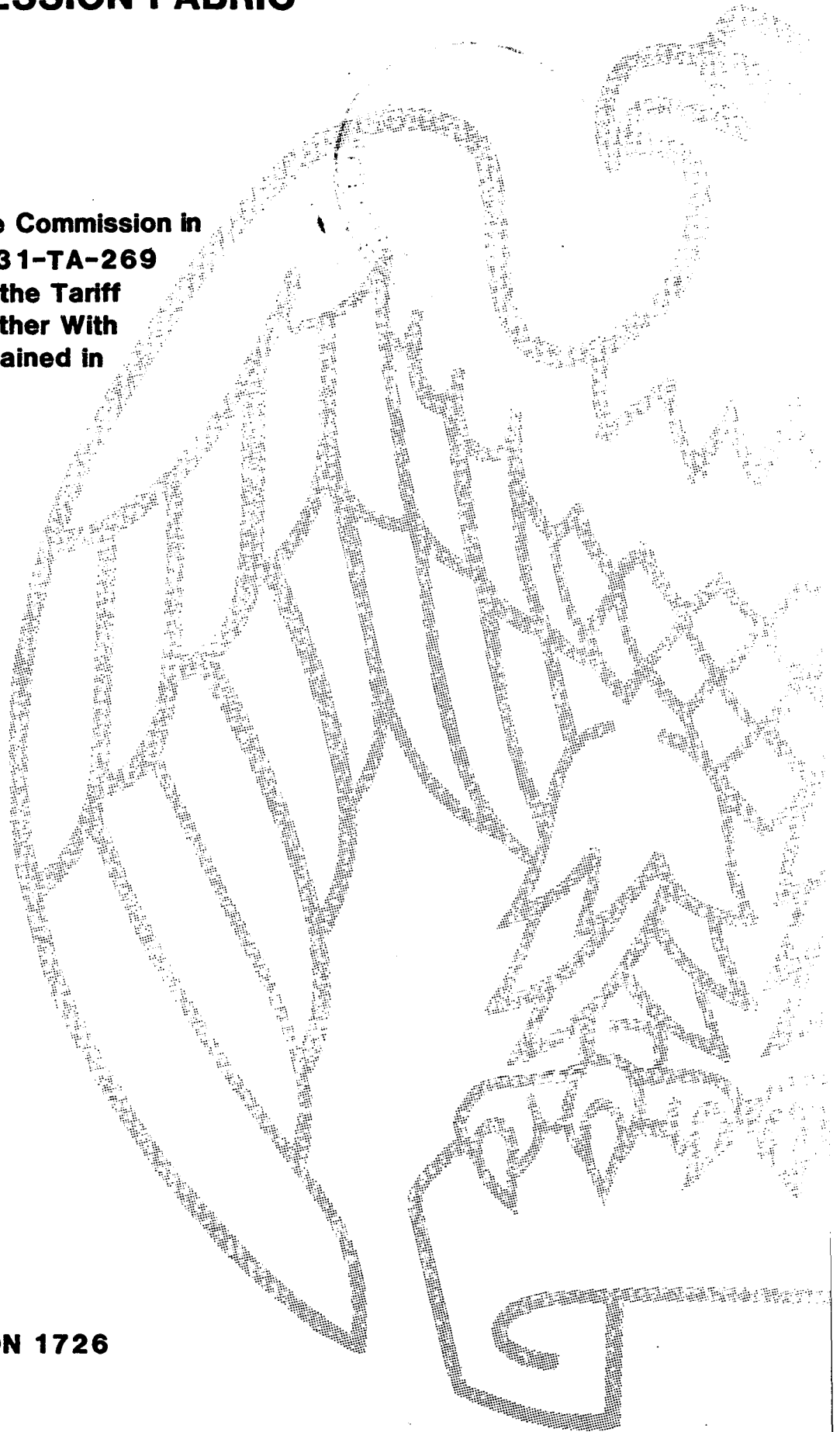


NYLON IMPRESSION FABRIC FROM JAPAN

**Determination of the Commission in
Investigation No. 731-TA-269
(Preliminary) Under the Tariff
Act of 1930, Together With
the Information Obtained in
the Investigation**



USITC PUBLICATION 1726

JULY 1985

UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-269 (Preliminary)

NYLON IMPRESSION FABRIC FROM JAPAN

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-269 (Preliminary), the Commission unanimously determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Japan of nylon impression fabric, provided for in items 338.50 and 347.60 of the Tariff Schedules of the United States, which are alleged to be sold at less than fair value (LTFV). 2/

Background

On June 10, 1985, counsel for Bomont Industries and Burlington Industries, Inc. filed a petition with the Commission and the Department of Commerce alleging that imports of nylon impression fabric from Japan are being sold in the United States at LTFV, and that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of such merchandise. Accordingly, effective June 10, 1985, the Commission instituted a preliminary investigation under section 733(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that

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

2/ Commissioners Eckes and Lodwick determine that there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports.

an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of such merchandise.

Notice of the institution of the Commission's investigation 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 June 19, 1985 (50 FR 25478). The conference was held in Washington, DC, on July 2, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of nylon impression fabric from Japan, allegedly sold at less than fair value (LTFV). 1/

This determination is based on findings that the domestic industry has experienced level or declining prices for its product, rising inventories, and a downturn in financial performance during a period of significant growth in demand for nylon impression fabric. At the same time, imports from Japan increased both in volume and in market share. There is evidence of underselling by the imports in a very price-sensitive market. The increasing presence of the alleged LTFV imports may have acted to suppress or depress domestic prices and materially injure the domestic industry.

1/ Commissioners Eckes and Lodwick determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of nylon impression fabric from Japan allegedly sold at LTFV.

Like product and the domestic industry 2/

The imported article which is the subject of this investigation 3/ consists of nylon impression fabric from Japan woven from continuous filament yarns of nylon, whether texturized or non-texturized; finished, whether slit or uncut; and not inked. 4/ Nylon impression fabric is made in a three-step process. The yarn is woven into broadwoven cloth known as griege. The broadwoven cloth must be "finished," a process which consists of a cleaning and drying procedure. The finished fabric is then slit into various widths for sale to inkers. The inked fabric is used in typewriters and printers. 5/

For purposes of this preliminary investigation, we determine that there is one like product of finished, uninked, nylon impression fabric, whether slit or unslit. The slit fabric requires only cutting of the unslit fabric by

2/ Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "[t]he 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). "Like product" is, in turn, defined in section 771(10) as a "[p]roduct which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" 19 U.S.C. § 1677(10).

3/ Nylon impression fabric from Japan has been the subject of previous investigations by the Commission and the Department of the Treasury (Treasury). The most recent investigation was completed in 1978 with a determination that impression fabric of manmade fiber from Japan, with the exception of such products made by Asahi Chemical Industry Company, Ltd. (Asahi), and Shirasaki Tape Co., Ltd. (Shirasaki), was being, or was likely to be, sold at LTFV within the meaning of the Antidumping Act of 1921, as amended. Impression Fabric of Manmade Fiber from Japan, Inv. No. AA1921-176, USITC Pub. 872 (March 1978). As a result of the exclusion of Asahi and Shirasaki from the Commission's investigation (due to a finding by Treasury that the margins were de minimis and "minimal in relation to the total volume of sales," respectively) only the third Japanese producer, Nissei Co., Ltd. (Nissei) was covered by the antidumping duty order. The Department of Commerce has included in this investigation only nylon impression fabric produced by or for the account of Asahi and Shirasaki. Department of Commerce Notice of Initiation, 50 Fed. Reg. 28,111-12 (July 10, 1985).

4/ Department of Commerce Notice of Initiation, 50 Fed. Reg. 28,111-12 (July 10, 1985).

5/ Report of the Commission (Report) at A-3-A-4.

heated blades. 6/ Slitting does not alter the basic characteristics of the fabric. Further, there is virtually only one end use for both slit and unslit fabric. 7/ Moreover, slitting is not a significant cost factor. 8/

Both of the respondents argued that there were two like products consisting of slit and unslit fabric. 9/ They argued that different machinery is used to produce slit fabric and that the marketing channels are divergent. The machinery needed for producing slit fabric is "different" only to the extent that further machinery is required for slitting. This requires some extra capital, but it is minimal relative to the overall cost of producing nylon impression fabric. Also, since the only use for finished, unslit fabric is for sale or transfer to a slitter so that the manufacturing process may be continued, the marketing channels are not divergent, but sequential.

For purposes of this preliminary investigation, we find the "domestic industry" to be the industry weaving as well as finishing and slitting nylon impression fabric. The industry has become more vertically integrated since the prior investigation in 1978. 10/ The industry is now dominated by three large vertically integrated producers. 11/ This supports including all three stages of the manufacturing process in the definition of the domestic industry. The weaving facilities producing grieger are largely separate from the manufacturers' other weaving facilities. These facilities produce

6/ Id.

7/ Id. at A-3.

8/ Id. at A-21.

9/ Asahi post-conference brief at 7-9; Shirasaki post-conference brief at 1.

10/ Report at A-6.

11/ Id. at A-6-A-7. There were two small independent weavers operating during the period of investigation. Their share of overall production was minimal. There are no independent finishers. There are several independent slitters who purchase finished fabric from the Japanese or from the integrated domestic producers.

primarily nylon impression fabric. There are virtually no other uses for griegge than finishing and slitting for sale to the inkers. 12/ Weaving is the primary cost factor in producing nylon impression fabric. 13/ The essential physical characteristics of the like product are established by the weaving process.

Condition of the domestic industry

The U.S. market for nylon impression fabric has grown significantly between 1982 and 1984. 14/ Apparent consumption increased more than 50 percent from 1982 to 1984. 15/ This growth flattened in the first quarter of 1985. 16/ Domestic capacity has also expanded rapidly during this period. 17/

The domestic industry's shipments and production also increased between 1982 and 1984, as have employment, total hours worked, and wages. 18/ Capacity utilization has improved slightly. 19/ Most of these indices were level or down during the first quarter of 1985.

Despite the strong growth in apparent consumption, the price of nylon impression fabric generally has remained level or declined during the period of the investigation. 20/ Also, shipments have not kept pace with

12/ Id. at A-3.

13/ Id. at A-21.

14/ Id. at A-9-A-12. Most of the data concerning the domestic industry are business confidential. Thus we can only discuss general trends in the industry.

15/ Id. at A-9.

16/ Id.

17/ One U.S. producer, Milliken, only recently became fully integrated. Id. at A-6. The impact of this development cannot adequately be discerned at this time, but may be more apparent if a final determination is required. Milliken is not a party to the petition.

18/ Id. at A-17-A-18.

19/ Id. at A-12-A-15.

20/ Id. at A-31.

production. 21/ As a result, inventories have increased, both absolutely and relative to production, particularly in 1984. 22/ In addition, largely as a consequence of price weakness, the dollar volume of net sales by the domestic industry showed much less growth than the physical volume of domestic shipments from 1982 to 1984. Further, operating income essentially experienced no growth during 1982-84. Cost increases outpaced sales growth, causing operating margins to decline. Certain domestic producers began to experience losses in 1984. 23/ Financial performance deteriorated in the first quarter of 1985. 24/

21/ Id. at A-21.

22/ Id. at A-16-A-17.

23/ Id. at A-19-A-21.

24/ Id. at A-21.

Reasonable indication of material injury or threat of material injury by reason of imports of nylon impression fabric from Japan 25/

The volume of imports from Japan 26/ increased steadily between 1982 and 1984, rising from 2.8 million square yards in 1982 to 5.1 million square yards in 1984. 27/ This is an increase of 84 percent. Imports decreased by 41 percent in the first quarter of 1985 relative to the first quarter of 1984 as domestic demand leveled. 28/ This still represents a substantial increase of Japanese imports during the period of investigation. 29/ Imports from

25/ In making a determination of material injury or threat of material injury by reason of allegedly unfair imports, section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, the volume of imports of the merchandise under investigation, the effect of such imports on domestic prices, and the impact of such imports on the relevant domestic industry. 19 U.S.C. § 1677(7)(B).

26/ The petitioner alleged that nylon impression fabric from Japan is entering the United States after "transshipment" through West Germany. However, in this case the articles apparently have West Germany marked as their country of origin. Petitioner argues that the Commission should independently determine that the further processing that occurs in West Germany is inadequate to constitute a "substantial transformation" of the article. This would result in the articles being considered nylon impression fabric from Japan and would therefore increase the market share of the product subject to the investigation. The U.S. Customs Service has the authority to make a "substantial transformation" analysis and a country of origin determination. Therefore, for purposes of this investigation, such "transshipped" articles will not be considered imports from Japan. If a final determination is required in this investigation, such articles may be considered if it is warranted by further developments of the facts, such as a Customs Service ruling on the issue.

Some of the fabric arriving from West Germany is inked. The petitioner also requested that this inked fabric be included in the investigation. Apparently, the fabric is uninked when exported from Japan and inked in West Germany. Petitioner contends that, nevertheless, it is uninked nylon impression fabric from Japan. This is incorrect. If petitioner prevails with the Customs Service on the substantial transformation issue, the articles entering the United States would then be considered inked nylon impression fabric from Japan, and the investigation is only with respect to uninked fabric. The Commission looks at imported articles. The condition of the articles when originally exported is irrelevant. The actual location of the inking process is of no importance.

27/ Report at A-24.

28/ Id.

29/ If data for the first quarter of 1985 are annualized, there is an increase in Japanese imports of 23 percent for the period of investigation.

Japan also increased as a percentage of domestic consumption between 1982 and 1984, as the domestic industry lost market share.

Nylon impression fabric is a commodity-like product for which price is the most important factor. 30/ There was some evidence of underselling during this period of increasing Japanese imports. 31/ In a price determinative market, these margins of underselling may have a large impact. There also were confirmed lost sales to imports on the basis of price. 32/ 33/

There also is evidence that the Japanese have broadened their marketing efforts in recent years to reach most of the domestic industry's customers, 34/ and that they have concentrated on the high-volume segments of

30/ Report at A-38; Transcript of the hearing (Tr.) at 11-12.

31/ Report at A-35-A-36.

32/ Id. at A-38-A-40. In several instances the sales allegedly lost by a domestic producer to the Japanese were actually lost to other domestic companies. Further data on lost sales will be obtained in any final investigation.

33/ Vice Chairman Liebelier notes that although the statute requires the Commission to determine whether there is significant price undercutting, she does not find the particular data on underselling gathered by the Commission in this investigation useful in determining whether the material injury is by reason of allegedly LTFV imports. Firms, whether foreign or domestic, generally charge the most they can for their product. As a result, price differentials are usually accounted for by differences in the product or associated services. Thus, "underselling" based on a comparison of transactions' prices has no relevant economic content. Price undercutting refers to predatory pricing behavior whereby a firm lowers its prices to drive out competitors in order to gain monopoly power. See, e.g., Views of Vice Chairman Liebelier, Certain Welded Carbon Steel Pipes and Tubes from Thailand and Venezuela, Invs. Nos. 731-TA-252 and 253, USITC Pub. 1680 (1985).

As for lost sales, the presence or absence of confirmed lost sales is not determinative or persuasive on the question of a causal link between LTFV imports and material injury to the domestic industry. Typically, an import that is sold at less-than-fair-value affects the domestic industry the same way regardless of whether it is a confirmed lost sale. Although it might be appropriate to inquire whether a sale by a respondent has been in lieu of sales by the domestic industry or, alternatively, at the expense of imports from other countries, Commission information on lost sales is not capable of providing an answer to such a question because the data is based on a very small and biased sample.

34/ Tr. at 9 and 14-15.

the market. 35/ These efforts, in addition to underselling, may have caused the domestic industry to refrain from price increases and to lower prices to retain customers. For example, one domestic producer, Burlington, adjusted its published 1983 price list downward allegedly when faced with lower Japanese price lists. 36/ 37/

We determine that there is a reasonable indication that the domestic industry is materially injured, or is threatened with material injury, by imports of nylon impression fabric from Japan allegedly sold at LTFV. 38/ We base our finding on the coincidence of rising Japanese imports, some margins of underselling and broadened marketing efforts with level or declining prices, rising inventories, and the mixed financial results on the part of the domestic industry at a time of rapidly increasing demand.

35/ Id. at 12.

36/ Id.

37/ There was a significant increase in the capacity of the domestic industry during the period of investigation. The entry of Milliken into the market as a fully integrated producer may accentuate this trend. This may have an impact on the analysis of the causal link between Japanese imports and the condition of the domestic industry. The evidence in this regard should become clearer in the event that a final determination is required in this investigation.

38/ Commissioners Eckes and Lodwick determine that there is a reasonable indication that an industry in the United States is materially injured by imports of nylon impression fabric from Japan allegedly sold at LTFV.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On June 10, 1985, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for Bomont Industries, Totowa, NJ, and Burlington Impression Fabrics Division, Burlington Industries, Inc., Greensboro, NC, alleging that nylon impression fabric from Japan is being, or is likely to be, sold in the United States at less than fair value (LTFV). 1/ Imports of nylon impression fabric are provided for in items 338.50 and 347.60 of the Tariff Schedules of the United States (TSUS). The petition alleges that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of the subject merchandise from Japan. Accordingly, effective June 10, 1985, the Commission instituted investigation No. 731-TA-269 (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, by reason of imports from Japan of nylon impression fabric that is allegedly sold at LTFV.

The statute directs the Commission to make its determination within 45 days of the receipt of a petition, or in this case, by July 25, 1985. Notice of the institution of the Commission's investigation 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 June 19, 1985 (50 FR 25478). 2/ The Commission held a public conference in Washington, DC, on July 2, 1985, at which all interested parties were allowed to present information for consideration by the Commission. 3/ The Commission's briefing and vote in the investigation were held on July 19, 1985.

Previous Investigations

Nylon impression fabric from Japan has been the subject of two previous antidumping investigations by the Commission. In 1973 the Commission unanimously determined that an industry in the United States was not being injured and was not likely to be injured, and was not prevented from being established, by reason of the importation of impression fabric of manmade fibers from Japan, sold, or likely to be sold, at LTFV within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). 4/

1/ The petition alleges that nylon impression fabric produced by or for the account of Asahi Chemical Industry Company, Ltd. (Asahi), and Shirasaki Tape Co., Ltd. (Shirasaki) is being sold in the United States at LTFV. The petition also alleges that nylon impression fabric produced by or for Asahi or sold by Shirasaki is being transshipped to the United States through West Germany and Canada. During the conference, counsel for the petitioners qualified this allegation by stating that Nissei Sangyo K.K. is the firm transshipping through Canada, transcript of the conference, p. 48.

2/ A copy of the Commission's Federal Register notice is presented in app. A. A copy of Commerce's notice is presented in app. A.

3/ A list of witnesses who appeared at the public conference is presented in app. B.

4/ Impression Fabric of Manmade Fiber from Japan, Investigation No. AA1921-116 . . . , TC Publication 577, May 1973.

In 1978, the Commission conducted another investigation under the provisions of the Antidumping Act, 1921 and determined by a vote of 3 to 2 that an industry in the United States was likely to be injured by reason of LTFV imports of impression fabric of manmade fiber from Japan, with the exception of merchandise produced by Asahi Chemical Industry Company, Ltd. (Asahi), and Shirasaki Tape Co., Ltd. (Shirasaki). ^{1/} The Department of Treasury had found that the weighted average margins on Asahi's and Shirasaki's sales to the United States were de minimis; so, they were excluded from the coverage of the antidumping order that was issued on May 25, 1978.

Nature and Extent of the Allegedly LTFV Sales

The petition alleges that nylon impression fabric from Japan is being sold in the United States at LTFV margins ranging from 3.7 percent to 19.7 percent. The margins are based on net export prices in dollars per square yard. The price comparisons for Asahi were made on home market prices and prices to the United States. For Shirasaki the price comparisons were made on the constructed value of the fabric and prices to the United States. ^{2/}

The Product

Description and uses

Nylon impression fabric is a closely woven fabric, suitable for making ribbons for use in typewriters, computer printers, and other business machines. ^{3/} The use of ribbons can generally be determined from their width:

<u>Width in inches</u>	<u>Uses</u>
7/16 and under	Adding machines, keypunch machines, card imprinters, typewriters, printers, and calculators
1/2 and 9/16	Typewriters and printers

^{1/} Impression Fabric of Manmade Fiber from Japan, Investigation No. AA1921-176 . . ., USITC Publication 872, March 1978.

^{2/} Petition, pp. 11-19.

^{3/} The TSUSA description of the fabric is: suitable for making typewriter and machine ribbon, containing yarns the average denier of which exceeds 25 but not 75, the total thread count (treating multiple (folded) or cabled yarns as single threads) of which per inch is not less than 150 warp and 100 filling and not more than 210 warp and 140 filling and in which the thread count of the warp does not exceed 60 percent of the total thread count of the warp and filling. Fabric 18-1/4 inches wide is the largest slit width normally available.

5/8 to 15/16	Tabulating machines, accounting machines, printers, and cash registers
1 to 6	Small computers and printers
over 6	High-speed computer printing machines (primarily ribbons 14-1/16, 14-1/2, 15, 17-1/16, and 17-1/2 inches wide)

Burlington stated that a small quantity * * * of broadwoven nylon impression fabric, which undergoes a different finishing process, is sold to * * * for specialized application.

Manufacturing process

Nylon impression fabric is produced from continuous filament yarn. Continuous filament nylon 6 or nylon 6.6 yarns are the only yarns currently in use to produce impression fabric. Other manmade fibers are unsuitable because of price or quality considerations. Nylon 6 yarn differs in chemical composition and physical characteristics from nylon 6.6 yarn and is a lower cost yarn. Although there are several producers of nylon 6 fiber in the United States, no U.S. manufacturer produces a nylon 6 yarn of the denier and fineness required for the production of impression fabric. ^{1/} All U.S.-produced nylon impression fabric has been made from nylon 6.6 yarn. At the conference, testimony by producers indicated that for the majority of end uses nylon 6 yarn performs as well as nylon 6.6 yarn. ^{2/}

Asahi produces fabric with nylon 6.6 yarn and Shirasaki uses nylon 6 yarn. The yarn may be texturized or nontexturized; texturized yarn, which is crimped after manufacture, gives the fabric better ink absorbency properties.

Three separate manufacturing processes are required to prepare impression fabric for its end use: weaving, finishing, and slitting.

Weaving.—Nylon impression fabric is woven either on traditional shuttle looms or, to an increasing extent, on new shuttleless looms. The advantages of the newer looms are their increased speed, greater width, tendency to create fewer defects, and lesser requirement for maintenance. After weaving, the cloth is removed from the loom and inspected for defects. At this stage the fabric is known as "greige" fabric. Greige fabric 50 to 67-1/2 inches wide and 750 to 800 yards long is put on reels ready for finishing.

^{1/} Transcript of the conference, p. 58.

^{2/} Ibid, pp. 10, 33, and 57.

Finishing.—Finishing nylon impression fabric is basically a laundering operation necessary to remove sizing used to facilitate weaving. Several pieces of nonabsorbent greige goods are temporarily sewn together and wound on large rolls that are then put in a "jig," a specially constructed washing machine. The fabric is first saturated with cold water, then scoured, a six-step process that introduces chemicals into the water, which gradually increases in temperature. Then the fabric is washed with detergent and thoroughly rinsed. After laundering, the fabric is put on a stretching frame and heat set to fix it at predetermined dimensions and to remove elasticity. The finished fabric is wound on rolls 45 inches to 60 inches in width. The standard thicknesses of the finished fabric are 3, 4, or 5 mils. 1/

Slitting.—Before slitting, the large rolls are taken apart and separated into original-size pieces. The pieces are then thoroughly inspected, defects or "patches" are marked, and the fabric is tightly rerolled. A sample from each roll is sent for laboratory analysis of thread count, weight, absorbency, and acidity. Then the roll is placed on a slitting machine that utilizes a heated blade to simultaneously cut and fuse the edges. The speed and temperature at which the slitting is done is critical because a speed that is too slow causes edge buildup and a blade that is too cold will not completely seal the edge, which will result in fraying.

Inking.—The slit rolls are sold to the inking industry. Using machines with adjustable rollers, inkers squeeze proprietary formula inks onto the cloth. The inked rolls are then cut to specified lengths, placed on spools or in cartridges, and packaged for shipment.

U.S. tariff treatment

Imports of the product under investigation may be classified in either item 338.50 or 347.60 of the TSUS depending on their width. If the fabric is not over 12 inches in width, it is classified under TSUS item 347.60, covering narrow fabrics of manmade fibers. Fabrics over 12 inches in width are classified in TSUS item 338.50, covering other woven fabrics of manmade fibers. Within item 338.50 there are statistical annotations for slit fabrics with fast edges (item 338.5001) and other (unslit) fabrics suitable for making typewriter and machine ribbon (item 338.5002). 2/

As a result of concessions granted during the Tokyo round of Multilateral Trade Negotiations (MTN), the column 1 (most-favored-nation) rates of duty were scheduled for reduction as shown in table 1. The column 2 rates of

1/ One mil equals one-thousandth of an inch.

2/ Inked ribbons, which are not within the scope of this investigation, are classified as coated or filled fabrics in TSUS item 356.40 if not on spools, and if spooled are classified in TSUS item 389.62, as other articles of manmade fiber, not specially provided for.

Table 1.--Impression fabric of manmade fiber: Pre-MTN column 1 rates of duty and staged reductions in the column 1 rates, as of Jan. 1, 1982-87.

TSUSA item No.	Article description (abridged)	Rate of duty						
		Pre-MTN rate <u>1/</u>	Jan. 1 1982	Jan. 1 1983	Jan. 1 1984	Jan. 1 1985	Jan. 1 1986	Jan. 1 1987
338.5001	Woven fabric of manmade fiber, suitable for making type- writer and machine ribbon: Over 12 inches in width: Slit, with fast edges-----	13¢ per lb. + 22.5% ad val.	10¢ per lb. + 21.6% ad val.	8¢ per lb. + 20.7% ad val.	6¢ per lb. + 19.7% ad val.	4¢ per lb. + 18.8% ad val.	2¢ per lb. + 17.9% ad val.	17% ad val.
338.5002	Other-----	-do-	-do-	-do-	-do-	-do-	-do-	-do-
347.6020	Narrow fabrics of vegetable fibers: Typewriter and machine ribbons----	12¢ per lb. + 10% ad val.	10¢ per lb. + 9.8% ad val.	8¢ per lb. + 9.7% ad val.	6¢ per lb. + 9.5% ad val.	4¢ per lb. + 9.3% ad val.	2¢ per lb. + 9.2% ad val.	9% ad val.

1/ Rate effective prior to Jan. 1, 1982

Source: Tariff Schedules of the United States.

duty 1/ for TSUS items 338.50 and 347.60 are 81 percent and 76.5 percent ad valorem, respectively. Articles classified in both TSUS items are covered by and may be subject to restraint under the provisions of the Multifiber Arrangement (MFA). 2/ The bilateral agreement between Japan and the United States, under the MFA, currently has no specific limits on Japanese exports of these products to the United States.

U.S. Producers

There are three domestic integrated firms that weave, finish, and slit the fabric into ribbons. In addition, there are some firms that only weave the fabric or perform the slitting operation on finished impression fabric. All three of the integrated firms (Burlington Industries, Inc. (Burlington), Bomont Industries (Bomont), and Milliken & Co. (Milliken)) have significantly expanded their nylon impression fabric operations in recent years. In 1983, Burlington purchased the impression fabric slitting operations of Standard Products Corp., New Rochelle, NY, and Bomont purchased the weaving operations of Schwarzenbach Huber, a division of Carisbrook Industries, Inc., Altoona, PA. Bomont has since made a * * * million capital investment to install more than * * * air-jet looms in its weaving mill. This new equipment has increased its production and improved the quality of the nylon impression fabric. 3/ All of Bomont's air-jet looms were produced in * * *. Since 1980 Burlington has invested approximately \$50 million to expand its capacity and improve the quality of its nylon impression fabric. 4/ Milliken began to integrate vertically in 1983 by converting its Excelsior Union Plant in Union, SC, to finish and slit the fabric produced in its weaving mill. They also converted the weaving mill to an air-jet weaving operation.

In 1984, the three integrated producers accounted for * * * domestic shipments of finished unslit fabric. These firms accounted for * * * percent of reported U.S. producers' shipments of slit fabric not over 12 inches in width and * * * percent of slit fabric over 12 inches in width.

In addition to the integrated producers, there are two independent weavers of nylon impression fabric, Frank Ix & Sons and Greenwood Mills. Frank Ix & Sons has supplied fabric to other producers * * *. 5/ Greenwood * * * weave nylon impression fabric, * * *. Greenwood stated that * * *. 6/ Production of nylon impression fabric accounted for approximately * * * percent of the total yardage produced in Greenwood's facilities in 1984.

1/ Applicable to countries enumerated in general headnote 3(f) of the TSUS.

2/ Officially known as "The Arrangement Regarding International Trade in Textiles" and sanctioned under the General Agreement on Tariffs and Trade, the MFA provides the legal framework for the regulation of international trade in textiles and apparel through bilateral agreements. For a definitive 1980 to 1984 discussion of the MFA, see The Multifiber Arrangement, 1980 to 1984: Report on Investigation No. 332-180 . . ., USITC Publication 1693, May 1985.

3/ Discussion with company officials during field trip.

4/ Transcript of the conference, p. 7.

5/ Telephone conversation with * * * of Frank Ix & Sons.

6/ Telephone conversation with * * * of Greenwood Mills.

The three integrated producers finish and slit the fabric in their plants, but such operations are a small part of their total operations. Burlington and Milliken also sell finished unslit fabric to firms that either have the fabric slit on commission or slit it in their own plants for sale to inkers. Burlington sells the unslit fabric at a discount to converters and claims that its asset base is better utilized by selling the unslit fabric in the open market as well as slitting the fabric in its plant. ^{1/} Four U.S. firms (known as converters) purchase finished nylon impression fabric and have it slit by Flexene (Edge-Craft), Long Island City, NY, or Filmon Process Corp., Arden, NC, on a commission basis. The converters are Hoye Textile Corp.; Hormann, Schutte & Co.; G & A Import Distributors; and Reeves Brothers, Inc. Filmon Process Corp., a new firm which is an offshoot of Flexene, acts both as a commission slitter and a slitter for its own account. Filmon purchases * * *. The converters purchase the majority of their finished fabric from domestic firms. Hoye Textile Corp. and Hormann, Schutte & Co. purchase the bulk of their finished fabric from * * *.

Most of the inking of nylon impression fabric is done by the end users, i.e., the firms that produce the machines in which inked fabric is used.

U.S. Importers

Importers of nylon impression fabric are largely slitters and inkers or are U.S. affiliates of Japanese nylon impression fabric producers.

One importer, Buckeye Business Products, Inc. (Buckeye), slits and inks domestic and imported finished unslit nylon impression fabric into ribbons for computers and word processing equipment. It also sells slit inked ribbon to manufacturers of business machines. Buckeye began importing * * * fabric from * * * when it was unable to purchase * * * nylon impression fabric domestically. However, with the expansion in the number of domestic manufacturers and improvement in the quality of the domestically produced fabric, it is now purchasing * * * fabric from a domestic supplier by * * *. Buckeye * * *. ^{2/}

Curtis-Young Corp., General Ribbon Corp., Ko-Rec-Type, and MDS Storms, are inkers * * *. Curtis-Young * * *. ^{2/} General Ribbon and MDS Storms * * *.

Toyo Menka, Inc. and Kanematsu Goshu USA, Inc. are U.S. affiliates of Japanese nylon impression fabric producers from whom they purchase finished unslit fabric for resale to * * * and * * *, respectively.

The importers are located principally in New York and California. The main ports of entry are in New York, California, and Maryland. Inkers are mostly firms that produce the machines that use the inked fabric ribbons. Virtually all imports of slit impression fabric are purchased by inkers.

^{1/} Transcript of the conference, p. 54.

^{2/} Response to the Commission's questionnaire.

The Japanese Industry

There are two major exporters of nylon impression fabric from Japan to the United States: Asahi Chemical Industry Co., Ltd (Asahi), and Shirasaki Tape Co., Ltd. (Shirasaki). Nissei Co., Ltd. is also a producer of nylon impression fabric but has exported only small quantities to the United States for the past several years. 1/ As noted earlier, Nissei's exports to the United States have been subject to an antidumping order since May 1978.

Asahi accounted for about * * * percent of all Japanese exports of nylon impression fabric to the United States in 1984. Asahi produces high quality 6.6 nylon yarn, which it supplies to Kishi Shoji Co., Ltd., which weaves it into fabric for a processing charge. 2/ The weaver then sends the fabric to Seiren, which finishes and slits the fabric for a processing charge and returns the finished product to Asahi. Asahi retains title to the merchandise through the entire production cycle. Asahi sells finished slit nylon impression fabric in Japan and finished unslit nylon impression fabric 3/ for export to the United States. Asahi exports its unslit fabric to the United States through three trading companies—Itoh Chu Shoji, K.K., Kanematsu Goshu, Ltd., and Toyo Menka, Ltd. 4/

According to counsel for Asahi, the nylon impression fabric production capacity in Japan, and for Asahi in particular, is fully utilized because of increasing demand for the product in Japan and abroad. Asahi has * * * weavers which weave the fabric for them. These weavers * * *. During 1984, Asahi's total production of nylon impression fabric was approximately * * * square yards, of which * * * square yards was sold in Japan, and * * * square yards was sold for export.

Shirasaki accounted for about * * * percent of all Japanese exports of nylon impression fabric to the United States in 1984. Shirasaki purchases nylon 6 yarn from Teijin Ltd., which it weaves and finishes into broadwoven nylon impression fabric. Counsel for Shirasaki states that Shirasaki exports only slit nylon impression fabric to the United States. 6/ The Commission found no evidence of imports of finished unslit nylon impression fabric from Shirasaki.

Shirasaki reported total shipments of slit nylon impression fabric of * * * square yards in 1982, and * * * square yards in 1984, an increase of * * * percent. Its shipments to the United States also increased, from * * * square yards in 1982 to * * * square yards in 1984, an increase of * * * percent. 6/

1/ Petition, p. 25.

2/ Ibid, pp. 8-9.

3/ Transcript of the conference, p. 19, and postconference statement by counsel, p. 2.

4/ Petition, pp. 8-10.

5/ Postconference statement, p. 1.

6/ Postconference statement, appendix 2. The Commission also requested production and capacity data which was not provided.

Channels of Distribution

Burlington and Milliken, two of the three vertically integrated producers of finished broadwoven nylon impression fabric, either slit their own fabric, sell to slitters, or sell to converters, which have it slit on a commission basis. Greenwood Mills, which is * * * U.S. nonintegrated producer of nylon impression fabric, sells greige goods for finishing and slitting to Bomont, the third vertically integrated producer.

Finished slit fabric is sold to the inking industry. At present there are approximately 80 inkers in the United States. The inking industry is divided into original-equipment manufacturers, such as Burroughs and IBM, which ink their own ribbon, and independent inkers. Independent inkers sell ribbon to original-equipment manufacturers that do not ink their own ribbons, to wholesalers, and to retail customers.

According to counsel for Asahi, these distinct channels of trade reflect the commercial noninterchangeability of unslit and slit nylon impression fabric and the recognition of these articles as separate product lines by the industry. ^{1/}

Apparent U.S. Consumption

Apparent consumption ^{2/} of nylon impression fabric increased throughout the period, rising from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent. Apparent consumption increased from * * * square yards during January-March 1984 to * * * square yards during January-March 1985 (table 2).

Total consumption is broken out in the following tables into consumption of finished unslit nylon impression fabric and slit nylon impression fabric.

Apparent consumption of finished nylon impression fabric increased from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent (table 3). Consumption increased slightly from * * * square yards during January-March 1984 to * * * square yards during January-March 1985. U.S. producers accounted for * * * percent of consumption in 1982 and * * * percent in 1983, 1984, and January-March 1984-85.

Independent slitters accounted for approximately * * * percent of total U.S. consumption of unslit nylon impression fabric.

^{1/} Postconference statement, p. 13.

^{2/} Apparent consumption is based on U.S. producers' shipments as reported in the questionnaires and imports as reported in official statistics of the U.S. Department of Commerce.

Table 2. --Nylon impression fabric: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, 1982-84, January-March 1984, and January-March 1985

Period	U.S. producers' domestic shipments of unslit fabric			Imports			Total apparent consumption
	Intra-company	Open market	Total shipped	Unslit fabric	Slit fabric	Total imports	
Quantity (1,000 square yards)							
1982	***	***	***	1,494	1,965	3,459	***
1983	***	***	***	2,573	3,151	5,724	***
1984	***	***	***	3,127	4,140	7,267	***
Jan.-March							
1984	***	***	***	706	1,310	2,016	***
1985	***	***	***	723	559	1,282	***
As a share of total apparent consumption (percent)							
1982	***	***	***	***	***	***	100.0
1983	***	***	***	***	***	***	100.0
1984	***	***	***	***	***	***	100.0
Jan.-March							
1984	***	***	***	***	***	***	100.0
1985	***	***	***	***	***	***	100.0

Source: U.S. producers shipments compiled from responses to questionnaires of the U.S. International Trade Commission; imports, from official statistics of the U.S. Department of Commerce.

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

Table 3.—Finished unslit nylon impression fabric: U.S. producers' intracompany shipments, domestic shipments to the open market, imports for consumption, and apparent U.S. consumption, 1982-84, January-March 1984, and January-March 1985

	Intracompany shipments	Domestic shipments	Total shipments	Imports	Market consump- tion	Total con- sumption
	1,000 sq yds					
1982	***	***	***	1,494	***	***
1983	***	***	***	2,573	***	***
1984	***	***	***	3,127	***	***
January-March—						
1984	***	***	***	706	***	***
1985	***	***	***	723	***	***
Including intracompany transfers						
	In Percent					
1982	***	***	***	***	-	100.0
1983	***	***	***	***	-	100.0
1984	***	***	***	***	-	100.0
January-March—						
1984	***	***	***	***	-	100.0
1985	***	***	***	***	-	100.0
Excluding intracompany transfers						
	In Percent					
1982	-	***	-	***	100.0	-
1983	-	***	-	***	100.0	-
1984	-	***	-	***	100.0	-
January-March—						
1984	-	***	-	***	100.0	-
1985	-	***	-	***	100.0	-

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

U.S. producers' intracompany shipments of finished fabric to their slitting operations increased throughout the period, from * * * square yards in 1982 to * * * square yards in 1984. Intracompany shipments of finished fabric were * * * square yards during January-March 1984 and * * * square yards during the same period of 1985. U.S. producers' domestic shipments of finished fabric to slitters followed the same trend as intracompany shipments and increased from * * * square yards in 1982 to * * * square yards in 1984. Domestic shipments continued to increase to * * * square yards during January-March 1985 compared with * * * square yards during January-March 1984.

Two integrated producers, Burlington and Milliken, sell finished fabric to converters and slitters. Bomont consumes all of its finished fabric in its slitting operations.

Apparent consumption of slit fabric not over 12 inches in width increased steadily from * * * square yards in 1982 to * * * square yards in 1984, an increase of * * * percent. Apparent consumption decreased by * * * percent during January-March 1985 compared with consumption in January-March 1984 (table 4).

Apparent consumption of slit fabric over 12 inches in width increased slightly from * * * square yards in 1982 to * * * square yards in 1984, an increase of * * * percent. Apparent consumption decreased to * * * square yards during January-March 1985 compared with * * * square yards in the corresponding period of 1984. Apparent consumption of all slit nylon impression fabric increased from * * * square yards in 1982 to * * * square yards in 1984 and decreased to * * * square yards during January-March 1985 compared with * * * square yards in the corresponding period of 1984.

Consideration of Alleged Material Injury to an Industry in the United States

This section of the report presents data on the nylon impression fabric industry as a whole, 1/ breaking out data separately on finished and slit nylon impression fabric to the extent possible. The Commission sent questionnaires to eight producers of nylon impression fabric. The three integrated producers accounted for * * * percent of reported U.S. shipments of slit nylon impression fabric in 1984. * * * accounted for the remaining * * * percent of U.S. shipments.

U.S. production, capacity, and capacity utilization

Total production of unfinished fabric 2/ increased throughout the period, rising from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent. Production increased slightly by * * * percent during January-March 1985 compared with production in the corresponding period of 1984 (table 5).

1/ Not all producers responded to the Commission's questionnaire; therefore, data are slightly understated.

2/ Data are understated * * *.

Table 4.—Slit nylon impression fabric: U.S. producers' shipments, imports for consumption, and apparent U.S. consumption, by width, 1982-84, January-March 1984, and January-March 1985

Item and year	Shipments 1/	Imports	Apparent consumption	Ratio to consumption of	
				Shipments	Imports
	1,000 sq. yds.			Percent	
Slit fabric not over 12 inches in width:					
1982	***	1,965	***	***	***
1983	***	3,034	***	***	***
1984	***	3,897	***	***	***
January-March— 1984	***	1,078	***	***	***
1985	***	527	***	***	***
Slit fabric over 12 inches in width:					
1982	***	0	***	***	***
1983	***	117	***	***	***
1984	***	242	***	***	***
January-March— 1984	***	232	***	***	***
1985	***	33	***	***	***

1/ Shipments are from * * *. Not all * * * producers responded to the questionnaire and therefore U.S. producers' shipments are slightly understated.

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

Table 5.—Nylon impression fabric: U.S. production, capacity, and capacity utilization, by type of operation, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985
Production (1,000 sq. yds.)					
Weaving	***	***	***	***	***
Finishing	***	***	***	***	***
Slitting ^{1/}	***	***	***	***	***
Capacity (1,000 sq. yds.)					
Weaving	***	***	***	***	***
Finishing	***	***	***	***	***
Slitting ^{1/}	***	***	***	***	***
Capacity utilization (percent)					
Weaving	***	***	***	***	***
Finishing	***	***	***	***	***
Slitting ^{1/}	***	***	***	***	***

^{1/} * * *.

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

Total U.S. production of finished nylon impression fabric increased from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent. U.S. production increased again by * * * percent during January-March 1985 compared with production during January-March 1984.

Total production of slit nylon impression fabric increased from * * * square yards in 1982 to * * * square yards in 1984 or by * * * percent. Production of slit nylon impression fabric decreased slightly from * * * square yards during January-March 1984 to * * * square yards in 1985.

Production capacity for weaving impression fabric increased throughout the period, rising from * * * square yards in 1982 to * * * square yards in 1984. This trend continued during January-March 1985, increasing by * * * percent compared with the weaving capacity in the corresponding period of 1984.

Production capacity for finished nylon impression fabric increased throughout the period from * * * square yards in 1982 to * * * square yards in 1984, an increase of * * * percent. Capacity continued to increase by * * * percent during January-March 1985 compared with capacity during January-March 1984.

Capacity to produce slit nylon impression fabric increased steadily throughout the period from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent. Capacity continued to increase by * * * percent during January-March 1985 compared with capacity during January-March 1984.

According to Bomont, it is best to run weaving looms 24 hours a day or not at all. Consequently, down time is usually in the form of partial plant closings for varying periods of time. Bomont's * * *. According to Burlington and Bomont the introduction of air-jet looms has increased productive capacity and improved the quality of the product.

Capacity utilization for finished nylon impression fabric increased slightly from * * * percent in 1982 to * * * percent in 1984. Capacity utilization was * * * percent during January-March 1985 compared with * * * percent during January-March 1984. Capacity utilization for slit nylon impression fabric decreased throughout the period from * * * percent in 1982 to * * * percent in 1984. This trend continued, decreasing from * * * percent during January-March 1984 to * * * percent during January-March 1985.

U.S. producers' shipments

Total domestic shipments, not including intracompany shipments, of finished nylon impression fabric increased from * * * square yards in 1982 to * * * square yards in 1984, representing an increase of * * * square yards or * * * percent (table 6). U.S. shipments increased by * * * percent during January-March 1985 compared with shipments in the corresponding period of 1984. Domestic shipments of slit nylon impression fabric not over 12 inches in width increased steadily throughout the period, while domestic shipments of slit nylon impression fabric over 12 inches in width fluctuated slightly between * * * square yards in 1982, * * * square yards in 1983, and * * * square yards in 1984. Domestic shipments of the narrow fabric totaled * * * square yards for the first quarter of both 1984 and 1985. Domestic shipments of the wide fabric decreased slightly to * * * square yards during January-March 1985 from * * * square yards in January-March 1984.

U.S. exports

U.S. producers' exports of finished nylon impression fabric increased from * * * square yards in 1983 to * * * square yards in 1984, or by * * * percent. There were no exports in the first quarter of 1985.

Table 6.—Nylon impression fabric: U.S. producers' shipments, by type, 1982-84, January-March 1984, and January-March 1985

Item	1982	1983	1984	January-March	
				1984	1985
Quantity (1,000 sq. yds.)					
Finished fabric <u>1/</u> —	***	***	***	***	***
Slit fabric not over 12 inches in width <u>2/</u> —	***	***	***	***	***
Slit fabric over 12 inches in width <u>2/</u> —	***	***	***	***	***
Value (1,000 dollars)					
Finished fabric—	***	***	***	***	***
Slit fabric not over 12 inches in width <u>2/</u> —	***	***	***	***	***
Slit fabric over 12 inches in width <u>2/</u> —	***	***	***	***	***

1/ Does not include intracompany transfers.

2/ The figures are understated * * *.

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

Exports of slit nylon impression fabric not over 12 inches in width increased throughout the period from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent. Exports decreased by * * * percent during January-March 1985 compared with exports in January-March 1984.

Exports of slit nylon impression fabric over 12 inches in width increased from * * * square yards in 1982 to * * * square yards in 1984, or by * * * percent. Exports decreased by * * * percent during January-March 1985 compared with exports during January-March 1984.

U.S. producers' inventories

End-of-period inventories of finished nylon impression fabric of U.S. producers increased irregularly from * * * square yards in 1981 to * * * square yards in 1984, an increase of * * * square yards, or * * * percent. At the end of March 1985, inventories were * * * square yards, representing an increase of * * * square yards, or * * * percent above the March 1984 level. End-of-period inventories of slit nylon impression fabric fluctuated during

the period, decreasing from 1981 to 1982, then increasing from *** square yards in 1983 to *** square yards in 1984, or by *** percent. At the end of March 1985, inventories were *** square yards, representing an increase of *** square yards or *** percent above the March 1984 level.

Reported end-of-period inventories are shown in the following tabulation (in thousands of square yards):

	<u>Finished fabric</u>	<u>Slit fabric not over 12 inches in width</u>	<u>Slit fabric over 12 inches in width</u>
*	*	*	*
*	*	*	*

As a share of shipments, the integrated producers' yearend inventories of slit fabric not over 12 inches in width averaged *** percent in 1982 and 1983 and *** percent in 1984. Inventories on March 31 as a share of annualized shipments were *** percent in 1984 and *** percent in 1985.

As a share of shipments, the integrated producers' yearend inventories of slit fabric over 12 inches in width averaged *** percent in 1982, *** percent in 1983, and *** percent in 1984. Inventories on March 31 as a share of annualized shipments were *** percent in 1984, and *** percent in 1985.

Employment

Employment of production and related workers by U.S. firms producing nylon impression fabric increased from *** workers in 1982 to *** workers in 1984, an increase of *** percent. Employment dropped by *** percent, from *** workers during January-March 1984 to *** workers during January-March 1985 (table 7).

Employment of workers weaving the fabric increased steadily from *** workers in 1982 to *** workers in 1984, an increase of *** percent. Employment dropped by *** percent, from *** workers in the first quarter of 1984 to *** workers in the first quarter of 1985.

Employment of workers finishing the fabric also increased during the period from *** workers in 1982 to *** workers in 1984, an increase of *** percent. Employment continued to increase by *** percent during January-March 1985 over that reported for the corresponding period in 1984.

Hours worked by workers producing nylon impression fabric increased steadily from 1982 to 1984 by *** hours or *** percent. Hours worked declined by *** hours or *** percent during January-March 1985, compared with those worked in the corresponding period of 1984. Average hourly compensation increased from *** per hour in 1982 to *** in 1984. Compensation increased again to *** during January-March 1985.

Production workers in the reporting firms are not represented by unions.

Table 7.—Average number of employees, total and production and related workers of U.S. firms producing nylon impression fabric, hours worked by such workers, wages paid, and total compensation, 1982-84, January-March 1984 and January-March 1985

Item	1982	1983	1984	January-March—	
				1984	1985
<u>Average number employed in the reporting establishment(s):</u>					
All persons—	***	***	***	***	***
Production and related workers producing—					
All products—	***	***	***	***	***
Weaving—	***	***	***	***	***
Finishing 1/—	***	***	***	***	***
Slitting 2/—	***	***	***	***	***
<u>Hours worked by production and related workers producing—</u>					
All products—1,000 hours—	***	***	***	***	***
Weaving—do—	***	***	***	***	***
Finishing 1/—do—	***	***	***	***	***
Slitting 2/—do—	***	***	***	***	***
<u>Wages paid to production and related workers producing—</u>					
All products—1,000 dollars—	***	***	***	***	***
Weaving—do—	***	***	***	***	***
Finishing 1/—do—	***	***	***	***	***
Slitting 2/—do—	***	***	***	***	***
<u>Total compensation paid to production and related workers producing—</u>					
All products—1,000 dollars—	***	***	***	***	***
Weaving—do—	***	***	***	***	***
Finishing 1/—do—	***	***	***	***	***
Slitting 2/—do—	***	***	***	***	***

1/ The figures are slightly overstated * * *

2/ The figures are understated * * *

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

Financial experience of U.S. producers

Three firms, accounting for * * * percent of reported U.S. production of finished nylon impression fabric in 1984, furnished usable income-and-loss data concerning both their overall establishment operations and their operations on nylon impression fabric alone. ^{1/}

Overall establishment operations.—Net sales of all products produced in the establishments within which finished nylon impression fabric is produced rose annually from * * * to * * *, or by * * * percent, during 1982-84 (table 8). Net sales dipped * * * percent to * * * during the interim period ended March 31, 1985, compared with net sales of * * * during the corresponding period of 1984. Operating income also rose annually during 1982-84, rising from * * *, or * * * percent of net sales, to * * *, or * * * percent of net sales. Operating income plunged to * * *, or * * * percent of net sales during the interim period ended March 31, 1985, compared with an operating income of * * *, or * * * percent of net sales, during the corresponding period of 1984. * * *.

Nylon impression fabric.—Total net sales of all nylon impression fabric rose annually from * * * to * * *, or by * * * percent, during 1982-84 (table 9). Total net sales were * * * during interim 1985, compared with net sales of * * * during the corresponding period of 1984. Net sales of unfinished fabric * * *. * * *. Net sales of finished but not slit nylon impression fabric rose * * * percent during 1982-84 and * * * percent during interim 1985. Net sales of slit nylon impression fabric rose annually from * * * to * * *, or by * * * percent, during 1982-84. Such sales were * * * during interim 1985, compared with net sales of * * * during the corresponding period of 1984.

Operating income followed a somewhat different trend from that of total net sales during 1982-84, rising from * * *, or * * * percent of net sales, in 1982 to * * *, or * * * percent of net sales, in 1983 and then dipping to * * *, or * * * percent of net sales, in 1984. Operating income slipped to * * *, or * * * percent of net sales, in interim 1985, compared with an operating income of * * *, or * * * percent of net sales, during the corresponding period of 1984. * * *. In the aggregate, the three firms reported positive cash flows in each of the reporting periods.

The cost of raw materials, mainly nylon filament, is the largest cost element in producing nylon impression fabric. Raw material costs amounted to * * * percent of net sales in 1984 compared with * * * percent for weaving costs, * * * percent for finishing costs, and * * * percent for slitting costs. For income-and-loss experience of U.S. producers on an individual company basis see table C-1 in appendix C.

Investment in productive facilities.—The U.S. producers' investment in productive facilities employed in the production of unfinished nylon impression fabric, valued at cost, rose from * * * to * * * during 1982-84 and interim 1985 (table 10). The book value of such assets was * * * as of March 31, 1985. Their investment in productive facilities employed in the

^{1/} Bomont Industries, Burlington Industries, and Milliken & Co.

Table 8.—Income and loss experience of 3 U.S. producers on the overall operations of their establishments within which nylon impression fabric is produced, 1982-84, interim 1984, and interim 1985

Item	1982	1983	1984	Interim period ending March 31—	
				1984	1985
Net sales—1,000 dollars—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
General, selling and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Depreciation and amortization—do—	***	***	***	***	***
Cash flow from operations—do—	***	***	***	***	***
Ratio to net sales:					
Gross income—percent—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Cost of goods sold—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Number of firms sustaining operating losses—	***	***	***	***	***

1/ The accounting year for Burlington Industries ended on or about Sept. 30, the accounting year of Milliken ended on Nov. 30, and that of Bomont Industries ended on Dec. 31.

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

Table 9.—Income and loss experience of 3 producers on their operations in weaving, finishing, and slitting nylon impression fabric, 1982-84, interim 1984, and interim 1985 ^{1/}

Item	1982	1983	1984	Interim period ending March 31—	
				1984	1985
Net sales:					
Unfinished fabric:					
Quantity—1,000 square yards—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Finished but not slit:					
Quantity—1,000 square yards—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Slit:					
Quantity—1,000 square yards—	***	***	***	***	***
Value—1,000 dollars—	***	***	***	***	***
Total net sales—do—	***	***	***	***	***
Cost of goods sold:					
Raw material costs—do—	***	***	***	***	***
Weaving costs—do—	***	***	***	***	***
Finishing costs ^{2/} —do—	***	***	***	***	***
Slitting costs—do—	***	***	***	***	***
Total cost of goods sold—do—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Depreciation and amortization—do—	***	***	***	***	***
Cash flow from operations—do—	***	***	***	***	***
Ratio to total net sales:					
Raw materials costs—percent—	***	***	***	***	***
Weaving costs—do—	***	***	***	***	***
Finishing costs—do—	***	***	***	***	***
Slitting costs—do—	***	***	***	***	***
Total cost of goods sold—do—	***	***	***	***	***
Gross income—do—	***	***	***	***	***
General, selling, and administrative expenses—do—	***	***	***	***	***
Operating income—do—	***	***	***	***	***
Number of firms reporting operating losses—	***	***	***	***	***

^{1/} The accounting year for Burlington Industries ended on or about Sept. 30, the accounting year of Milliken ended on Nov. 30, and that of Bomont Industries ended on Dec. 31.

^{2/} * * *.

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

Table 10.—Investment in productive facilities and capital expenditures related to nylon impression fabric, 1982-84, interim 1984, and interim 1985

(In thousands of dollars)					
Item	1982	1983	1984	As of March 31—	
				1984	1985
Investment in productive facilities:					
All products:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Unfinished fabric:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Finished fabric:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Slit fabric:					
Original cost	***	***	***	***	***
Book value	***	***	***	***	***
Capital expenditures:					
All products:					
Land and land improvements	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
Unfinished fabric:					
Land and land improvements	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
Finished fabric:					
Land and land improvements	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***
Slit fabric:					
Land and land improvements	***	***	***	***	***
Buildings	***	***	***	***	***
Machinery and equipment	***	***	***	***	***
Total	***	***	***	***	***

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

production of finished nylon impression fabric, valued at cost, rose from * * * to * * * during the reporting period, and the book value of such assets was * * * as of March 31, 1985. Their investment in facilities employed in the production of slit nylon impression fabric, valued at cost, rose from * * * to * * * during the reporting period, and the book value of such assets were * * * as of March 31, 1985.

Capital expenditures.—U.S. producers made capital expenditures of * * * in 1983 for facilities used in the production of unfinished nylon impression fabric; capital expenditures were * * * in 1983, * * * in 1984, and * * * during January–March 1985 (table 10). Capital expenditures for facilities used in the production of finished nylon impression fabric were * * * in 1982, * * * in 1983, * * * in 1984, and * * * during January–March 1985. Capital expenditures for facilities used in the production of slit nylon impression fabric were * * * in 1982, * * * in 1983, * * * in 1984, and * * * during January–March 1985.

Research and development expenses.—Two U.S. producers of nylon impression fabric reported research and development expenses incurred in developing U.S.–produced nylon impression fabric. Such expenditures are presented in the following tabulation (in thousands of dollars):

	<u>Unfinished nylon</u>			<u>Finished nylon</u>			<u>Slit nylon</u>		
	<u>impression fabric</u>			<u>impression fabric</u>			<u>impression fabric</u>		
	*	*	*	*	*	*	*	*	

Consideration of Alleged Threat of Material Injury to an Industry in the United States

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in allegedly LTFV imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). Trends in imports and U.S. market penetration are discussed in the section of this report entitled "Consideration of the Causal Relationship Between Alleged Material Injury and Allegedly LTFV Imports." Information on the foreign industry is presented in the foreign industry section of the report.

Inventories of Japanese nylon impression fabric, as reported by three U.S. importers in their questionnaire responses, follows.

U.S. importers' inventories

Twelve importers responded to the Commission's importer questionnaire. Seven reported that they had no inventories, two provided incomplete data, and three provided data. Three firms reported yearend inventories of slit fabric not over 12 inches in width, which * * * from * * * square yards in 1982 to * * * square yards in 1983 or by * * * percent. Such inventories then * * * to * * * square yards in 1984 or by * * * percent. Reported inventories of narrow fabric as of March 31 * * * from * * * square yards in 1984 to * * * square yards in 1985.

Two importers reported inventories of slit nylon impression fabric over 12 inches in width. Such inventories * * * from * * * square yards in 1982 to * * * square yards in 1983 and then * * * to * * * square yards in 1984. One of the importers of wide slit fabric reported inventories of * * * square yards as of March 31, 1984 and March 31, 1985.

Only one importer reported inventories of finished unslit fabric. Its yearend inventory * * * from * * * square yards in 1983 to * * * square yards in 1984 or by * * * percent. Its inventory as of March 31, 1985 was * * * percent * * * than that reported for March 31, 1984.

Consideration of the Causal Relationship Between Alleged Material Injury
and Allegedly LTFV Imports

U.S imports

Data contained in this section of the report were compiled from official statistics of the U.S. Department of Commerce. ^{1/} Imports of nylon impression fabric have been reported separately as finished fabric over 12 inches in width, slit with fast edges or unslit, and narrow fabric not over 12 inches in width.

Total imports from all sources increased by approximately 111 percent from 1982 to 1984, and decreased by 36 percent during January-March 1985 compared with imports during January-March 1984 (table 11).

Total imports from Japan increased steadily from 1982 to 1984, rising from 2.8 million square yards in 1982 to 5.1 million square yards in 1984, or by 84 percent. Japanese imports decreased by 41 percent during January-March 1985 compared with imports during January-March 1984. Japan was the largest exporter of nylon impression fabric to the United States during the period.

^{1/} The quantities reported by Commerce for TSUSA items 338.5001 and 338.5002 are in square yards. The quantities reported for TSUSA item 347.6020 are in pounds, which the Commission staff converted to square yards by applying a conversion factor of 7.86. The factor was derived from statistics reported in the IM 146 by Census. Counsel for the petitioners contends the conversion factor should be 10.71. See pages 77-79 of the conference transcript.

Table 11.—Nylon impression fabric: Total U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Country	1982	1983	1984	January-March—	
				1984	1985
Quantity (1,000 square yards)					
Japan	2,769	4,702	5,106	1,453	853
Italy	95	235	459	147	2
France	26	21	371	3	92
West Germany	173	215	413	170	266
Canada	124	205	348	194	1
Switzerland	89	69	218	9	6
United Kingdom	135	222	54	1/	56
All others	47	54	298	41	6
Total	3,459	5,724	7,266	2,016	1,282
Value (1,000 dollars)					
Japan	3,002	4,842	5,280	1,339	848
Italy	142	410	749	210	11
France	79	55	349	8	75
West Germany	208	206	424	168	204
Canada	149	163	294	196	1
Switzerland	90	102	245	20	21
United Kingdom	163	263	63	1	46
All others	43	67	551	70	7
Total	3,876	6,109	7,955	2,013	1,212

1/ Less than 500 square yards.

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

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

Imports from Japan of finished unslit nylon impression fabric increased from 1.4 million square yards in 1982 to 2.3 million square yards in 1983, or by 70 percent, then decreased by 14 percent to 2.0 million square yards in 1984. Japanese imports continued to decrease by 21 percent during January-March 1985 compared with imports in the same quarter of 1984 (table 12).

Table 12.—Finished unslit nylon impression fabric: U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Country	1982	1983	1984	January-March—	
				1984	1985
Quantity (1,000 square yards)					
Japan	1,371	1/2,329	2,008	515	408
Italy	65	215	441	140	1
France	23	13	361	2/	89
West Germany	4	2	204	11	215
Canada	0	2/	57	19	0
Switzerland	4	5	16	7	2
United Kingdom	2/	2/	7	2/	5
All others	27	9	33	14	3
Total	1,494	2,573	3,127	706	723
Value (1,000 dollars)					
Japan	1,352	2,108	1,616	410	288
Italy	107	377	729	196	10
France	78	39	332	1	71
West Germany	13	7	211	32	164
Canada	0	1	52	43	0
Switzerland	14	31	31	14	15
United Kingdom	2	3/	11	1	5
All others	23	12	38	6	3
Total	1,589	2,574	3,020	702	555

1/ Based on Commerce data for January–November, 1983 and estimated figures for December 1983.

2/ Less than 500 square yards.

3/ Less than \$500.

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

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

Total imports of slit nylon impression fabric from Japan increased steadily from 1.4 million square yards in 1982 to 3.1 million square yards in 1984, or by 121 percent. Imports then declined by 53 percent during January–March 1985 compared with imports during the same quarter of 1984 (table 13).

Table 13.—Slit nylon impression fabric (all widths): U.S. imports for consumption, by principal sources, 1982-84, January-March 1984, and January-March 1985

Country	1982	1983	1984	January-March—	
				1984	1985
Quantity (1,000 square yards)					
Japan	1,399	2,373	3,098	937	445
Italy	31	20	18	7	<u>1/</u>
France	3	8	10	3	3
West Germany	169	214	209	158	51
Canada	124	205	291	175	1
Switzerland	85	64	202	2	4
United Kingdom	134	222	47	0	51
All others	20	46	265	27	3
Total	1,965	3,151	4,140	1,310	559
Value (1,000 dollars)					
Japan	1,650	2,733	3,664	929	560
Italy	34	34	20	14	1
France	2	17	17	7	4
West Germany	195	200	214	136	40
Canada	149	163	242	154	1
Switzerland	76	72	213	7	6
United Kingdom	161	263	52	0	41
All others	19	56	513	64	5
Total	2,287	3,535	4,935	1,311	658

1/ Less than 500 square yards.

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

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

Imports of slit nylon impression fabric not over 12 inches in width from Japan followed the trend of total imports by increasing from 1.4 million square yards in 1982 to 3.0 million square yards in 1984, or by 115 percent. Imports then declined by 47 percent during January-March 1985 compared with imports during January-March 1984 (table 14).

Table 14.—Slit nylon impression fabric not over 12 inches in width:
U.S. imports for consumption, by principal sources, 1982-84, January-March
1984, and January-March 1985

Country	1982	1983	1984	January-March—	
				1984	1985
Quantity (1,000 square yards)					
Japan	1,399	2,366	3,002	845	445
Italy	31	20	18	7	<u>1/</u>
France	3	8	10	3	3
West Germany	169	104	70	19	18
Canada	124	205	291	175	1
Switzerland	85	64	202	2	4
United Kingdom	134	222	47	0	51
All others	20	46	259	27	3
Total	1,965	3,034	3,897	1,078	527
Value (1,000 dollars)					
Japan	1,650	2,726	3,622	893	560
Italy	34	34	20	14	1
France	2	17	15	5	4
West Germany	195	99	94	17	15
Canada	149	163	242	154	1
Switzerland	76	72	213	7	6
United Kingdom	161	263	52	0	41
All others	19	56	505	64	5
Total	2,287	3,428	4,764	1,154	633

1/ Less than 500 square yards.

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

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

Imports of slit nylon impression fabric over 12 inches in width from Japan were low throughout the period, increasing from 7,000 square yards in 1983 to 97,000 square yards in 1984. There were no imports of the wide slit fabric from Japan during January-March 1985 (table 15).

Table 15.—Slit nylon impression fabric over 12 inches in width: U.S. imports for consumption, by principal sources, 1982-84, January-March 1984 and January-March 1985

Country	1982	1983	1984	January-March—	
				1984	1985
Quantity (1,000 square yards)					
Japan	0	7	97	93	0
Italy	0	0	0	0	0
France	0	0	<u>1/</u>	<u>1/</u>	0
West Germany	0	110	139	139	33
Canada	0	0	0	0	0
Switzerland	0	0	0	0	0
United Kingdom	0	0	0	0	0
All others	0	0	6	0	0
Total	0	117	242	232	33
Value (1,000 dollars)					
Japan	0	7	42	36	0
Italy	0	0	0	0	0
France	0	0	2	2	0
West Germany	0	101	120	120	25
Canada	0	0	0	0	0
Switzerland	0	0	0	0	0
United Kingdom	0	0	0	0	0
All others	0	0	8	0	0
Total	0	107	172	157	25

1/ Less than 500 square yards.

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

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

U.S. market penetration

Imports of nylon impression fabric from all countries, as a share of U.S. consumption, increased from * * * percent of consumption in 1982 to * * * percent in 1984 (table 16). Imports accounted for * * * percent of apparent consumption during January-March 1985 compared with * * * percent during January-March 1984.

Table 16.—Nylon impression fabric: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, 1982-84, January-March 1984, and January-March 1985

Period	Total 1/ domestic shipments	Imports from Japan			All other imports	Total all imports	Total apparent consumption
		Unslit fabric	Slit fabric	Total imports			
Quantity (1,000 square yards)							
1982	***	1,371	1,399	2,769	690	3,459	***
1983	***	2,329	2,373	4,702	1,022	5,724	***
1984	***	2,008	3,098	5,106	2,161	7,267	***
Jan.-March 1984	***	515	937	1,453	563	2,016	***
1985	***	408	445	853	429	1,282	***
As a share of total apparent consumption (percent)							
1982	***	***	***	***	***	***	100.0
1983	***	***	***	***	***	***	100.0
1984	***	***	***	***	***	***	100.0
Jan.-March 1984	***	***	***	***	***	***	100.0
1985	***	***	***	***	***	***	100.0

1/ Data include intracompany and open market shipments.

Source: Compiled from questionnaires of the U.S. International Trade Commission; imports, from official statistics of the U.S. Department of Commerce.

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

The share of the U.S. market for nylon impression fabric supplied by imports from Japan increased from * * * percent in 1982 to * * * percent in 1984. This share dropped to * * * percent of apparent consumption during January-March 1985 compared with * * * percent during January-March 1984.

Imports from Japan of unslit nylon impression fabric, as a share of U.S. consumption, increased from * * * percent in 1982 to * * * percent in 1983, before dropping to * * * percent in 1984. Japanese imports, as a share of consumption, decreased to * * * percent in the first quarter of 1985 compared with a * * * percent share in the first quarter of 1984.

Imports from Japan of slit nylon impression fabric as a share of U.S. consumption, increased from * * * percent in 1982 to * * * percent in 1984, and decreased from * * * percent during January-March 1984 to * * * percent in the same quarter of 1985. Imports from Japan of nylon impression fabric over 12 inches in width with slit, fast edges were minimal throughout the period.

Prices

Transaction prices for nylon impression fabric are arrived at through intense competition between domestic producers and importers. 1/ Although service, reliable product quality, and to a much smaller extent, the individual weaving specifications, may affect the buying decision, price was reported to be a significant factor. According to petitioners, very small price differentials may be enough to shift sales to a competitor. 2/

Ability to deliver product when needed also has an effect on sales. Because of the wide variety of cut widths for impression fabric, it is not economical for importers to keep many sizes in inventory. Thus, fabric that is imported already slit must be ordered in advance by contract. Also the importers who receive broadwoven cloth from Japan must utilize domestic contract slitters when selling slit merchandise. This, too, causes a time disadvantage for importers. 3/ Transportation costs that generally are less than 5 percent of the total value of a shipment do not have a significant effect on sales.

Industry sources reported that although impression fabric is sold in the marketplace predominantly by linear yards based on width, prices on a square yard basis do not vary significantly between different slit widths. Therefore, data were requested in square yards for narrow fabric (under 12 inches wide), and wide fabric (12 inches wide and over). Broadwoven unslit fabric prices were also requested. The Commission received pricing data from three domestic producers, which represent * * * percent of the reporting firms' shipments of slit nylon impression fabric in 1984. Although the staff contacted 36 firms that were believed to be importers of nylon impression fabric, only 4 reported usable pricing information.

1/ Transcript of the conference, p. 39.

2/ Ibid, pp. 81-82.

3/ Ibid, pp. 12-13.

Domestic price trend.—Although prices moved in a somewhat erratic fashion during 1983-85, the general trend for domestic sales prices is downward.

For the narrow slit fabric the largest decline in price was for the 5-mil-thick material. Prices dropped from a high of * * * per square yard during January-March 1983 to * * * per square yard during April-June 1985, a * * * percent decline. In the 4-mil-thick fabric, prices were more volatile. Prices dropped from a high of * * * per square yard during January-March 1983 to a low of * * * per square yard during April-June 1984 before rising to * * * per square yard during April-June 1985. The 4-mil fabric was reportedly the largest volume item for nylon impression fabric sales. ^{1/} The 3-mil fabric in the narrow widths did not follow the same trend as that reported for the 4- and 5-mil fabric. Prices initially rose from * * * per square yard during January-March 1983 to * * * during October-December 1984, a * * * percent increase. Prices then began to decline rapidly, falling to * * * per square yard during April-June 1985, a * * * percent decline (table 17).

Prices in the slit fabric over 12 inches in width showed sharp declines from 1984 to 1985 for all three thicknesses. The 5-mil fabric steadily declined during 1983 to * * * per square yard before rising throughout 1984 to * * * per square yard during October-December 1984. Then prices abruptly declined to * * * per square yard during January-March 1985 and have remained at these low levels. The price of 4-mil-wide fabric was stable during 1983 at approximately * * * per square yard. Prices then began a steady decline to * * * per square yard during April-June 1985, a * * * percent decline. The prices reported for 3-mil-wide fabric followed the same trend as the 5-mil fabric, declining in 1983, strengthening in 1984, and abruptly declining during the first 6 months of 1985. Prices declined from * * * per square yard during January-March 1983 to * * * per square yard during October-December 1983. They gradually increased to * * * per square yard during October-December 1984 before sharply dropping again to * * * per square yard during April-June 1985 (table 18).

Domestic prices for unslit broadwoven fabric showed a very gradual declining trend during the subject period. The 5-mil broadwoven fabric declined slightly from * * * per square yard during January-March 1983 to * * * per square yard during April-June 1985 or about * * * percent. The prices for the 4 mil fabric were very stable over the subject period, generally ranging between * * * and * * * per square yard. The price of 3-mil unslit fabric declined steadily from * * * per square yard during January-March 1983 to * * * per square yard during January-March 1985 or about * * * percent (table 19).

Imported price trend.—Pricing data received from importers were very limited. Only two importers of slit fabric responded with usable data. In addition, two trading companies reported sales of the unslit broadwoven fabric.

For slit 4-mil fabric, importer prices initially * * * from * * * per square yard during January-March 1983 to * * * per square yard during April-June 1983. Prices then stabilized and remained between * * * and * * * per square yard throughout the remainder of the subject period (table 20).

^{1/} Transcript of the conference, pp. 78-79.

Table 17.—Weighted average prices of domestically produced slit nylon impression fabric not over 12 inches in width, by thickness, by quarters, 1983-85

Period	3-mils thick		4-mils thick		5-mils thick	
	Quantity	Weighted average price	Quantity	Weighted average price	Quantity	Weighted average price
	Square yards	Dollars/sq. yd.	Square yards	Dollars/sq. yd.	Square yards	Dollars/sq. yd.
1983:						
Jan.-Mar	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept	***	***	***	***	***	***
Oct.-Dec	***	***	***	***	***	***
1984:						
Jan.-Mar	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept	***	***	***	***	***	***
Oct.-Dec	***	***	***	***	***	***
1985:						
Jan.-Mar	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***

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

Table 18.—Weighted average prices of domestically produced slit nylon impression fabric over 12 inches in width, by thickness, by quarters, 1983-85

Period	3-mils thick		4-mils thick		5-mils thick	
	Quantity	Weighted average price	Quantity	Weighted average price	Quantity	Weighted average price
	Square yards	Dollars/sq. yd.	Square yards	Dollars/sq. yd.	Square yards	Dollars/sq. yd.
1983:						
Jan.-Mar	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept	***	***	***	***	***	***
Oct.-Dec	***	***	***	***	***	***
1984:						
Jan.-Mar	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept	***	***	***	***	***	***
Oct.-Dec	***	***	***	***	***	***
1985:						
Jan.-Mar	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***

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

Table 19.—Weighted average prices of domestically produced unslit nylon impression fabric, by thickness, and by quarter, 1983-85

Period	3-mils thick		4-mils thick		5-mils thick	
	Quantity	Weighted: average price	Quantity	Weighted: average price	Quantity	Weighted: average price
	Square yards	Dollars/ sq. yd.	Square yards	Dollars/ sq. yd.	Square yards	Dollars/ sq. yd.
1983:						
Jan.-Mar.—	***	***	***	***	***	***
Apr.-June—	1/	1/	***	***	***	***
July-Sept—	***	***	***	***	***	***
Oct.-Dec—	***	***	***	***	***	***
1984:						
Jan.-Mar.—	***	***	***	***	***	***
Apr.-June—	***	***	***	***	***	***
July-Sept—	***	***	***	***	***	***
Oct.-Dec—	***	***	***	***	***	***
1985:						
Jan.-Mar.—	***	***	***	***	***	***
Apr.-June—	1/	1/	***	***	***	***

1/ Data not available.

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

Table 20.—Narrow nylon impression fabric, 4-mils thick not over 12 inches in width: Weighted average f.o.b. sales prices as reported by producers and importers, by sources, and by specified period, 1983-85

Period	United States		Japan		Margins of underselling (overselling) —Percent—
	Quantity	Weighted: average price	Quantity	Weighted: average price	
	Square yards	Dollars/ sq. yd.	Square yards	Dollars/ sq. yd.	
1983:					
January-March—	***	***	***	***	6
April-June—	***	***	***	***	5
July-September—	***	***	***	***	11
October-December—	***	***	***	***	4
1984:					
January-March—	***	***	***	***	7
April-June—	***	***	***	***	2
July-September—	***	***	***	***	4
October-December—	***	***	***	***	11
1985:					
January-March—	***	***	***	***	7
April-June—	***	***	***	***	7

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

Prices for the unslit 5-mil fabric * * * gradually from * * * per square yard during January-March 1983 to * * * per square yard during April-June 1985 or by * * * percent. The 4-mil fabric initially * * * in price during 1983 from * * * per square yard during January-March 1983 to * * * per square yard during October-December 1983. Prices * * * in 1984, * * * to * * * per square yard by July-September before * * * to * * * per square yard during April-June 1985 (tables 21 and 22).

Margins of underselling.—Because of the limited response by importers of nylon impression fabric, margins of underselling could be calculated for only one thickness of slit fabric and two thicknesses of unslit fabric.

For the narrow slit 4-mil nylon impression fabric, the imports from Japan undersold the domestic product in every instance. Margins ranged from 2 to 11 percent; however, the margins were usually in the 4- to 7-percent range.

Comparing prices for the broadwoven unslit fabric, however, shows domestic fabric as the lower priced in all but two periods. Domestic unslit fabric, 5-mils thick, undersold the Japanese fabric in every instance by margins ranging from 2 to 10 percent. For unslit fabric 4-mils thick, domestic fabric undersold the imports in all but two instances. Margins ranged from 1 to 13 percent. The two cases of underselling occurred during July-December 1983 when the Japanese imports sold for 1-percent less than the domestic fabric.

Table 21.—Unslit nylon impression fabric, 4-mils thick: Weighted average f.o.b. sales prices as reported by producers and importers, by sources, and by specified period, 1983-85

Period	United States		Japan		Margins of underselling (overselling) —Percent—
	Quantity	Weighted average price	Quantity	Weighted average price	
	Square yards	Dollars/sq. yd.	Square yards	Dollars/sq. yd.	
1983:					
January-March	***	***	***	***	(11)
April-June	***	***	***	***	(5)
July-September	***	***	***	***	1
October-December	***	***	***	***	1
1984:					
January-March	***	***	***	***	(3)
April-June	***	***	***	***	(10)
July-September	***	***	***	***	(13)
October-December	***	***	***	***	(2)
1985:					
January-March	***	***	***	***	(4)
April-June	***	***	***	***	(4)

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

Table 22.—Unslit nylon impression fabric, 5-mils thick: Weighted average f.o.b. selling prices as reported by producers and importers, by sources, and by specified period, 1983-85

Period	United States		Japan		Margins of underselling (overselling) —Percent—
	Quantity	Weighted average price	Quantity	Weighted average price	
	Square yards	Dollars/sq. yd.	Square yards	Dollars/sq. yd.	
1983:					
January-March	***	***	***	***	(6)
April-June	***	***	***	***	(2)
July-September	***	***	***	***	(2)
October-December	***	***	***	***	(2)
1984:					
January-March	***	***	***	***	(10)
April-June	***	***	***	***	(7)
July-September	***	***	***	***	(7)
October-December	***	***	1/	1/	-
1985:					
January-March	***	***	***	***	(5)
April-June	***	***	***	***	(5)

1/ Data not available.

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

Exchange rates

The nominal value of the Japanese yen fluctuated irregularly from January-March 1983 to April-June 1984 before beginning a gradual decline. From April-June 1984 to January-March 1985 the nominal value of the Japanese yen had declined by 11 percent.

Because of a lower inflation rate in Japan, the real value of the yen declined at a greater rate than the nominal value of the yen as shown in the following tabulation (January-March 1983=100): ^{1/}

Period	: U.S. dollars per : Japanese yen :(nominal rate indexed)	: U.S. dollars per : Japanese yen :(real rate indexed)
1983:	:	:
January-March	100.0	100.0
April-June	99.2	98.0
July-September	97.2	95.2
October-December	100.6	97.5
1984:	:	:
January-March	102.0	97.9
April-June	102.7	97.9
July-September	96.8	93.1
October-December	95.8	92.2
1985:	:	:
January-March	91.5	88.5

^{1/} International Financial Statistics, International Monetary Fund, June 1985.

Lost Sales

The Commission received 47 allegations of lost sales from 3 U.S. producers; these allegations involved 18 purchasers of nylon impression fabric. The staff contacted 7 of these purchasers concerning 26 of the allegations. The responses of these purchasers are summarized below.

*** alleged that it attempted to sell *** linear yards of *** fabric and *** linear yards of *** fabric to ***. *** alleged that these sales went to Japanese suppliers. *** confirmed that the purchase of the *** fabric was an import from Japan. *** denied the allegation concerning the *** fabric and elaborated on the present market condition for that fabric.

***. Because they are such a large user, price and reliability of supply are the major concerns when buying *** fabric, which *** claims is essentially a commodity item. During 1985 the domestic price for *** fabric fell below the price offered by importers. ***, ***. In *** sought to enter a long-term contract with a supplier of *** fabric. *** stated that *** emerged as the leading contenders for the contract because of their willingness to commit to the present market price. *** further stated that *** was willing to enter a *** contract based on present market prices, and the only price escalation mechanism would be based on *** cost of purchasing the chief raw material, nylon yarn provided by the ***. *** ultimately entered a similar contract with *** for a *** commitment. *** stated that *** was chosen on the basis of prior business associations with the company and also a favorable response to *** investments in modern equipment.

*** alleged that it attempted to sell *** linear yards of *** fabric in *** to ***. *** contends that its offer of *** per linear yard was rejected in favor of Japanese material offered for *** per linear yard. *** confirmed the transaction. *** stated that this was a one time purchase based on price and that they have since switched back to purchasing only domestic nylon fabric.

*** alleged that it attempted to make *** sales of nylon impression fabric to ***, during 1983-85. ^{1/} The allegations covered *** linear yards of nylon impression fabric in a variety of slit widths and thicknesses. In addition, *** alleged that it attempted to establish *** accounts with *** for sales of *** fabric and *** fabric. *** estimated the volume for these accounts would approach *** linear yards per quarter. *** alleged that they lost all of these sales to Japanese imports. *** stated that *** allegation was "completely wrong" and "ridiculous," all of those sales went to American producers. *** also denied *** allegations regarding *** fabric sales. *** stated that *** only purchases *** fabric from domestic sources. *** could not confirm or deny the other *** allegations made by ***. *** stated that he had purchased some imports during that time, however, price was not the only consideration. ***

^{1/} ***.

informed the staff that because he was importing * * * fabric he had a much longer delivery time and a shorter payment schedule, which partially offset the lower price offered by the Japanese. He felt that the imports from Japan were a superior product.

* * * alleged that it attempted to make a sale of * * * linear yards of * * * nylon impression fabric on * * *, at prices of * * * to * * * per linear yard, and a sale of * * * linear yards of * * * nylon impression fabric on * * *, to * * * at prices of between * * * and * * * per linear yard. * * * alleges that it lost all * * * of these sales to Japanese imports. * * * stated that these allegations were wrong and that his firm has only made purchases of nylon impression fabric from domestic producers.

* * * alleged that it attempted to make a sale of * * * linear yards of * * * nylon impression fabric in * * *, at * * * per linear yard, a sale of * * * linear yards of * * * nylon * * * fabric on * * *, to * * * at * * * per linear yard, and a sale of * * * linear yards of * * * nylon * * * fabric on * * * at * * * per linear yard. * * * contends that it lost these sales to Japanese imports. * * * of the * * * stated that he could not confirm whether or not these sales did indeed go to the importers of the Japanese product. He did indicate, however, that the Japanese produced a "super quality product - superior to the American product in quality," and that his firm has been purchasing from both U.S. and Japanese producers for several years.

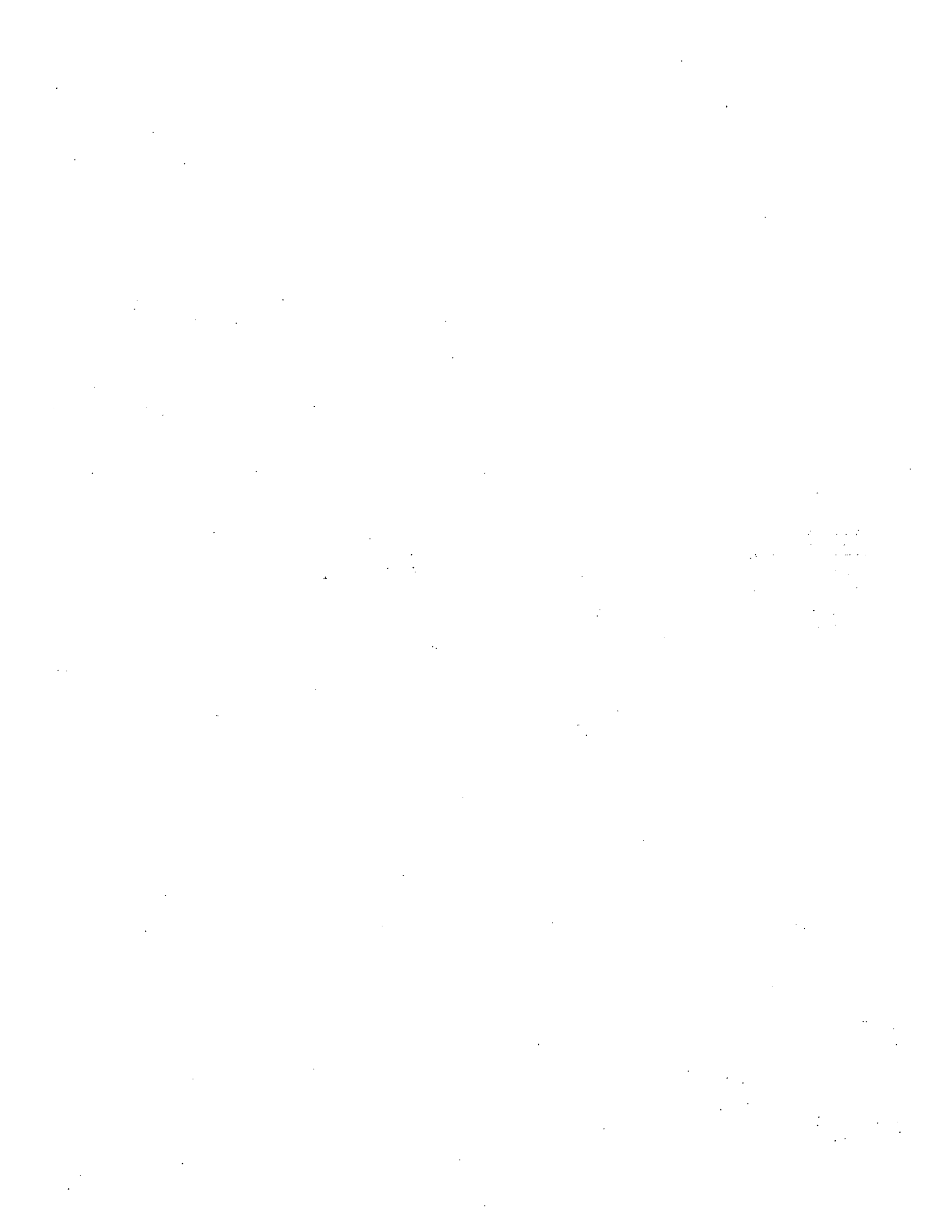
* * * alleged that it attempted to sell * * * linear yards of * * * nylon impression fabric in * * * to * * *, at * * * per linear yard. * * * contends that it lost this sale to importers of the Japanese product. * * * stated that this allegation is not true. "Although we have bought from the Japanese, we do it on the basis of quality, not price." He indicated that he believed that his company made purchases of nylon ribbon from domestic producers during the month cited in the * * * allegation.

* * * also cited * * * as a lost customer. * * * alleged that it lost * * * sales for an estimated * * * linear yards of * * * fabric and * * * sales of * * * fabric with a total volume of * * * linear yards to imports from Japan. * * * denied * * * of the allegations because his firm only purchases * * * fabric from domestic producers. However he was able to confirm the * * * allegations involving the * * * fabric. He further stated that his firm has historically purchased 40-50 percent of its needs from Japan because of fewer quality problems.

* * * alleged that it attempted to sell * * * linear yards of * * * nylon * * * fabric on * * *, to the * * *, at * * * per linear yard. * * * contends that it lost this sale to importers of the Japanese product. * * * cited a lost sale of * * * linear yards of * * * fabric to * * * because of Japanese competition. * * * stated to Commission staff on July 3, 1985, that he could not confirm or deny the allegations, both because of his inability to recall them and because of the nonexistence of sales records dating back to that period. He did indicate, however, that he generally tends to make his purchases of nylon impression fabric from U.S. producers.

* * * alleged that it had lost a portion of a standing account with * * *. * * * denied the allegation and stated that his firm buys only domestic goods, and the specific purchase in question actually went to * * *. He further explained * * *. However, the time delays for shipping and the fact that payments were due before the shipment was received, caused problems with his customers and also caused a drain on his cash flow. * * *.

APPENDIX A
THE FEDERAL REGISTER NOTICES



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 Japan of nylon impression fabric, provided for in items 347.60 and 338.50 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigation in 45 days, or in this case by July 25, 1985.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subpart A and B (19 CFR Part 207); and Part 201, Subparts A through E (19 CFR Part 201, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: June 11, 1985.

FOR FURTHER INFORMATION CONTACT: Valerie Newkirk (202-523-0165), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on June 10, 1985, by counsel on behalf of Bomont Industries, NJ, and Burlington Industries, Inc., NC.

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c), as amended by 49 FR 32569, Aug. 15, 1984), each document

filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on July 2, 1985 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Valerie Newkirk (202-523-0165) not later than June 28, 1985, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation 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.

Written Submissions

Any person may submit to the Commission on or before July 5, 1985, a written statement of information pertinent to the subject of the investigation, as provided in section 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority

This investigation is 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 (19 CFR 207.12).

Issued: June 13, 1985.

[Investigation No. 731-TA-269
(Preliminary)]

**Nylon Impression Fabric From Japan;
Institution of Preliminary Antidumping
Investigation**

AGENCY: International Trade
Commission.

ACTION: Institution of a preliminary
antidumping investigation and
scheduling of a conference to be held in
connection with the investigation.

SUMMARY: The Commission hereby gives
notice of the institution of preliminary
antidumping investigation No. 731-TA-
269 (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

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-14774 Filed 6-18-85; 8:45 am]

BILLING CODE 7030-02-0

Notices

Federal Register

Vol. 50, No. 132

Wednesday, July 10, 1985

DEPARTMENT OF COMMERCE

International Trade Administration

(A-66-882)

**Nylon Impression Fabric From Japan:
Initiation of Antidumping Duty
Investigation****AGENCY:** International Trade
Administration, Import Administration,
Department of Commerce.**ACTION:** Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether nylon impression fabric from Japan, produced by or for the account of Asahi Chemical Industry Company, Ltd. (Asahi) and Shirasaki Tape Co., Ltd. (Shirasaki) is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product, produced by or for the account of Asahi and Shirasaki, are causing

material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before July 25, 1985, and we will make ours on or before November 18, 1985.

EFFECTIVE DATE: July 10, 1985.

FOR FURTHER INFORMATION CONTACT: Charles E. Wilson, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 377-5288.

SUPPLEMENTARY INFORMATION:**The Petition**

On June 10, 1985, we received a petition in proper form filed by Bomont Industries of Totowa, New Jersey, and Burlington Industries, Inc. of Greensboro, North Carolina, filing on behalf of the U.S. industry producing and selling finished uninked impression fabric, whether slit or unslit. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Japan, produced by or for the account of Asahi and Shirasaki 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 causing material injury, or threaten material injury, to a United States industry. Asahi and Shirasaki presently are excluded from the antidumping duty finding on this merchandise, published in the Federal Register on May 25, 1978 (43 FR 22481).

The petitioners based the United States price on ex-factory prices derived from U.S. selling prices. Foreign market value of nylon impression fabric is based on ex-factory prices derived from home market selling prices and, where there were no home market sales, constructed value based upon Japanese raw material and labor costs and general selling and administrative expenses. To the sum of materials, fabrication and general expenses they added the statutory minimum of 8 percent for profit. The amount of general expenses used was higher than the statutory minimum of 10 percent of the sum of the cost of materials and fabrication.

Petitioners also allege that third country sales to West Germany of nylon impression fabric by Shirasaki are being made at less than the cost of production. Petitioners based this allegation on a comparison of Shirasaki's cost to ex-factory selling prices in West Germany.

Based on the comparison of these values, petitioners alleged dumping margins of from 3.7 to 19.7 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations.

We examined the petition on nylon impression fabric and found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether nylon impression fabric from Japan, produced by or for the account of Asahi and Shirasaki, is being or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by November 18, 1985.

Scope of Investigation

The merchandise covered by the investigation consists of nylon impression fabric from Japan woven from continuous filament yarns of nylon; whether texturized or non-texturized; finished; whether slit or uncut; and not inked for use in typewriters and printers; and currently classifiable under item numbers 347.8020, 338.5001 and 338.5002 of the *Tariff Schedules of the United States Annotated*, produced by or for the account of Asahi and Shirasaki.

Notification of ITC

Section 732(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 nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by July 25, 1985, whether there is a reasonable

indication that the merchandise covered by this investigation is causing material injury, or threatens material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to the statutory and regulatory procedures.

Dated: July 1, 1985.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-16388 Filed 7-9-85; 8:45 am]

GILLING CODE 2810-08-11

APPENDIX B
LIST OF WITNESSES

TENTATIVE CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-269 (Preliminary)

NYLON IMPRESSION FABRIC FROM JAPAN

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation at 9:30 a.m. on July 2, 1985, in the hearing room of the USITC Building, 701 E Street, NW, Washington, D.C.

In support of the imposition of antidumping duties

Stewart and Stewart—Counsel
Washington, D.C.
on behalf of

Bomont Industries and Burlington Industries, Inc.

Joseph A. Sullivan, President, Bomont Industries
Lawrence F. Himes, President, Burlington Impression Fabrics Div.,
Burlington Industries, Inc.

Eugene L. Stewart—OF COUNSEL

In opposition to the imposition of antidumping duties

Barnes, Richardson, and Colburn—Counsel
Washington, D.C.
on behalf of

Asahi Chemical Industry

Leonard Lehman—OF COUNSEL
Robert Glenn, President, G & A Import Distributors, N.Y.

Mudge Rose Guthrie Alexander & Ferdon—Counsel
Washington, D.C.
on behalf of

Teijin Ltd. and Shirasaki Tape Co. Ltd.

David Palmeter)
Jeffrey S. Neeley) —OF COUNSEL
Laura Baughman—International Business and Economic Research Corp.

Ko-Rec-Type, Div. of Barouh Eaton Allen Corp.
Brooklyn, N.Y.

William D. Glover, Vice President
Edward Kelley, Vice President
Paulette R. Carey, General Counsel

APPENDIX C
TABLES

Table C-1.—Income and loss experience of U.S. producers, on an individual company basis, on their operations producing nylon impression fabric, 1982-84, interim 1984, and interim 1985

Item	1982	1983	1984	Interim period ending March 31—	
				1984	1985
Net sales:					
Bomont—1,000 dollars—	***	***	***	***	***
Burlington—do—	***	***	***	***	***
Milliken—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Operating income:					
Bomont—do—	***	***	***	***	***
Burlington—do—	***	***	***	***	***
Milliken—do—	***	***	***	***	***
Total—do—	***	***	***	***	***
Ratio of operating income to total net sales—percent—					
Bomont—do—	***	***	***	***	***
Burlington—do—	***	***	***	***	***
Milliken—do—	***	***	***	***	***
Total—do—	***	***	***	***	***

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

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

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