larger investment loan program, referred to as Project 81, under which Svenska has received additional interest-free loans for the development of its modal fiber plant. Pursuant to the bill, a 67.3 million kroner loan was authorized. By the end of September 30, 1980, the government had actually paid 58.171 million kroner. The Swedish government provided in February 1979 an additional 1.8 million kroner loan to Svenska for environmental improvements to the plant.

Svenska's obligation to the Swedish government of 14 million kroner under Project 77 has been forgiven at the rate of 10 percent per year in 1978, 1979, and 1980, if Svenska maintains its modal production facilities, the government will forgive the remainder of the Project 77 loans and also the Project 81 loans in the future.

We are treating 10 percent of the Project 77 funds as a grant during this review period rather than a loan because forgiveness has occurred. We are treating the 59.971 million kroner Svenska received from the Swedish government under Project 81 as an interest-free loan until forgiveness



occurs. We have calculated the subsidy on Project 81 on the basis of the interest Svenska would have paid if it had borrowed the money commercially during the period of review. We have preliminarily determined that the net subsidy under the interest-free government loans/grants program for the development of Svenska's modal fiber plant is 38.93 percent of the f.o.b. invoice price of the modal fiber.

We verified the information supplied by the Swedish government and Svenska through examination of Swedish government laws and documents, and Svenska's books and records.

#### Preliminary Results of the Review

As a result of our review, we preliminarily determine that the aggregate net subsidy conferred by the Government of Sweden on the production of modal viscose rayon staple fiber is 40.37 percent of the f.o.b. invoice price and on the production of regular viscose rayon staple fiber is 3.44 percent of the f.o.b. invoice price.

The Department intends to instruct the Customs Service to assess countervailing duties at the rate stated above on all unliquidated entries of regular and modal viscose rayon staple fiber from Sweden entered, or withdrawn from warehouse, for consumption on or after January 1, 1980, and exported on or before September 30, 1980. The provisions of section 303(a)(5) off the Tariff Act, prior to the enactment of the TAA, apply to all entries made prior to January 1, 1980. Accordingly, the Department also intends to instruct the Customs Service to assess countervailing duties on unliquidated entries of modal fiber which were entered, or withdrawn from warehouse, for consumption prior to January 1, 1980, at 8.6 percent of the f.o.b. invoice price of modal viscose rayon staple fiber, the amount set forth in T.D. 79-141. The rate for regular fiber under T.D. 79-141 was 0 percent.

Further, unless the ITC finds there is no injury or likelihood of injury, a cash deposit of the estimated countervailing duties listed above shall be required on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of the present review. This requirement shall remain in effect until publication of the final results of the next administrative review.

Pending publication of the final results of the present review, a deposit of estimated duties of 8.6 percent of the f.o.b. invoice price of modal viscose rayon staple fiber shall continue to be required on each entry, or withdrawal

from warehouse, for consumption of modal rayon staple fiber. No deposit of estimated duties shall be required for regular fiber.

Interested parties may submit written comments on or before August 12, 1981 and may request disclosure and/or a hearing on or before July 28, 1981. Any request for an administrative protective order must be made on or before July 20, 1981. The Department will publish the final results of this administrative review including the results of its analysis of any such comments or hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Gary N. Horück,  
Deputy Assistant Secretary for Import Administration.

July 7, 1981.

[FR Doc. 81-25223 Filed 7-10-81; 8:45 am]  
BILLING CODE 3510-25-M

#### [Case Nos. 608 and 606]

#### Gerald M. Starek and Carl E. Story; Order

In the matter of: Gerald M. Starek, 13795 Via Alto Court, Saratoga, California 95070 (Case No. 608) and Carl E. Story, 22268 DeAnza Circle, Cupertino, California 95014 (Case No. 606); Order.

The Office of Export Administration, United States Department of Commerce initiated administrative proceedings pursuant to Section 11(c) of the Export Administration Act of 1979, (50 U.S.C. app. § 2401, *et seq.* (Supp. III 1979)) (the "Act") and the Export Administration Regulations (15 CFR Part 368, *et seq.* (1980)) (the "Regulations") against Gerald M. Starek ("Starek") and Carl E. Story, ("Story"). The charging letters alleged that the respondents violated §§ 387.2, 387.4 and 387.6 of the regulations.

The Department and the respondents have entered into consent agreements, 15 CFR 388.17, whereby each party agreed to settle this matter (1) by a denial of all exporting privileges to Starek and Story for a three-month period terminating on September 30, 1981, (2) by a denial of all export privileges to Starek and Story to certain countries for a five-year period terminating on September 30, 1988, and (3) by a denial of validated export license privileges to Starek and Story to all destinations, subject to certain conditions, for the period ending on September 30, 1986.

The terms of the consent agreement, as incorporated in this order, are approved by the undersigned. Therefore, pursuant to the authority vested in me, 15 CFR, Part 388, it is

#### Ordered

First. For the period ending September 30, 1981, Starek and Story are denied all export privileges; however, upon notice to the Hearing Commissioner, and all else being regular, the respondents may, (i) export in fulfillment of contracts entered into prior to July 1, 1981, and (ii) export in fulfillment of service and repair requirements (including spare and replacement parts) in connection with prior legal exports. Written notice or notice by telephone or telegraph shall be given at least 5 days prior to the proposed export, but shorter notice will be accepted in the event of emergencies (customer requirements).

Second. For a further five-year period ending on September 30, 1986, Starek and Story are denied all privileges of participating, directly or indirectly, in any manner or capacity, in any transaction involving commodities or technical data exported from the United States in whole or in part, or to be exported, or which are otherwise subject to the Export Administration Regulations, with respect to the following countries: Albania, Bulgaria, Cuba, Czechoslovakia, Estonia, German Democratic Republic (including East Berlin), Hungary, Laos, Kampuchea, Latvia, Lithuania, Mongolian People's Republic, North Korea, Poland, Romania, the Union of Soviet Socialist Republics and Vietnam. Without limiting the generality of the foregoing, participation prohibited in any such transaction, either in the United States or abroad, shall include participation (i) as a party or as a representative of a party to any validated export license application; (ii) in the preparation of filing of any export license application or reexport authorization, or of any document to be submitted therewith; (iii) in the obtaining or using of any validated or general export license or other export control document; (iv) in the carrying on of negotiations with respect to, or in the receiving, ordering, buying, selling, delivering, storing, using, or disposing of any commodities or technical data in whole or in part, exported or to be exported from the United States; and (v) in the financing, forwarding, transporting, or other servicing of such commodities or technical data. Notwithstanding the foregoing, upon notice to the Hearing Commissioner, and all else being regular, Starek and Story may (i) export

Customs Service, Region IX, 209 Federal Building, Duluth, Minnesota 55802; and Colonel Robert V. Vermillion, District Engineer, U.S. Army Engineer District Detroit, P.O. Box 1027, Detroit, Michigan 48231.

Comments concerning the proposed zone expansion are invited in writing from interested persons and organizations. They should be addressed to the Board's Executive Secretary at the address below and postmarked on or before January 8, 1982.

A copy of the application is available for public inspection at each of the following locations:

U.S. Customs District Office, 209 Federal Building, Duluth, Minnesota 55802  
Office of the Executive Secretary,  
Foreign-Trade Zones Board, U.S.  
Department of Commerce, 14th and E  
Streets, N.W., Room 3721,  
Washington, D.C. 20230

Dated: December 7, 1981.

John J. De Poate, Jr.,

Executive Secretary, Foreign-Trade Zones  
Board.

[FR Dec. 81-35271 Filed 12-4-81; 9:45 am]

BILLING CODE 3510-25-14

#### International Trade Administration

##### Die Presses From Italy; Revocation of Countervailing Duty Order

**AGENCY:** International Trade  
Administration, Commerce.

**ACTION:** Notice of Revocation of  
Countervailing Duty Order.

**SUMMARY:** The Department of  
Commerce is revoking the  
countervailing duty order on die presses  
from Italy because of the termination of  
an injury investigation by the  
International Trade Commission. All  
entries of this merchandise made on or  
after April 3, 1980, shall be liquidated  
without regard to countervailing duties.  
**EFFECTIVE DATE:** December 10, 1981.

**FOR FURTHER INFORMATION CONTACT:**  
Paul J. McGarr, Office of Compliance,  
Room 2802, International Trade  
Administration, U.S. Department of  
Commerce, Washington, D.C. 20230  
(202-377-1167).

**SUPPLEMENTARY INFORMATION:** On June  
10, 1974, a final countervailing duty  
determination on die presses from Italy,  
T.D. 74-165, was published in the  
Federal Register (39 FR 20369).

On April 3, 1980, the International  
Trade Commission ("the ITC") notified  
the Department of Commerce ("the

Department") that an injury  
determination for this order had been  
requested under section 104(b) of the  
Trade Agreements Act of 1979 ("the  
TAA"). Therefore, following the  
requirements of that section, liquidation  
was suspended on April 3, 1980 on all  
shipments of die presses from Italy  
entered, or withdrawn from warehouse,  
for consumption on or after that date.

On July 2, 1981, the Department  
published the final results of its  
administrative review of this order as  
required by section 751 of the Tariff Act  
of 1930 (46 FR 34618). The Department  
determined that a net subsidy on die  
presses from Italy of 20 lire per kilogram  
of this merchandise was being conferred  
during the period of review and reported  
that rate to the ITC.

On November 18, 1981, the ITC  
published its termination of the  
countervailing duty investigation under  
section 104(b) of the TAA due to the  
original petitioner's withdrawal of its  
petition. The termination of this  
investigation has the same effect as a  
determination that an industry in the  
United States would not be materially  
injured, or threatened with material  
injury, by reason of imports from Italy of  
die presses covered by the  
countervailing duty order if the order  
were revoked (46 FR 56682). As a result,  
the Department is revoking the  
countervailing duty order concerning die  
presses from Italy (T.D. 74-165) with  
respect to all merchandise entered, or  
withdrawn from warehouse, for  
consumption on or after April 3, 1980,  
the date the Department received  
notification of the request for an injury  
determination.

The Department will instruct Customs  
officers to proceed with liquidation of  
all unliquidated entries of this  
merchandise made on or after April 3,  
1980 without regard to countervailing  
duties and to refund any estimated  
countervailing duties collected with  
respect to these entries. Entries, or  
withdrawals from warehouse, for  
consumption made prior to April 3, 1980,  
are subject to countervailing duties as  
set forth in the final results of the  
administrative review.

[section 104(b)(4)(B) of the TAA (19 U.S.C.  
1671 note)]

Gary N. Horlick,

Deputy Assistant Secretary for Import  
Administration

December 3, 1981.

[FR Dec. 81-35280 Filed 12-4-81; 9:45 am]

BILLING CODE 3510-25-14

##### Viscose Rayon Staple Fiber From Sweden; Final Results of Administrative Review of Countervailing Duty Order

**AGENCY:** International Trade  
Administration, Commerce.

**ACTION:** Notice of Final Results of  
Administrative Review of  
Countervailing Duty Order.

**SUMMARY:** On July 13, 1981, the  
Department of Commerce published the  
preliminary results of its administrative  
review of the countervailing duty order  
on viscose rayon staple fiber from  
Sweden. The review is based upon  
information for the period October 1,  
1979 through September 30, 1980. The  
notice stated that the Department had  
preliminarily determined the amount of  
net subsidy to be 3.44 percent of the  
f.o.b. invoice price for regular fiber and  
40.37 percent of the f.o.b. invoice price  
for modal fiber. Interested parties were  
invited to comment on these preliminary  
results. After analysis of all comments  
received, the Department finds no basis  
for changing its conclusions. Therefore,  
countervailing duties in the amount of  
3.44 percent of the f.o.b. invoice price for  
regular fiber and 40.37 percent of the  
f.o.b. invoice price for modal fiber shall  
be assessed on all entries of this  
merchandise made during the period  
January 1, 1980 through September 30,  
1980. The Department further  
determines that a cash deposit of  
estimated countervailing duties at these  
same rates shall be required on all  
shipments entered, or withdrawn from  
warehouse, for consumption on or after  
the date of publication of these final  
results.

**EFFECTIVE DATE:** December 10, 1981.

**FOR FURTHER INFORMATION CONTACT:**  
Paul J. McGarr, Office of Compliance,  
Room 2802, International Trade  
Administration, U.S. Department of  
Commerce, Washington, D.C. (202-377-  
1167).

**SUPPLEMENTARY INFORMATION:**

##### Procedural Background

On July 13, 1981, the Department of  
Commerce ("the Department")  
published in the Federal Register (46 FR  
35949) a notice of "Preliminary Results  
of Administrative Review of  
Countervailing Duty Order" on viscose  
rayon staple fiber from Sweden (T.D.  
79-141, 44 FR 28319). The Department  
has now completed that administrative  
review.

##### Scope of the Review

Imports covered by this review are  
both regular and high-wet modulus

("modal") viscose rayon staple fiber from Sweden. These imports are currently classifiable under items 309.4320 and 309.4325, Tariff Schedules of the United States Annotated.

The review is based upon information for the period October 1, 1979 through September 30, 1980, and it is limited to the two programs found countervailable in the original order: the elderly employment compensation program and the interest free loans/grants program. The sole Swedish producer is Svenska Rayon AB ("Svenska").

#### Analysis of Comments Received

The petitioner raised three issues to support a claim that a single countervailing duty rate be applied to both regular and modal fiber.

(1) *Rayon Staple Fiber is One Product.* The petitioner argues that rayon staple fiber, whether modal or regular fiber, is one product. To support this position, the petitioner cited several determinations by Treasury, certain of which were subject to injury determinations at the International Trade Commission ("the ITC"), with respect to the scope of the "class or kind" of merchandise.

While we agree that regular and modal fiber constitute one "class or kind" of merchandise, that fact has no bearing on this issue. Svenska received grants to develop a separate facility to produce modal fiber, a particular type of rayon staple fiber. It makes no difference in this case when determining the existence of a subsidy how many types of rayon staple fiber there are, if we clearly determine, as Treasury did, that one type of rayon staple fiber, in this instance modal fiber, has benefitted from a particular program and other types have not.

(2) *The Facility Built with the Loan/Grant Money Can Be Easily Converted to the Production of Regular Fiber.* In its "Final Determination of Countervailing Duty," Treasury stated that "the benefits provided for acquiring modal fiber machinery might have been considered a benefit applicable to regular fiber production, if it had been shown that modal machinery could easily be adapted to the production of regular fiber. However, conversion appears to be impractical from both the commercial and technical points of view. Therefore, it would be improper to allocate portions of the benefits associated with the production of modal fiber to the production of regular fiber."

At a hearing on our preliminary results held on September 11, 1981, the petitioner presented evidence through expert witnesses to support the claim

that Svenska had the capability of easily converting the production facility for modal fiber to the production of regular fiber. Citing their own experience as domestic manufacturers of rayon staple fiber, these witnesses clearly demonstrated that at their plants such conversions are frequent, not costly and essential part of being in the rayon staple fiber business. They further established that Svenska owns some of the key machinery capable of such conversions.

Svenska responded that, whatever the situation may be for U.S. manufacturers, it is immaterial to Svenska. Expert testimony presented on behalf of Svenska demonstrated that the plan for producing modal fiber was designed solely for this purpose, that the flexibility for easy conversion did not currently exist, and that to convert from the production of modal fiber to regular fiber now would require 2-3 months. To achieve a capacity to convert readily between the production of modal fiber and regular fiber would require further technical development and additional capital investment. Svenska stated that given the recent modernization and expansion of its facilities for producing regular fiber and its consequent existing capacity to expand production at small cost, any commercial need for developing the capacity to convert its modal production facility was remote.

Since this review covers a past period and both the petitioner and Svenska agree that adaptations necessary for the conversion of the modal facility to production of regular fiber have not occurred, the issue of convertibility does not apply to entries during the period of review. In addition, with no clear demonstration that Svenska can or will soon be able to produce regular fiber at the facility built with the loan/grant money, the Department does not currently consider this issue germane to future entries. Should the Department find during a subsequent review that Svenska is producing regular fiber at this facility or has made the necessary technical adjustments and capital investments which would enable such conversion, we will reassess our position.

(3) *The Subsidy Benefits a Product Not Directly Subsidized.* The petitioner argues that, independent of the issue of convertibility, the funds from the loan/grant program reduce overall costs and consequently benefit all aspects of Svenska's single, unified rayon operation, including the production of regular fiber. According to the petitioner, many of the upstream productive facilities and much of the

administrative overhead, whose full cost was one borne by Svenska's regular rayon production alone, are now shared by both regular and modal production. From this the petitioner concludes that many fixed costs are spread over more productive capacity and that per-unit variable costs are lower due to economies of scale.

Such conclusions are speculative because no cost data was presented. Since production of modal fiber represented only 10 percent of Svenska's production during the period of review, any economies of scale would have been small at best. However, it is equally plausible that as these common facilities operate closer to full capacity they incur higher per-unit costs, having reached the point of diminishing returns.

Whatever the situation, we would not consider possible benefits to the regular fiber plant if operation of the modal fiber plant resulted in lower per-unit operating costs for common upstream facilities anymore than we would permit claims for offsets to the subsidy if operation of the modal fiber plant incurred higher per-unit costs for these common facilities. It is the Department's policy not to recognize any indirect benefits to a lateral, non-subsidized facility when such benefits would have to be passed through non-subsidized, upstream facilities.

#### Final Results of the Review

After review of the comments received from interested parties, our analysis of programs as set forth in our preliminary results remains unchanged. As stated in our preliminary results, we determine the aggregate net subsidy conferred by the Government of Sweden on the production of modal viscose rayon staple fiber to be 40.37 percent of the f.o.b. invoice price and on the production of regular viscose rayon staple fiber to be 3.44 percent of the f.o.b. invoice price.

The U.S. Customs Service shall assess countervailing duties at the rates stated above on all unliquidated entries of modal and regular viscose rayon staple fiber from Sweden entered, or withdrawn from warehouse, for consumption on or after January 1, 1980, and exported on or before September 30, 1980. The provision of T.D. 79-141 and of section 303(a)(5) of the Tariff Act of 1930 ("the Tariff Act"), prior to the enactment of the Trade Agreements Act of 1979, apply to all entries made prior to January 1, 1980. Accordingly, the Customs Service shall assess countervailing duties on unliquidated entries of modal fiber and regular fiber

which were entered, or withdrawn from warehouse, for consumption prior to January 1, 1980 at 8.6 percent and 0 percent, respectively, of the f.o.b. invoice price, the amounts set forth in T.D. 79-141.

Further, as provided for by section 751(a)(1) of the Tariff Act, the Customs Service shall collect a cash deposit of estimated countervailing duties of 40.37 percent of the f.o.b. invoice price on modal fiber and 3.44 percent of the f.o.b. invoice price on regular fiber for all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results.

These deposit requirements will remain in effect until publication of the final results of the next administrative review. The Department intends to conduct the next review by the end of May, 1982. The amount of countervailing duties to be imposed on shipments exported from October 1, 1980 to September 30, 1981 will be determined in the next administrative review.

Consequently, the suspension of liquidation previously ordered will continue for all entries of this merchandise exported on or after October 1, 1980.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: December 7, 1981.

Gary N. Horlick,  
Deputy Assistant Secretary of Import Administration.

[FR Doc. 81-35399 Filed 12-9-81; 8:45 am]  
BILLING CODE 3510-25-M

#### National Oceanic and Atmospheric Administration

##### South Atlantic Fishery Management Council; Public Meetings

AGENCY: National Oceanic and Atmospheric Administration, Commerce.

SUMMARY: The South Atlantic Fishery Management Council, established by Section 302 of the Magnuson Fishery Conservation and Management Act (Pub. L. 94-265), will meet regarding the decision process on the Billfish and Snapper-Grouper Fishery Management Plans (FMP's); discuss progress on the Swordfish FMP; discuss the status of other FMP activities, as well as discuss other management and administrative matters as appropriate.

DATES: The public meetings will convene on Tuesday, January 28, 1982.

at approximately 1:30 p.m., and will adjourn on Thursday, January 28, 1982, at approximately noon.

ADDRESS: The meetings will take place at the Days Inn, 201 West Bay Street, Savannah, Georgia.

FOR FURTHER INFORMATION CONTACT: South Atlantic Fishery Management Council, One Southpark Circle, Suite 306, Charleston, South Carolina 29407. Telephone: (803) 571-4366.

Dated: December 7, 1981.

Jack L. Falls,

Chief, Administrative Support Staff, National Marine Fisheries Service.

[FR Doc. 81-35398 Filed 12-9-81; 8:45 am]  
BILLING CODE 3510-22-M

#### National Technical Information Service

##### Unlimited Pegasus, Inc.; Intent To Grant Exclusive Patent License

The National Technical Information Service (NTIS), U.S. Department of Commerce, intends to grant to Unlimited Pegasus, Inc., having a place of business at Libby, Montana an exclusive right in the United States to manufacture, use and sell products embodied in the invention, "Single Line, Traction Driven Running Skyline System," U.S. Patent No. 4,103,784 dated August 1, 1978. The availability of this invention for licensing was announced in the Federal Register on April 20, 1979. Copies of the Patent may be obtained from the Office of Government Inventions and Patents, NTIS, Box 1423, Springfield, VA 22151. The patent rights in this invention have been assigned to the United States of America, as represented by the Secretary of Commerce.

The proposed exclusive license will be royalty-bearing and will comply with the terms and conditions of 35 U.S.C. 209 and 41 CFR 101-41.1. The proposed license may be granted unless, within sixty days from the date of this Notice, NTIS receives written evidence and argument which establishes that the grant of the proposed license would not serve the public interest.

Inquiries, comments and other materials relating to the proposed license must be submitted to the Office of Government Inventions and Patents, NTIS, at the address above. NTIS will maintain and make available for public inspection a file containing all inquiries, comments and other written materials received in response to this Notice and a record of all decisions made in this matter.

Dated: December 3, 1981.

Douglas J. Campion,  
Office of Government Inventions and Patents,  
National Technical Information Service, U.S.  
Department of Commerce.

[FR Doc. 81-35399 Filed 12-9-81; 8:45 am]  
BILLING CODE 3510-04-M

#### DEPARTMENT OF COMMERCE

##### International Trade Administration

#### DEPARTMENT OF THE INTERIOR

##### Office of Territorial and International Affairs

##### Proposed Rules for the Allocation of Watch Quotas for Calendar Year 1982 Among Producers Located in the Virgin Islands, Guam and American Samoa

AGENCY: Import Administration, International Trade Administration, Department of Commerce; Office of Territorial and International Affairs, Department of the Interior.

ACTION: Proposed annual rules.

SUMMARY: Pursuant to Section 3 of the Departments' Codified Watch Quota regulations (15 CFR Part 303), annual rules for calendar year 1982 are being proposed. The Departments propose to make a number of substantive changes from the 1981 provisions. The proposed changes are discussed in Supplementary Information, below.

DATE: Comments must be received on or before January 15, 1982.

FOR ADDITIONAL INFORMATION CONTACT: Mr. Frank W. Creel, who can be reached on 202-377-1860.

SUPPLEMENTARY INFORMATION: In accordance with Executive Order 12291 dated February 17, 1981, the Departments of Commerce and the Interior have determined that these rules do not constitute a "major rule" as defined by Section 1(b) of the Order. They are not likely to result in:

- (1) An annual effect on the economy of \$100 million or more;
- (2) A major increase in costs or prices in either the public or private sector; or
- (3) Significant adverse impact on the domestic economy or on the ability of U.S. enterprises to compete with foreign enterprises.

Additionally, to further the intent of the Regulatory Flexibility Act, the Departments have determined that publication of these rules will have no adverse impact on small business entities. The interests of the small business entities affected by the rules, in fact, require their timely publication in

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APPENDIX C

COMMISSION'S FEDERAL REGISTER NOTICES OF INVESTIGATION  
AND OF CHANGE IN HEARING DATE

[Investigation No. 337-TA-132]

**Certain Hand-Operated, Gas-Operated Welding, Cutting and Heating Equipment and Component Parts Thereof; Prehearing Conference**

Notice is hereby given that a prehearing conference will be held in this case at 9:00 a.m. on December 14, 1982, in the Waterfront Center, Room 201, 1010 Wisconsin Avenue, NW, Washington, D.C., and the hearing will commence immediately thereafter.

The purpose of the prehearing conference is to review the trial memoranda submitted by the parties, to stipulate exhibits into the record, and to discuss any questions raised by the parties relating to the hearing.

The Secretary shall publish this notice in the Federal Register.

Issued: November 19, 1982.

Janet D. Sexton,

Administrative Law Judge.

[FR Doc. 82-22715 Filed 11-23-82 9:46 am]

SELLING CODE 7029-02-0

under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303), on rayon staple fiber imported from Sweden (44 FR 28319). On January 1, 1980, the provisions of the Trade Agreements Act of 1979 (Pub. L. 96-39) become effective, and on January 2, 1980, the authority for administering the countervailing duty statutes was transferred from Treasury to the Department of Commerce (Commerce).

As required by section 751(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(1)), Commerce has conducted its first annual administrative review of the countervailing duty order on rayon staple fiber from Sweden. As a result, Commerce determined that, for the period of review, the net subsidy conferred by the Government of Sweden on the production of modal and regular rayon staple fiber was 40.37 percent and 3.44 percent, respectively, of the f.o.b. invoice price (46 FR 60488, December 10, 1981).

**Public Hearing**

The Commission will hold a public hearing in connection with this investigation on February 9, 1983, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW, Washington, D.C. 20436, beginning at 10 a.m. Requests to appear at the hearing should be filed with the Office of the Secretary, U.S. International Trade Commission, not later than the close of business (5:15 p.m.) on January 20, 1983. All persons desiring to appear at the hearing and make oral presentations may file prehearing briefs and should attend a prehearing conference to be held at 10:00 a.m. on January 24, 1983, in room 117 of the U.S. International Trade Commission Building. Prehearing briefs must be filed with the Commission on or before February 3, 1983.

A staff report containing preliminary findings of fact in this investigation will be available to all interested parties on January 24, 1983.

Testimony at the public hearing is governed by § 207.23 of the Commission's Rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to new information. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22. Posthearing briefs must be filed with the Commission by no later than the close of business, February 18, 1983.

**Written Submissions**

Any person may submit to the Commission on or before February 16, 1983, written statements of information pertinent to the subject matter of the investigation. A signed original and fourteen true copies of such statements must be submitted in accordance with § 201.8 of the Commission's Rules (19 CFR 201.8). All written submissions, except confidential business data, will be available for public inspection.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.8 of the Rules (19 CFR 201.8).

**Participation in the Investigation**

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

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation, pursuant to § 201.11(d) of the Commission's Rules (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list) and a certificate of service must accompany the document. Absent a certificate of service, the Secretary shall not accept such document for filing (19 CFR 201.16(c)).

**Public Inspection**

All written submissions, except for confidential business data, will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW, Washington, D.C. 20436.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207, 47 FR 6182, February 10, 1982; 47 FR 12792, March 25, 1982; 47

[Investigation No. 104-TAA-13]

**Rayon Staple Fiber from Sweden; Institution of Countervailing Duty Investigation**

**AGENCY:** International Trade Commission.

**ACTION:** Institution of countervailing duty investigation.

**SUMMARY:** Pursuant to section 104(b)(2) of the Trade Agreements Act of 1979 (19 U.S.C. 1677), the U.S. International Trade Commission is instituting a countervailing duty investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of rayon staple fiber from Sweden provided for under item 309.43 of the Tariff Schedules of the United States, covered by an outstanding countervailing duty order, if the order were to be revoked.

**EFFECTIVE DATE:** November 16, 1982.

**FOR FURTHER INFORMATION CONTACT:** Reuben Schwartz, Chief, Textiles, Leather Products, and Apparel Division, U.S. International Trade Commission, Washington, D.C. 20436, telephone 202-523-0114.

**SUPPLEMENTARY INFORMATION:**

**Background**

On May 15, 1978, the Department of the Treasury (Treasury) issued countervailing duty order T.D. 79-141,

FR 33682, August 4, 1982), and Part 201, Subparts A through E (19 CFR Part 201, 47 FR 8182, February 10, 1982; 47 FR 13791, April 1, 1982; 47 FR 33682, August 4, 1982).

This notice is published pursuant to § 207.20 of the Commission's Rules (19 CFR 207.20).

Issued: November 17, 1982.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

FR Doc. 82-3204 Filed 11-23-82 846 am  
BILLING CODE 7025-02-M

**Salmon Gill Fish Netting of Manmade Fibers From Japan; Commission Request for Comments Concerning Institution of Review Investigation**

**AGENCY:** International Trade Commission.

**ACTION:** Request for comments regarding institution of section 751(b) review investigation concerning affirmative determination in Investigation No. AA1821-85, Fish Nets and Netting of Manmade Fibers From Japan.

**SUMMARY:** The Commission invites comments from the public on whether changed circumstances exist which warrant the institution of an investigation pursuant to section 751(b) of the Tariff Act of 1930 (19 U.S.C. 1875(b)), to review the Commission's affirmative determination in investigation No. AA1921-85 regarding salmon gill fish netting of manmade fibers from Japan. The purpose of the proposed section 751(b) review investigation, if instituted, would be to determine whether an industry in the United States would be materially injured, would be threatened with material injury, or the establishment of an industry would be materially retarded, by reason of imports of salmon gill fish netting of manmade fibers if the antidumping order regarding fish netting of manmade fibers from Japan is modified or revoked with respect to salmon gill fish netting of manmade fibers provided for in item 355.45 of the Tariff Schedules of the United States. Revocation or modification of the dumping finding as to salmon gill fish netting would not affect the Commission's affirmative determination as to other types of fish netting from Japan.

**SUPPLEMENTARY INFORMATION:** On April 1, 1972, the Commission determined that an industry in the United States was injured within the meaning of the Tariff Act of 1930, by reason of imports of fish netting of manmade fibers from Japan determined by the

Secretary of Treasury to be sold or likely to be sold at less than fair value (LTFV).

On June 1, 1972, the Department of Treasury issued a finding of dumping (T.D. 72-158) and on June 8, 1972, published notice of the dumping finding in the Federal Register.

On July 28, 1981, the Commission received a request to review its affirmative determination in investigation No. AA1921-85. The request was filed pursuant to section 751(b) of the Tariff Act of 1930 by counsel representing nine importers of salmon gill fish netting from Japan.

On October 14, 1981, the Commission instituted investigation No. 751-TA-5, Salmon Gill Fish Netting of Manmade Fibers From Japan. The Commission instituted the investigation based on the finding that circumstances had changed sufficiently, since the 1972 dumping finding was issued, to warrant review of the Commission's 1972 determination. The changed circumstance that warranted the investigation was the cessation of any U.S. production of salmon gill fish netting.

After conducting an investigation, the Commission unanimously determined that the establishment of an industry in the United States would be materially retarded, by reason of imports of salmon gill fish netting of manmade fibers from Japan covered by antidumping order T.D. 72-158, if the order were to be modified or revoked. The Federal Register notice was issued on March 31, 1982, and published on April 7, 1982 (47 FR 14979).

This determination was supported by the finding that the the production of salmon gill fish netting was so insignificant that there is no established domestic industry producing salmon gill fish netting in the United States. The Commission also found that Nylon Net Co. of Memphis, Tenn., one of the largest domestic producers of fish netting, had made substantial investments in the development of a marketable crystal netting. Nylon Net Co. was developing a manmade fiber yarn in a joint project with Firestone Fibers & Textile Co., which would permit Nylon Net to produce netting that would be competitive with the imported Japanese netting. In the presentation of its position during the investigation, Nylon Net relied on Firestone's capacity to produce 1.5 million pounds of yarn per year. Nylon Net's ability to enter the salmon gill fish netting market was represented as being dependent on the production of the yarn by Firestone.

Recently, the Commission has received information that Firestone

Fibers & Textile Co. expects to cease production of nylon by the end of October 1982. We have no information indicating that Nylon Net has alternative sources of nylon which would allow it to produce the type of netting it had intended.

**Written Comments Requested**

Pursuant to § 207.45(b)(2) of the Commission's Rules of Practice and Procedure (48 FR 18023), the Commission requests comments on whether the findings of the Commission in Salmon Gill Fish Netting of Manmade Fibers From Japan, investigation No. 751-TA-5, in conjunction with the information that Firestone Fibers & Textile Co. will no longer be producing nylon, are changed circumstances sufficient to warrant institution of a review investigation.

**Public Documents Available**

Public documents regarding this matter are available to the public during official working hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436, telephone 202-523-0161.

**Additional Information**

Under § 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8), the signed original and 14 true copies of all written submissions must be filed with the Secretary to the Commission, 701 E Street NW., Washington, D.C. 20436. All comments must be filed no later than 30 days after publication of this notice in the Federal Register. Any person desiring to submit a document (or portion thereof) to the Commission in confidence must request business confidential treatment under § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Such request should be directed to the Secretary to the Commission and must include a statement of the reasons why the Commission should grant such treatment. Each sheet must be clearly marked on the top "Confidential Business Data." The Commission will either accept the submission in confidence or return it. All nonconfidential written submissions will be available for public inspection in the Office of the Secretary.

A-51  
FOR FURTHER INFORMATION CONTACT:  
Carol McCue Verratti, Esq., Office of the  
General Counsel, U.S. International  
Trade Commission, (202) 523-0079.

Issued: November 18, 1982.

statement of information pertinent to the subject of the investigation on or before February 22, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the Commission's rules (19 CFR 201.8, as amended by 47 FR 6188, Feb. 10, 1982, and 47 FR 13791, Apr. 1, 1982). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR part 207, as amended by 47 FR 6190, Feb. 10, 1982, and 47 FR 33682, Aug. 4, 1982), and part 201, subparts A through E (19 CFR part 201, as amended by 47 FR 6188, Feb. 10, 1982; 47 FR 13791, Apr. 1, 1982; and 47 FR 33682, Aug. 4, 1982).

This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20, as amended by 47 FR 6190, Feb. 10, 1982).

Issued: December 10, 1982.

By order of the Commission,

Kenneth R. Mason,

Secretary.

(FR Doc. 82-34718 Filed 12-14-82; 9:45 am)  
BILLING CODE 7020-02-81

[Investigation No. 104-TAA-13]

Rayon Staple Fiber From Sweden;  
Hearing

AGENCY: International Trade  
Commission.

ACTION: Change of date of public  
hearing.

SUMMARY: Notice is hereby given that the public hearing to be held in connection with United States International Trade Commission investigation No. 104-TAA-13, Rayon staple fiber from Sweden, will begin at 10:00 a.m., Monday, February 7, 1983, in the Commission's Hearing Room, U.S. International Trade Commission

Building, 701 E Street, NW., Washington, D.C. A hearing date of February 9, 1983, had previously been announced in the Commission's notice of institution of investigation as published in the Federal Register of November 24, 1982 (47 FR 53151). Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) January 20, 1983. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10:00 a.m., on January 24, 1983, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before February 1, 1983. A staff report containing preliminary findings of fact in this investigation will be available to all interested parties on January 21, 1983.

Issued December 7, 1982.

By order of the Commission,

Kenneth R. Mason,

Secretary.

(FR Doc. 82-34622 Filed 12-14-82; 9:45 am)  
BILLING CODE 7020-02-81

[Investigation No. 337-TA-118]

Sneakers With Fabric Uppers and  
Rubber Soles; Request for Public  
Comments on Recommended  
Termination of Seven Respondents  
Based on a Settlement Agreement

AGENCY: International Trade  
Commission.

ACTION: Request for public comments on  
proposed termination of seven  
respondents in this investigation on the  
basis of a settlement agreement.

SUMMARY: On September 24, 1982, complainant Van Doren Rubber Co. and respondents Thom McAn Shoe Company, Inc., Melville Corporation, Stride-Rite Footwear, Inc., Stride-Rite International, Ltd., Stride-Rite Corporation, Genesco, Inc., and San Shoe Trading Corporation filed a joint motion to terminate investigation No. 337-TA-118 with respect to the above-mentioned respondents. This motion is based on a settlement agreement entered into between these parties. On November 8, 1982, the presiding officer recommended that the Commission grant the joint motion. Before taking final action on this motion, the Commission seeks written comments from interested members of the public on the proposed termination. A nonconfidential synopsis of the settlement agreement is set forth below.

Synopsis: Each respondent joining the motion agrees not to import "Excluded soles" after August 28, 1982 or sell shoes having an excluded sole which were imported after that date. An excluded sole is defined as a sole which is the same as five specified patterns of confusingly similar to the Van Doren sole pattern. Two sole patterns have been specified as not similar to the Van Doren pattern. In addition, in an addendum to the agreement between complainant and the Stride-Rite respondents, another pattern was specified as not similar to the Van Doren pattern. San Shoe Trading Corp. has the right to import prior to December 31, 1982, a specified number of excluded soles already on order. None of the parties to the agreement waive any right to damages or defenses in a civil action, or do respondents admit liability or the validity of Van Doren's claims. Any aforementioned respondent may terminate the agreement with respect to any area of the country where a final judgement is subsequently entered in litigation between Van Doren and a third party which holds that Van Doren does not have proprietary rights in the sole pattern in that area of the country. Furthermore, after such a holding, any aforementioned respondent may move to modify any exclusion order issued by the Commission.

DATE: Comments will be considered if received within thirty (30) days of the date this notice appears in the Federal Register. Comments should conform with Commission rule 201.8 (19 C.F.R. 201.8) and should be addressed to Kenneth R. Mason, Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION: The Commission is conducting investigation No. 337-TA-118 to determine whether there is a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation and sale of certain sneakers with fabric uppers and rubber soles by reason of (1) unfair competition, (2) false designation of source, (3) common-law trade mark infringement and (4) passing off in the manufacture and sale of these sneakers. The alleged effect or tendency of these unfair acts is to destroy or substantially injure an industry, efficiently and economically operated, in the United States. Notice of the institution of this investigation was published in the Federal Register on March 9, 1982, 47 FR 10103. A-52

COMMENTS REQUESTED: In light of the Commission's duty to consider the public interest in this investigation, the



APPENDIX D

EXCERPT FROM THE TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1983)

SCHEDULE 3 - TEXTILE FIBERS AND TEXTILE PRODUCTS  
Part 1. - Textile Fibers and Wastes; Yarns and Threads

C S P	Item	Stat. Sub- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Grouped filaments and strips (in continuous form), whether known as tow, yarns, or by any other name: Wholly of grouped filaments (except laminated filaments and plexiform filaments): Of glass:				
	309.28	00	Not colored.....	Lb.....	8.3% ad val.	6% ad val.	50% ad val.
	309.29	00	Colored.....	Lb.....	11.1% ad val.	7.2% ad val.	60% ad val.
	309.30		Other:				
			Valued not over 80 cents per pound.....	.....	7.6c per lb.	6c per lb.	40c per lb.
		10	Of cellulosic materials.....	Lb.			
		30	Of nylon.....	Lb.			
		40	Of polyester.....	Lb.			
		50	Of acrylic and modacrylic.....	Lb.			
		65	Other.....	Lb.			
	309.31		Valued over 80 cents per pound.....	.....	10.3% ad val.	10% ad val.	45% ad val.
		10	Of cellulosic materials.....	Lb.			
		30	Of nylon.....	Lb.			
		40	Of polyester.....	Lb.			
		50	Of acrylic and modacrylic.....	Lb.			
		65	Other.....	Lb.			
	309.35	00	Other.....	Lb.....	9.5c per lb. + 12% ad val.	5c per lb. + 6% ad val.	45c per lb. + 65% ad val.
			Fibers (in noncontinuous form), whether known as cut fiber, staple, or by any other name, not carded, not combed, and not otherwise processed: Wholly of filaments (except laminated filaments and plexiform filaments): Nylon, over 2 but not over 8 inches in length, essentially round in cross section and over 0.008 but not over 0.020 inch in maximum cross-sectional measurement, not crimped.....	Lb.....	1c per lb.		3c per lb.
	309.41	00					
	309.43		Other.....	.....	6.6% ad val.	4.9% ad val.	25% ad val.
		20	Of cellulosic (rayon plus acetate): Carpet and rug types (8 denier and coarser).....	Lb.			
		25	Other.....	Lb.			
		38	Other:				
		42	Of nylon.....	Lb.			
		45	Of polyester.....	Lb.			
		46	Of acrylic.....	Lb.			
		55	Of olefin.....	Lb.			
			Other.....	Lb.			
	309.50	00	Other.....	Lb.....	10c per lb. + 12.3% ad val.	5.5c per lb. + 7% ad val.	45c per lb. + 65% ad val.
			Waste, and advanced waste, of man-made fibers: Not advanced:				
	309.60	00	Noils.....	Lb.....	5.4% ad val.	4.2% ad val.	25% ad val.
	309.65	00	Other:				
			Of cellulose acetate.....	Lb.....	3.3c per lb.	2.5c per lb.	50c per lb.
	309.66		Other.....	.....	2.4% ad val.	2.1% ad val.	10% ad val.
		15	Of rayon.....	Lb.			
		25	Of nylon.....	Lb.			
		30	Of polyester.....	Lb.			
		45	Of acrylic and modacrylic.....	Lb.			
		60	Other.....	Lb.			

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APPENDIX E

LIST OF WITNESSES APPEARING AT THE  
COMMISSION'S HEARING

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Rayon Staple Fiber from Sweden

Inv. No. : 104-TAA-13

Date and time: February 7, 1983 - 10:00 a.m.

Sessions were held in connection with this investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

IN OPPOSITION TO THE REVOCATION OF THE OUTSTANDING  
COUNTERVAILING DUTY ORDER:

Leva, Hawes, Symington, Martin & Oppenheimer--Counsel  
Washington, D.C.  
on behalf of

The Committee of U.S. Rayon Producers

Avtex Fibers, Inc., Courtaulds North America, Inc.  
and American Enka Company

John N. Gregg, Chairman of the Board  
and President, Avtex Fibers, Inc.

David T. Wilkinson, President, Courtaulds  
North America, Inc.

Harold C. Enloe, President, American  
Enka Company

Joseph H. Price )  
Simeon M. Kriesberg }--OF COUNSEL  
Bruce G. Joseph )

IN SUPPORT OF THE REVOCATION OF THE OUTSTANDING  
COUNTERVAILING DUTY ORDER

Arent, Fox, Kintner, Plotkin & Kahn--Counsel  
Washington, D.C.  
on behalf of

Lyon, Schenck, Steck, Associates

Earl L. Stewart

Stephen L. Gibson--OF COUNSEL



