

EXTRUDED RUBBER THREAD FROM MALAYSIA

Determination of the Commission in
Investigation No. 303-TA-22
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation

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Determination of the Commission in
Investigation No. 731-TA-527
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation

UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

	<u>Page</u>
Determinations and views of the Commission.....	1
Determinations.....	3
Views of the Commission.....	5
Information obtained in the investigations.....	I-1
Introduction.....	I-3
The product.....	I-3
Description.....	I-3
Manufacturing process.....	I-4
Uses.....	I-6
Substitute products.....	I-7
U.S. tariff treatment.....	I-7
The nature and extent of alleged subsidies and sales at LTFV.....	I-8
Alleged subsidies.....	I-8
Alleged sales at LTFV.....	I-8
The U.S. market.....	I-8
Apparent U.S. consumption.....	I-8
U.S. producers.....	I-9
U.S. importers.....	I-10
Channels of distribution.....	I-11
Consideration of material injury to an industry in the United States.....	I-12
U.S. production, capacity, and capacity utilization.....	I-12
U.S. producers' domestic shipments, company transfers, and export shipments.....	I-13
U.S. producers' inventories.....	I-15
U.S. employment, wages, and productivity.....	I-16
Financial experience of U.S. producers.....	I-16
Operations on extruded rubber thread.....	I-16
Overall establishment operations.....	I-18
Investment in productive facilities.....	I-19
Capital expenditures.....	I-19
Research and development expenses.....	I-20
Impact of imports on capital and investment.....	I-20
Consideration of the question of threat of material injury.....	I-20
U.S. importers' inventories.....	I-22
Ability of foreign producers to generate exports and the availability of export markets other than the United States.....	I-23
Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury.....	I-25
U.S. imports.....	I-25
U.S. market shares.....	I-26
Prices.....	I-27
Market characteristics.....	I-27
Questionnaire price data.....	I-29
Price trends.....	I-30
Price comparisons.....	I-32
Exchange rates.....	I-33
Lost sales and lost revenues.....	I-33

CONTENTS

	<u>Page</u>
Appendixes	
A. <u>Federal Register</u> notices.....	A-1
B. Witnesses appearing at the staff conference.....	B-1
C. Glossary of technical terms.....	C-1
D. Letter from Qualitex, Inc., regarding closure.....	D-1
E. Effects of imports on producers' existing development and production efforts, growth, investment, and ability to raise capital.....	E-1
F. Malaysian industry data.....	F-1
 Tables	
1. End use applications for rubber thread and estimated market shares and gauge ranges, 1988 and 1991.....	I-7
2. Extruded rubber thread: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 1988-90, January-June 1990, and January-June 1991.....	I-9
3. Extruded rubber thread: U.S. capacity, production, and capacity utilization, by firms, 1988-90, January-June 1990, and January-June 1991.....	I-13
4. Extruded rubber thread: U.S. producers' U.S. shipments, by firms, 1988-90, January-June 1990, and January-June 1991.....	I-14
5. Extruded rubber thread: End-of-period inventories of U.S. producers, by firms, 1988-90, January-June 1990, and January-June 1991.....	I-15
6. Average number of production and related workers producing extruded rubber thread, hours worked, wages and total com- pensation paid to such employees, hourly wages and total compensation, productivity, and unit labor costs, by pro- ducts and by firms, 1988-90, January-June 1990, and Jan- uary-June 1991.....	I-16
7. Income-and-loss experience of U.S. producers on their opera- tions producing extruded rubber thread, fiscal years 1988-90, January-June 1990, and January-June 1991.....	I-17
8. Selected income-and-loss data of U.S. producers on their operations producing extruded rubber thread, by firms, fiscal years 1988-90, January-June 1990, and January-June 1991.....	I-18
9. Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein extruded rubber thread is produced, fiscal years 1988-90, January-June 1990, and January-June 1991.....	I-19
10. Value of assets and return on assets of U.S. producers' establishments wherein extruded rubber thread is produced, fiscal years 1988-90, January-June 1990, and January-June 1991.....	I-19
11. Extruded rubber thread: End-of-period inventories of U.S. importers, by sources, 1988-90, January-June 1990, and January-June 1991.....	I-23

CONTENTS

Tables-Continued

	<u>Page</u>
12. Extruded rubber thread: Heveafil and Filmax's capacity, production, shipments, and inventories, 1988-90, January-June 1990, January-June 1991, and projected, 1991-92.....	I-23
13. Extruded rubber thread: Rubberflex's capacity, production, shipments, and inventories, 1988-90, January-June 1990, January-June 1991, and projected, 1991-92.....	I-24
14. Extruded rubber thread: U.S. imports, by sources, 1988-90, January-June 1990, and January-June 1991.....	I-26
15. Extruded rubber thread: Shares of the quantity and value of U.S. apparent consumption accounted for by U.S. shipments of domestic product and U.S. shipments of imports, 1988-90, January-June 1990, and January-June 1991.....	I-27
16. Extruded rubber thread: Weighted-average net delivered prices and total quantities of U.S.-produced and imported Malaysian rubber thread products 1 and 2 sold to end users, by quarters, January 1988-June 1991.....	I-30
17. Extruded rubber thread: Weighted-average net delivered prices and total quantities of U.S.-produced and imported Malaysian rubber thread products 3 and 4 sold to end users, by quarters, January 1988-June 1991.....	I-31
18. Extruded rubber thread: Margins of underselling, by products and by quarters, January 1988-June 1991.....	I-32
F-1. Extruded rubber thread: Heveafil, Filmax, and Rubberflex's capacity, production, shipments and inventories, 1988-90, January-June 1990, January-June 1991, and projected, 1991-92..	F-2

Figures

1. Schematic diagram of the extruded rubber thread manufacturing process.....	I-5
2. Delivered prices of natural rubber latex supplied to North American, by months, January 1988-December 1989.....	I-28

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

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DETERMINATIONS AND VIEWS OF THE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 303-TA-22 (Preliminary) and 731-TA-527 (Preliminary)

Extruded Rubber Thread from Malaysia

Determinations

On the basis of the record¹ developed in the subject investigations, the Commission unanimously determines, pursuant to sections 303(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1303(a) and § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Malaysia of extruded rubber thread,² provided for in heading 4007.00.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of Malaysia and sold in the United States at less than fair value (LTFV).

Background

On August 29, 1991, petitions were filed with the Commission and the Department of Commerce by North American Rubber Thread Co., Inc., Fall River, MA, alleging that an industry in the United States is materially injured by reason of subsidized and LTFV imports of extruded rubber thread from Malaysia. Accordingly, effective August 29, 1991, the Commission instituted countervailing duty and antidumping investigations Nos. 303-TA-22 (Preliminary) and 731-TA-527 (Preliminary).

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

² The merchandise covered by these investigations is vulcanized rubber thread obtained by extrusion, of stabilized or concentrated natural rubber latex, of any cross-sectional shape, measuring from 0.18 millimeter (0.007 inch or 140 gauge) to 1.42 millimeters (0.056 inch or 18 gauge) in diameter.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of September 5, 1991 (56 FR 43938). The conference was held in Washington, DC, on September 19, 1991, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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VIEWS OF THE COMMISSION

On the basis of the information obtained in these preliminary investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of extruded rubber thread from Malaysia that are allegedly sold at less than fair value (LTFV) and that allegedly are subsidized.

I. THE LEGAL STANDARD FOR PRELIMINARY INVESTIGATIONS

The legal standard in preliminary investigations is set forth in sections 703(a) and 733(a) of the Tariff Act of 1930,¹ which require the Commission to determine whether, based upon the best information available at the time of the preliminary determination, there is a reasonable indication of material injury or threat thereof to a domestic industry or material retardation of the establishment of an industry by reason of the imports under investigation.² The definition of "material injury" is the same in both preliminary and final investigations, but in preliminary investigations an affirmative determination is based on a "reasonable indication" of material injury, as opposed to the actual finding of material injury or threat thereof required in a final determination.³

In American Lamb Co. v. United States,⁴ the Court of Appeals for the Federal Circuit addressed the Commission's standard for preliminary

¹ 19 U.S.C. §§ 1671b(a), 1673b(a).

² Maverick Tube Corp. v. United States, 687 F. Supp. 1569, 1573 (Court Int'l Trade 1988).

³ Compare 19 U.S.C. §§ 1671b(a) and 1673b(a) with 19 U.S.C. §§ 1671d(b)(1) and 1673d(b)(1).

⁴ 785 F.2d 994 (Fed. Cir. 1986).

investigations. The court stated that the purpose of preliminary investigations is to avoid the cost and disruption to trade caused by unnecessary investigations.⁵ Accordingly, the court held that the reasonable indication standard requires more than a finding that there is a "possibility" of material injury, and that the Commission is to weigh the evidence it has obtained to determine if that evidence demonstrates that a reasonable indication exists. The court also sustained the Commission's practice of finding no reasonable indication if: "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."⁶

II. LIKE PRODUCT AND DOMESTIC INDUSTRY

To determine whether there is "material injury" or "threat of material injury," to a domestic industry, the Commission must first define the "domestic industry." Section 771(4)(A) of the Tariff Act of 1930 defines the relevant domestic industry as the "domestic producers as a whole of the like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."⁷ The statute defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."⁸

The Commission's decision regarding the appropriate like product or

⁵ Id. at 1004.

⁶ Id. at 1001.

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(10).

products in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.⁹ In analyzing like product issues, the Commission generally considers a number of factors including: (1) physical characteristics and uses, (2) interchangeability of the products, (3) channels of distribution, (4) customer and producer perceptions of the products, (5) the use of common manufacturing facilities and production employees, and, (6) where appropriate, price.¹⁰ No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission may define the class of domestically produced like products more broadly than the class of articles Commerce describes,¹¹ or the Commission may divide the products into two or more like products.¹² The Commission looks for clear dividing lines among possible like

⁹ Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 & n.5 (Ct. Int'l Trade 1988) (hereinafter Asocoflores); Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390 (Final), USITC Pub. 2150 (Jan. 1989) at 3-4.

¹⁰ E.g., Fresh and Chilled Atlantic Salmon From Norway, Inv. Nos. 701-TA-302, 731-TA-454 (Final), USITC Pub. 2371 (Apr. 1991) at 3; Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final), USITC Pub. 2163 (Mar. 1989) at 4.

¹¹ See, e.g., Chrome-Plated Lug Nuts from the People's Republic of China and Taiwan, Inv. Nos. 731-TA-474 and 475 (Preliminary), USITC Pub. 2342 (Dec. 1990); Generic Cephalixin Capsules from Canada, Inv. No. 731-TA-423 (Final), USITC Pub. 2211 (Aug. 1989); Shock Absorbers and Parts, Components, and Subassemblies Thereof from Brazil, Inv. No. 731-TA-421 (Preliminary), USITC Pub. 2128 (Sept. 1988); Natural Bristle Paint Brushes from the People's Republic of China, Inv. No. 731-TA-244 (Final), USITC Pub. 1805 (Jan. 1986).

¹² See, e.g., American NTN Bearing Manufacturing Corp. v. United States, 739 F. Supp. 1555, 1560, n.6 (Ct. Int'l Trade 1990); see also Torrington Co. v. United States, ---F.2d---, Slip Op. 91-1084 (Fed. Cir. July 3, 1991) at 1 ("the International Trade Commission has the authority to determine which domestic products are 'like products,' even if the determination differs from the like product description in the petition"), aff'g, 747 F. Supp. 744 (Ct. Int'l Trade 1990).

products, and disregards minor variations.¹³

The Department of Commerce (Commerce) has defined the products covered in these investigations as:

Extruded rubber thread . . . defined as vulcanized rubber thread obtained by extrusion of stable or concentrated natural rubber latex of any cross sectional shape, measuring from 0.18 mm, which is 0.007 inch or 140 gauge, to 1.42 mm, which is 0.056 inch or 18 gauge, in diameter.¹⁴

No parties have argued that we should find more than one like product or adopt a definition of like product that includes articles falling outside of this description. Data gathered in these investigations indicate that, based on the six factors listed above, the like product should not be subdivided among the different gauges (18 gauge to 140 gauge) or types of extruded rubber thread. Any variations in types of extruded rubber thread are reportedly minor and generally subdivide the product into various non-exclusive market segments, such as talced, talcless, heat resistant, fine gauge or food grade.¹⁵ The variations in gauges and types of extruded rubber thread have the same basic physical characteristics and uses; can be used interchangeably

¹³ E.g., Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19 and 20, 731-TA-391 through 399 (Final), USITC Pub. 2185 (May 1989).

¹⁴ 56 Fed. Reg. 448158, 48162 (Sept. 24, 1991) (Commerce Notice); see also Staff Report to the Commission at I-3, n.1 (hereinafter "Report").

¹⁵ Report at I-6-7 & n.16; Post-Conference Brief of Respondents, Heveafil Sdn. Bhd. and Rubberflex Sdn. Bhd. at 3-4 (hereinafter "Respondents' Brief"); Petition at 6-13; Transcript of Proceedings in Extruded Rubber Thread from Malaysia (Sept. 19, 1991) (Petitioner/Mr. Friar) at 20-22, (Respondents/Mr. Coyne) at 45-47 (hereinafter "Conference Transcript").

With regard to a product identified in the petition, "multiple strands called vulcanized rubber cord," which is also classified under HTS 4007.00.00, no information could be provided from the parties concerning what that identification in the HTS referred to. See Conference Transcript (Petitioner/Mr. Friar) at 33.

to produce the same end product;¹⁶ have similar performance characteristics;¹⁷ are sold through identical channels of distribution, e.g., directly to manufacturers of intermediate products in the textile industry, regardless of size or type;¹⁸ are manufactured on the same machinery using the same basic latex extrusion process and similar ingredients, with 80% to 85% of the inputs composed of natural latex;¹⁹ and with only slight price variations.²⁰ Due to these overwhelming similarities we do not divide the like product among the various types of extruded rubber thread.

For the first time in these investigations, petitioner indicated in its post-conference brief that it produces a small amount of extruded rubber thread that falls outside the 18 to 140 gauge range defined in the petition. Petitioner argues that this thread not be included in the like product on the basis that its end uses are distinct, its production processes are different, and its prices differ and, therefore, it is not "like" the standard gauge extruded rubber thread.²¹ Because the issue arose late in the investigation, respondent did not have an opportunity to comment on the inclusion of this

¹⁶ The ultimate selection is based on price and user preference. Respondents' Brief at 7; Conference Transcript (Petitioner/Mr. Sullivan) at 23-24.

¹⁷ Respondents' Brief at 4-7; Conference Transcript (Petitioner/Mr. Friar) at 12. Special food grade extruded rubber thread is used in alimentary nettings to store a variety of cured meats (e.g., salami, bologna, arrosti). See Respondents' Brief at 6; Petition, Exhibit 5 (Heveafil Sdn. Bhd. & Filmax Sdn. Bhd. Corporate Catalogue, at 21) & Exhibit 8.

¹⁸ Report at I-11; Respondents' Brief at 7; Petition at 11-12.

¹⁹ Report at I-4-6; Respondents' Brief at 8; Petition at 7; Conference Transcript (Respondents/Mr. Coyne and Mr. Durling) at 74.

²⁰ Respondents' Brief at 9; Conference Transcript (Petitioner/Mr. Sullivan & Mr. Friar) at 37-39, (Respondents/Mr. Coyne) at 74-75; accord Report at I-29-32 & Tables 16-18.

²¹ Post-Conference Brief of Petitioner, North American Rubber Thread Company at 2-4 (hereinafter "Petitioner's Brief").

thread in the like product definition. Thus, we defer the question of whether to include this gauge of extruded rubber thread within the like product definition for any final investigation.

We also do not include spandex or cut rubber thread in the like product definition. All parties agree that spandex (polyurethane fiber) and cut rubber thread are not the same like products as extruded rubber thread. Information gathered in these investigations suggests that spandex and cut rubber thread are quite different from each other. There are many differences between extruded rubber thread and the other two articles, including differences in physical characteristics (different in their elasticity, appearance and durability);²² applications and uses;²³ manufacturing processes and costs (different materials and equipment used);²⁴ price;²⁵ and channels of distribution.²⁶

We further determine that the domestic industry includes all domestic

²² Respondents' Brief at 10; Petition at 13. However, some cut rubber thread is made from natural latex, similar to extruded rubber thread. Petition at 12-13.

²³ Report at I-6-7; Respondents' Brief at 9-10; Petition at 13; Conference Transcript (Petitioner/Mr. Friar & Mr. Sullivan) at 12, 34-36 (spandex is used in bicycle pants and swim suits rather than in waist bands, etc. like extruded rubber thread); Conference Transcript (Respondent/Mr. Coyne) at 46-47. Cut rubber thread is often used to take advantage of its resistance to certain dry cleaning solvents that synthetics can offer. Petition at 13; Conference Transcript (Petitioner/Mr. Friar & Mr. Sullivan) at 36.

²⁴ Report at I-7; Respondents' Brief at 9-10; Petitioner's Brief at 4; Conference Transcript (Petitioner/Mr. Friar) at 12, 33-35; Petition at 4, 13.

²⁵ Report at I-7; Respondents' Brief at 9; Conference Transcript (Petitioner/Mr. Friar) at 35, 37 (spandex is 3 times to perhaps as much as 20 times as expensive per pound as extruded rubber thread); Petition at 13 (cut thread is reportedly 20 to 25 percent more expensive than extruded thread).

²⁶ Petition at 13.

producers of the like product,²⁷ even though two of them imported during the investigation period and, thus, may be considered "related parties."

Respondents requested that one domestic producer, Qualitex, be excluded from the domestic industry as a "related party." Qualitex imported the subject product during the period of investigation and may be otherwise related to one of the respondents in this investigation.

The related parties provision, Section 771(4)(B) of the Tariff Act of 1930,²⁸ allows for the exclusion of certain domestic producers from the domestic industry for the purpose of making an injury determination. When a producer is related to exporters or importers of the product under investigation, or is itself an importer of that product, the Commission may exclude such producer from the domestic industry in "appropriate circumstances." The related party provision may be employed to avoid any distortion in the aggregate data bearing on the condition of the domestic industry that might result from including related parties whose operations are shielded from the effects of the subject imports.²⁹ Application of the related parties provision is within the Commission's discretion based on the

²⁷ Section 771(4)(A) of the Tariff Act of 1930 defines domestic industry as:

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.

¹⁹ U.S.C. § 1677(4)(A).

²⁸ 19 U.S.C. § 1677(4)(B).

²⁹ Empire Plow Co., Inc. v. United States, 675 F. Supp. 1348, 1353 (Ct. Int'l Trade 1987) (quoting S. Rep. No. 249, 96th Cong., 1st Sess. 83, reprinted in 1979 U.S. Code Cong. & Admin. News 381, 469).

facts in each case.³⁰

Applying the provision involves two steps. The Commission first considers whether the domestic producer meets the definition of a "related party" under section 771(4)(B). The statute defines a related party as a domestic producer who is either related to exporters or importers of the product under investigation, e.g., by virtue of a corporate affiliation,³¹ or is itself an importer of that product. Second, the Commission decides whether in view of the producer's related status, "appropriate circumstances" exist for excluding the producer in question from the domestic industry for injury analysis.³²

Two domestic producers in these investigations merit scrutiny on the related parties issue: Qualitex and petitioner, North American,³³ were importers of record during the investigatory period.³⁴ It is clear based on

³⁰ See Empire Plow, 675 F. Supp. at 1352 (citing Gilmore Steel Corp. v. United States, 7 CIT 219, 226, 585 F. Supp. 670, 677 (Ct. Int'l Trade 1984)); Sandvik AB v. United States, 721 F. Supp. 1322, 1332 (Ct. Int'l Trade 1989); S.Rep. No. 249, 96th Cong., 1st Sess. 83, reprinted in 1979 U.S. Code Cong. & Admin. News 381, 469.

³¹ See Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 303-TA-19 and 20, 731-TA-391 through 399 (Final), USITC Pub. 2185 (May 1989) at 40 n.79 ("all foreign-owned domestic producers are related parties both because of their foreign ownership and because they import subject merchandise").

³² See Heavy Forged Handtools from the People's Republic of China, Inv. No. 731-TA-457 (Final), USITC Pub. 2357 (Feb. 1991) at 18-19.

³³ No party has argued that data concerning petitioner, North American, should be excluded on the basis that North American is a "related party." However, North American imported a small amount of the subject product. See Report at I-11; Petition at 17-18.

³⁴ Report at I-10 & n.33. Respondents also make other confidential arguments detailing Qualitex's relationship with one of the respondents. Respondents' Brief at 12-16 & Exhibit 1. Because all of these arguments are made in the confidential portions of respondents' brief, we do not address

(continued...)

these imports alone that the parties are "related." The question is whether appropriate circumstances exist for their exclusion.

In analyzing whether there are appropriate circumstances for excluding domestic producers who appear to be related parties, the Commission has examined the following:

- (1) the position of the related producers vis-a-vis the rest of the domestic industry (i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry);
- (2) the reasons why the domestic producers have chosen to import the product under investigation -- to benefit from the unfair trade practice, or to enable them to continue production and compete in the domestic market; and
- (3) the percentage of domestic production attributable to related producers.³⁵

The Court of International Trade has declared that this is a "reasonable approach when viewed in light of the legislative history."³⁶ The Commission has also considered whether each company's financial records are kept separately from its foreign operations and whether the primary interests of

³⁴ (...continued)

them individually here. However, because Qualitex was an importer of the subject merchandise during the period of investigation, it is a related party, and the question of other possible bases of being considered a related party are in any event moot. We considered all of respondents' arguments and information on this point in considering the question of whether appropriate circumstances exist for excluding Qualitex from the industry, as discussed supra.

³⁵ See Heavy Forged Handtools from the People's Republic of China, Inv. No. 731-TA-457 (Final), USITC Pub. 2357 (Feb. 1991) at 18-19; see also Minivans from Japan, Inv. No. 731-TA-522 (Preliminary), USITC Pub. 2402 (July 1991) at 27; Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final), USITC Pub. 2163 (Mar. 1989) at 17-18.

³⁶ Empire Plow, 675 F. Supp. at 1354.

the related producers lie in domestic production or in importation.³⁷ The Commission has stated that domestic producers who substantially benefit from their relation to the subject imports are properly excluded as related parties.³⁸

Considering that North American is the petitioner in these investigations and that there are, or were, only two other domestic producers, exclusion of data concerning North American would eliminate crucial data depicting the condition of the domestic industry. Moreover, petitioner's imports, particularly in relation to its production, were not substantial.³⁹ There is no evidence to suggest that North American imported the subject product for reasons other than to enable it to continue to compete in the domestic market. For these reasons, we find that appropriate circumstances do not exist to exclude North American from the industry as a related party.

There is dispute between the parties as to whether appropriate circumstances exist to exclude Qualitex.⁴⁰ Respondents claim that inclusion of Qualitex in the injury analysis will "distort" the Commission's analysis of the domestic industry.⁴¹ Petitioner counters, arguing that the level of Qualitex's size and commitment to production of U.S.-made rubber thread demonstrates that it was not importing for circumstances appropriate to

³⁷ See Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798 (Jan. 1986) at 12; see also Heavy Forged Handtools from the People's Republic of China, Inv. No. 731-TA-457 (Final), USITC Pub. 2357 (Feb. 1991) at 19.

³⁸ See Heavy Forged Handtools from the People's Republic of China, Inv. No. 731-TA-457 (Final), USITC Pub. 2357 (Feb. 1991) at 18.

³⁹ Compare Petition at 17-18 (imports), with Report at I-12 & Table 3 (production).

⁴⁰ Respondents' Brief at 13-16; Petitioner's Brief at 5-10.

⁴¹ Respondents' Brief at 16.

exclude it as a related party.⁴² According to the petitioner, "Qualitex's closure was an enormous loss to the U.S. rubber thread industry."⁴³

Data gathered in these preliminary investigations indicate that Qualitex did not benefit as a domestic producer from importing the Malaysian article. Thus it was not "shielded" from any competition from the unfairly traded imports. Petitioner, quoting letters from Qualitex to its customers, argues that "Qualitex was forced to import, as opposed to rely on domestic production, because of the low price of Malaysian imports."⁴⁴ According to petitioner, massive dumped and subsidized Malaysian imports forced Qualitex to change its strategy from being a U.S. producer to being an importer in "a final desperate attempt to survive."⁴⁵ Other information gathered in these investigations also suggests that Malaysian imports may have been a cause of Qualitex's closure.⁴⁶

We have included Qualitex in our industry analysis because appropriate circumstances do not exist to exclude it in these preliminary investigations. Because Qualitex produced domestically in substantial amounts during the investigatory period,⁴⁷ until closing in October 1990, excluding Qualitex would eliminate important domestic industry data which otherwise could distort

⁴² Petitioner's Brief at 7; see also Conference Transcript (Petitioner/Mr. Koenig) at 23.

⁴³ Petitioner's Brief at 7; see also Conference Transcript (Petitioner/Mr. Koenig) at 23.

⁴⁴ Petitioner's Brief at 6.

⁴⁵ Petitioner's Brief at 7.

⁴⁶ The Commission will gather further information on the circumstances regarding Qualitex and its closure in the final investigation. These issues are further discussed in this opinion in the section concerning causation, supra.

⁴⁷ Report at I-12 & Table 3.

the analysis.⁴⁸

III. CONDITION OF THE DOMESTIC INDUSTRY

In making a preliminary determination in an antidumping or countervailing duty investigation, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured "by reason of" the imports under investigation.⁴⁹ Material injury is "harm which is not inconsequential, immaterial or unimportant."⁵⁰

When making a determination as to whether there is a reasonable indication of material injury, the statute provides that the Commission consider in each case:

- (I) the volume of imports of the merchandise which is the subject of

⁴⁸ See, e.g., Portable Electric Typewriters from Singapore, Inv. No. 731-TA-515 (Preliminary), USITC Pub. 2388 (June 1991) at 13 n.42 (party not excluded because "there [was] a distinct possibility that exclusion would distort the relevant data even more than including it").

⁴⁹ 19 U.S.C. § 1673b(a).

Respondents incorrectly argue that the Commission should examine each domestic company separately because it is misleading to aggregate the data, and they address the situation faced by domestic producers on a company-by-company basis. Respondents' Brief at 16.

We note that there is no basis for a firm-by-firm analysis of the condition of the domestic industry. Rather the Commission must examine the condition of the industry as a whole. See Sandvik AB v. United States, 721 F. Supp. 1322, 1330 (Ct. Int'l Trade 1989). In Sandvik, the court found no basis for a firm-by-firm analysis of the condition of the domestic industry as requested by the plaintiffs and stated:

The domestic industry is . . . defined as 'the domestic producers as a whole of the like product . . .' 19 U.S.C.A. § 1677(4)(A). . . . This language makes manifestly clear that Congress intended the ITC [to] determine whether or not the domestic industry (as a whole) has experienced material injury due to the imports. This language defies the suggestion that the ITC must make a disaggregated analysis of material injury.

Id. (quoting Copperweld Corp. v. United States, 682 F. Supp. 552, 569 (Ct. Int'l Trade 1988)) (emphasis in original).

⁵⁰ 19 U.S.C. § 1677(7)(A).

the investigation,

(II) the effect of imports of that merchandise on prices in the United States for like products, and

(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations in the United States.⁵¹

The Commission may consider other factors it deems relevant, but must explain why they are relevant.⁵²

In assessing the condition of the industry, the Commission considers, among other factors, domestic consumption, domestic production, capacity, capacity utilization, shipments, inventories, employment, market share, domestic prices, profitability, return on investments, the ability to raise capital, and investment.⁵³ In addition, the Commission evaluates all of these factors in the "context of the business cycle and conditions of competition that are distinctive of the affected industry."⁵⁴ Due to the limited number of producers, much of our discussion is necessarily general due to concerns about maintaining the confidentiality of business proprietary information.

During the period of investigation, apparent domestic consumption of extruded rubber thread decreased by quantity from 1988 to 1989 but increased from 1989 to 1990, although not to 1988 levels.⁵⁵ However, consumption increased in the first half of 1991 relative to the same period of 1990.⁵⁶

Aggregate domestic capacity decreased slightly between 1988 and 1990

⁵¹ 19 U.S.C. § 1667(7)(B)(i).

⁵² 19 U.S.C. § 1677(7)(B).

⁵³ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁴ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁵ Report at I-9 & Table 2.

⁵⁶ Report at I-9 & Table 2.

notwithstanding a slight increase from 1988 to 1989, and decreased substantially in the first half of 1991 relative to the same time period of 1990, after Qualitex ceased production in October 1990.⁵⁷ Production, by quantity, decreased significantly each year (reflecting in part the withdrawal of Qualitex from the industry), reducing capacity utilization levels steadily during the period of investigation.⁵⁸

Domestic shipments, by quantity and value, follow a similar downward trend as production.⁵⁹ Unit values of shipments, however, experienced a short-lived rise in value in 1989 due to the price spike of natural rubber latex, which affected the general level of rubber thread prices.⁶⁰

End-of-period inventory levels fluctuated for U.S. producers, rising by nearly 55 percent in 1989, then falling in 1990 and in interim 1991.⁶¹

Overall employment in the domestic industry fell from 1988 to 1990 and decreased slightly between the interim periods.⁶² Total hours worked by production workers moved downward in step with employment;⁶³ however, hourly

⁵⁷ Report at I-12 & Table 3. Although the Commission may take into account the departures from an industry as indicating injury, we have assessed the condition of the industry as a whole, and not on a company-by-company basis. See, e.g., Mettalverken Nederland B.V. v. United States, 728 F. Supp. 730, 736 (Ct. Int'l Trade 1989); National Ass'n of Mirror Mfrs. v. United States, 696 F. Supp. 642, 647-48 (Ct. Int'l Trade 1988); Copperweld Corp. v. United States, 682 F. Supp. 552, 569 (Ct. Int'l Trade 1988). Thus, the departure of Qualitex alone is not dispositive, but is a part of our injury analysis.

⁵⁸ Report at I-12 & Table 3.

⁵⁹ Report at I-14 & Table 4.

⁶⁰ Report at I-14 & n.44, 27-28, Table 4, Figure 2.

⁶¹ Report at I-15 & Table 5.

⁶² Report at I-16 & Table 6.

⁶³ Report at I-16 & Table 6.

total compensation rose throughout the period of investigation.⁶⁴

The available data indicate that the market share of extruded rubber thread held by the domestic industry decreased consistently and significantly during the period of investigation, falling from more than 90 percent in 1988 to less than 50 percent in the first half of 1991.⁶⁵

The financial performance of the industry was poor during the period of investigation. Net sales by the domestic industry decreased consistently throughout the period.⁶⁶ The domestic industry reported increasing operating losses during 1988 to 1990, both in absolute dollars and as a share of net sales.⁶⁷

Based upon the data available in these investigations, we find a reasonable indication that the domestic industry is materially injured.⁶⁸ Virtually every indicator demonstrates that the condition of the domestic industry has deteriorated significantly during the period of investigation.

IV. CAUSATION

⁶⁴ Report at I-16 & Table 6.

⁶⁵ Report at I-26 & Table 15.

⁶⁶ Because Qualitex departed from the domestic industry in October 1990, Domestic industry data depicting the interim period 1991 reflects the condition of only Globe and North American, the two remaining producers. Indeed, their conditions may have appeared worse during that period but for Qualitex's departure, which may have provided a short-lived opportunity for additional sales by these surviving domestic producers. We also note that Qualitex did not provide financial data for interim 1990; thus, the decrease in net sales between the interim periods is understated.

⁶⁷ Report at I-16-19 & Tables 7, 8.

⁶⁸ Acting Chairman Brunsdale does not reach a separate legal conclusion regarding the presence or absence of material injury based on the condition of the industry. While she does not believe an independent determination of the condition of the domestic industry is either required by the statute or useful, she finds the discussion of the condition of the domestic industry helpful in determining whether any injury resulting from dumped imports is material.

The Commission must find a reasonable indication of material injury to a domestic industry "by reason of" the allegedly less than fair value or subsidized imports to issue an affirmative preliminary determination.⁶⁹ In making this determination, the Commission is required to consider, *inter alia*, the volume of the imports subject to investigation, the effect of such imports on domestic prices, and the impact of such imports on the domestic industry.⁷⁰ Evaluation of these factors involves a consideration of: (1) whether the volume of imports, or increase in volume is significant, (2) whether there has been significant price underselling by the imported products, and (3) whether imports have otherwise depressed prices to a significant degree, or have prevented price increases.⁷¹ In addition, the Commission must evaluate the impact of the imports in light of relevant economic factors bearing on the industry, such as actual and potential changes in profits, productivity, capacity utilization, and investment.⁷²

The Commission may consider alternative causes of injury, but it is not to weigh causes.⁷³ The Commission need not determine that imports are the

⁶⁹ 19 U.S.C. § 1673b(a).

⁷⁰ 19 U.S.C. § 1677(7)(B).

⁷¹ 19 U.S.C. § 1677(7)(C)(i-iii).

⁷² 19 U.S.C. § 1677(7)(C)(iii).

⁷³ E.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (1988). Alternative causes may include the following:

the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. 317, 96th Cong., 1st Sess. 47 (1979).

principal or a substantial cause of material injury.⁷⁴ Rather, the Commission is to determine whether imports are a cause of material injury.⁷⁵

In terms of both volume and value, imports of extruded rubber thread from Malaysia increased significantly throughout the period of investigation. The volume of Malaysian imports of extruded rubber thread more than doubled from 1988 to 1989, from 1989 to 1990, and again in the first half of 1991 compared to the first half of 1990.⁷⁶

Market penetration of Malaysian imports, by quantity, also increased dramatically and consistently during the period of investigation, increasing from less than 10 percent in 1988 to a 34.9-percent market penetration level in 1990.⁷⁷ Interim period data demonstrate an even more dramatic increase in Malaysian imports, showing an increase in market share from less than 35 percent in the first half of 1990 to over 50 percent in the same period of

⁷⁴ "Any such requirement has the undesirable result of making relief more difficult to obtain for industries facing difficulties from a variety of sources; industries that are often the most vulnerable to less-than-fair-value imports." S. Rep. No. 249, at 74-75.

⁷⁵ E.g., Granges Metallverken AB v. United States, 716 F.Supp. 17, 25 (Ct. Int'l Trade 1989) ("contribute, even minimally"); LMI-La Metalli Industriale, S.p.A. v. United States, 712 F. Supp. 959, 971 (Ct. Int'l Trade 1989) (citing British Steel Corp. v. United States, 8 CIT 86, 96, 593 F. Supp. 405, 413 (1984), aff'd in part and rev'd in part on other grounds, 912 F.2d 455 (Fed. Cir. 1990) (dealing only with the Commerce portion of the CIT opinion)); Citrosuco Paulista, 704 F.Supp. at 1101 ("contribute, even minimally, to conditions of the domestic industry"); Hercules, Inc. v. United States, 673 F. Supp. 454, 481 (Ct. Int'l Trade 1987) ("even slight contribution from imports"); Gifford-Hill Cement Co. v. United States, 615 F.Supp. 577, 585-86 (Ct. Int'l Trade 1985) ("even slight contribution from imports"); see also Maine Potato Council v. United States, 613 F. Supp. 1237, 1244 (Ct. Int'l Trade 1985) (the Commission must reach an affirmative determination if it finds that imports are more than a "de minimis" cause of injury).

⁷⁶ Report at Table 14.

⁷⁷ Report at Table 15.

1991.⁷⁸ Market penetration by value exhibited a similar trend, but at a lower absolute value, reflecting the lower average unit value of import shipments compared with domestic shipments.⁷⁹

The prices for the four selected gauges of U.S.-produced extruded rubber thread for which pricing data were obtained increased in the first quarter of 1989, due to the rise in price of the principal raw material (natural rubber latex).⁸⁰ After this price spike in natural latex receded to previous levels, prices of extruded rubber thread declined during the remainder of the period of investigation to levels near or below their 1988 levels.⁸¹ There is also evidence that prices have been suppressed relative to cost.⁸² Prices of imports from Malaysia followed similar trends, exhibiting declines after the first quarter of 1989 for all four gauges of the product, but by higher percentages than for the U.S.-produced thread.⁸³ Significantly, in each quarterly period for which price comparisons were possible, imports from Malaysia were priced below the domestic product, except with regard to one gauge range in one quarter in which prices were identical.⁸⁴ Margins of underselling for the Malaysian product in the thicker gauges ranged from 7.9

⁷⁸ Report at Table 15.

⁷⁹ Compare Report at Tables 14 & 15 with Tables 16 & 17.

⁸⁰ Report at I-29-32 & Tables 16 & 17; see also supra note 60.

⁸¹ Report at I-29-32 & Tables 16 & 17.

⁸² Report at Table 7.

⁸³ Report at I-29-32 & Tables 16 & 17.

⁸⁴ Information gathered in these investigations indicates that the domestic producers are able to maintain some sales, albeit at higher prices than Malaysian competitors, because domestic producers serve niche markets in which the Malaysians do not compete as effectively and because they are able to take advantage of their ability to satisfy short supply orders more quickly than the Malaysians. See Report at I-27-29; Respondents' Brief at 24-25.

percent in one quarter to as much as 43.7 percent in another quarter.⁸⁵ Margins of underselling for the finer gauge thread ranged from 6.5 percent to 41.2 percent.⁸⁶ We thus find significant underselling by the Malaysian imports.

The domestic industry also lost sales to subject imports due to the lower price of those imports.⁸⁷ The impact of the imports is also reflected in the fact that one domestic producer ceased production due at least in part to lower Malaysian import prices.⁸⁸

In light of the condition of the domestic industry, we conclude that the increasing volumes, underselling and lost sales due to the allegedly unfairly traded imports have adversely affected the domestic industry's performance.

CONCLUSION

Given the essentially fungible nature of extruded rubber thread for most applications, the rapid and significant increase in imports and their large market share, the declines in domestic production, shipments and prices, and the clear evidence of underselling, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of the

⁸⁵ Report at I-32 & Table 18.

⁸⁶ Report at I-32 & Table 18.

⁸⁷ Report at I-33-35.

⁸⁸ Respondents emphasize that Qualitex did not cease production in October 1990 in the United States due to competition from lower priced Malaysian imports but rather did so for other, confidential reasons. See Respondents' Brief at 11-15, 20-22 & Exhibit 1. Petitioner disputes this claim, quoting a letter sent by Qualitex to its existing customers in October 1990 which contradicts respondents' claims and explains that Qualitex indeed ceased production due to competitive Malaysian imports. E.g., Petition at 5 & Exhibit 1; Petitioner's Brief at 7-8 & Exhibit 1; Conference Transcript (Petitioner/Mr. Koenig) at 23. Other information gathered during these investigations suggests that Qualitex's closure was due at least in part to lower priced Malaysian imports of extruded rubber thread. See Report at I-18 & Appendix D.

allegedly LTFV and subsidized imports from Malaysia.⁸⁹

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⁸⁹ Acting Chairman Brunsdale places little weight on evidence of underselling in her analysis of price suppression or depression of domestic prices.

INFORMATION OBTAINED IN THE INVESTIGATIONS

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INTRODUCTION

On August 29, 1991, North American Rubber Thread Company, Inc. (North American), Fall River, MA, filed petitions with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is being materially injured and is threatened with material injury by reason of imports from Malaysia of extruded rubber thread¹ that are allegedly subsidized and sold in the United States at less than fair value (LTFV). Accordingly, effective August 29, 1991, the Commission instituted countervailing duty investigation No. 303-TA-22 (Preliminary) under section 303(a) of the Tariff Act of 1930 (the act) (19 U.S.C. § 1303)² and antidumping investigation No. 731-TA-527 (Preliminary) under section 733(a) of the act (19 U.S.C. § 1673b(a)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

The statute directs the Commission to make its preliminary determination within 45 days after receipt of the petition or, in these investigations, by October 15, 1991. Notice of the institution of the Commission's investigations was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the Federal Register on September 5, 1991 (56 F.R. 43938).³ Commerce published its notices of institution in the Federal Register of September 24, 1991 (56 F.R. 48158 and 48161). The Commission held a public conference in Washington, DC, on September 19, 1991, at which time all interested parties were allowed to present information and data for consideration by the Commission.⁴

THE PRODUCT

Description

The imported product subject to these investigations is vulcanized rubber thread obtained by a low-pressure extrusion of compounded natural rubber latex.⁵ Extruded rubber thread is a monofilament elastic fiber available commercially in sizes ranging in diameter from 7 thousandths of an inch (140 gauge or light gauge) to 56 thousandths of an inch (18 gauge or

¹ The merchandise covered by these investigations is vulcanized rubber thread obtained by extrusion, of stabilized or concentrated natural rubber latex, of any cross-sectional shape, measuring from 0.18 millimeter (0.007 inch or 140 gauge) to 1.42 millimeters (0.056 inch or 18 gauge) in diameter. Extruded rubber thread is provided for in heading 4007.00.00 of the Harmonized Tariff Schedule of the United States (HTS).

² Although Malaysia is not a "country under the agreement" pursuant to section 701(b) of the act, the Commission is conducting a countervailing duty investigation pursuant to section 303 of the act because extruded rubber thread from Malaysia enters the United States free of duty.

³ App. A contains copies of cited Federal Register notices.

⁴ App. B presents a list of conference participants.

⁵ See the glossary in app. C for definitions of technical terms.

heavy gauge).⁶ Sizes from 18 gauge to 110 gauge constitute the normal range for both domestic and imported thread.⁷ Black and white are the typical colors for rubber thread; however, it is also available in a range of other shades such as light blue, red, and cream (or natural colors). For ease of handling, manufacturers generally bond the rubber threads temporarily together into ribbons of various widths. Ribbons can be made from 2 to more than 90 threads; ribbons of 40 and 48 threads are most common.

Manufacturing Process

Figure 1 shows a flowchart of a typical rubber thread manufacturing process. Production of rubber thread begins with the preparation of the rubber latex mixture. Producers add a variety of chemicals⁸ in small amounts to the natural rubber latex to impart desired physical properties⁹ in the end product and to prepare the latex mix for vulcanization. These chemical additives are thoroughly blended with the liquid latex to ensure homogeneity. The latex mix¹⁰ is then "matured" in an activation tank. The maturing process is usually carried out at 77° to 95°F for 1 to 5 days. It produces a product free of lumps and blisters that does not show "necking" when dried and vulcanized.¹¹ After the maturation process, the latex is passed through a homogenizer, which removes any lumps in the mixture.¹² The vacuum/feed tank

⁶ The size of the individual thread is usually expressed in "gauge" or "count," both of which refer to the number of threads which would, if set down side-by-side, produce a ribbon one inch wide. Low counts are used, for example, for furniture webbing, whereas high counts go into socks and stockings.

⁷ The industry often identifies product by "yield." Yield refers to the number of yards of rubber thread drawn from a pound of natural rubber latex. For example, a pound of natural rubber yields 1,150 yards of 34 gauge rubber thread or 1,800 yards of 40 gauge thread.

⁸ These chemical additives may include all or some of the following: stabilizers, pigments, antioxidants, extenders, vulcanizing agents, accelerators, activators, and dispersing agents.

⁹ Such as tensile strength, elongation at room temperature, and resilience or rebound elasticity. According to petitioner (petition, p. 10), the following physical properties have become de facto industry standards worldwide:

<u>Physical properties</u>	<u>Acceptable levels</u>
Elongation at break	650 to 775 percent
Tensile at break	3,000 pounds per square inch (PSI) minimum
Modulus (i.e., the "Schwartz" test)	130 to 170 PSI

¹⁰ Natural rubber latex is the principal component of the finished product, accounting for about 80 to 85 percent by weight (and 50 percent or more of the cost). Natural rubber latex (often called liquid latex) is usually commercially available either as centrifuged (60-percent rubber solids) latex or as creamed (66-percent rubber solids) latex in an aqueous suspension.

¹¹ "Necking" refers to irregular thickening seen upon extension and retraction of the thread.

¹² Lumps cause clogging of the capillary nozzles which may lead to thread breakage.

removes air bubbles and adjusts the feed rate through the extruder (i. e., capillary nozzles or spinnerets) to the acid bath in order to ensure a uniform viscosity of the latex mix. Viscosity affects the rate of flow of the latex mix through the spinnerets; thus, if viscosity changes, the diameter of the thread will change.

The mix is extruded at low pressure through glass capillary nozzles into an aqueous acetic acid solution. The acid acts as a coagulant to solidify the liquid latex into a continuous thread. The speed of the extrusion process depends on the oven length available for drying and curing the thread and on the thread's diameter; the larger diameter thread is processed more slowly than is the smaller diameter thread. It is possible to adjust the thread diameter by adjusting the speed of the draw-off roller. Therefore, with a given latex mix and a particular set of spinnerets, the thread diameter is controlled by the pressure head feeding the latex to the manifold and by the rate of pull-off of the thread by the rollers. As a consequence, a manufacturer can produce the whole range of rubber thread using only two diameters of capillary nozzles.¹³

The newly formed thread passes into a hot wash bath (i. e., 140°-215°F), where the excess acetic acid is washed off. The rubber thread then enters the drying oven (set at 190°-200°F), which lowers moisture to about 5 percent. At this point, the thread is sticky, so a lubricant or antiblocking agent (i. e., talcum powder or silicone emulsion) is applied to "detackify" each thread.¹⁴ After lubrication, the threads are lightly bonded together in ribbons to form flat tapes. The ribbons then enter the vulcanizing oven which is maintained at temperatures from 250°F to 285°F. Depending on the oven's temperature, the ribbons are rotated in the oven for up to 20 minutes. The ribbons then pass over cooling rollers and are either wound onto bobbins or packaged in boxes.

Uses

Rubber thread is used primarily in the textile industry for making narrow elastic fabric.¹⁵ Traditional customers for rubber thread in the textile industry include coverers, weavers, braiders, and knitters. Coverers wrap rubber thread with a rigid fiber, such as nylon or cotton, to limit elongation and maintain the thread under constant tension. Using varying

¹³ The diameter of the thread made in the extrusion process depends on the following factors: (a) the total solids content and specific gravity of the mix; (b) the diameter of the capillary tube; (c) the rate of flow of latex through the spinneret, itself dependent on the diameter and length of the glass capillary tube, the viscosity of the latex, and the pressure from the hydrostatic head feeding the latex to the manifold; and, (d) the rate of pull-off of the thread by the rollers.

¹⁴ The development in 1969 of silicone for this use was a technological breakthrough. Silicone replaced talcum powder, since the use of talcum powder caused environmental concerns and also resulted in problems with excessive machine abrasion in both the process of manufacturing and the end use of thread. *Petition*, pp. 9-10.

¹⁵ Narrow fabric is less than 6 inches in width and more typically is from 0.38 inch to 1.25 inches wide.

manufacturing techniques, the weavers, braiders, and knitters incorporate rubber thread, bare or covered, into their production of narrow fabric and sell their output to apparel makers.

Textile manufacturers use narrow fabric in a wide range of clothing articles. Petitioner supplied the Commission with a list of the typical applications for rubber thread and estimates of their shares of market sales for 1988 and 1991 and the gauge ranges for each use (table 1):¹⁶

Table 1

End use applications for rubber thread and estimated market shares and gauge ranges, 1988 and 1991

* * * * *

Source: North American.

The bulk of industry trade occurs in roughly the 26-40 gauge range, because products--such as women's garments (e.g., panty hose and lingerie), underwear waistbands, and outerwear--require rubber thread of such dimensions. Rubber thread also finds application in nontraditional markets (e.g., elastic bands on face masks, leg bands on disposable diapers, and the "koosh ball").

Substitute Products

Other products, such as cut rubber thread or Spandex, can be substituted for extruded rubber thread in only a limited number of applications.¹⁷ The inherent physical properties of natural rubber latex make extruded rubber thread of natural rubber uniquely suited for certain end uses. Even in those applications for which other products may be substituted, extruded rubber thread is generally preferred because of a significant cost advantage over both cut rubber thread and Spandex.¹⁸

U.S. Tariff Treatment

Effective January 1, 1989, imports of rubber thread are classified in heading 4007.00.00 (vulcanized rubber thread and cord) of the HTS. The column

¹⁶ Respondents broke down the market for rubber thread into 5 segments: talced (representing approximately 20 percent of the U.S. market), talc-free (60 percent), heat-resistant (10 percent), fine gauge (8 percent), and food-grade (2 percent). Except for food-grade use, all of these applications are in the textile industry. Respondents' brief, p. 4.

¹⁷ Walter Coyne, Flexfil, conference transcript (transcript), p. 46. Mr. Coyne noted that "...in most cases, probably 95 percent of the cases, [Spandex and cut rubber thread] are not like products."

¹⁸ Petition, pp. 12-13, and respondents' brief, pp. 9-10. None of the U.S. extruded rubber thread producers manufactures cut rubber thread; one produces Spandex ***.

1-general rate of duty is 4.2 percent ad valorem. Imports of vulcanized rubber thread and cord from enumerated sources are eligible for duty-free entry under the Generalized System of Preferences (GSP), and Malaysia is designated a beneficiary developing country for purposes of the GSP.¹⁹ Vulcanized rubber thread and cord was previously provided for in several residual or "basket" categories in schedule 7 of the former Tariff Schedules of the United States (TSUS), principally under TSUS item 774.25.

THE NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT ITFV

Alleged Subsidies

Petitioner believes that a range of Malaysian Government programs has unfairly aided Malaysian producers/exporters of extruded rubber thread.²⁰ Various government-supported production and export schemes allegedly include an investment tax allowance, tax abatements and other allowances, free trade zones, export credit refinancing, rubber discounts, and other incentives.

Alleged Sales at ITFV

Because petitioner believes that no significant market for rubber thread exists in Malaysia and because its efforts to obtain price information for third markets proved unsuccessful, it based its dumping margin calculation on constructed value. In constructing a foreign market value and determining a U.S. price, petitioner relied on price quotations and invoices obtained from U.S. end users, conversations with other manufacturers of latex products, its own experience in purchasing from other rubber thread producers, and its general market knowledge. Petitioner places the alleged dumping margins for the two largest Malaysian producers--Heveafil Sdn. Bhd. (Heveafil) and Rubberflex Sdn. Bhd. (Rubberflex)--at 18 percent and 32 percent, respectively.

THE U.S. MARKET

Apparent U.S. Consumption

The Commission collected data on apparent U.S. consumption from producer and importer questionnaire responses. Table 2 presents the data for U.S. producers' U.S. shipments, importers' U.S. shipments, and apparent consumption.

¹⁹ On June 1, 1991, before the GSP subcommittee, Trade Policy Staff Committee, Office of the U.S. Trade Representative, North American filed a GSP petition that requests the withdrawal of duty-free treatment for imports from Malaysia entering the United States under HTS heading 4007.00.00. That proceeding is pending.

²⁰ See petition, pp. 35-43 and exhibit 11.

Table 2

Extruded rubber thread: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 pounds)					
Producers' U.S. shipments . . .	26,490	21,499	17,191	9,512	***
Importers' U.S. shipments:					
Malaysia	***	***	9,741	***	***
Other sources	***	***	957	***	***
Total	***	4,732	10,699	5,318	***
Apparent consumption . . .	***	26,231	27,890	14,830	15,759
Value (1,000 dollars)					
Producers' U.S. shipments . . .	50,937	49,144	32,091	17,793	***
Importers' U.S. shipments:					
Malaysia	***	***	10,462	***	***
Other sources	***	***	1,146	***	***
Total	***	7,570	11,609	5,775	***
Apparent consumption . . .	***	56,248	43,699	23,568	23,993

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

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

Apparent consumption fluctuated somewhat over the course of the investigation period. It fell *** percent in quantity in 1989 and rose by 6 percent in 1990. Consumption rose 6 percent in the first 6 months of 1991 in comparison with the same period in 1990.

U.S. Producers

Three U.S. firms produced extruded rubber thread during the period of investigation. North American produces a range of extruded rubber thread products, yet it generates the bulk of its sales in the relatively heavy standard gauge range.²¹ In addition to rubber thread, North American produces small quantities of bungee cord from scrap material generated in the manufacture of rubber thread.²²

²¹ The gauge range 26-40 corresponds roughly to the commodity or standard gauge market segment. A majority of industry sales occur in this market segment, where price is the most important selling factor. ***.

²² North American produces some *** gauge rubber thread, ***. Petitioner's sales of *** gauge thread reached *** percent of its total rubber thread sales

(continued...)

Globe Manufacturing Co., Inc. (Globe), located in Fall River, MA, also produces a wide range of rubber thread products. *** it is especially known for selling actively in the specialty product segments, including heat-resistant, food grade, and very fine gauge.²³ In addition to rubber thread, Globe manufactures Spandex and *** from Spandex sales in recent years. Globe is reportedly negotiating with an Indonesian firm to produce rubber thread in Indonesia through a joint-venture.²⁴ A representative of Globe indicated that ***.²⁵

The final U.S. producer, Qualitex, Inc., Johnston, RI, and Charlotte, NC, exited the extruded rubber thread industry in October 1990 with the sale of its product line, inventory, accounts receivables, and customer list to Heveafil, one of the Malaysian respondents in these investigations. ***.²⁶ Heveafil argues that ***.²⁷ ²⁸ ***. ***.²⁹

Qualitex currently maintains a small maintenance and security staff in its Rhode Island production plant,³⁰ while a small number of executives relocated to Charlotte, NC, to join Heveafil's U.S. affiliate ***. ***.³¹

U.S. Importers

A handful of firms imported extruded rubber thread from Malaysia during the period of investigation. The principal importers are Heveafil Sdn. Bhd. USA Branch, Inc. (Heveafil USA) and Flexfil Corporation (Flexfil), based in Charlotte and Hickory, NC, respectively. Heveafil USA markets Malaysian rubber thread primarily to apparel manufacturers in the narrow fabric industry and offers products in all of the product categories. Heveafil first began

²² (...continued)

in the first half of 1991. All sales of *** gauge rubber thread were to a single customer. Petitioner argues that this product is not a domestic like product due to the inherent differences between *** gauge and standard rubber thread in terms of manufacture, price, and marketing. Petitioner's brief, pp. 2-3.

²³ Transcript, p. 51.

²⁴ See newspaper article in respondents' brief, exhibit 2.

²⁵ Telephone conversation with ***.

²⁶ ***. For information on the relationship between Qualitex and Heveafil, see respondents' brief, pp. 12-16 and ***.

²⁷ ***.

²⁸ An official of Qualitex stated in a letter dated Oct. 30, 1990, that the closure of the firm was "brought about as a direct result of the arrival of foreign goods...in the last two years...from the far east" which were purchased in "ever increasing quantities." The letter goes on to say that the "price erosion that has occurred as a result of the introduction of these goods...has reached the point that Qualitex Inc. can no longer be competitive." App. D presents this letter.

²⁹ The relationship between Qualitex and Heveafil also involved imports of rubber thread. ***.

³⁰ ***.

³¹ Telephone conversation with ***.

direct sales of rubber thread in the U.S. market in late 1990. As noted above, Qualitex acted as Heveafil's *** U.S. importer and distributor prior to that time.³²

Flexfil is the U.S. affiliate of the Malaysian rubber thread maker Rubberflex. Flexfil markets Rubberflex's complete line of rubber thread products to U.S. narrow fabric producers. In 1988, Rubberflex sold its thread through Sher & Mishkin, Inc. (Sher & Mishkin) of Kutztown, PA, and Hickory, NC, a wholesale distributor to the apparel industry.³³ Rubberflex has also sold some quantities of rubber thread directly to U.S. end users ***³⁴ ***; and ***. *** manufactures covered rubber yarns, *** purchases food-grade rubber for its own consumption,³⁵ and *** produces elastic fabric.³⁶

North American imported a *** amount of rubber thread from *** in 1990 and 1991.³⁷ ***.³⁸ Additionally, North American purchased some quantities of rubber thread from ***.

The only other known importers of rubber thread - Fletcher International, Inc. (Fletcher), Southern Pines, NC, and FLE-USA, Inc. (FLE), West Warwick, RI - bought rubber thread from Filati Lastex Elastofibre, S.p.A. (Filati), an Italian manufacturer. Fletcher ***.³⁹ FLE began importing from its parent firm Filati in ***. ***. ***.⁴⁰

Channels of Distribution

Domestic producers and importers of rubber thread from Malaysia sell rubber thread directly to unrelated manufacturers of elasticized intermediate goods, such as round or flat braid, knitted or woven narrow fabric, and covered rubber yarns. U.S. producers and importers of Malaysian rubber thread did not report any sales to distributors during the period of investigation. Purchasers often buy small quantities of imported Malaysian rubber thread from importers' stock in U.S. warehouses. Full container load (22,000 pounds) purchases of imported rubber thread are usually shipped directly from the production facilities in Malaysia to the buyer's facilities in the United States.⁴¹

³² Qualitex imported from *** in 1988 and from *** in 1989 and 1990.

³³ ***.

³⁴ ***.

³⁵ ***.

³⁶ Telephone conversation with ***.

³⁷ These imports totalled ***.

³⁸ ***.

³⁹ ***.

⁴⁰ ***.

⁴¹ In both cases, the customer is buying rubber thread from the importer and is not the importer of record.

**CONSIDERATION OF MATERIAL INJURY TO AN INDUSTRY
IN THE UNITED STATES**

The following information pertains to all of the known U.S. producers of extruded rubber thread during the period of investigation. North American provided a complete questionnaire response, and Globe's response was substantially complete.⁴² Commission staff constructed a producer questionnaire response for Qualitex based on its detailed financial statements and in consultation with company executives. Staff was unable to develop employment or pricing information, however. Nonetheless, for production, capacity, shipments, and financial performance, the data coverage for the U.S. industry is 100 percent.

U.S. Production, Capacity, and Capacity Utilization

Table 3 lists production, capacity, and capacity utilization for the three U.S. producers, by company.

Total U.S. industry capacity fluctuated slightly between 1988 and 1990, ending the period less than 1-percent lower than at the beginning. Only North American ***. In the interim periods, the closure of Qualitex's facility becomes apparent. Industry production capacity dropped more than *** percent in interim 1991, after Qualitex ceased production in October 1990.

Production registered a decline in each successive time period. In 1989, it fell 15 percent and in 1990 it dropped another 23 percent; output in interim 1991 was nearly *** lower than in interim 1990, reflecting the withdrawal of Qualitex from the market. The steady decline in *** and eventual cessation of production explain this downward trend. Given the small decline in capacity and the significant reduction in output, capacity utilization declined from 84.7 percent in 1988 to 55.8 percent in 1990. In interim 1990 and 1991, these rates were 56.4 percent and *** percent, respectively.

⁴² Globe was unable to supply timely pricing data.

Table 3

Extruded rubber thread: U.S. capacity, production, and capacity utilization, by firms, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990 ¹	1991
Average-of-period capacity (1,000 pounds)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Total	31,161	31,823	30,965	17,014	***
Production (1,000 pounds)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Total	26,382	22,565	17,279	9,588	***
Average-of-period capacity utilization (percent)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Average	84.7	70.9	55.8	56.4	***

¹ Qualitex's production figure is a staff estimate based on 1990 yearend financial statements.

Note.--Because of rounding, figures may not add to the totals shown. Ratios are calculated from the unrounded figures.

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

U.S. Producers' Domestic Shipments, Company Transfers, and Export Shipments

During the period of investigation, U.S. producers reported no company transfers and only a small amount of exports.⁴³ Table 4 contains producers' U.S. shipments.

⁴³ There are no company transfers since none of the producers manufactures a downstream product which contains rubber thread. North American reported the following export sales ***.

Table 4

Extruded rubber thread: U.S. producers' U.S. shipments, by firms, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990 ¹	1991
Quantity (1,000 pounds)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Total	26,490	21,499	17,191	9,512	***
Value (1,000 dollars)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Total	50,937	48,678	32,091	17,793	***
Unit value (per pound)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Average	\$1.92	\$2.26	\$1.87	\$1.87	***

¹ Figures for Qualitex are staff estimates based on 1990 yearend financial statements.

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded figures.

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

The trend in shipments closely follows the trend in production. Between 1988 and 1990, domestic shipments by U.S. producers declined 35 percent; between January-June 1990 and January-June 1991, such shipments fell by *** percent. The unit value of shipments stayed fairly consistent throughout the period with the exception of 1989. This short-lived upward shift in unit value reflects a jump in the price of natural rubber latex which affected the general level of rubber thread prices worldwide.⁴⁴

⁴⁴ Speculation on the impact of AIDS on future latex demand drove the price of latex to all-time highs in late 1988 and early 1989. See figure 2 in the "Prices" section.

U.S. Producers' Inventories

Table 5 gives U.S. producers' end-of-period inventories since 1988.

Table 5

Extruded rubber thread: End-of-period inventories of U.S. producers, by firms, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990 ¹	1991
Quantity (1,000 pounds)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Total	1,030	1,594	***	1,478	***
Ratio to production (percent)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Average	3.9	7.1	***	7.7	***
Ratio to total shipments (percent)					
North American	***	***	***	***	***
Globe	***	***	***	***	***
Qualitex	***	***	***	***	***
Average	3.8	7.2	***	7.5	***

¹ Figures for Qualitex are staff estimates based on 1990 yearend financial statements.

Note.--Because of rounding, figures may not add to the totals shown. Ratios are calculated from the unrounded figures. Part-year inventory ratios are annualized.

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

Inventory levels fluctuated--rising by nearly 55 percent in 1989 and falling by *** percent in 1990. Inventories declined *** percent between the interim periods. Inventories as ratios to production and shipments rose in 1989 from slightly less than 4 percent to slightly more than 7 percent. After that initial rise, these ratios ***.

U.S. Employment, Wages, and Productivity

Both North American and Globe provided usable data on employment and wages.⁴⁵ Table 6 presents these data.

Table 6

Average number of production and related workers producing extruded rubber thread, hours worked, wages and total compensation paid to such employees, hourly wages and total compensation, productivity, and unit labor costs, by products and by firms, 1988-90, January-June 1990, and January-June 1991

* * * * *

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

The number of workers producing rubber thread at North American and Globe ***. Employment in the interim periods was *** slightly. The total hours worked by production workers moved *** in step with employment. While employment ***, ***. Between the first 6 months of 1990 and the first 6 months of 1991, hourly compensation *** percent.

Financial Experience of U.S. Producers

Three U.S. producers--Globe, North American, and Qualitex--accounting for all U.S. production of extruded rubber thread during the period of investigation, provided income-and-loss data on their extruded rubber thread operations and on their establishment operations. Qualitex discontinued its production and sales operations of extruded rubber thread in October 1990 and did not supply interim data for 1990.

Operations on Extruded Rubber Thread

Table 7 provides data on the income-and-loss experiences of the three producers on their rubber thread operations; table 8 presents selected income-and-loss indicators for these same operations. Net sales of extruded rubber thread declined by 0.8 percent from \$50.3 million in 1988 to \$49.9 million in 1989 and then fell precipitously, by 36 percent, to \$32.0 million in 1990 (table 7). During January-June, the combined net sales of two firms--Globe and North American--***; however, if Qualitex's estimated sales of \$*** million during January-June 1990 and zero sales in January-June 1991 are added

⁴⁵ Qualitex supplied unusable employment data in its questionnaire response. According to an article in the industry press, nearly 80 people lost their jobs when Qualitex closed in October 1990. *Rubber & Plastics News*, Jan. 21, 1991. See petition, exhibit 1.

Table 7
Income-and-loss experience of U.S. producers on their operations producing extruded rubber thread, fiscal years 1988-90, January-June 1990, and January-June 1991¹

Item	1988	1989	1990	January-June-- ²	
				1990	1991
Value (1,000 dollars)					
Net sales	50,316	49,933	31,971	***	***
Cost of goods sold	44,802	45,934	31,760	***	***
Gross profit	5,514	3,999	211	***	***
Selling, general, and administrative expenses	***	***	2,889	***	***
Operating income or (loss)	***	***	(2,678)	***	***
Startup or shutdown expense	***	***	***	***	***
Interest expense	878	***	634	***	***
Other income or (expense), net	***	***	***	***	***
Net (loss) before income taxes	(1,727)	(2,507)	(3,108)	***	***
Depreciation and amortization	1,340	1,318	1,314	***	***
Cash flow ³	(387)	(1,189)	(1,794)	***	***
Ratio to net sales (percent)					
Cost of goods sold	89.0	92.0	99.3	***	***
Gross profit	11.0	8.0	0.7	***	***
Selling, general, and administrative expenses	***	***	9.0	***	***
Operating income or (loss)	***	***	(8.4)	***	***
Net (loss) before income taxes	(3.4)	(5.0)	(9.7)	***	***
Number of firms reporting					
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	3	3	3	2	2

¹ The 3 firms are Globe, North American, and Qualitex. The fiscal year of North American ends Mar. 31, and the fiscal year of the other two firms ends Dec. 31.

² Data of Qualitex for January-June 1990 are not available. Qualitex had no production in January-June 1991, as it closed its rubber thread operations in October 1990.

³ Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 8

Selected income-and-loss data of U.S. producers on their operations producing extruded rubber thread, by firms, fiscal years 1988-90, January-June 1990, and January-June 1991

* * * * *

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

to aggregate sales shown in the table, a decline of *** percent in total sales would be realized from January-June 1990 to the comparable period in 1991.

During 1988-90, each firm showed a *** trend in sales of rubber thread except ***, whose sales *** by *** percent from 1988 to 1989. From January-June 1990 to the same period in 1991, ***.

The rubber thread industry reported operating losses throughout the period covered by the investigation except ***. The operating losses increased from \$***, or *** percent of net sales, in 1988 to \$***, or *** percent of net sales, in 1989 and to \$2.7 million, or 8.4 percent of net sales, in 1990. In January-June 1991, the remaining two firms reported aggregate *** of \$***, or *** percent of net sales, compared with *** of \$***, or *** percent of net sales, during the corresponding period of 1990.

Qualitex reported *** in 1989 and *** in 1990 as its sales *** each year. The firm stopped production and sold its accounts receivables of \$*** and inventory of \$*** to the Malaysian rubber thread producer, Heveafil, in October 1990. Qualitex incurred expenses of *** \$*** for waste treatment relating to the closing of its plant and \$*** for shutdown expenses in 1990.

North American indicated in its questionnaire response that "****." North American reported *** for each period covered by the investigation, *** from 1988 to 1989 but *** in 1990 (table 8). North American attributed *** in January-June 1991 compared to the same period in 1990 to the sale of rubber thread for ***, which accounted for *** percent of its total sales and *** percent of its net income on rubber thread operations for the 6-month period. The company said that it did not have to compete with imported product in the *** market and it averaged about \$*** per pound profit on the sale of rubber thread for the ***. ***.

The largest producer, Globe, accounted for *** percent of total industry sales in 1988, *** percent in 1989, *** percent in 1990, *** percent in January-June 1990, and *** percent in January-June 1991. It *** in each reporting period except January-June 1990.

Overall Establishment Operations

Income-and-loss data on overall establishment operations are presented in table 9. Qualitex produced only rubber thread in its establishment. North American's rubber thread sales accounted for *** percent or more of its establishment sales. Its establishment's trends in sales and operating income

Table 9

Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein extruded rubber thread is produced, fiscal years 1988-90, January-June 1990, and January-June 1991

* * * * *

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

*** of its operations on rubber thread. Globe's rubber thread sales as a share of its total establishment sales *** from *** percent in 1988 to *** percent in January-June 1991. Globe's operations relating to its *** product, Spandex thread, were *** in each reporting period. Its sales of Spandex thread accounted for *** percent or more of its aggregate establishment sales during the reporting periods. Hence, trends in aggregate establishment operating income and income margins *** for rubber thread operations. Globe maintains separate accounting records on its rubber thread and Spandex thread operations.

Investment in Productive Facilities

The value of property, plant, and equipment and total assets of the reporting firms are presented in table 10. The return on the book value of fixed assets and the return on total assets are also shown.

Table 10

Value of assets and return on assets of U.S. producers' establishments wherein extruded rubber thread is produced, fiscal years 1988-90, January-June 1990, and January-June 1991

* * * * *

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

Operating and net returns for rubber thread on the book value of fixed assets and on total assets generally followed the same trend as did the ratios of operating and net income to net sales during the period of investigation. Total assets declined because of the sale by Qualitex of its accounts receivable and inventory in 1990. Only North American and Globe provided data for the interim periods.

Capital Expenditures

The capital expenditures incurred by North American and Globe are shown in the following tabulation (in thousands of dollars):

* * * * *

Globe indicated that the majority of its capital expenditures of \$*** million in 1990 were for ***. Qualitex did not provide data on capital expenditures.

Research and Development Expenses

The research and development expenses reported by North American and Globe are shown in the following tabulation (in thousands of dollars):

* * * * *

Qualitex reported *** research and development expenditures.

Impact of Imports on Capital and Investment

The Commission requested each producer to describe any actual and/or potential negative effects of imports of rubber thread from Malaysia on its growth, investment, and ability to raise capital, or on its existing development and production efforts (including efforts to develop a derivative or improved version of its products). Appendix E presents the producers' responses.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors⁴⁶--

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

⁴⁶ Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.⁴⁷

⁴⁷ Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

Agricultural products (item (IX)) are not an issue in these investigations. The available information on the nature of the alleged subsidies (item (I) above) is presented in the section of this report entitled "The Nature and Extent of Alleged Subsidies and Sales at LTFV;" information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in appendix E. Available information follows on U.S. inventories of the subject product (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets.

U.S. Importers' Inventories

The Commission received eight completed importer questionnaires;⁴⁸ only one known importer, ***, did not supply usable import data.⁴⁹ In part because of the limited number of importers, data coverage on imports is quite high, perhaps 90 percent. Table 11 contains data provided by questionnaire respondents on importers' ending inventories.

Importer inventories of imports from Malaysia began at a *** level in 1988, nearly *** in 1989, and then almost doubled in 1990. Inventories in the first half of 1991 were more than four times as high as those reported in interim 1990. Although inventories of subject imports grew throughout the period, the ratio of inventories to imports actually declined somewhat during 1988-90, reflecting an even larger increase in imports.

⁴⁸ *** provided usable import data in a telephone conversation, Sept. 24, 1991.

⁴⁹ ***.

Table 11

Extruded rubber thread: End-of-period inventories of U.S. importers, by sources, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 pounds)					
Malaysia	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	1.202	2.097	1.051	4.367
Ratio to imports (percent)					
Malaysia	***	***	***	***	***
Other sources	***	***	***	***	***
Weighted-average	***	21.4	18.3	***	***
Ratio to total shipments of imports (percent)					
Malaysia	***	***	***	***	***
Other sources	***	***	***	***	***
Weighted-average	***	25.4	19.6	***	***

Note.--Because of rounding, figures may not add to the totals shown. Ratios are calculated from the unrounded figures, using data of firms supplying both numerator and denominator information. Ratios for the interim periods are calculated on the basis of annualized imports and shipments.

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

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

The Commission requested the respondents to supply information on their Malaysian operations. The following tables present this information by company; appendix F shows the data for Heveafil and Rubberflex combined.

Heveafil controls an affiliated company in Malaysia--Filmax Sdn. Bhd. (Filmax). Heveafil submitted the following data on both its operations and those of Filmax (table 12).

Table 12

Extruded rubber thread: Heveafil and Filmax's capacity, production, shipments, and inventories, 1988-90, January-June 1990, January-June 1991, and projected, 1991-92

* * * * * * *

Source: Compiled from data submitted by counsel for the respondents.

Heveafil's production and capacity nearly *** between 1988 and 1990. It projects further growth of *** and *** percent in 1991 and 1992, respectively. This growth reflects Heveafil's ***.

The data show a *** rise in exports to the United States. They began the period at *** and increased to more than *** million pounds by 1990; between 1989 and 1990, they more than ***. A comparison of interim-period numbers reveals nearly a *** of U.S.-bound exports. The figures also document the *** share of exports destined for the United States. While other markets, especially the traditional textile manufacturing countries such as *** command the lion's share of Heveafil's exports,⁵⁰ the United States has accounted for *** share of total shipments. In 1989 and 1990, respectively, the U.S. market consumed *** percent and *** percent of Heveafil's shipments of rubber thread. By interim 1991, that figure stood at *** percent.

Table 13 contains the information provided by Rubberflex on its Malaysian production.

Table 13

Extruded rubber thread: Rubberflex's capacity, production, shipments, and inventories, 1988-90, January-June 1990, January-June 1991, and projected, 1991-92

* * * * *

Source: Compiled from data submitted by counsel for the respondents.

Rubberflex, a start-up company in 1986, *** increased its capacity, by *** percent, between 1988 and 1990. It began exporting to the United States in ***⁵¹ and increased its exports ***. Exports to the United States expanded nearly *** percent in 1989 and they rose more than *** percent the following year. The figures for the interim periods show a ***-percent rise.

Like Heveafil, Rubberflex ships most of its exports to countries other than the United States. ***, the share of Rubberflex's total shipments going to the United States *** from *** percent in 1988 to *** percent in 1990.⁵² In the first 6 months of 1991, this figure *** percent compared with *** percent in the previous interim period.

The petition lists several other significantly smaller Malaysian rubber thread producers.⁵³ Rubfil sold *** quantities of product to *** in ***. Aside from these sales, Commission staff has no evidence of Rubfil's presence in the U.S. market. Filati Lastex Elastofibre (M) Sdn. Bhd. (FLEM) is associated with FLE, the U.S. importer. The Italian parent firm (Filati)

⁵⁰ Heveafil sells only from *** to *** percent of its output in its home market.

⁵¹ Respondents' brief, p. 21.

⁵² The share sold in Malaysia remained at roughly *** percent.

⁵³ Petition, p. 15.

recently ***. ***.⁵⁴ The other two producers--Rubber Thread Industries (M) Sdn. Bhd. and Hulme Industries--appear not to be actively involved in the U.S. market.

The Government of Brazil is currently conducting a countervailing duty investigation on rubber thread imports from Malaysia.⁵⁵ In addition, *** manufacturer recently filed a countervailing duty/antidumping petition with its government.⁵⁶ Action on both petitions is pending. Finally, petitioner submitted some information on tariffs imposed on Malaysian rubber thread by Thailand and Indonesia.⁵⁷

**CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS
OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY**

U.S. Imports

Table 14 provides data on imports of rubber thread into the United States during the period of investigation.

Imports of rubber thread increased markedly between 1988 and 1990. Imports from Malaysia *** in 1989 and more than doubled in 1990 in volume terms. These imports expanded further in January-June 1991. In fact, the first 6 months of 1991 saw imports from Malaysia exceed the total volume for ***. These figures again point to the establishment of Rubberflex as a major player in the U.S. market and to Heveafil's ***.

⁵⁴ ***.

⁵⁵ Petition, exhibit 16.

⁵⁶ Petitioner's brief, pp. 14-15.

⁵⁷ Petitioner's brief, p. 14 and exhibits 6 and 7.

Table 14

Extruded rubber thread: U.S. imports, by sources, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Quantity (1,000 pounds)					
Malaysia	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	5,621	11,597	***	***
Value (1,000 dollars)					
Malaysia	***	***	***	***	***
Other sources	***	***	***	***	***
Total	***	7,798	11,060	***	***
Unit value (per pound)					
Malaysia	***	***	***	***	***
Other sources	***	***	***	***	***
Average	***	\$1.39	\$0.95	***	***

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated from the unrounded figures, using data of firms supplying both quantity and value information.

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

U.S. Market Shares

Table 15 shows the market penetration by imports from Malaysia and other sources.

Since 1988, U.S. producers have supplied a decreasing share of U.S. apparent consumption. In 1988, 1989, and 1990, their share of apparent domestic consumption stood at *** percent, 82.0 percent, and 61.6 percent, respectively, in volume terms. In the meantime, market penetration by the subject imports increased substantially; shipments of imports from Malaysia accounted for *** percent, *** percent, and 34.9 percent of U.S. consumption, during 1988-90, respectively. By interim 1991, domestic rubber thread makers satisfied only *** percent of U.S. demand, while importers of Malaysian thread supplied fully *** percent. In value terms, Malaysian market penetration was consistently lower as a result of a generally lower price level for the imported product.

Table 15

Extruded rubber thread: Shares of the quantity and value of U.S. apparent consumption accounted for by U.S. shipments of domestic product and U.S. shipments of imports, 1988-90, January-June 1990, and January-June 1991

Item	1988	1989	1990	January-June--	
				1990	1991
Share of the quantity of U.S. consumption (percent)					
Producers' U.S. shipments . . .	***	82.0	61.6	64.1	***
Importers' U.S. shipments:					
Malaysia	***	***	34.9	***	***
Other sources	***	***	3.4	***	***
Total import shipments . . .	***	18.0	38.4	35.9	***
Total shipments	100.0	100.0	100.0	100.0	100.0
Share of the value of U.S. consumption (percent)					
Producers' U.S. shipments . . .	***	86.5	73.4	75.5	***
Importers' U.S. shipments:					
Malaysia	***	***	23.9	***	***
Other sources	***	***	2.6	***	***
Total import shipments . . .	***	13.5	26.6	24.5	***
Total shipments	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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

Prices

Market Characteristics

Domestic producers and importers of rubber thread from Malaysia typically sell their product to manufacturers of elasticized intermediate goods such as round or flat braid, knitted or woven narrow fabric, and covered rubber yarns. These intermediate goods are used in the production of end products such as hosiery, undergarments, active wear, medical garments, dust masks, and toys (such as koosh balls). Domestic producers and importers of Malaysian rubber thread generally sell directly to the manufacturer, and the imports are shipped either from stock in U.S. warehouses or directly from the production facilities in Malaysia.⁵⁸

Natural rubber latex is the most important input in the production of rubber thread, accounting for 80-85 percent by weight of the finished rubber

⁵⁸ In both cases, the customer is buying rubber thread from the importer and is not the importer of record.

thread product.⁵⁹ Since the latex input cost accounts for the largest share of the total cost of producing extruded rubber thread, latex prices influence the price of extruded rubber thread.⁶⁰ Delivered prices for North American's 1988-89 contract purchases of natural rubber latex from its principal supplier, ***, are shown in figure 2. Latex prices were relatively stable during most of 1988, increasing slightly from \$*** per pound in January 1988 to \$*** per pound in October 1988. Prices rose to \$*** per pound in November 1988, then increased sharply to \$*** per pound in December 1988. During 1989, prices returned to pre-November 1988 levels, falling to \$*** per pound in October 1989. In its questionnaire response, North American reported that, since the end of 1990, latex prices have gradually fallen to \$*** per pound.

Figure 2

Delivered prices of natural rubber latex supplied to North American, by months, January 1988-December 1989

* * * * *

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

Domestic and imported Malaysian rubber thread are typically quoted on a delivered price basis. Two U.S. producers, Globe and Qualitex, reported that they issue price lists, which are generally used as starting points in price negotiations. The other U.S. producer, North American, and the importers of Malaysian rubber thread do not issue price lists. Globe offers *** and *** percent discounts for payment within *** days. North American occasionally offers discounts for payment within *** days. One importer of Malaysian rubber thread, Flexfil, offers a *** percent quantity discount to customers who buy full containers of rubber thread shipped directly to their plants. Domestic producers typically offer sales terms of net 30-60 days, whereas importers of Malaysian rubber thread offer sales terms of net 45-60 days and, in a few cases, net 90 days.

Domestic producers and importers sell both on a contract and a spot basis. Globe sells *** percent of its rubber thread on a contract basis. Globe's contracts ***. North American sells *** of its rubber thread on a spot basis. Flexfil sells *** of its rubber thread by contract and *** on a spot basis. Flexfil's contracts ***. Sher & Mishkin sold *** percent of its rubber thread on a contract basis and the remaining *** percent on a spot basis.⁶¹ Sher & Mishkin's contracts ***. Heveafil sells *** of its imported Malaysian rubber thread on the spot market. All of Heveafil's sales are ***.

Although prices are quoted on a delivered basis, domestic producers and importers of Malaysian rubber thread reported that transportation costs are not an important factor in their customers' sourcing decisions. Average U.S. transportation costs of U.S. and imported Malaysian rubber thread are 2-6

⁵⁹ Petition, p. A-8, and transcript, p. 52.

⁶⁰ Transcript, pp. 39 and 55.

⁶¹ ***.

percent of net delivered prices, depending on the distance that the thread must be shipped. Extruded rubber thread is typically shipped by truck, and the U.S. producers and importers of Malaysian rubber thread generally pay the transportation costs.

The average lead times for delivery of U.S.-produced rubber thread are 6-21 days, whereas lead times for the imported Malaysian product vary depending on whether the rubber thread is delivered from the importers' U.S. warehouses or shipped directly from Malaysia to the customer. Deliveries of small shipments from the importers' U.S. warehouses can be made overnight, whereas deliveries of container loads (approximately 22,000 pounds) of imported rubber thread shipped directly from Malaysia to the customer's plant require 56-90 days.

Domestic producers and importers of Malaysian rubber thread reported that the U.S.-produced and imported products are used interchangeably. Both U.S. producers and importers of Malaysian rubber thread sell talced and talcless (or silicone-treated) rubber thread. Both parties agree that talcless rubber thread tends to be more expensive than talced rubber thread, although actual transaction prices often overlap because of factors such as the quantity sold and the yield rate of the thread.⁶²

Questionnaire Price Data

The Commission requested U.S. producers and importers to provide quarterly net delivered price data for each firm's largest sale during January 1988-June 1991 of the representative products listed below:⁶³

- Product 1: Talced, extruded rubber thread with a yield of 650-1,150 yards per pound
- Product 2: Talced, extruded rubber thread with a yield of 1,250-2,300 yards per pound
- Product 3: Talcless, extruded rubber thread with a yield of 650-1,150 yards per pound

⁶² Respondents' brief, p. 5, and petition, p. 10.

⁶³ David Sullivan, Sales Manager of North American, reported that rubber thread in the 26-34 gauge range (corresponding to yield rates of 650-1,150 yards per pound) is sold at the same price. Mr. Sullivan reported that the price of rubber thread in the 36-44 gauge range (corresponding to yield rates of 1,250-2,300 yards per pound) varies by approximately \$0.05 per pound. Transcript, p. 38. Walter Coyne, President of Flexfil, stated that rubber thread in the yield range of 650-1,250 is the same product. However, he reported that there is a significant difference in the price of Flexfil's 2,400 yield rubber thread (Flexfil's product that is most comparable to the upper end product of the 1,250-2,300 yield range) and its other products that are included in the 1,250-2,300 yield range. Transcript, p. 75. For this reason, price data reported by Flexfil for sales of 2,400 yield rubber thread were not used.

Product 4: Talcless, extruded rubber thread with a yield of 1,250-2,300 yards per pound

One U.S. producer, North American, reported complete price data for sales of all four products and another U.S. producer, Qualitex, reported limited price data for three products. The third U.S. producer, Globe, only reported unit values of its sales of the specified rubber thread products to its largest purchasers of these products during the first quarter of each year during 1988-91. These data could not be used to determine price trends or price comparisons. The two U.S. producers that reported usable price data accounted for *** percent of 1990 domestic production of rubber thread. Price data reported by North American and Qualitex were for products that represented *** percent of total reported 1990 domestic production of rubber thread.

Two importers, Heveafil and Flexfil, reported usable price data for sales of all four products and two others, North American and Sher & Mishkin, reported price data for sales of the two talced products. These four importers accounted for *** percent of 1990 imported Malaysian rubber thread. Usable price data reported by Heveafil, Flexfil, North American, and Sher & Mishkin were for products that represented *** percent of total reported 1990 imports of Malaysian rubber thread.

Price trends

The price series for the lower gauge products 1 and 3 are reasonably consistent, since there is little variation in price within these yield ranges. However, the price series for the higher gauge products 2 and 4 are less consistent because, within these yield ranges, prices of the higher gauge products tend to be slightly higher than prices of the lower gauge products. Weighted-average net delivered prices for U.S. products 1-4 are presented in tables 16 and 17. All of the price series are complete; however, ***. The price series for imported Malaysian products 1 and 2 are complete; however, the price series for imported Malaysian products 3 and 4 begin in the third quarter of 1989 and do not include prices for sales that occurred during the early 1989 surge in latex prices.

Table 16

Extruded rubber thread: Weighted-average net delivered prices and total quantities of U.S.-produced and imported Malaysian rubber thread products 1 and 2 sold to end users, by quarters, January 1988-June 1991

* * * * *

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

Table 17

Extruded rubber thread: Weighted-average net delivered prices and total quantities of U.S.-produced and imported Malaysian rubber thread products 3 and 4 sold to end users, by quarters, January 1988-June 1991

* * * * *

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

The available data indicate that prices for U.S. products 1-4 increased sharply in the first quarter of 1989, then fell during the remainder of the investigation period to levels near or below those recorded in 1988. During 1988-89, prices for U.S. products 1-4 moved in the same direction as the reported price of the principal raw material input, natural rubber latex, which increased sharply in December 1988, before returning to 1988 levels at the end of 1989.⁶⁴ Price trends for imported Malaysian products 1 and 2 were similar to price trends for U.S. products 1 and 2 through the first quarter of 1989, increasing sharply after latex prices peaked at the end of 1988. However, by the end of the period of investigation, prices for the Malaysian products 1 and 2 had fallen much further than prices for the corresponding U.S. products and for latex supplied to North American. Overall, prices for imported Malaysian products 1 and 2 fell sharply during the period of investigation.

Prices for U.S. product 1 fluctuated slightly between \$*** per pound and \$*** per pound in 1988, then increased sharply to \$*** per pound in the first quarter of 1989. Prices fell to \$*** in the third quarter of 1990, before increasing slightly to \$*** in the second quarter of 1991. In general, movements in prices for products 2-4 were similar to those for product 1. Prices for all four products were lower in the second quarter of 1991 than they were in the second quarter of 1988.

Prices for imported Malaysian product 1 fluctuated between \$*** per pound and \$*** per pound during 1988, before increasing to \$*** per pound in the first quarter of 1989. Prices then fell to \$*** in the first quarter of 1990, before increasing to \$*** in the first quarter of 1991 and dropping to \$*** in the following quarter. Overall, prices were *** percent lower in the second quarter of 1991 than they were in the second quarter of 1988. Prices for imported Malaysian product 2 increased from \$*** per pound in the first quarter of 1988 to \$*** per pound in the fourth quarter of 1988, then increased sharply to \$*** per pound in the first quarter of 1989. Prices fell sharply to \$*** in the second quarter of 1989, fell sharply again to \$*** in the first quarter of 1990, then remained at roughly this level during the remainder of the period. Overall, prices were *** percent lower in the second quarter of 1991 than they were in the second quarter of 1988.

⁶⁴ John Friar, President of North American, stated that latex is typically the largest single contributing factor to the price structure of extruded rubber thread. John Reilly, an economic consultant representing the respondents, also reported that rubber thread prices are affected by latex prices. Transcript, pp. 39 and 55.

The responding importers did not import the talcless products 3 and 4 until the third quarter of 1989. Prices for both products declined sharply in the fourth quarter of 1989. During the rest of the period, prices for product 3 remained at roughly the same level, whereas prices for product 4 fluctuated but did not reach their original level. Prices for imported Malaysian product 3 fell sharply from \$*** per pound in the third quarter of 1989 to \$*** per pound in the fourth quarter of 1989. Prices then remained near this level during the rest of the period. Prices for imported Malaysian product 4 fell sharply from \$*** per pound in the third quarter of 1989 to \$*** per pound in the fourth quarter of 1989. Prices then fluctuated between \$*** per pound and \$*** per pound during the remainder of the period.

Price comparisons

Price comparisons of U.S. net delivered prices of U.S.-produced and imported Malaysian rubber thread products 1-4 are presented in table 18. The products are not perfectly comparable because of differences in specific yield rates and possible differences in quality.

Table 18

Extruded rubber thread: Margins of underselling, by products and by quarters, January 1988-June 1991

* * * * *

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

The reported price data for U.S. producers' and importers' sales to unrelated customers during January 1988-June 1991 resulted in 44 price comparisons. Overall, prices for imported Malaysian rubber thread were below prices for U.S.-produced rubber thread in 43 instances and were the same in one instance. Margins of underselling ranged from 6.5 percent to 43.7 percent. Margins of underselling for products 1 and 2 were for the most part significantly higher in 1990 and the first two quarters of 1991 than they were in 1988-89. Product 1 margins of underselling ranged from 7.9 percent to 27.4 percent in 1988-89 and ranged from 28.2 percent to 43.7 percent during the remainder of the period. Product 2 margins of underselling ranged from 7.9 percent to 29.5 percent in 1988-89 and from 23.9 percent to 34.5 percent during the remainder of the period.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that during January 1988-June 1991 the nominal value of the Malaysian ringgit depreciated 7.3 percent overall relative to the U.S. dollar, as shown in the following tabulation:⁶⁵

<u>Period</u>	<u>Dollars per ringgit</u>	<u>Index¹</u>
1988:		
Jan.-Mar.....	.3902	100.0
Apr.-June.....	.3874	99.3
July-Sept.....	.3778	96.8
Oct.-Dec.....	.3726	95.5
1989:		
Jan.-Mar.....	.3656	93.7
Apr.-June.....	.3688	94.5
July-Sept.....	.3721	95.4
Oct.-Dec.....	.3702	94.9
1990:		
Jan.-Mar.....	.3692	94.6
Apr.-June.....	.3686	94.5
July-Sept.....	.3705	95.0
Oct.-Dec.....	.3705	95.0
1991:		
Jan.-Mar.....	.3679	94.3
Apr.-June.....	.3618	92.7

¹ Jan.-Mar. 1988 = 100.0.

Official data on producer price movements in Malaysia are not available. Therefore, a real exchange rate index cannot be calculated.

Lost Sales and Lost Revenues

*** reported 19 allegations of lost sales involving 12 customers, and *** reported 6 allegations of lost revenues involving 6 customers. The lost sales allegations involved 5.8 million pounds of rubber thread valued at \$11.1 million and the lost revenues allegations totalled \$447,573. Staff contacted 7 customers to investigate 11 allegations representing \$2.0 million in alleged lost sales.

*** was cited by *** for *** lost sale of *** pounds of rubber thread worth \$***. *** could not confirm or deny the specific allegation. However, *** reported that *** had previously bought from *** at \$*** per pound, but switched to *** in 1991 because of lower prices. *** first bought from *** in *** 1991, buying *** pounds for \$*** per pound. *** then offered to cut the

⁶⁵ International Financial Statistics, September 1991.

price to \$*** per pound if *** bought a full container (22,000 pounds) delivered directly from Malaysia. On *** 1991, *** accepted this offer. *** placed another order at the end of *** for a container load priced at \$*** per pound which will be delivered at the end of ***. If *** buys from ***'s warehouse in ***, the price is \$*** per pound. *** reported that the service and the quality of the domestic and imported Malaysian rubber thread are comparable.

*** was named by *** in *** 1990 lost sales allegation involving *** pounds of rubber thread worth \$***. *** was unable to confirm or deny the specific allegation. *** reported that *** bought extruded rubber thread from *** during 1990. *** bought the majority of its rubber thread from Malaysian importers of Malaysian rubber thread at prices of \$*** per pound for full container loads; *** paid \$*** per pound for the U.S. product.

*** was cited by *** in *** 1991 lost sales allegation involving *** pounds of rubber thread valued at \$***. *** was unable to confirm or deny the specific allegation. *** reported that *** had been buying from *** until the end of *** 1990. *** stopped buying from *** because *** could not deliver a particular order of rubber thread on time. Since the beginning of 1991, *** has been buying *** pounds of rubber thread per week. Currently, *** buys approximately *** percent of its rubber thread from importers of Malaysian rubber thread and the remaining *** percent from domestic producers. Depending on the quantity purchased, *** pays \$*** per pound for Malaysian rubber thread and was paying \$*** per pound for the domestic product before it switched to imports from Malaysia. *** reported that price is an important consideration; currently, the difference between the prices of U.S.-produced and imported Malaysian rubber thread accounts for a ***-percent margin on ***'s bottom line. *** had been loyal to *** previously because *** had given *** favorable credit terms ***.

*** was named by *** in *** 1991 lost sales allegation involving *** pounds of rubber thread valued at \$***. *** could neither confirm nor deny the specific allegation. *** reported that during 1991 *** bought both U.S.-produced and imported Malaysian rubber thread. *** buys Malaysian rubber thread from the importer *** and bases its purchasing decisions on quality, price, and delivery. U.S. produced rubber thread is priced 10-30 percent higher than Malaysian rubber thread, and the U.S. producers have had problems delivering rubber thread to ***.

*** was cited by *** in *** 1991 lost sales allegation involving *** pounds of rubber thread worth \$***. *** would not confirm or deny the specific allegation. *** reported that *** currently buys U.S.-produced and Malaysian rubber thread. At one time, *** only bought U.S.-produced rubber thread. However, about 1-1/2 years ago, the AIDS scare pushed the price of latex up, resulting in higher rubber thread prices. *** looked for alternatives to U.S.-produced rubber thread and began to import directly from Malaysia. Eventually, *** began to buy imported Malaysian rubber thread through U.S. importers. Price and availability are both factors in the purchase decision; domestic producers could not supply rubber thread in bulk quantities. *** noted that the quality of U.S.-produced and imported Malaysian rubber thread is comparable.

*** was named by *** in *** 1991 lost sales allegation involving *** pounds of rubber thread valued at \$***. *** could not confirm or deny the specific allegation. *** reported that *** has been buying *** pounds of imported Malaysian rubber thread per month since the beginning of 1991. During that time, *** has not bought any domestic product. *** buys the imported Malaysian product instead of the domestic product because of the difference in prices (U.S.-produced rubber thread is priced at \$*** per pound, whereas the imported Malaysian product is priced at \$*** per pound). The quality of the U.S.-produced and imported Malaysian rubber thread is the same. *** has agreed to buy several container loads of rubber thread to be shipped directly from ***'s Malaysian production facilities. *** recently learned that *** has offered rubber thread priced at \$*** per pound. Once *** satisfies its obligations to ***, *** may switch to *** if the price difference still exists. *** reported that ***, *** of ***, told him that *** intended to drive the domestic rubber thread producers out of the market.

*** was cited by *** in three allegations of sales lost during 1988, 1989, and 1990 involving *** pounds of rubber thread valued at \$***. *** was also cited by *** in two *** 1991 lost sales allegations involving *** pounds of rubber thread valued at \$***. *** denied ***'s lost sales allegations, stating that *** did not purchase any Malaysian rubber thread during 1988-90. However, *** could not confirm or deny ***'s specific lost sales allegations. *** reported that, during 1988-90, *** bought only U.S.-produced rubber thread. *** bought *** pounds of rubber thread per week in 1988, *** pounds per week in 1989, and *** per week in 1990. *** did not buy imported Malaysian rubber thread in 1988-90 because the Malaysian producers did not offer talcless, silicone-treated rubber thread during that period. However, at the beginning of 1991, the Malaysian producers began to supply the U.S. market with talcless rubber thread. *** tested the talcless Malaysian product and determined that it satisfied ***'s quality standards. In *** 1991, *** began to buy talcless rubber thread from Malaysia in quantity and, since then, has bought approximately *** pounds of the Malaysian product per week while significantly reducing its purchases of U.S. product. Since *** 1991, *** has purchased approximately *** pounds of U.S.-produced rubber thread per week.

*** cited a number of reasons for switching to the Malaysian product. *** primarily bases its rubber thread purchasing decisions on quality, delivery, and price. The quality of the U.S.-produced and the imported Malaysian talcless rubber thread is comparable. The importers of the Malaysian product offer better delivery terms than the U.S. producers. For relatively small shipments, importers of the Malaysian product offer next-day delivery from their U.S. warehouses; domestic producers generally cannot deliver product as quickly. Currently, U.S.-produced rubber thread is priced 15-65 percent higher than imported Malaysian rubber thread, depending on the quantities, delivery terms, and specific companies involved in the transaction.

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APPENDIX A
FEDERAL REGISTER NOTICES

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[Investigations Nos. 303-TA-22
(Preliminary) and 731-TA-527 (Preliminary)]

**Extruded Rubber Thread From
Malaysia**

AGENCY: United States International
Trade Commission.

ACTION: Institution and scheduling of
preliminary countervailing duty and
preliminary investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigation No. 303-TA-22 (Preliminary) under section 303(a) of the Tariff Act of 1930 (19 U.S.C. 1303) and preliminary antidumping investigation No. 731-TA-527 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Malaysia of extruded rubber thread,¹ provided for in subheading 4007.00.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of Malaysia and sold in the United States at less than fair value. The Commission must complete preliminary countervailing duty and antidumping investigations in 45 days, or in this case by October 15, 1991.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201, as amended by 56 F.R. 11918, Mar. 21, 1991), and part 207, subparts A and B (19 CFR part 207, as amended by 56 F.R. 11918, Mar. 21, 1991).

¹ The merchandise covered by these investigations is vulcanized rubber thread obtained by extrusion, of stabilized or concentrated natural rubber latex, or any cross-sectional shape, measuring from 0.18 millimeter (0.007 inch or 140 gauge) to 1.42 millimeters (0.056 inch or 18 gauge).

EFFECTIVE DATE: August 29, 1991.

FOR FURTHER INFORMATION CONTACT: Jeff Doidge (202-205-3183), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on August 29, 1991, by North American Rubber Thread Co., Inc., Fall River, MA.

Participation in these investigations and public service list.—Persons (other than petitioners) wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the Federal Register.

The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in these investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on September 19, 1991, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Jeff Doidge (202-205-3183) not later than September 17, 1991, to arrange for their appearance. Parties in support of the imposition of countervailing and antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated

one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before September 24, 1991, a written brief containing information and arguments pertinent to the subject matter of these investigations. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.8, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.18(c) and 207.3 of the rules, each document filed by a party to these investigations must be served on all other parties to these investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

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

Issued: August 30, 1991.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 91-21346 Filed 9-4-91; 8:45 am]

INTERNATIONAL TRADE COMMISSION

[A-557-805]

Initiation of Antidumping Duty Investigation: Extruded Rubber Thread from Malaysia

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

EFFECTIVE DATE: September 24, 1991.

FOR FURTHER INFORMATION CONTACT: Vincent Kane or Carole Showers, Office of Countervailing Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, room B099, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-2815 or 377-3217.

Initiation

The Petition

On August 29, 1991, the North American Rubber Thread Company, Inc., filed with the Department of Commerce (the Department) an antidumping duty petition on behalf of the United States industry producing extruded rubber thread. In accordance with 19 CFR 353.12, the petitioner alleges that imports of extruded rubber thread from Malaysia are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, domestic producers of extruded rubber thread. Petitioner also alleges that critical circumstances exist with respect to imports of extruded rubber thread from Malaysia.

The Petitioner has stated that it has standing to file the petition because it is an interested party, as defined in 19 CFR 353.2(k), and because it has filed the petition on behalf of the U.S. industry producing extruded rubber thread. If any interested party, as described in 19 CFR 353.2(k)(3), (4), (5), or (6), wishes to register support for, or opposition to, this investigation, please file written notification with the Assistant Secretary for Import Administration, room B099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

United States Price and Foreign Market Value

Petitioner based U.S. price (USP) on documented prices from U.S. subsidiaries of the Malaysian exporters to unrelated U.S. buyers. Petitioner calculated USP pursuant to the exporter's sales price (ESP) methodology (19 CFR 353.41(c)), because petitioner

asserts that sales are made in the United States after the date of importation by companies related to the exporters. Adjustments were made, where appropriate, for indirect selling expenses, credit expenses, U.S. inland freight, port handling charges, and ocean freight. These adjustments were based on petitioner's own experience in selling extruded rubber thread in the U.S. market and in importing it from Malaysia, petitioner's knowledge of the distribution practices of the Malaysian subsidiaries in the United States, and information from U.S. purchasers of Malaysian extruded rubber thread.

Petitioner's estimate of foreign market value (FMV) is based on constructed value (19 CFR 353.50). Petitioner based the cost of natural rubber latex on information from sources in Malaysia and the United States. Chemical costs were based on petitioner's own costs, unadjusted for possible differences between the markets, since petitioner asserts that chemical prices in developing country markets are normally at a premium. Labor and energy costs were based on information from the Malaysian Industrial Development Authority. Petitioner added the statutory ten and eight percent for general expenses and profit in accordance with section 773(e)(1)(b) of the Act.

In accordance with our ESP methodology, we have recalculated credit expense as a circumstance of sale adjustment to FMV. Based on a comparison of FMV to USP, the alleged margin range from 18 percent to 32 percent.

Initiation of Investigation

Under 19 CFR 353.13(a), the Department must determine, within 20 days after a petition is filed, whether the petition properly alleges the basis on which an antidumping duty may be imposed under section 731 of the Act, and whether the petition contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on extruded rubber thread from Malaysia and find that it meets the requirements of 19 CFR 353.13(a). Therefore, we are initiating an antidumping duty investigation to determine whether imports of extruded rubber thread from Malaysia are being or are likely to be, sold in the United States at less than fair value.

In accordance with 19 CFR 353.13(b) we are notifying the International Trade Commission of this action.

Any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of

the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in 19 CFR 353.14.

Scope of Investigation

The product covered by this investigation is extruded rubber thread from Malaysia. Extruded rubber thread is defined as vulcanized rubber thread obtained by extrusion of stable or concentrated natural rubber latex of any cross sectional shape, measuring from 0.18 mm, which is 0.007 inch or 140 gauge, to 1.42 mm, which is 0.056 inch or 18 gauge, in diameter. Extruded rubber thread is currently classifiable under subheading 4007.00.00 of the Harmonized Tariff Schedule (HTS). Although the HTS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Preliminary Determination by ITC

The ITC will determine by October 13, 1991, whether there is a reasonable indication that imports of extruded rubber thread from Malaysia are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated. If affirmative, the department will make its preliminary determination on or before February 5, 1992, unless the investigation is terminated pursuant to 19 CFR 353.17 or the preliminary determination is extended pursuant to 19 CFR 353.15.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: September 18, 1991.

Francis J. Sailer,

Acting Assistant Secretary for Import Administration.

[FR Doc. 91-22969 Filed 9-23-91; 8:45 am]

BILLING CODE 3510-06-M

(C-557-806)

**Initiation of Countervailing Duty
Investigation: Extruded Rubber Thread
From Malaysia**

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

EFFECTIVE DATE: September 24, 1991.

FOR FURTHER INFORMATION CONTACT:
Vincent Kane or Carole Showers, Office
of Countervailing Investigations, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, room B099, 14th Street and
Constitution Avenue, NW., Washington,
DC 20230; telephone: (202) 377-2815 and
(202) 377-3217, respectively.

Initiation

The Petition

On August 29, 1991, the North American Rubber Thread Company filed with the Department of Commerce (the Department) a countervailing duty petition on behalf of the United States industry producing extruded rubber thread. In accordance with 19 CFR 355.12, the petitioner alleges that producers and exporters of extruded rubber thread in Malaysia receive bounties or grants within the meaning of section 303 of the tariff Act of 1930, as amended (the Act). Petitioner also alleges that critical circumstances exist with respect to imports of extruded rubber thread from Malaysia.

Although Malaysia is not a "country under the Agreement" within the meaning of section 701(b) of the Act, extruded rubber thread from Malaysia is nondutiable under the Generalized System of Preferences and Malaysia is a

contracting party to the General Agreement on Tariffs and Trade. Therefore, the U.S. International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from Malaysia materially injure, or threaten material injury to, the U.S. industry.

The petitioner has stated that it has standing to file the petition because it is an interested party as defined in 19 CFR 355.2(i), and because it has filed the petition on behalf of the U.S. industry producing extruded rubber thread. If any interested party, as described in 19 CFR 355.2(i)(3), (4), (5), or (6), wishes to register support for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration, room B099, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Allegations of Subsidies

Petitioner lists a number of practices by the Government of Malaysia which allegedly confer subsidies on producers or exporters of extruded rubber thread in Malaysia. We are initiating an investigation of the following programs:

1. Free Trade Zones.
2. Export Credit Refinancing Scheme.
3. Tax Abatement of Adjusted Income for Exports.
4. Tax Abatement of Five Percent of Indigenous Malaysian Materials for Exports.
5. Five Percent Export Allowance.
6. Double Deduction of Export Credit Insurance Premiums.
7. Double Deduction for Promotion of Exports.
8. Industrial Building Allowance.
9. Rubber Discount Scheme.
10. Investment Tax Allowance.
11. Abatement of Five Percent of Adjusted Income for Firms in Promoted Industrial Areas.
12. Abatement of Five Percent of Adjusted Income for Certain Capital Participation and Employment Practices.
13. Accelerated Depreciation Allowance.
14. Reinvestment Allowance.

We are not initiating an investigation on the following programs alleged in the petition:

1. Development and Planting Cess

The Government of Malaysia assesses a development and planting cess on purchases of natural rubber latex to promote the development of the rubber industry. Petitioner has alleged that the government provides an exemption from the cess on imports of natural rubber latex used in the production of rubber

goods for export. Since the rubber cess is an indirect tax assessed on an input which is physically incorporated into the export product, the non-excessive rebate of this tax upon export or the exemption from the tax initially is a permissible rebate or exemption. Therefore, we are not initiating an investigation on this program.

2. Export Duty on Natural Rubber Latex

The Government of Malaysia imposes a duty on exports of natural rubber latex. When purchasing natural rubber latex from Malaysian suppliers, U.S. extruded rubber thread producers must pay this duty as a part of their overall cost. The duty is not imposed on domestic sales. Therefore, Malaysian extruded rubber thread producers would appear to enjoy a cost advantage on purchases of their major input. Petitioner, however, has not demonstrated that a cost advantage does, in fact, exist.

In Final Affirmative Countervailing Duty Investigation and Countervailing Duty Order: Leather Products from Argentina (55 FR 40212, October 2, 1990), the Department stated that it investigated an allegation of an export embargo on cattle hides only after petitioner had supplied considerable pricing data demonstrating that the embargo had a measurably downward effect on Argentine prices for cattle hides, the major input into the product under investigation in that case. Such information has not been supplied by the petitioner in the case. Therefore, we are not initiating an investigation on the export duty on natural rubber latex.

3. Pioneer Status

Under the Promotion of Investments Act of 1988, pioneer status is available to companies producing a product (1) not currently produced in Malaysia, (2) favorable to further development and/or export, and (3) suitable to the public interest or economic development of Malaysia. Benefits of pioneer status include income tax and other tax exemptions. In Final Results of Countervailing Duty Administrative Review: Carbon Steel Wire Rod from Malaysia (58 FR 41649, August 22, 1991), the Department found the pioneer status program to be not countervailable because it was not limited to a specific industry or group of industries. Petitioner has provided no evidence of changed circumstances with regard to this program; therefore, we are not initiating on it.

Initiation of Investigation

Under 19 CFR 355.13(a), the Department must determine, within 20

days after a petition is filed, whether the petition properly alleges the bases on which a countervailing duty may be imposed under section 705 of the Act, and whether the petition contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on extruded rubber thread from Malaysia and find that it meets the requirements of 19 CFR 355.13(a). Therefore, we are initiating a countervailing duty investigation to determine whether Malaysian producers or exporters of extruded rubber thread receive bounties or grants.

Any producer or reseller seeking exclusion from a potential countervailing duty order must submit its request for exclusion within 30 days of the date of publication of this notice. The procedures and requirements regarding the filing of such requests are contained in 19 CFR 355.14.

Scope of Investigation

The product covered by this investigation is extruded rubber thread from Malaysia. Extruded rubber thread is defined as vulcanized rubber thread obtained by extrusion of stable or concentrated natural rubber latex of any cross sectional shape, measuring from 0.18 mm, which is 0.007 inch or 140 gauge, to 1.42 mm, which is 0.056 inch or 18 gauge, in diameter. Extruded rubber thread is currently classified under subheading 4007.00.00 of the Harmonized Tariff Schedule (HTS). Although the HTS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

ITC Notification

Section 702(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and non-proprietary information. We will also allow the ITC access to all privileged and business proprietary information in the Department's files, provided the ITC confirms in writing that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

Preliminary Determination by the ITC

The ITC will determine by October 13, 1991, whether there is a reasonable indication that imports of extruded rubber thread from Malaysia are materially injuring, or threaten material

injury to a U.S. industry. If its determination is negative, the investigation will be terminated. If affirmative, the Department will make its preliminary determination on or before November 22, 1991, unless the investigation is terminated pursuant to 19 CFR 355.17 or the preliminary determination is extended pursuant to 19 CFR 355.15.

This notice is published pursuant to section 702(c)(2) of the Act

Dated: September 18, 1991.

Francis J. Sailer,

Acting Assistant Secretary for Import Administration.

[FR Doc. 91-22970 Filed 9-23-91; 8:45 am]

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APPENDIX B
WITNESSES APPEARING AT THE STAFF CONFERENCE

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List of Witnesses

Investigations Nos. 303-TA-22 (Preliminary) and 731-TA-527 (Preliminary)

EXTRUDED RUBBER THREAD FROM MALAYSIA

Those listed below appeared at the United States International Trade Commission conference on September 19, 1991, in connection with the subject investigations.

In support of the imposition of countervailing and antidumping duties:

Ablondi and Foster
Washington, DC
on behalf of

John Friar II, President, North American Rubber Thread Company, Inc.,
Fall River, MA

David Sullivan, Sales Manager, North American Rubber Thread Company,
Inc., Fall River, MA

Peter Koenig)--OF COUNSEL

In opposition to the imposition of countervailing and antidumping duties:

Willkie, Farr & Gallagher
Washington, DC
on behalf of

Walter Coyne, President, Flexfil Corporation, Hickory, NC

John Reilly, Economic Consultant, Trade Research and Analysis,
Washington, DC

Jim Durling)--OF COUNSEL
Walter Spak)

APPENDIX C
GLOSSARY OF TECHNICAL TERMS

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Glossary of Technical Terms

Accelerators. Compounding material used to reduce vulcanization time (cure time) by increasing the rate of crosslinking.

Activator. Compounding material used in small proportions to increase the effectiveness of an accelerator.

Antioxidant. Compounding material used to retard deterioration caused by oxidation.

Coagulation. A physical or chemical change inducing transition from a fluid to a semi-solid or gel-like state.

Dispensing agents. Materials added to a suspending medium to promote and maintain the separation of discreet, fine particles of solids or liquids.

Elasticity. The property of matter by virtue of which it tends to return to its original size and shape after removal of the stress causing deformation such as stretching, compression, or torsion. It is the opposite of plasticity. It is often loosely employed to signify the "stretchiness" of rubber. As applied to rubber, it usually refers to the phenomenal distance to which vulcanized rubber can be stretched without losing its ability to return very nearly to its original shape; in this respect rubber is the most elastic substance known.

Extender. A relatively inert substance added to a plastic or rubber compound to reduce its cost and/or to improve physical properties, particularly hardness, stiffness, and impact strength.

Extrusion. The process of forcing a plastic material through an orifice so as to obtain the material in continuous lengths of definite shape. In rubber manufacturing, extrusion is used in various operations such as rubberizing bead wire, making of tubes, preparation of tire treads, straining, and thread.

Latex. An aqueous colloidal emulsion of rubber (natural or synthetic) or certain plastics. It generally refers to the emulsion obtained from a tree or plant or produced by emulsion polymerization.

Pigment. General term for all colorants, organic and inorganic, natural and synthetic, which are insoluble in the medium in which they are used. Many fillers or extenders, among them carbon black, act as powerful pigments.

Stabilizers. An agent used to keep a compounded mixture or solution from changing its physical or chemical nature throughout processing and service life of the material and/or the parts made therefrom.

Vulcanization. An irreversible process during which a rubber compound, through a change in its chemical structure, (for example, crosslinking), becomes less plastic and more resistant to swelling by organic liquids, and

elastic properties are conferred, improved, or extended over a greater range of temperature.

Source: American Society for Testing Materials, Glossary of Terms Relating to Rubber and Rubber Technology; Whittington's Dictionary of Plastics; Gessner G. Hawley, The Condensed Chemical Dictionary; and, K.F. Heinisch, Dictionary of Rubber.

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APPENDIX D
LETTER FROM QUALITEX, INC., REGARDING CLOSURE

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QUALITEX INC.

EXTRUDED RUBBER THREADS FROM NATURAL LATEX

 (401) 751-5727
 TELEX 6972012

 19 INDUSTRIAL LANE, JOHNSTON, R.I. 02919
 POST OFFICE BOX 7008 • U.S.A.

October 30, 1990

To Whom It May Concern:

As of October 26, 1990, Qualitex Inc. of Johnston, R.I. has ceased the manufacturing and sales of rubber threads to the Textile Industry. This action was brought about as a direct result of the arrival of foreign goods here in the United States.

In the last two years we have seen the arrival of rubber thread from the far east. The market place has responded to the importation of goods by the purchase of them in ever increasing quantities. These actions have been driven by the price erosion that has occurred as a result of the introduction of these goods. This price erosion has reached the point that Qualitex Inc. can no longer be competitive in today's market place.

In consideration of the above and the projections that imports will continue to gain larger market shares, the management of the company has been forced to take the above actions.

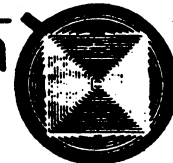
Davide Monti
 V.P. of Manufacturing

Qualitex Inc. (Corporate Office)
 604 Pressley Road
 Charlotte, N.C. 28217
 1-(704) 525-1401

19 INDUSTRIAL LANE, JOHNSTON, R.I. 02919
 POST OFFICE BOX 7008 • U.S.A.

(401) 751-5727
 TELEX 6972012

EXTRUDED RUBBER THREADS FROM NATURAL LATEX

QUALITEX INC.


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

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Effects of Imports on Producers' Existing Development
and Production Efforts, Growth, Investment,
and Ability to Raise Capital

The Commission requested U.S. producers to describe the actual and potential negative effects of imports of extruded rubber thread from Malaysia on their existing development and production efforts, growth, investment, and ability to raise capital. Responses are shown below.

Globe Manufacturing Co.

* * * * *

North American Rubber Thread Company, Inc.

* * * * *

Qualitex, Inc.

* * * * *

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APPENDIX F

MALAYSIAN INDUSTRY DATA

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Table F-1

Extruded rubber thread: Heveafil, Filmax, and Rubberflex's capacity, production, shipments, and inventories, 1988-90, January-June 1990, January-June 1991, and projected, 1991-92

* * * * *

Source: Compiled from data submitted by counsel for the respondents.

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