COTTON SHOP TOWELS FROM PAKISTAN

Determination of the Commission in
Investigation No. 701-TA-202
(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. 701-TA-202 (Preliminary)

COTTON SHOP TOWELS FROM PAKISTAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission unanimously determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Pakistan of shop towels of cotton, provided for in item 366.2740 of the Tariff Schedules of the United States Annotated (TSUSA), which are allegedly subsidized by the government of Pakistan.

Background

On July 29, 1983, counsel for Milliken and Company, a domestic manufacturer of cotton shop towels, 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 or is threatened with material injury, by reason of imports from Pakistan of cotton shop towels which are allegedly subsidized by the government of Pakistan. Accordingly, effective July 29, 1983, the Commission instituted a preliminary countervailing duty investigation under section 703(a) of the Act (19 U.S.C. § 1671b(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 3, 1983 (48 F.R. 35185). The conference was held in Washington, D.C. on August 16, 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

We determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of cotton shop towels from Pakistan which are alleged to be subsidized by the government of Pakistan. 1/

The Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" in a countervailing duty investigation as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ "Like product," in turn, is defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with the article subject to [the] investigation." 3/

Shop towels are cloths used for wiping and cleaning functions in industrial and commercial establishments. They are used primarily for wiping machine parts and cleaning away ink, grease, oil, and other unwanted substances. The primary purchasers of shop towels are industrial laundries which, in turn, rent them to industrial and commercial establishments. 4/

1/ Because there is a well-established domestic shop towel industry, material retardation of the establishment of a domestic industry is not an issue in this investigation. Further, because we have found a reasonable indication of material injury to exist, we do not reach the issue of threat of material injury.

2/ 19 U.S.C. § 1677(4).

3/ 19 U.S.C. § 1677(10).

4/ Report at A-2.

The imported shop towels are 100 percent cotton and are sold in the greige state. 5/ The domestic shop towels are either all cotton or a cotton-acrylic blend. 6/ They are sold in the greige state or, for a small additional cost, are dyed and/or treated with soil release features at the option of the customer. Domestic producers also may imprint at no charge customer names and logos on their towels. 7/ Both the imported and domestic shop towels are made from osnaburg 8/ and are produced in basically the same size. 9/ Although the yarns used differ, 10/ the imported and domestic towels have the same end uses and are functionally equivalent.

The record in this investigation shows that the domestic and imported products have the same basic characteristics and uses and are thus like products. Any differences in characteristics between the imported and domestic products (including domestic blended towels) are at most minor. 11/ Both the domestic and imported towels have the same end uses and are sold interchangeably in the marketplace. 12/ Therefore, we conclude for the

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5/ The term greige is used to describe cloth that is unbleached and uncolored. Report at A-3.

6/ Id.

7/ Id.

8/ Osnaburg is a loosely woven fabric of plain weave.

9/ Most domestic and Pakistani shop towels are 18" by 18". Both also produce a small amount of towels 18" by 30". Transcript, at 8-9.

10/ The construction differences reflect the most efficient manufacturing methods for the U.S. and Pakistani producers. Report at A-3.

11/ The legislative history of the Trade Agreements Act of 1979 states that:

> The requirement that a product be "like" the imported article should not be interpreted in such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not "like" each other, nor should the definition of "like product" be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under investigation. S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

12/ Transcript at 8, 9, and 11.

purpose of this preliminary investigation that the domestic industry consists of the domestic producers of shop towels. 13/ 14/

Condition of the Domestic Industry

The pertinent economic and financial indicators show that there is a reasonable indication of material injury to the domestic industry. In 1982, domestic production of shop towels declined to 126 million units from 162 million units in 1981 and 161 million units in 1980. In January-May 1983, production declined to 50 million units compared with 55.5 million units in the corresponding period of 1982. 15/ Domestic shipments followed the same trends. 16/

While capacity for shop towel production remained relatively constant, capacity utilization for the domestic industry decreased to 32.8 percent in 1982 from 40.8 percent in 1981. Capacity utilization was 42.2 percent in 1980. There was a decline from 40.1 percent in January-May 1982 to 36.1 percent in the corresponding period of 1983. 17/

U.S. producers' yearend inventories of shop towels more than doubled during the period under investigation. They rose from 1.8 million in 1980 to 2.6 million in 1981, and to 3.8 million towels in 1982. For the January-May

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13/ There are five producers of shop towels in the United States--Milliken & Co. and Wikit, Inc., LaGrange, Georgia; Wipo, Inc., Columbus, Georgia; Texel Industries, Inc., Cleburne, Texas; and, Pennsylvania State Manufacturing Co., Clifton Heights, Pennsylvania. Report at A-10.

14/ This analysis is the same as that in the recent investigation concerning Shop Towels of Cotton from the People's Republic of China, Inv. No. 731-TA-103 (Preliminary), USITC Pub. 1296 (Oct. 1982).

15/ Report at A-10.

16/ Report at A-12.

17/ Report at A-11.

1983 period there were 2.9 million towels in inventory compared with 2.7 million for the same period in 1982. 18/

The number of production and related workers engaged in the production of shop towels declined from 427 in 1980 to 387 in 1982. It declined further in January-May 1983 as compared with the corresponding period for 1982. During this period the actual hours worked also declined from 833,000 to 636,000. 19/

Total net sales of shop towels increased from $26.1 million in 1980 to $27.1 million in 1981, but declined to $24.2 million in 1982. 20/ During the interim period ended March 31, 1983, net sales declined to $11.7 million as compared with $13.3 million for the corresponding period in 1982. 21/ Aggregate operating profit remained steady at $3.3 million, averaging over 12.0 percent of net sales, in 1979 and in 1980, but then declined precipitously to $788,000, equivalent to only 3.3 percent of net sales, in 1982. During the interim period ended March 31, 1983, the industry operated at a loss of $120,000, or 1.1 percent of net sales, as compared with $91,000, or 0.7 percent of net sales, in the corresponding period of 1982.

Reasonable Indication of Material Injury by Reason of Alleged Subsidized Imports

Section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, (1) the volume of imports of merchandise under

18/ Report at A-14.
19/ Report at A-15.
20/ Report at A-17.
21/ Comparable financial data were not available from domestic producers for the interim 1981 and 1982 periods because the individual firms use different accounting years. Nevertheless, the aggregate data for these interim periods are useful for analyzing trends.

investigation, (2) the effect of such imports on domestic prices, and (3) the impact of such imports on the domestic industry. 22/

Imports of shop towels from Pakistan increased during the period under investigation in both absolute and relative terms. Imports for consumption from Pakistan rose from 4.3 million towels in 1980 to 6 million in 1981, and then to nearly 6.6 million towels in 1982. 23/ Imports for consumption from Pakistan rose dramatically from 2.8 million in January--June 1982 to 11.9 million towels in the same period in 1983. 24/

Apparent U.S. consumption of shop towels increased from 251 million towels in 1980 to 274 million in 1981 and then decreased to 217 million towels in 1982. Consumption increased during January-May 1983 to 89.6 million towels compared with 85.8 million in the corresponding period of 1982. The ratio of imports from Pakistan to apparent domestic consumption increased from 1.7 percent in 1980 to 2.2 percent in 1981 and to 3.1 percent in 1982, the year in which consumption decreased by 21 percent. 25/ This ratio increased markedly from 2.6 percent in January-June 1982 to 8.9 percent in the comparable period for 1983. 26/

Domestic prices and the prices of the subject imports rose slightly during the period studied. However, imported towels from Pakistan undersold domestic producers' prices in every quarter of the period January 1981 to June 1983, by margins which increased irregularly from 36 percent in 1981 to 38 percent in

22/ 19 U.S.C. § 1677(7)(B).
23/ Report at A-23.
24/ Id.
25/ Report at A-24-A-25.
26/ Report at 25.

the second quarter of 1983. 27/ The Commission was able to confirm that several laundries have shifted their purchases of shop towels to the Pakistani product. 28/ The majority of these purchasers noted that the lower prices of the towels imported from Pakistan were an important factor in the decision to purchase the Pakistani product.

Conclusion

As previously noted, the economic and financial data show that there is a reasonable indication of material injury. Specifically, domestic production, shipments, capacity utilization, employment, and profitability have all declined during the period investigated. Furthermore, U.S. producers' inventories more than doubled during this period. In light of import trends, indications of underselling and confirmed shifts in sourcing to the Pakistani towels, we conclude that there is a reasonable indication that a domestic industry is materially injured by reason of imports of shop towels which are allegedly being subsidized by the government of Pakistan.

27/ Report at A-28.
28/ Report at A-29.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Effective July 29, 1983, a petition was filed by counsel on behalf of Milliken & Co. with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is 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 of cotton shop towels from Pakistan, provided for in item 366.2740 of the Tariff Schedules of the United States Annotated (TSUSA), upon which bounties or grants are alleged to be paid. Accordingly, the Commission instituted a preliminary investigation under section 701 of the Tariff Act of 1930, to determine whether 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 3, 1983 (48 F.R. 35185). 1/ The conference was held in Washington, D.C. on August 16, 1983; 2/ the Commission's vote on this investigation was held on September 1, 1983.

Other Commission Investigations

In July 1980, the Commission determined in investigation No. 701-TA-62 (Final), Textiles and Textile Products of Cotton From Pakistan, that an industry in the United States was not materially injured, was not threatened with material injury, and the establishment of an industry in the United States was not materially retarded by reason of imports of textiles and textile products of cotton from Pakistan. At the same time, in investigation No. 104-TAA-1, 3/ the Commission determined that an industry in the United States would not be materially injured, or would not be threatened with material injury, or the establishment of an industry would not be materially retarded by reason of imports of textiles and textile products of cotton from Pakistan covered by a countervailing duty order, if that order were to be revoked. Cotton shop towels, the subject of the current investigation, was one of several textile products considered in these investigations.

1/ Copies of the Commission's and Commerce's notices of institution of the preliminary investigation are presented in App. A.

2/ A copy of the list of witnesses appearing at the conference is presented in App. B.

3/ Originally published as investigation No. 701-TA-63 (Final).

On August 24, 1982, Milliken and Co., the petitioner in the current investigation, filed an antidumping case with the U.S. International Trade Commission and the U.S. Department of Commerce against cotton shop towels made in the People's Republic of China (investigation No. 731-TA-103 (Preliminary)). In October 1982, the Commission determined that there was a reasonable indication that an industry in the United States was threatened with material injury. Upon receipt of Commerce's affirmative preliminary determination on March 28, 1983, the Commission instituted investigation No. 731-TA-103 (Final). On August 10, 1983, Commerce, in its final determination, determined that such towels are being sold in the United States at less than fair value, with a weighted-average margin on all sales compared of 38.8 percent. The Commission is scheduled to make its final determination in this case by September 23, 1983.

The Product

Description and uses

Shop towels are industrial wiping cloths used primarily for wiping machine parts and cleaning away ink, grease, oil, or other unwanted substances. They are usually purchased by industrial laundries which, in turn, rent them to commercial and industrial establishments. After being used, the towels are returned to the laundry for cleaning and further use.

Shop towels are made from osnaburg, a loosely woven fabric of plain weave usually ranging in weight from 4.5 to 5.5 ounces per square yard. The most widely used towel sizes are 18 X 18 inches and 18 X 30 inches. Most shop towels are overcast 1/ or finished on three edges with a natural selvage on the fourth.

Imported and domestic shop towels have the same end uses and, according to counsel for the petitioner, are "functionally equivalent." 2/ In terms of construction, imported and domestic shop towels differ in size and quality of the yarn used and the yarn count (threads per inch). The yarns used in imported towels are made of 70 percent waste fibers (from previous yarn processing) and 30 percent short staple fibers. The domestic towels are made of 60 percent waste and 40 percent short staple fibers. The yarns in the standard Pakistani towel are of number 3/ 10 (10s) in both the length and the width of the fabric. 4/ Those used in domestic towels are 10s and 6s or 12s and 5s, 5/ the higher number in the warp (length of goods) and the lower number in the filling (width of the goods). The yarn count in imported

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1/ A slanted stitch around cut edges to prevent raveling.
2/ Transcript of the conference, p. 11.
3/ Yarn number describes the diameter of the yarn. The lower the number, the thicker the yarn.
4/ Phone conversation between * * * and Marilyn Borsari on Aug. 19, 1983.
5/ Transcript of the conference, p. 10.

Pakistani towels is usually 34 threads per inch in the warp and 26 threads per inch in the filling. 1/ Domestic towels usually have a yarn count of 29 in the warp and 20 in the filling. 2/ These construction differences, in and of themselves, do not necessarily make one towel better or worse overall than the other. The constructions reflect primarily the most efficient manufacturing methods for foreign and domestic producers.

Imported towels are made of 100 percent cotton and are sold in the greige 3/ state. U.S. producers make 100 percent cotton towels as well as towels that are a blend of 60 percent cotton and 40 percent acrylic. In 1982, cotton shop towels accounted for 58 percent and blended shop towels accounted for 42 percent of domestic production. The blended towels are preferred by some end users who feel that they are stronger and more chemical resistant than the all-cotton towels. 4/ In addition, the blended towels can be washed at a lower temperature than the all-cotton towels and can be dried more quickly. Domestic producers sell towels in the greige state; they also dye them or treat them with a soil-release finish as additional cost options. In addition, domestic producers imprint customer names and logos on their towels without extra charge to their customers. Industry sources indicate that the cost of dyeing is * * * cent per towel; soil release, * * * cent; and imprinting, * * * cent. 5/

<u>U.S. tariff treatment</u>

Shop towels are classified under item 366.2740 of the Tariff Schedules of the United States Annotated (TSUSA). The current column 1 or most-favored-nation (MFN) rate of duty for shop towels is 13.5 percent ad valorem, and the column 2 rate is 40 percent ad valorem. 6/ This rate reflects the second reduction resulting from concessions granted in the Tokyo round of the Multilateral Trade Negotiations (MTN), conducted under the auspices of the General Agreement on Tariffs and Trade (GATT) during 1973-79. The remaining scheduled reductions for the cotton shop towels and their effective dates are as follows:

1/ Phone conversation between * * * and Marilyn Borsari on Aug. 19, 1983.
2/ Transcript of the conference in investigation No. 731-TA-103 (Preliminary), Cotton shop towels from the People's Republic of China, pp. 90-91.
3/ Unbleached and uncolored.
4/ Transcript of the conference in investigation No. 731-TA-103 (Preliminary), p. 57.
5/ Phone conversation between * * * and Marilyn Borsari on June 13, 1983.
6/ Imports from those Communist countries and areas identified in general headnote 3(f) of the TSUSA are assessed the higher col. 2 rates; imports from all other sources are assessed the MFN rate.

Rate	Jan. 1--
12.8% ad val--------------------	1984
12.0% ad val--------------------	1985
11.3% ad val--------------------	1986
10.5% ad val--------------------	1987

Imports of shop towels are not eligible for duty-free treatment under the Generalized System of Preferences (GSP). 1/ In addition, imports from the least developed developing countries (LDDC's) are not granted preferential tariff treatment. 2/

Cotton shop towels are subject to control under the Multifiber Arrangement (MFA), 3/ which provides the international legal framework within which importing countries can negotiate agreements with exporting countries to limit their shipments of textiles and apparel of cotton, wool, and manmade fibers. Imports of cotton shop towels are classified in category 369, a "basket" category consisting of a large number of miscellaneous cotton manufactures, such as plain-woven towels, tablecloths and napkins, and floor coverings. In 1982 shop towels accounted for about 13 percent of the total import volume in category 369.

The current bilateral agreement with Pakistan is effective from January 1, 1982, to December 31, 1986, and provides for a designated consultation level 4/ of 5,869,565 pounds for category 369 in each agreement year. For the quota year ending December 31, 1982, Pakistan filled its quota. As of August 29, 1983, Pakistan filled its 1983 quota, and further exports from Pakistan were denied entry. The Pakistani Government requested an increase in the quota level, and the United States offered an increase of 3

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

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

3/ Sanctioned under the GATT and formally known as the Arrangement Regarding International Trade in Textiles, the MFA was implemented in January 1974 for 4 years, was extended twice, and now runs through July 1986.

4/ A designated consultation level (DCL) is a more flexible import control than specific ceilings or limits; DCL's are usually somewhat above existing levels of trade, and once reached cannot be exceeded unless the United States agrees to further shipments. They normally apply to categories in which trade is not as great as in those for which specific limits are set and are determined annually through the consultation procedure with each bilateral country with which they exist.

million equivalent square yards or about 652,000 pounds. The Pakastani Government has accepted this increase, and the U.S. Customs Service began to implement this on September 8, 1983. 1/ In 1982, shop towels accounted for 4 percent of total imports from Pakistan in category 369, and in January-June 1983, shop towels accounted for 8 percent of total imports in category 369. The percent of imports from Pakistan in category 369 accounted for by shop towels in 1983 are as follows:

January	1.2
February	2.8
March	5.2
April	9.5
May	15.4
June	13.9
July	14.6

Channels of distribution

Between 90 and 95 percent of domestic shop towel sales by U.S. producers and importers are made to industrial laundries and linen supply companies. 2/ These firms, in turn, rent the towels to various industrial or commercial establishments, such as printers, auto repair shops, and food processors.

After the towels become soiled, they are returned to the rental source for cleaning. Testimony provided by the petitioner and respondents differs considerably with respect to the useful life of shop towels. Producers have stated that their shop towels are made to withstand over 50 launderings, but due to the high loss rate through pilferage, the average towel life is closer to 20 washings. However, importers stated at the conference in this investigation that about one third of the Pakistani towels do not last through the first washing, whereas laundries and linen suppliers expect a minimum of 9.2 washings from shop towels to get their money's worth. 3/

Industrial laundries indicate that the rental fee ranges from 3 to 8 cents per towel with the average between 5 and 6 cents. Most establishments have a set delivery schedule, and depending on size and use, receive a specified number of towels per week. In rural areas, delivery may be made biweekly.

The remaining 5 to 10 percent of the shop towels are sold directly to the end users, usually to printshops or newspapers, which may have them cleaned by local laundries. 4/ However, unless the purchase and laundering are on a large scale, using a rental service is more economical.

1/ Telephone conversations with * * * and Marilyn Borsari in August 30-September 1, 1983.

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

3/ Transcript of the conference in investigation No. 731-TA-103 (Preliminary), pp. 95 and 113.

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

U.S. Producers

The number of firms known to produce shop towels in the United States is five; 1/ the petitioner--Milliken & Co.--is by far the largest producer. The shares of total production in 1982 accounted for by each of the four responding firms are shown in the following tabulation:

Producer	Percent
Milliken & Co	***
Texel Industries, Inc	***
Wikit, Inc	***
Wipo, Inc	***

Milliken & Co. is among the largest textile producers in the country, producing a wide array of textile products. * * *. Milliken's shop towel facility is located in LaGrange, Ga. Texel Industries Inc., located in Cleburne, Tex., is the smallest domestic producer; shop towels account for * * * of its total sales. Shop towels account for * * * of the total sales of Wikit, Inc., located in LaGrange, Ga., and Wipo, Inc., located in Columbus, Ga..

Milliken and Wipo weave their own fabric and subsequently cut and finish it into shop towels. The two other producers, Texel Industries and Wikit, purchase fabric and convert it into shop towels. Wikit and Wipo also purchase imported (primarily Chinese) towels from jobbers and identify them as such on their price lists. The imported towels are their lowest priced shop towel. They are often dyed before their initial use. Both firms reported that 1980 was the peak year for buying and selling imported towels, when they accounted for * * * of their total shop towel revenues.

The four producers also make other related items in the same establishments in which they produce shop towels. The products include mopheads, dish towels, and huck toweling made in continuous lengths for use in public restrooms. However, the shop towels are cut and sewn on separate machinery. In addition, the two firms that weave their own shop towel fabric do not produce other fabrics on the same looms because, according to the petitioner, the looms are lightweight and cannot weave fabric heavier than that used in shop towels. Also, the looms are limited to fabric widths of no more than 38 inches, compared with widths of 45 inches or more for most other broadwoven fabrics.

1/ Data received from Pennsylvania State Manufacturing, Co., Clifton Heights, Pa., were incomplete and not included. In recent years, they manufactured shop towels in Puerto Rico; * * *. They produced * * * towels in 1980, * * * in 1981 and * * * in 1982. In January-May 1983, production was less than * * *. During the period under investigation, Pennsylvania State never accounted for more than * * * percent of total U.S. production. Shop towels accounted for less than * * * percent of Pennsylvania State's overall business.

U.S. Importers

* * * identified 30 importers of shop towels from Pakistan during 1982 and January-April 1983. Each of these firms accounted for a small part of total imports during the period. Of the firms responding to the Commission's questionnaire, * * * reported that towels were for their own use, not for resale purposes.

The Pakistani Industry 1/

The textile industry in Pakistan is based primarily on cotton. The cotton industry is Pakistan's single largest industry, accounting for about one-fourth of industrial production, 40 percent of the industrial work force and 25 percent of the country's foreign exchange earnings.

Pakistan's textile industry is divided between the organized commercial mill sector and the unorganized cottage-industry sector. The organized sector includes larger factory-type operations which are required to register and pay excise taxes based either on actual production or on capacity. The unorganized sector includes small units which are also registered and must pay excise taxes, but are exempt from social and welfare tax programs. The cottage industry generally consists of small family-owned operations or units located in rural areas. One unit in this industry usually consists of four power looms and employs less than 10 people. Very little yarn spinning is done in the cottage-industry sector, but it is estimated to have about 50 percent of the power looms. In recent years the Government has encouraged growth in weaving in the cottage industry.

In the 1982/83 crop year, Pakistan produced about 5 percent of the world's cotton crop. Pakistan's production in that year was about 3600 bales, with domestic consumption using about two-thirds of production. The raw cotton used by the textile industry is domestically grown giving the local industry some price advantage. 2/ The quality of the cotton needs improvement since much of it presents spinning problems. As a result, much of the yarn spun in Pakistan is suitable for use in coarse, inexpensive fabrics, such as osnaburg which is used to make shop towels.

Pakistan's shop towel industry is believed to account for a small part of the output of its textile industry. Because of the abundant domestic supply of cotton, the mills use only cotton in their shop towels. These towels are not dyed or printed but are exported in bales (each containing approximately 2,500 18 x 18 inch towels) in the greige state.

1/ Sources for this section are a report from the U.S. Consulate, Lahore, September 1982; and Emerging Textile-Exporting Countries, Report on Investigation No. 332-126. . ., USITC Publication 1273, August 1982.

2/ Until 1973, Pakistan levied an export duty on raw cotton, and the world market price minus the export duty determined their domestic price. Since then, all cotton export marketing functions have been performed through a Government agency, the Cotton Export Corp., which sells the cotton at world prices. Domestic mills and the Cotton Export Corp. are the only purchasers of raw cotton from the gins.

According to counsel for the Pakistanis, capacity and capacity utilization statistics are not kept, since there is not a separate Pakistani industry involved in the manufacture of shop towels. 1/ The fabric is woven upon request in the cottage industry, and converters make the towels to order. In addition, capacity to increase production is limited by the dual government policy of quota ceiling and price floor. 2/

Since Pakistan's exports of all textile products to several countries (Scandinavia and the European Community, Canada, and the United States) are limited by quotas, exporters are expanding their sales to nonquota countries. Currently all but a small part of Pakistan's yarn exports and nearly two-thirds of its cotton fabric exports go to countries which do not have bilateral agreements with Pakistan.

In recent years Pakistan has been shifting the composition of its textile exports from yarns to fabrics and from fabrics to apparel and other "made-ups" (mainly sheets and towels). Although Pakistan has established a few modern factories capable of producing large orders of standardized, high-quality clothing, the best export potential remains in those all-cotton items which do not require exacting standards. The Pakistani Government is interested in allocating most of its quota to items which are higher valued than shop towels. 3/

According to counsel for the Pakistanis, the Government allocated 10 percent of the 1983 quota in category 369 to shop towels. 4/ In addition, the 1983 quota allocation has already been filled and no more shop towels can be shipped from Pakistan to the United States this year. 5/ Counsel also provided information concerning the establishment of a floor price of $210 per bale on shop towels exported from Pakistan after April 1983. The Government imposed this price increase to further its policy of discouraging production of inexpensive items such as shop towels. 6/ Telephone conversations 7/ with five recent importers of Pakistani shop towels confirmed that three firms knew of the price increase in April or May. Two of the five firms had not purchased towels in 1983; one of these firms knew about the price increase. Three of the five firms stated that they were aware of the exhausted quota allocation for shop towels in category 369. Two of the three firms had tried unsuccessfully to purchase Pakistani shop towels.

The Government of Pakistan has formulated a wide-ranging program to assist the textile industry. The plan focuses on improvements in the quality as well as the quantity of raw cotton and cotton lint; training of managerial personnel; modernization of industrial equipment; upgrading of the industry's products; export marketing; and labor-management relations.

1/ Post Conference brief of the respondent for investigation No. 701-TA-202 (Preliminary), p. 13.
2/ Ibid.
3/ Post conference brief of the respondent for investigation No. 701-TA-202 (Preliminary), p. 7, and transcript of the conference, p. 69.
4/ Ibid.
5/ Ibid.
6/ Transcript of the conference, p. 70.
7/ Telephone conversations on Aug. 22, 1983.

In addition, the Pakistani Government has taken a number of measures to encourage exports of all products. Such measures include: (1) reducing the cost of credit for financing exports from 10 percent to 3 percent; (2) expanding the scope of the Export Financing Scheme; (3) implementing standard rebates of duties; (4) providing compensatory rebates for yarn and cloth to offset higher costs of raw materials, such as chemicals for finishing and dyeing, other imports, and capital equipment; and (5) simplifying import licensing procedures to provide easier access to raw materials and industrial machinery for exporters.

Nature and Extent of Alleged Bounties and Grants

The petition alleges that Pakistan is bestowing bounties or grants on the sale of shop towels in the United States. The alleged subsidies include cash rebates on exports, income tax relief, preferential export financing and export finance credits. The petitioner estimates that Pakistani producers of shop towels receive subsidies of more than 20 percent of the f.o.b. value of the exported towels.

Consideration of Material Injury

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

Total U.S. production of shop towels (by reporting producers which accounted for * * * percent of total production in 1982) increased slightly from 161 million towels in 1980 to 162 million in 1981, before decreasing 22 percent to 126 million in 1982. In addition, production declined 10 percent in January-May 1983 compared with that in the corresponding period of 1982 (table 1).

*   *   *   *   *   *   *

Domestic producers manufacture both cotton and blended shop towels. The following tabulation shows the share (in percent) of U.S. production of these towels:

Type	1980	1981	1982	January-May-- 1982	January-May-- 1983
Cotton	47	51	58	58	65
Blended	53	49	42	42	35

Table 1.--Shop towels: U.S. production, by firms, 1980-82, January-May 1982, and January-May 1983

Firm	1980	1981	1982	January-May-- 1982	January-May-- 1983
	Quantity (1,000 units)				
Milliken & Co	***	***	***	***	***
Texel Industries, Inc	***	***	***	***	***
Wikit, Inc	***	***	***	***	***
Wipo, Inc	***	***	***	***	***
Total	160,626	161,575	125,590	55,472	50,008
	Percent of total				
Milliken & Co	***	***	***	***	***
Texel Industries, Inc	***	***	***	***	***
Wikit, Inc	***	***	***	***	***
Wipo, Inc	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

1/ * * *.

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

Capacity in the shop towel industry remained relatively stable throughout the period under investigation, increasing 4 percent from 380.8 million towels in 1980 to 395.7 million towels in 1981 before decreasing 3 percent to 382.8 million towels in 1982 (table 2). Capacity during January-May 1983 was the same as that of the corresponding period of 1982.

Capacity utilization in the industry decreased from 42.2 percent in 1980 to 40.8 percent in 1981 and to 32.8 percent in 1982. It declined from 40.1 percent in January-May 1982 to 36.1 percent in January-May 1983.

Table 2.--Shop towels: U.S. production capacity and capacity utilization, by firms, 1980-82, January-May 1982, and January-May 1983

Firm	1980	1981	1982	January-May-- 1982	January-May-- 1983
	Production capacity (1,000 towels)				
Milliken & Co-------	***	***	***	***	***
Texel Industries, Inc---------------	***	***	***	***	***
Wikit, Inc----------	***	***	***	***	***
Wipo, Inc-----------	***	***	***	***	***
Total-----------	380,768	395,651	382,827	138,431	138,431
	Capacity utilization (percent)				
Milliken & Co-------	***	***	***	***	***
Texel Industries, Inc---------------	***	***	***	***	***
Wikit, Inc----------	***	***	***	***	***
Wipo, Inc-----------	***	***	***	***	***
Total-----------	42.2	40.8	32.8	40.1	36.1

1/ * * *.

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

U.S. producers' domestic shipments 1/

The quantity of U.S. producers' shipments was about 160.4 million towels in 1980 and 1981 and then declined to 124.7 million in 1982 (table 3). Shipments continued to drop in January-May 1983 when compared with the corresponding period of 1982, declining 10 percent to 50.4 million towels. The value of shipments increased by 7 percent, or $1.7 million, from 1980 to 1981, and then decreased 20 percent to $20.5 million in 1982. The value in January-May 1983 declined 9 percent to $8.3 million compared with the corresponding period of 1982. The unit value of shipments increased from 14.93 cents per towel in 1980 to 16.46 cents in 1982. The unit value decreased slightly in January-May 1983 to 16.42 cents per towel.

1/ Does not include shipments of shop towels purchased from importers.

Table 3.--Shop towels: U.S. producers' domestic shipments, 1/ by firms, 1980-82, January-May 1982, and January-May 1983

Firm	1980	1981	1982	January-May-- 1982	January-May-- 1983
	Quantity (1,000 units)				
Milliken & Co------	***	***	***	***	***
Texel Industries, Inc---------------	***	***	***	***	***
Wikit, Inc----------	***	***	***	***	***
Wipo, Inc-----------	***	***	***	***	***
Total-----------	159,939	159,960	123,936	54,680	49,801
	Value (1,000 dollars)				
Milliken & Co------	***	***	***	***	***
Texel Industries, Inc---------------	***	***	***	***	***
Wikit, Inc----------	***	***	***	***	***
Wipo, Inc-----------	***	***	***	***	***
Total-----------	23,888	25,546	20,375	9,026	8,175
	Unit value (cents per towel)				
Milliken & Co------	***	***	***	***	**5
Texel Industries, Inc---------------	***	***	***	***	***
Wikit, Inc----------	***	***	***	***	***
Wipo, Inc-----------	***	***	***	***	***
Average---------	14.93	15.98	16.44	16.51	16.42

1/ Does not include shipments of shop towels purchased from importers.
2/ * * *.

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

U.S. producers' shipments of imported towels

* * * domestic producers reported domestic shipments of shop towels purchased from importers. These shipments are shown in the following tabulation:

	Quantity (1,000 towels)	Value (1,000 dollars)
1980	***	***
1981	***	***
1982	***	***
January-May--		
1982	***	***
1983	***	***

U.S. producers' exports

* * * of the four U.S. producers * * * reported exports of shop towels, which went mainly to Europe. * * * exports represented approximately * * * percent of * * * total shipments, and are shown in table 4.

Table 4.--Shop towels: U.S. producers' exports, 1980-82, January-May 1982, and January-May 1983

Period	Quantity	Value	Unit value	Share of total quantity of shipments 1/
	1,000 towels	1,000 dollars	Cents per towel	
1980	***	***	***	***
1981	***	***	***	***
1982	***	***	***	***
January-May--				
1982	***	***	***	***
1983	***	***	***	***

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

U.S. producers' inventories

Historically, shop towel producers have maintained little inventory because towels can be cut and sewn quickly to fill orders. U.S. producers' yearend inventories of shop towels more than doubled in the period under investigation, from 1.8 million towels in 1980 to 3.8 million in 1982 (table 5). There were 2.9 million towels in inventory at the end of May 1983, compared with 2.7 million at the end of May 1982.

Table 5.--Shop towels: U.S. producers' inventories held as of Dec. 31 of 1980-82, May 31, 1982, and May 31, 1983

Period	Producers' inventories	Ratio of inventories to production
	1,000 units	Percent
Dec. 31--		
1980	1,760	1.10
1981	2,646	1.64
1982	3,779	3.01
May 31--		
1982	2,731	1/ 1.89
1983	2,931	1/ 2.42

1/ Based on annualized January-May production.

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

The ratio of inventories to production increased from 1.1 percent in 1980 to 3.0 percent in 1982. It decreased in January-May 1983 to 2.4 percent.

* * * producers reported inventories of shop towels purchased from importers. These inventories are shown in the following tabulation:

Period	Quantity (1,000 towels)
Dec. 31--	
1980	***
1981	***
1982	***
May 31--	
1982	***
1983	***

Employment, productivity, and wages

The number of production and related workers engaged in the production of shop towels decreased from 427 in 1980 to 387 in 1982 (table 6). Hours worked declined more sharply during 1980-82, from 833,000 to 636,000; output per worker-hour remained stable, averaging 192 towels annually in 1980-82. However, during January-May 1983, employment and hours worked dropped sharply while output per worker-hour increased 61 percent over what it was in 1980-82. These changes are attributed largely to one producer, * * * whose output per production hour was * * * than the industry average during 1982-80, but * * * during January-May 1983. * * * attributes these changes to * * *. Table 6 provides data on employment and productivity for the four major U.S. producers and for comparison, data is also provided * * *.

Wages paid to production and related workers engaged in the production of shop towels are shown in table 7. Total compensation increased from $4.5

million in 1980 to $5.0 million in 1981 before decreasing nearly 20 percent to $4.0 million in 1982. Total compensation was $1.1 million in January-May 1983, compared with $2.0 million in the corresponding period of 1982. During the period under investigation, fringe benefits accounted for 6 to 10 percent of total compensation in the shop towel industry.

Table 6.--Average number of production and related workers engaged in the production of shop towels, hours worked by such workers, and output per hour, 1980-82, January-May 1982, and January-May 1983

Period	Production and related workers		Hours worked by production and related workers		Output per worker-hour	
	* * *	* * *	* * *	* * *	* * *	* * *
					------Units-------	
1980---------------	***	427	***	833,000	***	193
1981---------------	***	420	***	868,000	***	186
1982---------------	***	387	***	636,000	***	197
Jan.-May--						
1982-------------	***	405	***	297,000	***	203
1983-------------	***	234	***	163,000	***	310

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

Table 7.--Total compensation paid to production and related workers engaged in the production of shop towels, wages paid to such workers excluding fringe benefits, and average hourly wages, 1980-82, January-May 1982, and January-May 1983

Period	Total compensation	Wages paid excluding fringe benefits	Average hourly wage 1/
	-------------1,000 dollars-----------		
1980---------------	4,459	4,163	$5.35
1981---------------	5,003	4,657	5.76
1982---------------	3,969	3,592	6.24
Jan.-May--			
1982-------------	1,957	1,767	6.59
1983-------------	1,122	1,018	6.88

1/ Calculated on the basis of total compensation.

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

Financial experience of U.S. producers

Income-and-loss data for shop towels and overall operations.--Profit-and-loss data, on an establishment basis and for shop towels alone, were received from four U.S. firms, which accounted for virtually all of the value of total U.S. shipments of shop towels in 1982.

The data for U.S. producers' shop towel operations are presented in table 8. Total net sales of shop towels increased by 4 percent from $26.1 million in 1980 to $27.1 million in 1981, and then declined by 11 percent to $24.2 million in 1982. During the interim period ended March 31, 1983, total net sales declined by 12 percent to $11.7 million, compared with $13.3 million in the corresponding period of 1982.

During 1980 and 1981, two and three out of the four firms, respectively, reported a pretax profit on their shop towel operations. In 1982, * * * reported a pretax profit. During the interim period ended March 31, 1983, * * * earned a pretax profit, * * * just broke even, and * * * sustained pretax losses ranging from * * * to * * *.

Aggregate operating profit remained steady at $3.3 million, averaging over 12.0 percent of net sales, in 1979 and in 1980, but then declined precipitously to $788,000, equivalent to only 3.3 percent of net sales, in 1982. During the interim period ended March 31, 1983, 1/ aggregate operating loss increased by 43 percent to $130,000, or 1.1 percent of net sales, compared with $91,000, or 0.7 percent of net sales, in the corresponding period of 1982. The ratio of net profit or loss before taxes to sales closely tracked the ratio of operating profit or loss to sales.

The primary reason for the declining profitability in 1982 was a drop in sales volume, which contributed to rising unit costs because of high fixed costs, coupled with selling prices which did not keep pace with increasing unit costs and expenses. As a share of net sales, the cost of goods sold rose from 74.6 percent in 1980 and 74.1 percent in 1981 to 81.6 percent in 1982. This ratio declined to 84.4 percent during the interim period ended March 31, 1983, compared with a ratio of 87.6 percent in the corresponding period of 1982. General, selling, and administrative expenses, as a percentage of net sales, increased from 12.9 percent in 1980 to 15.2 percent in 1982 and to 16.7 percent in the interim period ended March 31, 1983.

Cash flow generated from U.S. producers' shop towel operations declined from $3.7 million in 1980 and in 1981, to $1.1 million in 1982. The four firms reported a deficit of $37,000 for the interim period ended March 31, 1983, compared with a marginal cash flow of $19,000 in the corresponding period of 1982.

1/ * * *.

Table 8.--Profit-and-loss experience of 4 U.S. producers on their shop towel operations, by firms, accounting years 1980-82, 1/ and interim periods ending Mar. 31, 1982, and Mar. 31, 1983

Period and item	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating profit or (loss)	Interest expense	Other income or (expense)	Net profit or (loss) before income taxes	Ratio of gross profit or (loss) to net sales	Ratio of operating profit or (loss) to net sales	Ratio of net profit or (loss) before income taxes to net sales	Cash flow (deficit) from operations
	1,000 dollars								Percent			1,000
1980:												
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***	***
Texel Industries 2/	***	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	26,114	19,482	6,632	3,357	3,275	179	(10)	3,086	25.4	12.5	11.8	3,726
1981:												
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***	***
Texel Industries	***	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	27,066	20,046	7,020	3,748	3,272	200	41	3,113	25.9	12.1	11.5	3,722
1982:												
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***	***
Texel Industries	***	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	24,224	19,755	4,469	3,681	788	463	43	368	18.4	3.3	1.5	1,142
Interim period ending Mar. 31, 1982:												
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***	***
Texel Industries 3/	***	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	13,303	11,650	1,653	1,744	(91)	324	30	(385)	12.4	(0.7)	(2.9)	19
Interim period ending Mar. 31, 1983:												
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***	***
Texel Industries 3/	***	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***	***
Total or average	11,718	9,893	1,825	1,955	(130)	290	51	(369)	15.6	(1.1)	(3.1)	(37)

1/ Accounting year ended June 30, for * * *, Nov. 30, for * * * and Mar. 31, for * * *.
2/ * * *.
3/ * * *.

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

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* * * * * * *

The profit-and-loss data for U.S. producers' establishments in which shop towels are produced are shown in table 9. Shop towel sales accounted for half or slightly more than half of establishment sales during 1980-82 and the interim period ended March 31, 1983. The trends for overall establishment net sales and operating profit ratios are similar to those for shop towel operations during 1980 through March 31, 1983. During 1982, however, operating profit on overall establishment operations declined much more slowly than those on shop towel operations. From 1981 to 1982, operating profit (as a percent of net sales) declined from 13.9 to 10.2 percent for establishment operations but from 11.5 to 1.5 percent for shop towels. During the interim period ended March 31, 1983, the U.S. producers reported increasing operating losses on shop towel operations and declining profitability on establishment operations.

Table 9.--Profit-and-loss experience of 4 U.S. producers on the overall operations of the establishments within which shop towels are produced, by firms, accounting years 1980-82, 1/ and interim periods ending Mar. 31, 1982, and Mar. 31, 1983

Period and item	Net sales	Cost of goods sold	Gross profit or (loss)	General selling, and administrative expenses	Operating profit or (loss)	Interest expense	Other income or (expense)	Net profit or (loss) before income taxes	Ratio of gross profit or (loss) to net sales	Ratio of operating profit or (loss) to net sales	Ratio of net profit or (loss) before income taxes to net sales
	1,000 dollars								Percent		
1980:											
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***
Texel Industries	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***
Total or average	48,214	34,054	14,160	6,450	7,710	252	(19)	7,439	29.4	16.0	15.4
1981:											
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***
Texel Industries	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***
Total or average	50,750	36,298	14,452	7,384	7,068	237	52	6,883	28.5	13.9	13.6
1982:											
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***
Texel Industries	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***
Total or average	48,628	35,992	12,636	7,693	4,943	492	(31)	4,420	26.0	10.2	9.1
Interim period ending: Mar. 31, 1982:											
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***
Texel Industries 2/	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	****	***	***	***	***	***	***	***
Total or average	25,516	19,898	5,618	3,670	1,948	380	(29)	1,539	22.0	7.6	6.0
Interim period ending: Mar. 31, 1983:											
Milliken & Co	***	***	***	***	***	***	***	***	***	***	***
Wipo, Inc	***	***	***	***	***	***	***	***	***	***	***
Wikit, Inc	***	***	***	***	***	***	***	***	***	***	***
Texel Industries 2/	***	***	***	***	***	***	***	***	***	***	***
Total or average	22,350	16,955	5,395	4,321	1,074	386	94	782	24.1	4.8	3.5

1/ Accounting year ended June 30, for * * *, Nov. 30, * * * and on Mar. 31, * * *.
2/ * * *.

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

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Investment in productive facilities.--To provide an additional measure of profitability, the ratios of operating profit or loss to original cost and book value of fixed assets employed in overall establishment operations and shop towel operations are presented in table 10. These ratios followed the same trend as did the ratios of operating profit or loss to net sales for both establishment and shop towel operations.

Table 10.--Shop towels: Investment in productive facilities by 4 U.S. producers producing shop towels as of the end of accounting years 1980-82, and interim periods ending Mar. 31, 1982, and Mar. 31, 1983

Item	1980	1981	1982	As of Mar. 31-- 1982	As of Mar. 31-- 1983
Overall establishment operations:					
Original cost 1,000 dollars--	10,428	11,187	12,097	11,790	12,071
Book value----------do----	4,297	4,328	4,563	4,489	4,127
Ratio of operating profit or (loss) to---					
Net sales------percent--	16.0	13.9	10.2	7.6	4.8
Original cost-----do----	73.9	63.2	40.9	16.5	8.9
Book value--------do----	179.4	163.3	108.3	43.4	26.0
Shop towel operations:					
Original cost 1,000 dollars--	7,696	8,056	8,841	8,743	8,984
Book value----------do----	2,790	2,715	3,171	3,083	2,963
Ratio of operating profit or (loss) to--					
Net sales------percent--	12.5	12.1	3.3	(0.7)	(1.1)
Original cost-----do----	42.6	40.6	8.9	(0.1)	(1.4)
Book value--------do----	117.4	120.5	24.9	(3.0)	(4.4)

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

Capital expenditures.--Four firms furnished data relative to their capital expenditures for buildings, and machinery and equipment used in the manufacture of all products of the reporting establishments and their capital expenditures for buildings, and machinery and equipment used in the manufacture of shop towels. As shown in table 11, overall establishment capital expenditures rose from $812,000 in 1980 to $1.1 million in 1981, and then declined 21 percent to $884,000 in 1982. Capital expenditures declined from $368,000 in January-March 1982 to $118,000 in the corresponding period of 1983, representing a decline of 68 percent.

Table 11.--Shop towels: Four U.S. producers' capital expenditures for building and leasehold improvements and machinery and equipment, 1980-82, January-March 1982, and January-March 1983

(In thousands of dollars)

Year	Building and leasehold improvements	Machinery and equipment	Total
All products of establishments:			
1980	35	777	812
1981	150	970	1,120
1982	28	856	884
January-March--			
1982	23	345	368
1983	5	113	118
Shop towels:			
1980	31	417	448
1981	76	657	733
1982	28	769	797
January-March--			
1982	18	310	328
1983	2	52	54

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

Capital expenditures relative to shop towels increased from $448,000 in 1980 to $797,000 in 1982. During January-March 1983, capital expenditures dropped by 84 percent to $54,000 from $328,000 in the corresponding period of 1982. * * *.

Research and development expenditures.--U.S. producers' research and development expenditures in connection with their shop towel operations were compiled from questionnaire data and are presented in the following tabulation:

Period	Value (1,000 dollars)
1980	***
1981	***
1982	***
January-March--	
1982	***
1983	***

*　　*　　*　　*　　*　　*　　*

Consideration of the Threat of Material Injury

There are several factors which may contribute to a determination of a threat of material injury to the domestic industry. These include foreign capacity, the ability of foreign producers to increase their exports to the United States, and any increase in importers' inventories of the product.

Information submitted by counsel for the Export Promotion Bureau of Pakistan shows that about 90 percent of Pakistani exports of shop towels are to the United States. 1/ The remainder of the Pakistani shop towels are exported to other highly industrialized countries such as the European Community, Japan, and Canada. A detailed discussion of the Pakistani textile industry is in the Pakistani industry section.

Four importers provided information on their end-of-period inventories of imported shop towels from Pakistan, which are shown in the following tabulation:

Reporting period	Quantity (1,000 units)
1980	73
1981	0
1982	853
1983 (January-May)	470

Consideration of the Causal Relationship Between the Allegedly Subsidized Imports and the Alleged Injury

U.S. imports

Imports of cotton shop towels from all sources, after increasing 25 percent from 91 million towels in 1980 to about 114 million in 1981, decreased 18 percent in 1982 to 93 million towels (table 12). Imports in January-June 1983 were 16 percent higher than those in the corresponding period of 1982.

1/ Post conference brief of the respondent, p. 13.

Table 12.--Shop towels: U.S. imports for consumption, by principal sources, 1980-82, January-June 1982, and January-June 1983

Source	1980	1981	1982	January-June-- 1982	January-June-- 1983
	Quantity (1,000 units)				
China	45,460	94,329	83,013	33,544	31,006
Pakistan	4,349	6,053	6,607	2,820	11,976
Hong Kong	30,714	12,491	1,779	1,229	2,451
Taiwan	1,250	625	1,600	1,550	0
Singapore	8,782	250	0	0	0
All other	725	75	60	0	44
Total	91,280	113,823	93,059	39,143	45,477
	Value (1,000 dollars)				
China	3,148	7,199	6,764	2,761	2,503
Pakistan	412	492	594	266	896
Hong Kong	2,984	1,377	178	120	202
Taiwan	98	43	153	115	-
Singapore	758	20	-	-	-
All other	50	9	4	-	11
Total	7,450	9,140	7,692	3,262	3,612
	Unit value (cents per towel)				
China	6.93	7.63	8.15	8.24	8.08
Pakistan	9.47	8.14	8.98	9.44	7.49
Hong Kong	9.72	11.02	9.98	9.77	8.25
Taiwan	7.84	6.90	9.56	7.44	-
Singapore	8.63	8.03	-	-	-
All other	6.85	12.00	6.66	-	25.00
Average	8.16	8.03	8.27	8.34	7.95

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

Imports of shop towels from Pakistan rose from 4.3 million towels in 1980 to 6.1 million in 1981, before increasing to 6.6 million in 1982. The following tabulation shows imports from Pakistan in 1982 and 1983 on a monthly basis (in thousands of towels):

Month	1982	1983
January	286	488
February	1,125	627
March	150	1,828
April	263	1,711
May	400	3,349
June	595	3,974
July	253	3,446
August	563	-
September	525	-
October	524	-
November	1,280	-
December	643	-

Pakistan was a secondary supplier of shop towels in 1980 compared with Hong Kong and Singapore, the major suppliers after China. In 1981, China's shipments more than doubled to 94 million towels, whereas Hong Kong's shipments dropped to 12 million towels or less than half its 1980 level. During this period, Pakistan became the third largest supplier as Singapore's shipments fell to 250,000 towels. Imports from Pakistan continued to increase and in 1982 it replaced Hong Kong as the second largest supplier. There have been no imports from Singapore recorded since January 1981.

The increase in imports in January-June 1983 from the level in January-June 1982 was accounted for mainly by Pakistan, China, and Hong Kong. Pakistan's shipments increased from 2.8 million towels, to nearly 12 million towels, and China's shipments increased 8 percent or by about 2.5 million towels. Hong Kong's shipments increased from 1.2 million towels to 2.5 million towels.

Between 1980 and 1982, the shop towels imported from Pakistan remained slightly less expensive in unit value than those from Hong Kong and slightly more expensive than those from China. In January-June 1983, however, the towels imported from Pakistan were valued at an average 7.50 cents each, those from China, at 8.08 cents each, and those from Hong Kong, at 8.11 cents each.

U.S. consumption and market penetration

Apparent U.S. consumption of shop towels (producers' domestic shipments including shipments from inventory plus total imports) increased from 252 million towels in 1980 to 274 million in 1981, and then decreased 21 percent to 217 million towels in 1982 (table 13). Consumption increased during January-May 1983 to 89.6 million towels compared with the corresponding period of 1982.

Table 13.--Shop towels: Apparent U.S. consumption, 1980-82, January-May 1982, and January-May 1983

Period	Apparent U.S. consumption	Ratio of imports to consumption	Ratio of imports from Pakistan to consumption
	1,000 towels	Percent	Percent
1980	251,219	36.3	1.7
1981	273,783	41.6	2.2
1982	216,995	42.9	3.1
January-May--			
1982	85,819	36.3	2.6
1983	89,635	44.5	8.9

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.

Imports of shop towels from all sources increased from 36.3 percent of apparent U.S. consumption in 1980 to 42.7 percent in 1982, and increased to 44.1 percent in January-May 1983.

Shop towel imports from Pakistan as a share of U.S. consumption increased from 1.7 percent in 1980 to 3.0 percent in 1982 before increasing to 8.9 percent in January-May 1983. A comparison of Pakistan's market share with the market shares of the four domestic producers responding to the Commission's questionnaire is shown in table 14.

Table 14.--Shop towels: U.S. producers' domestic shipments, by firms, and imports from China, Pakistan, and all other sources, 1980-82, January-May 1982, and January-May 1983

Item	1980	1981	1982	January-May--	
				1982	1983
	Quantity (1,000 units)				
Producers' domestic shipments:					
Milliken----------	***	***	***	***	***
Texel Industries, Inc-------------	***	***	***	***	***
Wikit-------------	***	***	***	***	***
Wipo--------------	***	***	***	***	***
Subtotal--------	159,939	159,960	123,936	54,680	49,801
Imports from--					
China-------------	45,460	94,329	83,013	26,720	29,863
Pakistan----------	4,349	6,053	6,607	2,225	8,002
All other---------	41,471	13,441	3,439	2,194	1,970
Subtotal--------	91,280	113,823	93,059	31,139	39,835
Total-----------	251,219	273,783	216,995	85,819	89,636
	Percent of total				
Producers' domestic shipments:					
Milliken----------	***	***	***	***	***
Texel Industries, Inc-------------	***	***	***	***	***
Wikit-------------	***	***	***	***	***
Wipo--------------	***	***	***	***	***
Subtotal--------	63.7	58.4	57.1	63.7	55.6
Imports from--					
China-------------	18.1	34.5	38.3	31.1	33.3
Pakistan----------	1.7	2.2	3.0	2.6	8.9
All other---------	16.5	4.9	1.6	2.6	2.2
Subtotal--------	36.3	41.6	42.9	36.3	44.4
Total-----------	100.0	100.0	100.0	100.0	100.0

1/ * * *.

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.

Prices

Domestic producers and importers of cotton shop towels sell them to industrial laundries and to distributors. The laundries then rent the shop towels to user industries. Laundries which purchase shop towels from importers frequently do not know the country of origin. User industries often are not aware of whether their rented towels are domestic or imported.

Although most domestic products * * * are generally regarded as better quality than imports, the towel supply business is highly price competitive and the towel rental companies generally cannot charge more if they use more expensive domestically produced towels rather than imports. The quality factor primarily concerns how long a towel lasts. The laundries felt that for most uses the imported towel and domestic towel performed satisfactorily for the user, but the domestic towel endures more launderings and lasts longer. Most towels, both imported and domestic, have good absorbency, which is an important attribute. Good quality is more important to companies which supply certain industries which have special requirements and/or low-loss rates. Features offered by domestic producers, such as soil release, dyeing and imprinting, are considered useful but not important enough to offset a large price difference.

The shop towels are usually sold in bundles of 2,500 towels each, and are usually shipped by truck. Some domestic producers sell their product at established list prices, others sell at negotiated prices. Usually the prices are quoted on an f.o.b. plant basis, with the purchaser paying for the freight. Shop towels are sold both on a spot price basis and on contracts providing for 1 to 3 months guaranteed prices.

The Commission's questionnaires requested U.S. producers and importers of shop towels from Pakistan to provide weighted-average prices for sales of all-cotton shop towels to their three largest customers for the period January 1981 through June 1983, by quarters. Five importers and four domestic producers 1/ responded with usable price data.

Weighted-average prices of domestically produced cotton shop towels increased from $146.64 per 1,000 towels in January 1981 to $154.10 in June 1983, for a total increase of $7.46, or 5.1 percent (table 15).

1/ The price data for domestic shop towels were obtained from the questionnaires submitted by domestic producers for investigation No. 731-TA-103 (Final), Cotton Shop Towels from the People's Republic of China.

Table 15.--Cotton shop towels: Domestic producers' and importers' weighted-average prices to their 3 largest customers, f.o.b. U.S. point of shipment, and margins of underselling, by types, and by quarters, January 1981-June 1983

Period	Domestic producers' prices for all cotton towels 18" X 18"	Importers' prices for all cotton towels from Pakistan 18" X 18"	Margins of underselling by imported product	
			Value	Percent
	Per 1,000 towels			Percent
1981:				
Jan.-Mar	$146.64	$93.14	$53.50	36
Apr.-June	146.63	93.74	52.89	36
July-Sept	149.93	96.23	53.70	36
Oct.-Dec	151.01	89.10	61.91	41
1982:				
Jan.-Mar	150.88	96.05	54.83	36
Apr.-June	151.49	100.24	51.25	34
July-Sept	153.08	98.82	54.26	35
Oct.-Dec	153.42	105.41	48.01	31
1983:				
Jan.-Mar	153.43	95.53	57.90	38
Apr.-June	154.10	96.21	57.89	38

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

Weighted-average prices for all-cotton shop towels imported from Pakistan fluctuated during January 1981-June 1983, but remained substantially below the prices of domestic shop towels. During January-September 1981 the prices for imported Pakistani shop towels increased from $93.14 to $96.23 per 1,000 towels, then declined to $89.10 during October-December of the same year. The prices increased to $96.05 during January-March 1982, then rose again to $100.24 in April-June. Prices then declined to $98.82 in July-September 1982, before increasing again to $105.41 in October-December 1982, the highest level attained during the period for which data were collected. A significant price drop occurred in 1983 when in January-March 1983 the prices fell to $95.53 per 1,000 towels, before recovering somewhat to $96.21 in April-June. The total price increase for Pakistani towels for the entire 2-1/2 year period was $3.07, or 3.3 percent.

The Pakistani all-cotton shop towels undersold the domestic product during the 10-quarter period, with the amount of underselling varying between $48.01 and $61.91. The margins of underselling were the lowest at the end of 1982 when they were 31 percent, and highest at 41 percent at the end of 1981. During the first half of 1983 the margins of underselling amounted to 38 percent.

Lost sales

* * * domestic producers, * * *, provided specific information on alleged lost sales as a result of imports of shop towels from Pakistan. They supplied the names of 12 firms or establishments where they stated that they lost sales amounting to over * * * million towels valued at * * * during 1982-83. * * * alleged lost sales but provided no details.

Purchasers provide clean towels to users and pick up the dirty towels on a regular basis. The users pay a set charge for cleaning the towels (the price can range from $0.03 to $0.08 per towel, per washing, depending on volume and other considerations). 1/ Users are billed for replacement of lost towels and generally the cost of worn-out towels is amortized in the cleaning charge. The generally accepted loss rate for shop towels is approximately 5 to 6 percent. That is, a user will lose about 5 towels for every hundred in use between servicings (launderings).

The Commission staff contacted all 12 firms to which domestic producers alleged that they had lost sales of shop towels to imports from Pakistan. The responses of these firms are summarized as follows.

Six of those surveyed confirmed increased purchases of imports from Pakistan in the last 2 years. Most of the increased purchases from Pakistan represent a recent shift from Chinese imports. Three companies have increased their purchases of domestic products very recently. In two of these cases, the shift was attributed to the recent availability of a lower priced domestic product.

Of the four purchasers who offered opinions, three felt Chinese and Pakistani towels were comparable in quality, and one felt towels from Pakistan were somewhat lower in quality. There are differences of opinion among purchasers as to how significant quality differences are in view of the way most towels are used and the high loss rate, which reduces the value of durability.

Most purchasers reported a substantial difference between prices of Pakistani and domestic towels, with the towels from Pakistan underselling the better quality domestic towels by an average of about 30 percent, or 4 cents to 6 cents per towel. Two purchasers reported recent offerings by domestic producers of towels priced as low as imports. Four purchasers reported that the price of Chinese towels had increased by as much as 2 cents each during the last 6 months, in part, due to the possible assessment of dumping duties as a result of Commerce's preliminary determination of sales at LTFV in March

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1/ Phone conversation between * * *, and Marilyn Borsari on June 23, 1983.

1983. The approximate range of prices is 15 cents to 17 cents for better quality domestic towels and 10 cents to 13 cents for both imported and low-priced domestic towels. In some cases, Chinese towels were reportedly no longer offered by suppliers. The major response of suppliers of imported towels to the reduced availability and higher price of Chinese towels has been a shift to Pakistani towels in about the same price range. Low-priced domestic towels have also gained a small share of the market.

The recently offered low-priced domestic product from Wipo (the Eagle towel) differs from previous domestic products and is similar to imports in quality and is also 100 percent cotton. 1/ With the increase in the price of imports, both the low-priced domestic products and imports would be available at about 12 cents each.

1/ * * *.

APPENDIX A

FEDERAL REGISTER NOTICES

Federal Register / Vol. 48, No. 150 / Wednesday, August 3, 1983 / Notices 35185

[Investigation No. 701-TA-202 (Preliminary)]

Coton Shop Towels From Pakistan

AGENCY: International Trade Commission.

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

EFFECTIVE DATE: July 27, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary countervailing duty investigation under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(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 Pakistan of shop towels of cotton, provided for in item 366.2740 of the Tariff Schdeules of the United States Annotated, upon which bounties or grants are alleged to be paid.

FOR FURTHER INFORMATION CONTACT: Ms. Vera Libeau, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 202-523-5703.

SUPPLEMENTARY INFORMATION:

Background.

This investigation is being instituted in response to a petition filed on July 27, 1983, by counsel for Milliken and Company, a domestic manufacturer of cotton shop towels. The Commission must make its determination in the 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 to 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 the investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of the nonconfidential version 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 this 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 the 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 18, 1983, a written statement of information pertinent to the subject matter of this 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 § 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 16, 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 the supervisory investigator, Ms. Vera Libeau (202-523-0368), not later than August 12, 1983, to arrange for their appearance. Parties in support of the imposition of countervailing duties in the 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, N.W., 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, subpart 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. Libeau.

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. 83-21044 Filed 8-2-83; 8:45 am]

BILLING CODE 7020-02-M

Federal Register / Vol. 48, No. 166 / Thursday, August 25, 1983 / Notices 38661

Initiation of Countervailing Duty Investigation; Shop Towels of Cotton From Pakistan

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of Countervailing Duty Investigation.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in Pakistan of shop towels of cotton, as described in the "Scope of the Investigation" section below, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of shop towels of cotton are materially injuring, or threatening to materially injure, a U.S. industry. If our investigation proceeds normally, we will make our preliminary determination on or before October 24, 1983.

EFFECTIVE DATE: August 25, 1983.

FOR FURTHER INFORMATION CONTACT: Rick Herring, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, (202) 377-3963.

SUPPLEMENTARY INFORMATION:

Petition

On July 29, 1983, we received a petition from counsel for Milliken and Company, on behalf of the U.S. industry producing shop towels of cotton. In compliance with the filing requirements of section 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that producers, manufacturers, or exporters in Pakistan of shop towels of cotton receive subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), and that imports of this merchandise are materially injuring, or threatening to materially injure a U.S. industry.

Pakistan is a "country under the Agreement" within the meaning of section 701(b) of the Act. Title VII of the Act, therefore, applies to this investigation, and an injury determination is required.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on shop towels of cotton and found, with one exception, that it meets these requirements. This exception is detailed in the "Allegation of Subsidies" section of this notice.

Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Pakistan of shop towels of cotton, as listed in the "Scope of Investigation" section of this notice, receive subsidies. If our investigation proceeds normally, we will make our preliminary determination by October 24, 1983.

Scope of the Investigation

The product covered by this investigation is shop towels of cotton. The merchandise is currently classified under item number 366.2740 of the *Tariff Schedules of the United States Annotated* (TSUSA).

Allegation of Subsidies

The petition alleges that producers, manufacturers, or exporters in Pakistan of shop towels of cotton receive the following benefits that constitute subsidies: cash rebates on exports, income tax reductions, preferential financing through government involvement, rebates on import duties, and preferential export insurance.

At this time we are not including in our investigation petitioner's allegation concerning investment tax credits for purchasing and installing new production machinery. The petitioner has neither alleged nor provided any information that such credits are available only to exporters or to a "specific enterprise or industry, or group of enterprises or industries." Therefore, the petitioner has failed to allege the elements necessary to find that the investment tax credit in question constitutes either an export or domestic subsidy.

Notification of ITC

Section 702(d) of the Act requires us to notify the ITC of this action and to provide it with the information 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 by September 12, 1983, whether there is a reasonable indication that imports of shop towels of cotton from Pakistan are materially injuring, or threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, it will continue according to the statutory procedures.

Alan F. Holmer,
Deputy Assistant Secretary for Import Administration.

August 18,1983.

[FR Doc. 83-23395 Filed 8-24-83; 8:45 am]
BILLING CODE 3510-25-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 701-TA-202 (Preliminary)

COTTON SHOP TOWELS FROM PAKISTAN

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation on August 16, 1983, in the hearing room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of countervailing duties

Verner, Liipfert, Bernhard & McPherson--Counsel
Washington, D.C.
on behalf of

J. Brogdon Nichols, Assistant General Manager
Kex Division, Milliken and Company

Terrence P. Topp, Product Director,
Kex Division, Milliken and Company

Richard L. Boyce, Professor
State University of New York

John Greenwald)
Ann Simon)--OF COUNSEL

In opposition to the imposition of countervailing duties

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Export Promotion Bureau of Pakistan

Muhammad Sher Khan, Commercial Counselor
Consulate General of Pakistan, N.Y., N.Y.

Sheikh Mohammad Obaid, Managing Director
Towellers Ltd, Karachi

Mohamed Kassam, Director
Shahbaz Garments Ltd., Karachi

Jag Mohan Anand
Sigmatex Inc., N.Y., N.Y.

Julius Kaplan)
Kathleen F. Patterson)--OF COUNSEL