ACRYLIC SHEET FROM TAIWAN

Determination of the Commission in
Investigation No. 731-TA-139 (Preliminary)
Under the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-139 (Preliminary)

ACRYLIC SHEET FROM TAIWAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission 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 by reason of imports from Taiwan of acrylic film, strips, and sheets at least 0.030 inch in thickness, provided for in items 771.41 and 771.45 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On July 28, 1983, E. I. du Pont de Nemours & Co. filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured, by reason of imports from Taiwan of acrylic sheet which are allegedly being sold at LTFV. Accordingly, effective July 28, 1983, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Act (19 U.S.C. § 1673b(a)).

Notice of the institution of the Commission's investigation and of a 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, D.C., and by publishing the notice in the Federal Register on August 4, 1983 (48 F.R. 35525). The conference was held in Washington, D.C. on August 19, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

On the basis of the record in this preliminary investigation, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of acrylic sheet from Taiwan which are allegedly sold at less than fair value. 1/ 2/ 3/

Like Product and Industry

The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 (the Act) as "the domestic producers as a whole of the like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 4/ "Like product," in turn, is defined in section 771(10) as being "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 5/

1/ Material retardation of the establishment of an industry in the United States is not an issue in this investigation and will not be discussed further.

2/ Commissioners Haggart and Lodwick, having found a reasonable indication of material injury, do not reach the issue of threat of material injury.

3/ Commissioner Stern finds that there is no reasonable indication that an industry in the United States is threatened with material injury by reason of imports allegedly sold at less than fair value. See discussion at footnote 28, infra.

4/ 19 U.S.C. § 1677(4)(A).

5/ 19 U.S.C. § 1677(10).

The imported article which is the subject of this investigation is acrylic sheet from Taiwan. [6/] Acrylic sheet is manufactured by three processes: cell cast; continuous cast; and extrusion. [7/] In 1982, all imports of acrylic sheet from Taiwan were produced by the cell-cast method, while domestic acrylic sheet is produced by all three methods. [8/]

Acrylic sheet produced by the cell-casting method has optical properties superior to those of acrylic sheet produced by the other processes. This method is generally used for thicknesses of 0.030 to 4.25 inches. [9/] The continuous cast method is usually used for thicknesses from 0.100 to 0.500 inches. [10/] The extrusion process is used extensively in the production of

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6/ Acrylic sheet has been the subject of a prior Commission investigation. Acrylic Sheet from Japan, Inv. No. AA 1921-154, USITC Pub. No. 784 (1976).

7/ In the two cast processes, polymerization consists of heating the monomer (usually methyl methacrylate monomer--MMA), under carefully controlled time and temperature conditions, which causes the physical and chemical changes necessary to convert MMA into acrylic sheet. Transcript of the Conference, August 19, 1983, p. 10 [hereinafter cited as Transcript]. In the extrusion process, polymethyl methacrylate is melted and formed into a sheet. The production processes are described in detail in the Commission Report on investigation No. 731-TA-139 (Preliminary) at A-2-3 [hereinafter cited as Report].

8/ Report at A-2. From the information currently available, the Commission estimates that cell casting accounts for 37 percent of domestic production, continuous casting accounts for 46 percent, and extrusion accounts for 17 percent. The most familiar acrylic sheet produced in the United States is commonly known by the trade names Plexiglas (trademark of Rohm & Haas) and Lucite (trademark of Du Pont, petitioner herein).

9/ Report at A-2.

10/ Report at A-3.

thicknesses of less than 0.250 inches. 11/ Thus, there is a certain degree of overlap in the range of thicknesses produced by each of the processes. 12/

Compared with other materials, acrylic sheet, regardless of the method of manufacture, has superior weatherability, excellent optical properties, workability, high impact resistance, and light weight. Both domestic and imported acrylic sheet have a wide variety of end uses. A substantial market for acrylic sheet is for use in glazing. It is frequently used in such construction applications as skylights, facings, and domes. Acrylic sheet is also used for signs, light fixtures, floor and chair-mat production, and in aircraft. A relatively new use for acrylic sheet is as a replacement for porcelain.

Although there may be some differences in the physical characteristics of acrylic sheet made by each of the three production processes, acrylic sheet produced by any of the three processes appears to be interchangeable in the market place. 13/ Furthermore, it appears that imported cell-cast acrylic

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11/ Report at A-3.

12/ Based on the record in this preliminary investigation, it is not possible to determine in all instances whether only certain thicknesses are usable for certain applications. The Commission will explore this question in any final investigation.

13/ Transcript, p. 15. Only in special applications requiring superior optical qualities is consumption limited to cell-cast acrylic sheet. Report at A-2; Transcript, p. 13.

The cost of production of acrylic sheet produced by each of the three methods may affect prices of the acrylic sheet. See footnote 34, infra. We also note that the method of production used could affect the financial performance and level of employment of individual domestic producers.

sheet competes directly with all domestically produced acrylic sheet. Thus, there appear to be no significant differences in characteristics and uses of the acrylic sheet produced by any of these methods. Therefore, for purposes of this preliminary investigation, we find that the domestic product which is like acrylic sheet imported from Taiwan is all acrylic sheet produced in the United States. Accordingly, we define the domestic industry as all domestic producers of acrylic sheet, 14/ regardless of the production method each employs. 15/

Standards for determination

In preliminary antidumping investigations, the Commission is directed to determine whether there is a reasonable indication that an industry in the

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14/ There are two types of U.S. producers of acrylic sheet--the integrated producers and the independent (nonintegrated) producers. The integrated producers--CYRO, Rohm & Haas, and Du Pont--produce acrylic sheet from MMA that they manufacture themselves. They account for an estimated 59 to 61 percent of U.S. producers' shipments of acrylic sheet. These integrated producers are the only domestic producers of MMA.
There are 18 large independent producers, accounting for an estimated 36 to 37 percent of U.S. producers' shipments. In addition, according to the petitioner, there are numerous small independent producers that account for two to five percent of total domestic production of acrylic sheet. The major independent producers are K-S-H, Inc., Polycast Technology Corp., and U.S. Steel Corp. These independent producers purchase MMA from the integrated producers. Report at A-5.

15/ These conclusions regarding the like product and the domestic industry will not preclude the Commission from reexamining these issues in the event of a final investigation.

United States is materially injured, or is threatened with material injury, [16/] or the establishment of an industry in the United States is materially retarded by reason of imports of the merchandise allegedly sold at less than fair value which are the subject of investigation. [17/] In making its determinations, the Commission considers, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of the imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. [18/]

Condition of the Domestic Industry

Although the condition of the domestic industry improved from 1980 to 1981, it deteriorated significantly in 1982. During the first six months of 1983, the condition of the domestic industry improved when compared with the corresponding period in 1982. The degree of improvement, nevertheless, has not been sufficient to bring the industry back to a healthy condition. [19/]

16/ "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant." 19 U.S.C. § 1677(7)(A).

17/ 19 U.S.C. § 1673b(a).

18/ 19 U.S.C. § 1677(7)(B).

19/ Chairman Eckes concludes that the data for 1982 and 1983 show that the industry continues to demonstrate indications of injury, particularly in view of historical trends.

U.S. consumption of acrylic sheet increased from 212 million pounds in 1980 to 238 million pounds in 1981, and then decreased to 225 million pounds in 1982. Consumption rose from 111 million pounds in January-June 1982 to 127 million pounds in January-June 1983. [20/] After increasing from 180 million pounds in 1980 to 219 million pounds in 1981, domestic production decreased to 173 million pounds in 1982, a net decrease of four percent. It then increased 10.3 percent during the first six months of 1983 when compared with the same period of 1982. [21/] Even if the recent level of production is sustained throughout the year, domestic production in 1983 would not return to the 1981 level. U.S. producers' shipments followed the same trends as production. [22/]

While domestic productive capacity increased during the period under investigation, domestic capacity utilization declined. During 1981, domestic capacity utilization reached 75 percent, its highest level during the period of this investigation. In 1982, capacity utilization fell to 59 percent. Although capacity utilization increased in the first six months of 1983 to 62 percent, it was still well below the 1981 level. [23/]

The profit and loss experience of domestic producers during the period under investigation shows relatively modest profit margins of 3.5 percent in

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20/ Report at A-4.

21/ Report at A-8.

22/ Report, Table 5.

23/ Report, Table 4.

1980 and 5.3 percent in 1981. [24/] During 1982, the industry reported a net loss of 2.8 percent. The financial experience of the domestic producers improved from a net loss of 2.7 percent during the first six months of 1982 to a net profit of 8.1 percent during the first six months of 1983. [25/]

As noted previously, the condition of the domestic industry has improved considerably during the first six months of 1983 when compared with the first six months of 1982. However, based on the data for 1982 and the data for the first six months of 1983, which indicate that the industry has not fully

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24/ Report, Table 8.

25/ Report, Table 8. We note that the financial performance of nonintegrated producers, who purchase MMA from the integrated producers, was significantly better than that of the integrated producers, who manufacture their own MMA. The Commission will explore the reasons for this difference in financial performance in the event of a final investigation.

We also note that the net profit for this industry for the years 1971-74 averaged approximately 15 percent. However, in 1975, the industry's profit dropped to 1.7 percent. Acrylic Sheet from Japan, supra, Table 5. In that investigation, the Commission found that the acrylic sheet industry was injured. Acrylic Sheet from Japan, supra, at 3-6.

recovered, we find that there is a reasonable indication of material injury. 26/ 27/ 28/

Material injury by reason of alleged LTFV imports

During the period under investigation, imports of acrylic sheet from Taiwan increased steadily, both in absolute terms and as a share of U.S. consumption. 29/ The import penetration ratio of acrylic sheet from Taiwan almost tripled from 2.5 percent in 1980 to 7.0 percent in January-June 1983,

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26/ We take note of several recent newspaper articles discussing acrylic production by two of the major domestic manufacturers. "Du Pont to Unveil Polymers Expected to Cut Energy Use and Pollution Output," The Wall Street Journal, p. 5 (August 24, 1983); "Rohm and Haas Strategy Pays Off," The Journal of Commerce, p. 5A (August 24, 1983). Submission by counsel for Calsak Corp. and Chi Mei Industrial Co., Ltd., dated August 24, 1983. Although these articles describe very healthy conditions at both Du Pont and Rohm & Haas, they consider a much broader product range than the acrylic sheet under consideration in this investigation.

27/ Chairman Eckes refers to footnote 19, supra.

28/ Commissioner Stern notes that the available data indicate that the U.S. rate of consumption is on the rise. This is seen clearly in an examination of January-June 1983 data. As U.S. consumption increases, the question of whether or not imports will obtain a percentage of this increase in consumption can be answered by examining Taiwan's export market. Available information indicates that Taiwan is currently operating at 90 percent capacity. In addition, there is a lack of sufficient information on the record indicating that the foreign producers are planning to increase their productive capacity or redirect other exports to the U.S. market. In light of the improving condition of the industry and there being no indication of further increases in imports, I find that the present record yields no reasonable indication of a threat of material injury.

29/ Report, Table 13.

the highest import penetration level during the period under investigation. 30/ Notwithstanding the fact that the 1983 increase in import penetration occurred at the same time that the performance of the domestic industry improved, we find that there is a reasonable indication that imports from Taiwan are a cause of material injury based on the significant increase in the level of imports and the available information on prices and lost sales.

In this preliminary investigation, it is difficult to assess the impact of prices of acrylic sheet from Taiwan on domestic producers' prices because of the different market levels at which the products compete. Most domestic acrylic sheet is sold to distributors, and the remainder is sold to original equipment manufacturers. In contrast, the importers sell primarily to original equipment manufacturers and to certain end users who generally do not

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30/ Report, Table 13. During the course of the Commission conference, counsel for those in opposition to the petition asserted that the Taiwan producers of acrylic sheet have searched out "gaps" in the market place, not served by the domestic producers, and have filled that need. Transcript, pp. 50, 51-52, 86, 94-97, 102. On the other hand, the domestic producers have asserted that they can and do supply these specialized market segments. Transcript, pp. 41, 44-45, 117-18, 121-22; Supplement to postconference brief of Rohm & Haas, nonconfidential version; Postconference brief of Polycast Technology Corp, confidential version. Nevertheless, the information currently available indicates that the subject imports are sold in both the specialty and nonspecialty market areas. In the event of a final investigation, the Commission will explore this question in detail.

purchase directly from domestic producers. Thus, most of the available data on prices are not comparable. 31/

Because of the lack of comparability in the pricing data, the Commission constructed pricing data for importer/distributors based on certain importers' landed, duty-paid costs in order to estimate distributor prices for the imported product. 32/ The Commission compared these data with the domestic producers' prices to distributors in order to estimate margins of underselling or overselling. Based on these estimates, the constructed price of nominal 1/8-inch, 4 feet by 8 feet, imported clear acrylic sheet was lower than the price for identical domestic sheet in all four quarters of 1982 and in the

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31/ The overselling that appears in a comparison of prices of domestically produced acrylic sheet in Tables 14 and 16 with the prices of imported acrylic sheet in Tables 15 and 17 is not considered useful in making direct price comparisons. Report at A-20-21. Even though margins of overselling exist in almost all reported quarters, those margins may well be accounted for by the importer/distributors' mark-up on sales to end users. Should this case return for a final invstigation, the Commission will endeavor to obtain comparable price data.

32/ These importers accounted for approximately 43 percent of the imports from Taiwan during 1982. Report at A-22.

first two quarters of 1983. [33/] The margins of underselling ranged from 4 to 9 percent. [34/]

The domestic producers alleged that they have been unable to make necessary price increases because of imports of lower-priced acrylic sheet from Taiwan. The available data indicate that the weighted average price for 1/8-inch domestic sheet remained fairly constant during the period under investigation. In comparison, the Producers Price Index for "unsupported plastic fiber/sheet/other shapes" increased by 4.3 percent between 1981 and 1982 and increased further by 1.2 percent during the first six months of 1983. [35/] Finally, the lost sales information available in this preliminary

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33/ Nominal 1/4-inch and nominal 1/8-inch acrylic sheet are considered representative items for price comparisons. U.S. producers advised the Commission that 4 feet by 8 feet sheet of various thicknesses constitutes 65 percent of the market. Report at A-19. A similar comparison is not possible for nominal 1/4-inch sheet. According to the importers, the landed, duty-paid cost for shipments of 1/4-inch sheet is not representative of quarterly market trends because they purchase 1/4-inch sheet in large quantities for inventory and sell the product from stock. Report at A-23.

34/ The assessment of the impact of the prices of the acrylic sheet imported from Taiwan is complicated by the differing costs for each of the three types of acrylic sheet produced by the domestic manufacturers. In general, cell casting is the most expensive process for the production of acrylic sheet; however, this process is the most economical for the production of small quantities of sheet in special sizes and colors and for the production of thick sheet. Continuous casting is most economically suited to the bulk production of sheet in standard sizes and colors. Thin sheet is most economically produced by the extrusion process. Transcript, pp. 10-12, 14-15; Report at A-3-5.

35/ Memorandum to the Commission from the Office of Economics, EC-G-252 (Sept. 1, 1983).

investigation also provides indications that lower-priced imports of acrylic sheet from Taiwan have adversely affected the domestic industry. 36/

Conclusion

For the foregoing reasons, we determine that there is a reasonable indication that imports of acrylic sheet from Taiwan allegedly sold at less than fair value are causing material injury to an industry in the United States.

36/ Report at A-23-24.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On July 28, 1983, E. I. du Pont de Nemours & Co. filed a petition with the U.S. International Trade Commission and the Department of Commerce alleging that an industry in the United States is materially injured by reason of imports from Taiwan of acrylic sheet, 1/ provided for in items 771.41 and 771.45 of the Tariff Schedules of the United States (TSUS), which are allegedly sold at less than fair value (LTFV). Accordingly, effective July 28, 1983, the Commission instituted a preliminary investigation under section 731 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by September 12, 1983.

Notice of the institution of the Commission's investigation and of a 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, D.C., and by publishing the notice in the Federal Register of August 4, 1983 (48 F.R. 35525). 2/ The conference was held in Washington, D.C., on August 19, 1983. 3/

Previous Investigation Concerning Acrylic Sheet

In July 1976, the Commission determined that an industry in the United States was being injured by reason of imports of acrylic sheet from Japan that were being or were likely to be sold at LTFV 4/. A dumping order concerning imports of this product from Japan, other than that produced and sold by Mitsubishi Rayon Co., was published on August 30, 1976 (41 F.R. 36497); this order is still in effect. Commerce has conducted two annual administrative reviews of this antidumping finding. The results of the most recent review were published in the Federal Register of July 29, 1983 (48 F.R. 34490). This review covered 14 concerns which are covered by the antidumping finding. None of these concerns exported acrylic sheet to the United States during the period under review, August 1, 1980-July 31, 1981. Hence, the margins for each company were calculated from data of the most recent period in which the company exported acrylic sheet to the United States. These margins ranged from zero to 49 percent.

1/ Specifically acrylic film, strips, and sheets at least 0.030 inch in thickness (acrylic sheet).

2/ Copies of the Commission's and Commerce's notices are presented in app. A.

3/ A list of witnesses appearing at the conference is presented in app. B.

4/ Acrylic Sheet From Japan: Determination of Injury in Investigation No. AA1921-154 . . ., USITC Publication 784, July 1976.

Description and Uses

Acrylic sheet is made from polymerized methyl methacrylate monomer (MMA). Clear acrylic sheet resembles plate glass in appearance; the most widely known trade name for the material is Plexiglas. 1/ A number of characteristics of acrylic sheet account for its wide range of uses, e.g., superior weatherability, excellent optical properties, workability (it can be easily molded with the application of only moderate heat), high impact resistance, and light weight.

Glazing provides a substantial market for acrylic sheet, accounting for about 40 percent of the total acrylic sheet market. Used in school and industrial windows where vandalism is prevalent, and in storm doors where glass is not allowed because of municipal building codes, acrylic sheet has gained widespread acceptance because of its clarity, lightness of weight, and shatter-proof quality. The sign industry (outdoor illuminated signs) and the lighting fixtures industry are also important markets, which together account for about 30 percent of the consumption of acrylic sheet. Lenses, louvers, diffusers, and shields are examples of its use in lighting fixtures.

Architectural applications include facings, skylights, facades, and domes and other enclosures. Sanitary ware is a relatively new market for acrylic sheet; such sheet is increasingly used in the production of bathtubs, sinks, and shower units as a replacement for porcelain. Other important uses include floor mats and chair mats and bank teller enclosures. Stretched acrylic sheet containing special additives is widely used in military and commercial aircraft.

Acrylic sheet is available in a wide variety of colors; the bulk of production, however, is clear or translucent white. Numerous sizes and thicknesses are available, but the major part of production is in sheets of 4 feet by 6 feet and 4 feet by 8 feet and in thicknesses of 0.125, 0.187, and 0.250 inch.

Acrylic sheet is manufactured by three methods: cell casting, continuous casting, and extruding. In the cell-casting method, MMA is polymerized between plates of glass. The main advantages of the cell-casting process are simplicity and the production of a sheet with superior optical properties. Because of such optical characteristics, cell-cast sheet is widely used in aircraft construction; however, such sheet must be further processed (multiaxially stretched) in order to obtain added durability and shatter resistance. Sheet made by this method is available in sizes up to 120 inches by 144 inches and thicknesses of 0.030 to 4.25 inches. In 1982, all of the imported acrylic sheet from Taiwan and about * * * percent of U.S.-produced acrylic sheet were produced by the cell-casting method. 2/

1/ Trademark for acrylic sheet produced by Rohm & Haas.

2/ Rohm & Haas provided the information concerning the share of U.S. production which was manufactured by the cell-casting, continuous-casting, and extrusion methods.

In the continuous-casting method, MMA is polymerized between two moving stainless steel belts. This method permits greater uniformity in thickness, as well as ease of handling. The optical clarity of continuous-cast sheet, however, is slightly inferior. For reasons of manufacturing economics, continuous-cast sheet is concentrated in thicknesses from 0.100 inch to 0.500 inch. Thin sheet can be shipped as roll stock in lengths up to 1,000 feet. In 1982, about * * * percent of U.S.-produced sheet was manufactured by the continuous-casting method. The petitioner, Du Pont, produces acrylic sheet solely by the continuous-casting method.

To produce extruded sheet acrylic resin, principally polymethyl methacrylate, is melted and forced through a flat die; a comonomer (e. g., ethyl acrylate present at less than 10 percent by weight on a resin content basis) is added to the molten resin as a processing aid. The surface finish of sheet produced by this method is somewhat inferior to the finish of sheet produced by other methods. Extruded sheets, which accounted for about * * * percent of U.S. production in 1982, are concentrated in thicknesses of 0.250 inch and less because it is cheaper to produce thin sheets by the extrusion method than to produce them by the other two methods.

U.S. Tariff Treatment

Imported acrylic sheet is classifiable under items 771.41 (flexible sheet) and 771.45 (nonflexible sheet) of the TSUS. The most-favored-nation (MFN) (column 1) 1/ rate of duty for imports of flexible sheet is 6 percent ad valorem. This rate has been in effect since 1972 and is not scheduled to be reduced as a result of the agreements made during the Tokyo round of trade negotiations. There is no preferential rate for imports of flexible sheet from least developed developing countries (LDDC's) 2/ and the column 2 3/ rate of duty is 25 percent ad valorem.

The column 1 rate of duty for imports of nonflexible acrylic sheet is 8.5 cents per pound. This is equivalent to an estimated duty of 9.5 percent ad valorem for imports from Taiwan during January-June 1983. This rate has been in effect since January 1, 1972, and was not reduced during the Tokyo round of trade negotiations. Imports of nonflexible sheet from LDDC's receive no preferential treatment and the column 2 rate of duty for this item is 50 cents per pound.

1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiations concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUS.

3/ Col. 2 rates of duty apply to products imported from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

Title V of the Trade Act of 1974 authorized the President to extend duty-free treatment to eligible articles from designated beneficiary developing countries after consideration of (1) the effect such action will have on furthering the economic development of developing countries; (2) the extent to which other major developed countries are undertaking a comparable effort to assist developing countries by granting generalized preferences with respect to imports of products of such countries; and (3) the anticipated impact of such action on U.S. producers of like or directly competitive products. 1/ Imports of acrylic sheet, both flexible and nonflexible, from designated beneficiary developing countries are entitled to duty-free treatment. Taiwan is a designated beneficiary developing country for imports of flexible acrylic sheet and is not a designated country for imports of nonflexible sheet.

Small quantities of acrylic sheet entered under item 771.4320 of the TSUSA from January 1, 1980, when this item was established, to February 1983, when this item was deleted. This item covered all sheet 0.006 inch thick or less, or sheet 0.006 inch or more in thickness in rolls. The column 1 rate of duty for articles entered under this item in 1983 was 5.1 percent ad valorem, the LDDC rate was 4.2 percent; and the column 2 rate was 25 percent.

Nature and Extent of Alleged Sales at LTFV

According to Du Pont, in June 1983, the Taiwan producers sold acrylic sheet in the United States at LTFV margins of 49 percent to 62 percent. Du Pont calculated this margin by comparing the Taiwan home-market selling prices of acrylic sheet with the price at which the sheet is sold by the Taiwan producers in the United States.

U.S. Market and Channels of Distribution

U.S. consumption of acrylic sheet increased from 212 million pounds in 1980 to 238 million pounds in 1981, or by 12.3 percent. Consumption then decreased by 5.5 percent to 225 million pounds in 1982. Consumption rose in 1983, increasing from 111 million pounds in January-June 1982 to 127 million pounds in January-June 1983, as shown in the following tabulation (in millions of pounds):

Period	Consumption
1980	212
1981	238
1982	225
January-June:	
1982	111
1983	127

1/ GSP, implemented in Executive Order No. 11888, of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

The purchasers of acrylic sheet can be divided into two principal classes: distributors and original-equipment manufacturers. Distributors account for about 70 percent of the acrylic sheet sold domestically. * * *.

U.S. Producers

There are two types of U.S. producers of acrylic sheet--the integrated producers, and the independent producers. The integrated producers, CYRO, Du Pont, and Rohm & Haas, produce acrylic sheet from MMA which they manufacture themselves. The integrated producers account for an estimated 59 percent to 61 percent of U.S. shipments of acrylic sheet (table 1). These

Table 1.--Acrylic sheet: U.S. producers, plant locations, and share of shipments, 1982 1/

Firm	Plant location	Share of 1982 shipments
		Percent
CYRO Industries 2/	Sanford, Maine	***
E. I. du Pont de Nemours & Co., Inc. 2/	Memphis, Tenn.	***
K-S-H, Inc	Crestwood, Mo. Xenia, Ohio Tustin, Calif.	***
Polycast Technology Corp	Stamford, Conn. Hackensack, N.J.	***
Rohm & Haas Co. 2/	Bristol, Pa. Knoxville, Tenn. Louisville, Ky. Kensington, Conn.	***
U.S. Steel Corp	Florence, Ky.	***
Subtotal		88.2
All other firms		11.8
Total		100.0

1/ Based on data from 17 firms. It is estimated that these firms account for more than 90 percent of total U.S. producers' shipments.
2/ Integrated producer.

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

integrated producers are the only U.S. producers of MMA; as a result, the independent producers purchase MMA from one or another of the integrated producers. There are 18 large independent producers, accounting for an estimated 36 to 37 percent of U.S. shipments, and according to the petitioner, numerous small independent producers which together accounted for 2 percent to 5 percent of total U.S. shipments of acrylic sheet.

The Industry in Taiwan

According to the petition, more than 20 concerns produce acrylic sheet in Taiwan. The petitioner estimates that in 1983 these firms have the capacity to produce between 45 million and 55 million pounds of acrylic sheet, all of which is produced by the cell-cast method. In 1982, according to Rohm & Haas, Taiwan produced more than 40 million pounds of acrylic sheet, utilizing more than 80 percent of total productive capacity.

Three concerns, Chi Mei Industrial Co., Ltd., Hsin Hwa Industrial Co., Ltd., and Jin Mei Industrial Co., Ltd., account for approximately 90 percent of the production and exports of acrylic sheet from Taiwan. Data on these firms' production and shipments are presented in table 2.

Table 2.--Acrylic sheet: Taiwan production and shipments, 1980-82, January-June 1982, and January-June 1983 1/

Item	1980	1981	1982	January-June--	
				1982	1983
Production------1,000 pounds--	33,219	38,486	33,697	2/ 13,378	20,096
Shipments to:					
Home market----------do----	5,021	5,783	7,718	4,690	2,887
United States---------do----	7,375	10,745	11,974	2/ 7,066	8,882
Other countries-------do----	21,072	17,462	11,948	2/ 6,070	9,118
Total---------------do----	33,468	33,990	31,640	2/ 17,826	20,887
Shipments to the United States as a share of total shipments----------percent--	22	32	38	40	43

1/ Data are for 3 producers, accounting for an estimated 90 percent of Taiwan production and 91 percent of Taiwan exports to the United States in 1982.

2/ According to counsel, production and shipments were low during January-June 1982, because a fire forced 1 plant to shut down for 2 months.

Source: Compiled from data submitted by counsel for the Taiwan producers.

Production by these three firms increased from 33 million pounds in 1980 to 38 million pounds in 1981, or by 15.9 percent. Production then decreased to 34 million pounds in 1982 because one of the plants was forced to shutdown for 2 months because of a fire. In 1983, production in Taiwan recovered from the 13 million pounds in January-June 1982 to 20 million pounds in the corresponding period of 1983, representing an increase of 50.2 percent. Shipments to the United States as a share of these three firm's total shipments increased from 22 percent in 1980 to 43 percent in January-June 1983.

According to counsel, in 1982 these three firms had capacity to produce about 47 million pounds of acrylic sheet; thus, these firms utilized about 71 percent of their capacity. In January-June 1983, capacity utilization increased to 84.4 percent. In mid-August 1982, according to counsel, two of the firms operated at * * * percent of capacity and one firm operated at * * * percent of capacity. There are no known plans to expand the acrylic sheet productive capacity in Taiwan, according to counsel. 1/

U.S. Importers

There are more than 30 importers of acrylic sheet from Taiwan, the largest of which are large distributors of the sheet. These distributors frequently purchase sheet from several sources, including other foreign sources, U.S. producers, and other distributors. According to information received from Customs, the largest importers of the product from Taiwan and their share of imports in October 1982-April 1983, are presented in the following tabulation (in percent):

Firm	Share
* * *----------	***
* * *----------	***
* * *----------	***
* * *----------	***
* * *----------	***
Subtotal----------	64
Other firms----------	36
Total----------	100

Four importers, which are also distributors of U.S.-produced acrylic sheet provided the Commission with data on their inventories. These data are presented in table 3.

1/ Confidential submission by Myron Solter of Solter & Chopivsky on Aug. 18, 1983.

Table 3.--Acrylic sheet: Four importers' 1/ inventories and shipments of the product imported from Taiwan and purchased from all other sources, 1980-82, January-June 1982, and January-June 1983

Period	Imports from Taiwan--			All other purchases 2/--		
	Inventories	Shipments	Ratio of inventories to shipments	Inventories	Shipments	Ratio of inventories to shipments
	----1,000 pounds---		Percent	----1,000 pounds---		Percent
1980	581	2,568	22.6	3,548	18,987	18.7
1981	1,034	3,026	34.2	4,380	20,027	21.9
1982	1,034	4,617	22.4	4,044	19,739	20.5
January-June--						
1982	899	2,138	3/ 21.0	4,099	9,357	3/ 21.9
1983	748	3,179	3/ 11.8	3,791	10,038	3/ 18.9

1/ Data for 4 firms, accounting for 43 percent of imports of acrylic sheet from Taiwan in 1982.

2/ U.S.-produced acrylic sheet comprised 99 percent of these purchases.

3/ Based on annualized shipments.

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

The Question of Alleged Material Injury

To obtain information for this section of the report, the Commission sent questionnaires to 21 U.S. producers of acrylic sheet. Seventeen of these firms, accounting for more than 90 percent of U.S. producers' shipments in 1982, responded to the questionnaire and provided usable information. Some of the respondents were unable to complete all sections of the questionnaire.

U.S. producers' capacity and production

U.S. producers' capacity to produce acrylic sheet, for nine firms, accounting for 86 percent of the reported shipments in 1982, increased from 281 million pounds in 1980 to 299 million pounds in 1982, or by 6.4 percent (table 4). Productive capacity continued to increase in 1983, increasing from 147 million pounds in January-June 1982 to 158 million pounds in the corresponding period of 1983, or by 7.2 percent.

U.S. production of acrylic sheet increased from 180 million pounds in 1980 to 219 million pounds in 1981, and decreased to 173 million pounds in 1982, for a net decrease of 4.0 percent. Production then increased by 10.3 percent in January-June 1983, when compared with the level of production in the corresponding period of 1982.

Table 4.--Acrylic sheet: U.S. production, capacity, and capacity utilization, 1980-82, January-June 1982, and January-June 1983 1/

Period	Production	Capacity	Capacity utilization
	1,000 pounds		Percent
1980	180,086	281,125	64
1981	218,519	292,288	75
1982	172,907	299,050	58
January-June--			
1982	88,376	147,219	60
1983	97,504	157,850	62

1/ Based on data from 9 of the 17 firms that responded to the Commission's questionnaire. These 9 firms accounted for 87 percent of the 1982 shipments reported by all questionnaire respondents.

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

Utilization of productive capacity increased from 64 percent in 1980 to 75 percent in 1981, before decreasing to 62 percent in January-June 1983. According to Du Pont, * * *.

U.S. producers' shipments

U.S. producers' shipments of acrylic sheet followed the same trends as production. Shipments reported by 17 firms increased from 210 million pounds in 1980 to 230 million pounds in 1981, and decreased to 209 million pounds in 1982, for a net decrease of 0.5 percent (table 5). Shipments then increased from 105 million pounds in January-June 1982 to 110 million pounds in the corresponding period of 1983, representing an increase of 5.2 percent. Exports, which went primarily to Canada, the United Kingdom, Australia, Italy, and India, accounted for less than 5 percent of total shipments during January 1980-June 1983. U.S. exports of acrylic sheet increased from 11.0 million pounds in 1980 to 13.1 million pounds in 1981, or by 18.3 percent. Exports then decreased by 38.3 percent to 8.1 million pounds in 1982 and have remained at roughly the same level in January-June 1983 as in the corresponding period of 1982.

Table 5.--Acrylic sheet: U.S. producers' shipments, 1980-82, January-June 1982, and January-June 1983 1/

(In thousands of pounds)

Period	Domestic shipments 2/	Exports	Total
1980	199,343	11,050	210,393
1981	217,691	13,067	230,758
1982	200,829	8,065	208,894
January-June:			
1982	100,447	4,462	104,909
1983	105,991	4,391	110,382

1/ Data for 17 firms. It is estimated that these firms account for more than 90 percent of total producers' shipments.

2/ When individual company shipment data were unavailable, production data were used.

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

U.S. producers' inventories

Eight firms which accounted for 81 percent of U.S. producers' reported shipments in 1982 provided information on inventories of acrylic sheet. Such inventories increased from 11.6 percent of shipments in 1980 to 17.7 percent of shipments in 1981, and decreased to 14.2 percent in 1982 (table 6). Midyear inventories decreased from 18.4 percent of annualized shipments in January-June 1982 to 15.1 percent in the corresponding period of 1983.

Table 6.--Acrylic sheet: U.S. producers' inventories and shipments, 1980-82, January-June 1982, and January-June 1983 1/

Period	Inventories	Shipments	Ratio of inventories to shipments
	1,000 pounds		Percent
1980	20,206	174,767	11.6
1981	34,356	194,176	17.7
1982	24,065	169,854	14.2
January-June--			
1982	31,628	85,846	2/ 18.4
1983	27,115	90,104	2/ 15.1

1/ Based on data from 8 of the 17 firms that responded to the Commission's questionnaire. These 8 firms accounted for 81 percent of the 1982 shipments reported by all questionnaire respondents.

2/ Based on annualized shipments.

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

Employment

The number of workers engaged in the production of acrylic sheet, as reported by seven firms, accounting for 81 percent of reported shipments in 1982, increased between 1980 and 1981 and then decreased in 1982, for a net decrease of 7.1 percent (table 7). The number of workers decreased by 10.2 percent in January-June 1983 when compared with the number of workers in the corresponding period of 1982. During this period, * * *.

Four firms reported that their acrylic sheet workers belong to the following unions: American Federation of Grain Millers International; Textile Workers of America; International Chemical Workers Union; Oil, Chemical & Atomic Workers Union; and Aluminum, Brick & Glass Workers Union. Six acrylic sheet producers reported that their employees were not unionized.

Table 7.--Average number of production and related workers engaged in the manufacture of acrylic sheet, hours worked by such workers, wages paid, and total compensation, 1980-82, January-June 1982, and January-June 1983 1/

Period	Number of workers	Hours worked	Wages paid	Total compensation 2/
		Thousands	Per hour	
1980	1,385	2,695	$7.84	$10.43
1981	1,479	2,913	8.63	11.43
1982	1,287	2,498	8.57	11.25
January-June--				
1982	1,329	1,284	8.57	11.52
1983	1,194	1,152	9.37	12.32

1/ Based on data from 7 of the 17 firms that responded to the Commission's questionnaire. These 7 firms accounted for 81 percent of the 1982 shipments reported by all questionnaire respondents.
2/ Wages plus fringe benefits.

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

Financial experience of U.S. producers

Seven U.S. firms, accounting for 81 percent of reported domestic shipments in 1982 of acrylic sheet, furnished usable income-and-loss data concerning their operations producing acrylic sheet. Five firms supplied interim data for 1982 and 1983. In the aggregate, their acrylic sheet operations were profitable during 1980-81 and interim 1983, and unprofitable during 1982.

Net sales of acrylic sheet were $212 million in 1982, down 3 percent from the $219 million in net sales reported for 1981, and up 7 percent from the $198 million in net sales reported for 1980 (table 8). Net sales for five firms were $118 million during interim 1983, up 12 percent from the $105 million in net sales reported for the corresponding period of 1982.

Table 8.--Profit-and-loss experience of U.S. producers on their operations on acrylic sheet, 1980-82, interim period 1982, and interim period 1983 1/

Period	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expenses	Operating income or (loss)	Ratio of operating income or (loss) to net sales 2/
	1,000 dollars					Percent
1980	198,033	160,845	37,188	30,226	6,962	3.5
1981 3/	219,464	177,709	41,755	30,092	11,663	5.3
1982	211,937	180,265	31,672	37,547	(5,875)	(2.8)
Interim period ended June 30: 4/						
1982	105,355	89,872	15,483	18,372	(2,889)	(2.7)
1983	117,570	89,089	28,481	18,954	9,527	8.1

1/ Based on data from 7 of the 17 firms that responded to the Commission's questionnaire. These 7 firms accounted for 81 percent of the shipments reported by all questionnaire respondents.

2/ Two firms, * * *, provided the following information concerning the overall operations of their establishments producing acrylic sheet and on their acrylic sheet operations (in percent):

* * * * * * *

3/ Data for 1 firm are for a 5-month period.

4/ Interim data are for 5 firms, which accounted for 80 percent of U.S. shipments in 1982.

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

Operating income rose from $7.0 million, or 3.5 percent of net sales, in 1980 to $11.7 million, or 5.3 percent of net sales, in 1981, before falling to a loss of $5.9 million, or 2.8 percent of net sales, in 1982. The five firms earned an operating income of $9.5 million, or 8.1 percent of net sales, during interim 1983 compared with an operating loss of $2.9 million, or 2.7

percent of net sales, for the corresponding period of 1982. Two firms sustained operating losses in 1980, one firm sustained such a loss in 1981, as did four in 1982 and one during interim 1982. None sustained losses in interim 1983.

Three of the seven reporting firms manufacture the basic raw material, MMA, used in the production of acrylic sheet. All three firms transfer MMA to their acrylic sheet operations at cost. Income-and-loss experience of these three firms on their acrylic sheet operations in comparison with the other four firms which purchase monomer are shown in the following tabulation:

Period	3 firms which produce MMA			4 firms which purchase MMA 1/		
	Net sales	Operating income or (loss)	Operating income or (loss) margin	Net sales	Operating income	Operating income margin
	1,000 dollars	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent
1980	148,529	6,102	4.1	49,504	860	1.7
1981	174,178	8,676	5.0	2/ 45,286	2/ 2,987	2/ 6.6
1982	149,498	(10,189)	(6.8)	62,439	4,314	6.9
Interim 1982	***	***	***	***	***	***
Interim 1983	***	***	***	***	***	***

1/ Data for interim 1982 and interim 1983 are for 2 firms.
2/ Data for 1 firm are for a 5-month period.

Cash flow from operations.--Cash flow from the seven reporting firms' acrylic sheet operations declined irregularly from $16.9 million in 1980 to $4.7 million in 1982 (table 9). Four firms which accounted for 73 percent of shipments in 1982, supplied interim depreciation and amortization data. Cash flow for these firms was $12.4 million during interim 1983, compared with $303,000 for the corresponding period of 1982.

Effects of imports of acrylic sheet from Taiwan on U.S. industry's growth, investment, and ability to raise capital.--The responding U.S. producers generally asserted that imports of acrylic sheet from Taiwan have depressed market selling prices in the United States, thus causing a decline in their profit margins, their cash flow, and hence, their investment in new machinery, equipment, and technology. A few of the responses by U.S. producers are highlighted below.

* * * * * * *

Table 9.--Cash flow from U.S. producers' operations producing acrylic sheet, 1980-82, interim 1982, and interim 1983 1/

(In thousands of dollars)

Period	Operating income or (loss)	Depreciation and amortization	Cash flow
1980	6,962	9,898	16,860
1981 2/	11,663	9,544	21,207
1982	(5,875)	10,583	4,708
Interim period ended June 30 3/--			
1982	(2,889)	3,192	303
1983	9,527	2,884	12,411

1/ Based on data from 7 of the 17 firms that responded to the Commission's questionnaire. These firms accounted for 81 percent of the shipments reported by all questionnaire respondents.

2/ Data for 1 firm are for a 5-month period.

3/ Interim data are for 4 firms, which accounted for 73 percent of shipments in 1982.

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

Research and development and capital expenditures

* * * U.S. firms, which accounted for 73 percent of acrylic sheet shipments in 1982, submitted usable data concerning their research and development expenditures incurred in the manufacture of acrylic sheet (table 10). Their research and development expenses rose annually during 1980-82, from $2.4 million in 1980 to $4.4 million in 1982. Such expenditures were $2.6 million during January-June 1983, compared with $2.0 million for the corresponding period of 1982.

* * * firms, which accounted for 81 percent of shipments in 1982, provided data concerning their capital expenditures for land, buildings, and machinery used in the manufacture of acrylic sheet. As shown in table 10, capital expenditures rose from $10.4 million in 1980 to $13.0 million in 1981 and then declined 21 percent to $10.1 million in 1982. Capital expenditures for * * * firms which accounted for 52 percent of production in 1982, were $1.1 million during January-June 1983, compared with $4.5 million for the corresponding period of 1982.

Table 10.--Acrylic sheet: U.S. producers' research and development and capital expenditures, 1980-82, January-June 1982, and January-June 1983 1/

(In thousands of dollars)

Period	Research and development 1/	Capital expenditures 2/
1980	2,388	10,380
1981	2,656	12,966
1982	4,380	10,114
January-June--		
1982	2,036	4,512
1983	2,610	1,114

1/ Based on data from * * * of the 17 firms that responded to the Commission's questionnaire. These * * * firms accounted for 73 percent of the 1982 shipments reported by all questionnaire respondents.

2/ 1980-82 data are based on data from * * * of the 17 firms that responded to the Commission's questionnaire. These * * * firms accounted for 81 percent of the shipments reported. Data for January-June 1982 and January-June 1983 are based on data from * * * of the firms. These * * * firms accounted for 52 percent of the 1982 shipments reported.

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

The Question of Threat of Material Injury

In its examination of the question of a reasonable indication 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 of the alleged LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of producers in Taiwan to generate exports (including the availability of export markets other than the United States).

According to the Chemical Economics Handbook, U.S. demand for acrylic sheet is projected to grow at a rate of * * * percent a year from 1982 to 1987. Thus, projecting from the Commission's estimate of consumption in 1982, U.S. consumption of acrylic sheet in 1987 will be * * * million pounds. In comparison, U.S. producers' capacity to produce acrylic sheet, as reported by nine producers, was 299 million pounds in 1982.

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the imports allegedly sold at LTFV. Information regarding the capacity of the Taiwan producers to generate exports is discussed in the sections of this report that cover the Taiwan industry. Information on importers' inventories is presented in the section on importers.

The question of the causal relationship between alleged LTFV sales and the alleged injury

U.S. imports

Total U.S. imports of acrylic sheet nearly doubled from 12.5 million pounds in 1980 to 24.0 million pounds in 1982 (tables 11 and 12). Imports again doubled in January-June 1983 when compared with the level of imports in the corresponding period of 1982.

Imports of acrylic sheet entered under three "basket" items of the TSUSA during January 1980-June 1983. Preliminary information indicates that virtually all of the imports from Taiwan which entered under these TSUSA items were acrylic sheet. In fact, the quantity of exports of acrylic sheet from Taiwan to the United States, as reported by counsel for the Taiwan producers, was actually greater than the total quantity of the imports which entered under these three TSUSA items. Data on exports of acrylic sheet from Taiwan to the United States are presented in the section on the industry in Taiwan. According to preliminary information, only about one-quarter of the imports from other countries which entered during January 1980-June 1983 under these TSUSA items are believed to be acrylic sheet. 1/ The Commission received preliminary verification of this from questionnaires received from importers which account for the bulk of the imports under these TSUSA items.

In 1982, imports of acrylic sheet came principally from Taiwan (49 percent), West Germany (23 percent), Canada (9 percent) and Italy (8 percent). Imports of acrylic sheet from Taiwan increased steadily from 5.3 million pounds in 1980 to 11.3 million pounds in 1982, representing an increase of 112 percent. Such imports then increased by 68 percent between January-June 1982 and the corresponding period of 1983.

Imports from Taiwan have gained an increasing share of the U.S. market for acrylic sheet (table 13). This share increased from 2.5 percent in 1980 to 7.0 percent in January-June 1983. The market share held by U.S. producers decreased steadily during the period from 94.1 percent in 1980 to 83.5 percent in January-June 1983.

1/ Petition, p. 11, and telephone conversations between Edward Taylor of the Commission's staff and * * *.

Table 11.--Acrylic sheet: U.S. imports for consumption, by principal sources, 1980-82, January-June 1982, and January-June 1983

Source	1980	1981	1982	January-June--	
				1982	1983
	Quantity (1,000 pounds)				
Taiwan	5,321	8,971	11,297	5,293	8,866
West Germany	3,759	5,210	5,269	2,477	2,148
Canada	203	2,119	2,562	999	4,408
Italy	520	1,573	2,333	869	382
All other	2,656	2,143	2,490	1,065	5,150
Total	12,458	20,016	23,951	10,703	20,954
	Value (1,000 dollars)				
Taiwan	4,981	8,323	10,988	5,298	8,085
West Germany	3,478	4,382	4,987	2,058	2,055
Canada	270	1,281	2,727	1,190	4,918
Italy	536	1,509	2,060	791	479
All other	3,090	3,130	3,242	1,470	2,964
Total	12,355	18,625	24,005	10,807	18,501

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

Note.--Data for imports of acrylic sheet from countries other than Taiwan may be overstated to the extent that the TSUSA "baskets" include products not subject to this investigation.

Table 12.--Acrylic sheet: U.S. producers' shipments 1/, exports 1/, imports, and consumption, 1980-82, January-June 1982, and January-June 1983

(In thousands of pounds)

Period	Producers' shipments 2/	Exports	Imports 3/	Consumption
1980	210,393	11,050	12,458	211,801
1981	230,758	13,067	20,016	237,707
1982	208,894	8,065	23,951	224,780
January-June--				
1982	104,909	4,462	10,703	111,150
1983	110,382	4,391	20,954	126,945

1/ Data for 17 firms. It is estimated that these firms accounted for more than 90 percent of total U.S. producers' shipments.

2/ When individual company shipment data were unavailable, production data were used.

3/ Imports may be overstated to the extent they include products not subject to this investigation.

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

Table 13.--Acrylic sheet: Ratios of U.S. producers' domestic shipments and imports from Taiwan to U.S. consumption, 1980-82, January-June 1982, and January-June 1983

(In percent)

Period	Ratio of U.S. producers' domestic shipments to consumption	Ratio of imports from Taiwan to consumption
1980	94.1	2.5
1981	91.6	3.8
1982	89.3	5.0
January-June--		
1982	90.4	4.8
1983	83.5	7.0

Source: Based on data in tables 11 and 12.

Prices

U.S. producers of acrylic sheet publish list prices on an f.o.b. basis, with base prices determined by the grade, coloring, size, and optical properties of the product. Final transaction prices are arrived at through intense bargaining with customers and competition among producers.

For a given product specification, prices for domestic sheet can vary widely among producers. This is a result of differences in the length of contracts, the quantity purchased, and the type of customer. The type of production process also contributes to differences in domestic prices. Typically, the continuous cast production method is the least expensive, followed by the cell-cast method, and finally extrusion method, the most costly. Although the range in domestic prices for a specified product type is substantial, the greater part of domestic sales are at the low end of the price range; 1/ this is reflected by the weighted average prices, which are in the low end. In addition, statements made at the staff conference indicate that purchasers buy acrylic sheet on the basis of price and are indifferent as to production process because sheet is largely interchangeable. 2/ Therefore, the Commission used a weighted average price which included all three production methods and did not differentiate between the other variables that result in a range of domestic prices. 3/

However, a comparison of questionnaire data on prices of specific types of domestic and imported products was not possible because of differences in the market levels at which the products compete. Questionnaire data on total shipments indicate that 70 percent of U.S.-produced acrylic sheet is sold to distributors, and the remaining 30 percent is sold directly to original-equipment manufacturers. Most importers are distributors and purchase domestic as well as imported sheet. Their sales are largely to original-equipment manufacturers or other end users rather than to other distributors. Approximately 90 percent of the pricing data provided in questionnaire responses from domestic producers represented sales to distribution centers; roughly 70 percent of the responses on pricing data provided by the importers represented sales to end users. Consequently, pricing data from the questionnaire are unsuitable for calculating margins of underselling.

The Commission requested importers and producers to provide data on their largest sale in each quarter for particular acrylic sheet specifications. 4/ These prices are presented in tables 14-17. Whereas domestic prices showed a wide range during July 1981-June 1983 (tables 14 and 16), they were fairly constant. The weighted average of U.S. producers' prices for January-June 1981 is very likely overstated, because * * *. 5/

1/ * * *.

2/ Mr. Axon, of Du Pont, pp. 12-13, and Mr. Bogin, of Astra, an importer, pp. 87-88 of the transcript of the conference.

3/ Questionnaire responses for sales of extruded sheet for the price specifications were minimal.

4/ Nominal 1/4-inch and nominal 1/8-inch, 4 feet by 8 feet, clear acrylic sheets were chosen as representative items for purposes of collecting pricing information. U.S. producers advised that 4 feet by 8 feet sheet of various thicknesses constituted 65 percent of the U.S. acrylic market and that nominal 1/4-inch and nominal 1/8-inch sheet represent over 50 percent of the total domestic volume consumed.

5/ The quantities sold per quarter reported by * * * were significantly higher than quantities sold per quarter reported by * * *.

Table 14.--Clear acrylic sheet (nominal 1/8", 4' X 8'): U.S. producers' prices, by quarters, January 1981-June 1983

Period	Area	Highest delivered price	Lowest delivered price	Weighted-average delivered price
	Sq. ft.	Per sq. ft.	Per sq. ft.	Per sq. ft.
1981:				
January-March	1/ ***	$1.25	$0.63	$0.87
April-June	1/ ***	1.32	.77	.95
July-September	890,708	1.32	.65	.76
October-December	927,850	1.32	.70	.77
1982:				
January-March	454,718	1.32	.64	.80
April-June	586,599	1.32	.73	.80
July-September	763,267	1.32	.71	.81
October-December	750,183	1.32	.74	.80
1983:				
January-March	820,374	1.32	.77	.81
April-June	512,845	1.32	.70	.78

1/ * * *.

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

Table 15.--Clear acrylic sheet (nominal 1/8", 4' X 8'): Prices of the product imported from Taiwan, by quarters, January 1981-June 1983

Period	Area	Highest delivered price	Lowest delivered price	Weighted-average delivered price
	Sq. ft.	Per sq. ft.	Per sq. ft.	Per sq. ft.
1981:				
January-March	13,888	$0.97	$0.81	$0.88
April-June	52,800	1.03	.80	.84
July-September	32,480	1.07	.81	.87
October-December	32,320	1.01	.84	.89
1982:				
January-March	57,600	.96	.84	.88
April-June	25,280	.97	.84	.90
July-September	42,560	.96	.82	.85
October-December	38,072	.90	.84	.86
1983:				
January-March	29,120	.92	.84	.86
April-June	34,400	.95	.84	.86

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

Table 16.--Clear acrylic sheet (nominal 1/4", 4' X 8'): U.S. producers' prices, by quarters, January 1981-June 1983

Period	Area	Highest delivered price	Lowest delivered price	Weighted-average delivered price
	Sq. ft.	Per sq. ft.	Per sq. ft.	Per sq. ft.
1981:				
January-March	1/ ***	$2.09	$1.18	$1.67
April-June	1/ ***	2.09	1.37	1.51
July-September	460,095	2.09	1.15	1.37
October-December	691,714	2.09	1.15	1.26
1982:				
January-March	590,209	2.09	1.15	1.40
April-June	894,164	2.30	1.27	1.41
July-September	519,352	2.30	1.28	1.47
October-December	579,028	2.30	1.27	1.39
1983:				
January-March	616,330	2.30	1.36	1.49
April-June	454,660	2.30	1.20	1.39

1/ * * *.

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

Table 17.--Clear acrylic sheet (nominal 1/4", 4' X 8'): Prices of the product imported from Taiwan, by quarters, January 1981-June 1983

Period	Area	Highest delivered price	Lowest delivered price	Weighted-average delivered price
	Sq. ft.	Per sq. ft.	Per sq. ft.	Per sq. ft.
1981:				
January-March	22,400	$1.77	$1.54	$1.57
April-June	9,440	1.77	1.54	1.62
July-September	13,824	1.66	1.61	1.66
October-December	25,632	1.67	1.50	1.58
1982:				
January-March	23,776	1.67	1.57	1.61
April-June	12,800	1.67	1.56	1.60
July-September	13,824	1.67	1.54	1.57
October-December	22,240	1.70	1.80	1.55
1983:				
January-March	16,160	1.65	1.49	1.56
April-June	14,840	1.67	1.49	1.58

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

Importers' transaction prices were also relatively constant during January 1981-June 1983. Such prices (tables 15 and 17) were slightly higher than U.S. producers' prices. This is largely attributable to the difference in the point of sale. As noted above, importers of Taiwan sheet sell mainly to original-equipment manufacturers, whereas U.S. producers sell primarily to distributors.

Because the prices submitted in response to Commission questionnaires were not at the same level of competition and could not be used to calculate margins of underselling, estimates of margins were prepared. End-user price comparisons were not feasible because there were very sparse price data on sales by domestic producers to end users, especially by the larger producers, and end-user customers of importer/distributors appeared to be a very different class of customer than end-user customers of domestic producers. Therefore, in order to obtain meaningful comparisons, the staff obtained landed duty-paid costs from importers. These data would be analogous to the questionnaire data responses on domestic producers' prices, which were essentially costs to distributors of domestic sheet.

Importers were requested by telephone to provide their landed, duty-paid costs. Four importers, accounting for approximately 43 percent of imported sheet from Taiwan in 1982, responded. This information was used to construct the cost to importer/distributors of acrylic sheet from Taiwan.

Table 18 presents a comparison of the domestic price to distributors of nominal 1/8-inch acrylic sheet with the constructed cost paid by importer/distributors of Taiwan sheet. 1/ The price of the imported sheet

Table 18.--Clear acrylic sheet (nominal 1/8", 4' X 8'): Domestic producers' weighted average prices and constructed average costs of Taiwan sheet, by quarters, January 1982-June 1983

Period	U.S. weighted average price	Constructed Taiwan average cost	Constructed margin of under-selling
	Per sq. ft.	Per sq. ft.	Percent
1982:			
January-March	$0.80	$0.763	4.63
April-June	.80	.769	3.88
July-September	.81	.745	8.02
October-December	.80	.737	7.88
1983:			
January-March	.81	.741	8.52
April-June	.78	.740	5.13

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

1/ Because importers could not supply quantity data for 1/8-inch sheet, a simple average instead of a weighted average was used.

includes an additional 1 percent for the added financial costs of carrying a letter of credit for 1 month at an annual rate of 12 percent, while the goods are en route. According to these estimates, 1/8-inch domestic sheet was undersold by Taiwan sheet imported during January 1982-June 1983, with margins ranging from 3 to 9 percent.

A similar comparison for 1/4-inch sheet is unavailable because of the low volume of sales of imports from Taiwan for this specification. The importers stated that they import so few shipments of 1/4-inch sheet in any 1 year that the landed, duty-paid cost is not representative of quarterly market trends. Importers usually buy 1/4-inch, 4 feet by 8 feet acrylic sheet in large quantities for inventory and sell the product from stock over time.

Lost sales

In this case, five firms made specific allegations of lost sales in the questionnaires received by the Commission. In addition, two of these firms and one other domestic producer of acrylic sheet attached numerous salesmen's call reports, invoices, and other documents to their questionnaire responses which provided information concerning the price of imported acrylic sheet and their customers' requirements of the product. The information in the questionnaires and documents indicated that 19 customers had recently decreased their purchases of the domestic product and that they were, instead, purchasing acrylic sheet from Taiwan.

The staff contacted all of these 19 customers; however, 2 firms refused to answer any questions over the phone. Representatives of another two firms were unable to state whether the firm had purchased acrylic sheet from Taiwan, indicating that all their purchases were made through domestic distributors and that the agent had no way of knowing the origin of the merchandise. Representatives of four of the firms contacted stated that they had never purchased acrylic sheet from Taiwan.

However, at five firms, the person contacted indicated that U.S. producers lost sales to the imported product from Taiwan because of price. In each case, it was stated that the imported product was offered at a price lower than the price of the domestic product, that price was the primary reason for purchasing the imported product, that the firm would have purchased the domestic product had it been available at a comparable price, and that imported acrylic sheet from Taiwan represented an increasing share of the firm's total purchases.

At the remaining six firms, there were mixed responses. Each of the firms purchased acrylic sheet imported from Taiwan, and there was agreement that, generally, the imported product was available at prices lower than those for the domestic product. However, representatives at three of these companies mentioned the fact that they could not buy directly from the domestic producers, and, thus, could not be competitive with those firms that did buy directly unless they purchased the imported product. Representatives of two firms mentioned an inability to obtain certain colors in particular quantities or within a short period of time as a factor in its purchasing decision. These firms also indicated that they have purchased acrylic sheet

from Taiwan for a number of years to meet certain competitive situations, and that such purchases have represented a relatively stable share of their total purchases. At another firm, the representative stated that his primary reason for importing from Taiwan was to maintain an alternative source, a source "independent of the U.S. price structure," in order to keep the domestic producers "honest." His firm has purchased acrylic sheet in a * * * ratio of domestic product to imported product for at least 10 years.

APPENDIX A

THE FEDERAL REGISTER NOTICES

Federal Register / Vol. 48, No. 151 / Thursday, August 4, 1983 / Notices 35525

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-139 (Preliminary)]

Import Investigations; Acrylic Sheet From Taiwan

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 United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Taiwan of acrylic film, strips and sheets at least 0.030 inch in thickness, provided for in item 771.41, and 771.45 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

EFFECTIVE DATE: July 28, 1983.

FOR FURTHER INFORMATION CONTACT:
Abigail Eltzroth, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0289.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on July 28, 1983, by E. I. du Pont de Nemours & Co. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by September 12, 1983 (19 CFR 207.17).

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

Service of documents.—The Secretary will compile a service list from the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with §201.8 of the Commission's rule (19 CFR 201.8), serve a copy of each such document on all other parties to the investigation. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b), as amended by 47 FR 33682, Aug. 4, 1982).

In addition to the foregoing, each document filed with the Commission in the course of the investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions.—Any person may submit to the Commission on or before August 23, 1983, a written statement of information pertinent to the subject matter of the investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on August 19, 1983, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact Abigail Eltzroth, not later than August 17, 1983, to arrange for their appearance. Parties in support of the imposition of the 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.

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

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207, as amended by 47 FR 33682, Aug. 4, 1982), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982). Further information concerning the conduct of the conference will be provided by Ms. Eltzroth.

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: July 29, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-21246 Filed 8-3-83; 8:45 am]
BILLING CODE 7020-02-M

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Antidumping Investigation; Acrylic Film, Strips and Sheets, at Least 0.030 Inch in Thickness From Taiwan

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether acrylic film, strips and sheets, at least 0.030 inch in thickness (acrylic sheet) from Taiwan are being, or are likely to be, sold in the United States at less than value. We are notifyng the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this merchandise are materially injuring, or threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before September 12, 1983 and we will make ours on or before January 4, 1984.

EFFECTIVE DATE: August 25, 1983.

FOR FURTHER INFORMATION CONTACT: Stuart Keitz, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone (202) 377-1769.

SUPPLEMENTARY INFORMATION: On July 28, 1983, we received a petition in proper form from E.I. du Pont de Nemours and Company.

In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Taiwan 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 (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegation of sales at less than fair value of the merchandise under investigation from Taiwan is supported by comparisons of the United States price with foreign market value of the merchandise using information obtained from industry sources in the United States and Taiwan.

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 investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition filed by a domestic manufacturer of acrylic sheet on behalf of the United States industry, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping investigation to determine whether acrylic sheet from Taiwan is being, or is likely to be, sold at less than fair value in the United States. If our investigation proceeds normally we will make our preliminary determination by January 4, 1984.

Scope of Investigation

The merchandise covered by this investigation is acrylic film, strips and sheets, at least 0.030 inch thick. It consists of polymerized methyl methalcrylate monomer which is formed into film, strips or sheets by cell casting, continuous casting or extrusion. Acrylic sheet may have a flat or patterned surface and may be transparent or opaque, clear or colored. It is generally used as a glazing material and in lighting fixtures, laminated structures and other fabricated items. It is currently classified under item numbers 771.4100 and 771.4500 of the Tariff Schedules of the United States Annotated (1983) (TSUSA).

Notification to the 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 written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine within 45 days of the date the petition was received whether there is a reasonable indication that imports of acrylic film, strips and sheets, at least 0.030 inch in thickness from Taiwan are materially injuring, or are likely to materially injure a United States industry. If its determination is

negative, this investigation will terminate; otherwise it will proceed according to the statutory procedures.

Dated: August 17, 1983.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-23396 Filed 8-24-83: 8:45 am]

BILLING CODE 3510-25-M

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-139 (Preliminary)

ACRYLIC SHEET FROM TAIWAN

Those listed below appeared at the United States International Trade Commission conference held in connection with the subject investigation on Friday, August 19, 1983, in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of antidumping duties

E. I. du Pont de Nemours & Co., Inc.
Wilmington, Del.
F.F. Alexandre, Attorney
J.T. Axon, Manager, Methacrylate Products

Hogan & Hartson
Washington, D.C.
on behalf of

Rohm & Haas Co.

A.J. Bartosic, Senior Counsel, Rohm & Haas Co.

Jonathan S. Kahan)
Mark S. McConnell) --OF COUNSEL

Polycast Technology Corp.
Stamford, Conn.

Richard L. Garthwaite, Vice President, Marketing and Sales

CYRO Industries
Woodcliff Lake, N.J.

William Lowman, Director Sales and Marketing

K-S-H, Inc.
St. Louis, Mo.

Jerry E. Trokey, Vice President Marketing, Industrial Division

Cadillac Plastics & Chemical Co.
Birmingham, Mich.

William D. Benkelman, President

In opposition to the imposition of antidumping duties

Solter & Chopivsky--Counsel
Washington, D.C.
on behalf of

Chi Mei Industrial Co., Ltd.
Hsin Hwa Industrial Co., Ltd.
Jin Mei Industrial Co., Ltd.

Mark Bogin, President, Astra Products Inc.

Myron Solter--OF COUNSEL

Stein Shostak Shostak & O'Hara
Washington, D.C.
On behalf of

Calsak Corp.
Chi Mei Industrial Co., Ltd.

David R. Amerine--OF COUNSEL