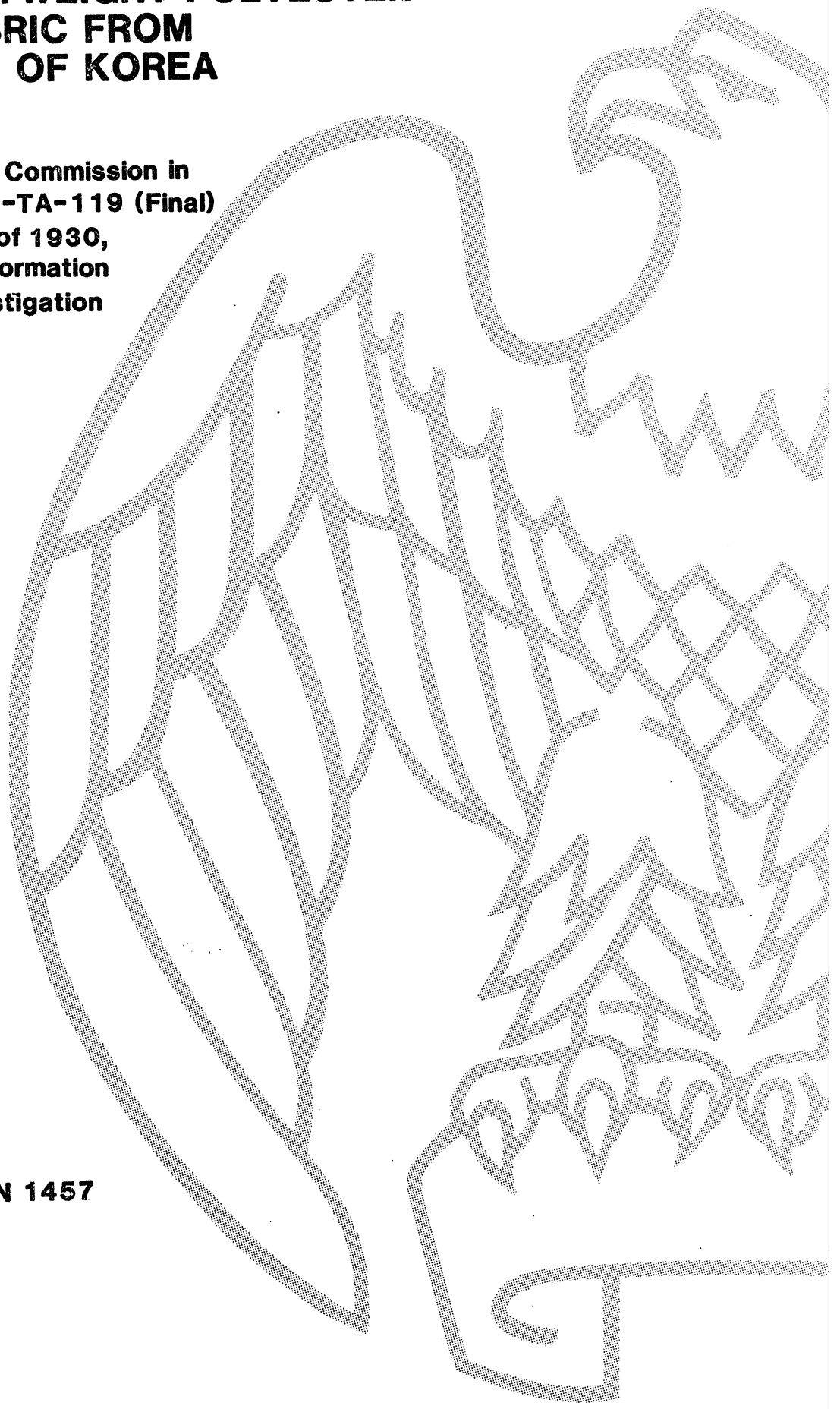
CERTAIN LIGHTWEIGHT POLYESTER FILAMENT FABRIC FROM THE REPUBLIC OF KOREA

Determination of the Commission in Investigation No. 731-TA-119 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Seeley G. Lodwick

Kenneth R. Mason, Secretary to the Commission

This report was prepared by

Larry Clayton, Office of Industries
Wallace Fullerton, Office of Economics
Terry Planton, Office of Economics
Marvin Claywell, Office of Investigations
Jane Albrecht, Office of the General Counsel

Reuben Schwartz, Office of Industries

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

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Note.--Information which discloses confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-119 (Final)

CERTAIN LIGHTWEIGHT POLYESTER FILAMENT FABRIC FROM THE REPUBLIC OF KOREA

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission unanimously determines, pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)(1)), that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from the Republic of Korea (Korea) of lightweight polyester filament fabrics, provided for in items 338.5009, 338.5011, 338.5012, 338.5013, and 338.5015 of the Tariff Schedules of the United States Annotated, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective August 23, 1983, following a preliminary determination by the Department of Commerce that imports of certain lightweight polyester filament fabric from Korea are being sold in the United States at LTFV.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the 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 31, 1983 (48 F.R. 39517). The hearing was held in Washington, D.C., on October 27, 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 an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of lightweight polyester filament fabric (lightweight polyester) from the Republic of Korea (Korea) with respect to which the Department of Commerce has made a final affirmative determination of sales at less than fair value (LTFV). 1/

The Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ Section 771(10), in turn, defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. 3/

The product under investigation is lightweight polyester filament fabric from Korea. The fabric is woven wholly of continuous manmade fibers, is composed of at least 85 percent polyester by weight, and weighs no more than 5 ounces per square yard. The lightweight polyester under investigation is used

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1/ The Department of Commerce investigated 13 Korean producers which accounted for approximately 90 percent of Korean exports of lightweight polyester to the United States during July 1, 1982, to Dec. 21, 1982. 48 Fed. Reg. 49,679-80 (1983). Commerce found that 9 of the 13 companies investigated either had no LTFV sales or had weighted average dumping margins that were de minimis. Consequently, these 9 companies were excluded from Commerce's final determination of sales at LTFV. Id. The imports subject to this investigation are lightweight polyester produced by the four companies specifically included in Commerce's determination as well as the other Korean producers that were not investigated and hence not excluded from Commerce's final determination. 19 U.S.C. § 1673d(b).

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

primarily in women's dresses and blouses, and to a lesser extent, for lining material in both men's and women's clothes.

The imports from Korea that are subject to this investigation are composed predominantly of high-twist nontextured georgette. 4/ However, small quantities of flat and textured fabrics are also imported. 5/

U.S. producers manufacture a wide variety of lightweight polyester, including georgette. They have produced both a textured georgette and a high-twist, nontextured georgette. However, the level of U.S. production of high-twist fabric has been small, and two major producers of high-twist georgette have recently ceased production. 6/

The various fabrics made of lightweight polyester filament share many similar characteristics. They are similar in weight, wash-and-wear ability, and to a certain extent, sheerness, draping characteristics, and appearance. Although the appearance of some types of lightweight polyester fabrics is distinguishable from others, each type of lightweight polyester fabric is similar in appearance to some other lightweight polyester fabric. 7/

4/ Korean georgette is composed of highly twisted, nontextured yarn in both the warp and the filling (or "weft"). The yarns are irregularly laced, which yield an open structure that allows the fabric to breathe. Georgette is usually put through a caustic reduction process that reduces its weight and imparts a silky appearance. Georgette is silk-like and diaphanous, with a three-dimensional, crinkly surface. It has a chiffon-like appearance to the untrained eye, and drapes exceedingly well. Although georgette is sheer, it is heavier than other lightweight polyester fabrics by nearly 100 percent.

5/ The terms "flat," "textured," and "twisted," as used in this opinion, refer to the type of yarn used in a particular lightweight polyester fabric. A flat yarn is neither textured nor twisted. Texturizing disorganizes the flat yarn by adding a crimp, coil, or curl to it, and allows the ultimate woven fabric to "breathe." Twisting the yarn simply twists the yarn. See Report at A-5 for a technical description of the three types of fabrics, as used in the Commission investigation.

6/ Report A-24, A-32 (confidential version); Tr. at 17 (Mr. Rampey), 79 (Mr. Ruben).

7/ For example, two purchasers of lightweight polyester specifically indicated in their responses to the Commission questionnaire that georgette competes with crepe de Chine.

The respondents argue that georgette is distinct from other lightweight polyester in characteristics and uses. Specifically, they argue that georgette is used for higher quality, more elegant garments that are sold in better stores, whereas textured fabrics, particularly pongee, are found in less expensive stores. They further argue that georgette and textured lightweight polyester are not interchangeable. 8/ Although the various types of lightweight polyester do not always compete with one another, the record shows that there is competition between different types of lightweight polyester fabrics. 9/ Moreover, contrary to the claims of the respondents, apparel made of Korean georgette does compete head-to-head at times with apparel made of other types of lightweight polyester. 10/ Defining the domestic industry as only the U.S. producers of georgette could obfuscate the full impact of import competition.

Many distinctions based on characteristics and uses can be drawn between individual types of lightweight polyester. 11/ However, minor differences in physical characteristics or uses of a product do not provide an appropriate

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8/ Korea Export Association of Textiles ("Kortex") Prehearing Brief at 4-5.

9/ E.g., Petitioner's Prehearing Brief at Figure 1; Tr. at 179-80 (testimony of Ms. Dickenson); Report A-15; Purchasers' Questionnaires.

10/ See Petitioner's Prehearing Brief at Figure 1. Commissioner Stern notes that the industry under investigation in this case is the lightweight polyester filament fabric industry, not the apparel industry.

11/ For example, lightweight polyester is made from "flat," "textured," and/or "twisted" yarns, and comes in a variety of weaves, weights, designs, and colors. Lightweight polyester is sold either in finished (dyed or printed), "greige" (unfinished), or prepared for printing (PFP, partially finished) form. In addition, polyester yarn comes in a variety of sizes ("denier"), and the individual filaments that are used to make the yarn come in a variety of cross sections, e.g., round, trilobal, pentalobal, and octalobal. The same type of fabric can vary in weight, yarn denier, yarn count (density of the weave), color, design, finish, and whether the warp yarns are textured or nontextured. E.g., Report A-2-A-6.

basis for finding several different like products and thus several domestic industries. 12/

In addition, some of these variations are minor from the standpoint of the U.S. production of these fabrics. Many of the looms, and much of the texturing, twisting, finishing, heat-setting, and other equipment are used for more than one type of lightweight polyester fabric. It is quite common for one mill and one set of machinery to be used to make different types of lightweight polyester within the course of a year. 13/ In addition, all lightweight polyester fabrics are marketed as a group by U.S. producers. The flexibility built into fabric production is essential to fabric producers, because the fashion industry is dependent upon the continual change of clothing styles. A fabric that is in high demand one year may be largely undesirable the next. In addition, the demand for various "looks," types of fabric, and color fluctuates from season to season. Thus, we conclude that the like product in this investigation is all lightweight polyester filament fabric, and that the domestic industry consists of the U.S. producers of lightweight polyester filament fabric. 14/

12/ The Senate Report on the Trade Agreements Act of 1979 cautions:

> 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).

13/ Notably, the U.S. industry as a whole was unable to provide meaningful data on profit and loss, production capacity, capacity utilization, and employment with respect to product lines narrower than lightweight polyester. See 19 U.S.C. § 1677(4)(D).

14/ The U.S. producers of lightweight polyester are Burlington Industries, Inc., Dan River, Inc., Frank Ix & Sons, Inc., J. P. Stevens & Co., Inc., Milliken & Co., Schneider Mills, Inc., Texfi Industries, Inc., Wateree Textile Corp., and Bloomsburg Mills, Inc. Report A-21.

The Condition of the U.S. Industry

Throughout the period under review, including 1982, the performance of the U.S. industry was generally good. From 1980 levels, key indicators turned up in 1981, declined in 1982, and rose again in January-August 1983 over January-August 1982.

In conjunction with a 49-percent increase in U.S. consumption from 1980 to 1981, U.S. shipments and production during that period increased by nearly 50 percent. 15/ The number of workers employed in the production of lightweight polyester increased by nearly 20 percent. 16/ Net sales increased by nearly 50 percent, and the industry enjoyed an operating margin of 19.1 percent in 1981. 17/

However, the industry experienced difficulties in 1982. The rapid growth in demand for lightweight polyester between 1980 and 1981 not only stopped in 1982, but contracted slightly. 18/ U.S. production of lightweight polyester declined by 24 percent, U.S. shipments declined by 27 percent, and the number of workers employed in the production of lightweight polyester declined by 21 percent. 19/ Net sales of lightweight polyester declined 21 percent in 1982. 20/ In addition, the ratio of the cost of goods sold to net sales increased substantially in 1982 over 1981. 21/ Accordingly, although the

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15/ Report A-21 at Table 3, A-25 at Table 10, A-47 at Table 31.
16/ Report A-29 at Table 15.
17/ Report A-32 at Table 17.
18/ Report A-47 at Table 31.
19/ Report A-21 at Table 3, A-25 at Table 10, A-29 at Table 15.
20/ Report A-32 at Table 17.
21/ Report A-32 at Table 17.

lightweight polyester industry remained profitable, the profitability of the industry declined from 19.1 to 10.0 percent between 1981 and 1982. 22/

The industry showed signs of recovery in 1983. Domestic consumption of lightweight polyester was 51 percent higher in the first 8 months of 1983 than in the first 8 months of 1982. 23/ Domestic production, shipments and employment were significantly higher in the first 8 months of 1983 than in the first 8 months of 1982. 24/ Net sales increased 7 percent in January-August 1983 over the same period for 1982, and the domestic industry's operating margin was 100 percent higher in the first eight months of 1983 than in the same period of 1982. 25/

No Material Injury or Threat Thereof By Reason of Less Than Fair Value Imports 26/

The record fails to establish a causal nexus between the imports under investigation and the difficulties experienced by the U.S. industry during 1982. Total imports subject to this investigation represented less than one-third of all Korean exports of lightweight polyester to the United States in 1982. 27/ The total volume of sales by companies covered by Commerce's final determination is estimated to have been 21,317,000 square yards in 1982, or less than 5 percent of apparent U.S. consumption in that year. 28/ The four companies specifically found by Commerce to have more than de minimis

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22/ Report A-32 at Table 17.
23/ Report A-47 at Table 31.
24/ Report A-21 at Table 3, A-25 at Table 10, A-29 at Table 15.
25/ Report A-25 at Table 17.
26/ As we have concluded that the U.S. industry is comprised of the U.S. producers of all lightweight polyester, the material retardation of the establishment of a georgette industry is not an issue.
27/ Report A-45.
28/ Report A-46.

dumping margins exported only 11,408,000 square yards of lightweight polyester in 1982, compared to U.S. shipments of 203,032,000 square yards and U.S. production of 207,782,000 square yards in 1982. 29/ 30/ Additionally, the exports from these four companies accounted for only 2.6 percent of apparent U.S. consumption in 1982. 31/

The record does not show that the volume of imports subject to this investigation has had an adverse impact on the domestic industry. 32/ Lightweight polyester imports from Korea doubled from 1980 to 1982. Despite the increase in the volume of Korean imports during the period under review, the economic indicators of the performance of the domestic industry were generally better in 1982 and January-August 1983 than in 1980. Domestic consumption of lightweight polyester was significantly higher in 1982 and January-August 1983 than in 1980. 33/ Similarly, domestic producers' production, shipments, and capacity were higher in 1982 and January-August 1983 than in 1980. 34/ Domestic producers' capacity utilization was approximately the same in 1982 as in 1980, and significantly higher in January-August 1983 than in 1980. 35/ The number of workers employed in the production of lightweight polyester fabrics was slightly lower in 1982 than in

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29/ Kortex Posthearing Brief at 1, 8; Report A-21 at Table 3, A-25 at Table 10.

30/ Commissioner Stern notes that the weighted-average margins of the four firms found by the Department of Commerce to have sales at LTFV ranged from 0.852 to 4.829 percent.

31/ See Kortex Posthearing Brief at 1, 8; Report A-47 at Table 31.

32/ Report A-39 at Table 25. The only data available specifically on the imports covered by Commerce's determination pertain to 1982 only. Thus, our analysis of the trends of the subject imports during the review period (Jan. 1980-Aug. 1983) is based on the information of record.

33/ Report A-47 at Table 31.

34/ Report A-21 at Table 3, A-22 at Table 4, A-25 at Table 10.

35/ Report A-22 at Table 4.

1980, but by January-August 1983 was higher than in 1980. 36/ U.S. producers' inventories of lightweight polyester fabrics, as well as the ratio of inventories to production, were lower as of August 1983 than as of December 1980. U.S. producers' net sales were higher in 1982 than in 1980, and were higher in January-August 1983 than in the corresponding period of 1982. Although the U.S. industry's profit performance in 1982 dipped significantly below that in 1980, it recovered substantially in January-August 1983. 37/

There is no evidence of consistent underselling by the imports covered by Commerce's final determination. Palace crepe was the only fabric for which direct price comparisons between Korean and domestic fabrics were possible. 38/ Of the six periods where direct comparisons were possible, Korean fabric was priced lower than domestic fabric in only two instances. 39/ Moreover, in one of those two instances, the margin of underselling was 0.4 percent. 40/

Moreover, the record provides no indication that the prices of the four Korean companies included in Commerce's determination had the effect of depressing or suppressing the prices of the other Korean producers, which would result in greater downward price pressure on the U.S. industry. 41/ Prices of nashiji georgette from the four producers specifically included in

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36/ Report A-29 at Table 15.
37/ Report A-32 at Table 17.
38/ No price data regarding palace crepe were reported for the four firms specifically included in Commerce's determination, and it was not possible to discern whether any of the sales compared involved any other company subject to Commerce's determination. Report A-54.
39/ Report A-55.
40/ Report A-55.
41/ Although the prices of Nashiji georgette produced by the four Korean firms included in Commerce's determination declined during the period under review, the record does not show that this had any discernible impact on U.S. prices. As previously indicated, exports from the four firms accounted for only 2.6 percent of apparent U.S. consumption in 1982.

Commerce's final determination were available. 42/ Weighted average prices for the four included firms were lower than those of the nine excluded firms in only half of the periods for which prices were requested. No noticeable trend was evident in those instances where the four firms' prices were lower than those of the nine excluded producers. 43/

There is also no evidence of any lost sales. The domestic producers of lightweight polyester provided no allegations of either lost sales or lost revenues due to imports. Petitioners identified two purchasers which were believed to be buying Korean fabric at the expense of domestic producers. Neither of these purchasers confirmed any sales lost by the domestic producers as a result of any imports from Korea. Indeed, one of the purchasers could not confirm any purchases of Korean fabric in recent years. 44/

The subject imports pose no threat of material injury to the domestic industry. 45/ In making a determination on threat of material injury, the Commission traditionally considers, among other factors, the rate of increase of the LTFV exports to the U.S. market, the capacity of the subject foreign producers to generate exports, the likelihood that such exports will be directed to the United States, and the condition of the domestic industry. 46/ The data on the record with regard to the exports, production capacity, and capacity utilization of the foreign producers is not limited to producers covered by Commerce's determination. In fact, the data on Korean

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42/ Report A-52-A-54.
43/ Report A-52.
44/ Report A-56.
45/ A finding of a threat of material injury must be based on information showing that the threat is real and the injury is imminent. S. Rep. No. 249, 96th Cong., 1st Sess. 88-89 (1979); H. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).
46/ See e.g., 19 C.F.R. § 207.26; Bicycle Tires and Tubes From Taiwan, Inv. No. 731-TA-94 (Preliminary), USITC Pub. No. 1258 (June 1982).

production capacity and capacity utilization is not even limited to lightweight polyester. The record indicates that total Korean exports of lightweight polyester to the United States doubled from 1980 to 1982. 47/ Even if exports of the subject merchandise followed the same trend during that period, their share of the domestic market for all lightweight polyester was less than 5 percent in 1982. 48/

As previously noted, the domestic industry recovered substantially in 1983 from the difficulties experienced during 1982. Moreover, imports from Korea are subject to a quota. Under the bilateral agreement on textiles between the United States and Korea, the volume of Korean imports in MFA category 612 (in which lightweight polyester is included) is allowed to increase by only 2.5 percent per year through 1987. 49/ Kortex administers the allocation of the export quota to Korean companies. Kortex allocates 95 percent of the available quota among exporters in accordance with the previous year's sales. Only 5 percent of total quota is reserved as "open" and is given to those exporters who are able to open letters of credit for the highest prices. 50/ Accordingly, it is not likely that the volume of LTFV imports will increase significantly in the near future.

Total imports of lightweight polyester from Korea increased from January-August 1982 to January-August 1983. 51/ However, imports from Korea

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47/ Report A-36 at Table 23.
48/ Report A-46.
49/ Report A-17-A-18. The bilateral agreement between the United States and Korea provides for some flexibility with respect to the quota limits. The Koreans may increase the quota by as much as 7 percent by shifting quota from another category that is currently underutilized. In addition, if Korea and the United States agree through negotiation, the quota limit in category 612 may be increased by as much as 5 percent by borrowing from next year's quota. However, there is no indication on the record that this will occur in the near future.
50/ Kortex Posthearing Brief at 8.
51/ Report A-39-A-40.

were disproportionately high in the latter half of 1982, whereas in 1983, the quota was almost filled in the first 8 months of the year. 52/ In fact, Korea filled 85 percent of the quota allowing for MFA category 612 in 1982, and will probably fill that quota completely in 1983. By October 21, 1983, Korea's quota for MFA category 612 was 92.2 percent filled. 53/

Conclusion

For the foregoing reasons, we determine that imports of lightweight polyester filament fabric from Korea subject to Commerce's final affimative determination of sales at less than fair value are not a cause of material injury or a threat of material injury to the U.S. lightweight polyester industry.

52/ See Kortex Posthearing Brief at 9.
53/ Report A-17-A-18.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 4, 1983, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of certain U.S. textile manufacturers, 1/ 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 certain lightweight polyester filament fabrics (hereinafter "lightweight polyester fabrics") from Japan and the Republic of Korea (Korea) being sold at less than fair value (LTFV). Accordingly, effective January 4, 1983, the Commission instituted preliminary investigations under section 733(a) of the Tariff Act of 1930. On February 18, 1983, the Commission unanimously determined, on the basis of information developed during the course of investigations Nos. 731-TA-118 and 119 (Preliminary), that there was a reasonable indication that an industry in the United States is materially injured or is threatened with material injury 2/ by reason of imports of such merchandise into the United States. Following the Commission's affirmative determinations, Commerce continued its investigations into the question of sales at LTFV.

On August 8, 1983, Commerce published preliminary determinations that lightweight polyester fabrics from Japan and Korea are being, or are likely to be, sold in the United States at LTFV, as provided for in section 733 of the Tariff Act of 1930. As a result of these preliminary determinations by Commerce, the Commission instituted investigations Nos. 731-TA-118 and 119 (Final) to determine whether an industry in the United States is materially injured or threatened with material injury by reason of such LTFV imports.

On September 27, 1983, Commerce postponed its final LTFV determination regarding sales of lightweight polyester fabric from Japan at the request of counsel for the Japanese producers. On October 17, 1983, Commerce postponed its final LTFV determination regarding sales of lightweight polyester fabric from Korea at the request of counsel for the Korean producers. Commerce's final determination in the Korean case was made on October 21, 1983; its final determination in the Japanese case will be made by December 21, 1983. 3/

1/ The petitioning companies are Burlington Industries, Inc.; Milliken & Co.; J. P. Stevens & Co, Inc.; Dan River, Inc.; Texfi Industries, Inc.; Frank Ix & Sons, Inc.; and Bloomsburg Mills, Inc. Although Schneider Mills, Inc., is not included in the original petition, Mr. Isadore Schneider, by letter of Jan. 27, 1983, to the Commission, stated "My company, Schneider Mills, Inc., supports the effort of petitioners in the anti-dumping investigations concerning lightweight polyester from Japan and South Korea."

2/ Commissioner Haggart determined that there was a reasonable indication of material injury, and therefore did not reach the issue of reasonable indication of threat of material injury.

3/ Copies of the Commission's and Commerce's Federal Register notices regarding the Korean case are presented in app. A.

Notice of the institution of the Commission's investigations Nos. 731-TA-118 and 119 (Final) and of the public hearing 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 31, 1983. The hearing was held in Washington, D.C., on October 27, 1983. 1/ The Commission voted on the Korean case on November 21, 1983, and is scheduled to notify Commerce of its determination by December 5, 1983. The Commission will establish a schedule for the final phase of the Japanese case after receipt of Commerce's final determination.

Description and Uses

The lightweight polyester fabrics covered by this investigation are woven generally in widths of more than 12 inches and weigh 5 ounces or less per square yard. These fabrics are made of continuous manmade fibers, of which polyester filaments account for 85 percent or more by weight of the total fiber content. Woven pile fabrics, knit fabrics, and other fabrics of noncontinuous manmade fibers are examples of the types of fabric which are not covered by this investigation.

The Tariff Schedules of the United States Annotated (TSUSA) covers the fabrics under investigation in five different statistical annotations to item 338.50 (other woven fabrics of manmade fibers), with brief descriptions as follows: item 338.5009 (flat-yarn fabrics including nontextured-twisted-yarn fabrics), item 338.5011 (textured-yarn fabrics including textured-twisted-yarn fabrics, not bleached and not colored), item 338.5012 (textured-yarn fabrics including textured-twisted-yarn fabrics, bleached or piece dyed), item 338.5013 (textured-yarn fabrics including textured-twisted-yarn fabrics, of yarns of different colors), and item 338.5015 (textured-yarn fabrics including textured-twisted-yarn fabrics, printed). However, these five TSUSA provisions also include fabrics of polyester strip, which do not fall within the scope of this investigation. Imports of fabrics of polyester strip are believed to be nil or negligible.

Fabric manufacturers, both domestic and foreign, have designed numerous styles of lightweight polyester fabrics with distinguishing characteristics for the women's dress and blouse markets, including fabrics which are designated in the trade as "crepe de Chine," "pongee," "palace crepe," "twill," "georgette," and "taffeta," all of which are produced in various colors and patterns.

U.S. producers manufacture all these types of fabrics, with fabrics of textured yarn such as pongee predominating. Korean exports to the United States, however, are chiefly of georgette, a twisted-yarn fabric which currently accounts for a small part of U.S. production.

1/ A list of witnesses appearing at the hearing is presented in app. B.

Some of the construction characteristics of the various lightweight polyester fabrics are as follows:

Crepe de Chine

- The weft yarns (which run across the fabric) are twisted and textured or simply textured.
- The warp yarns (which run lengthwise in the fabric) may be either nontextured or textured.

Palace crepe

- The weft yarns are textured and highly twisted.
- The warp yarns may be either nontextured or textured.

Pongee

- Both the weft yarns and warp yarns are textured; some pongee fabrics contain yarns with small amounts of twist.

Twill

- Both the weft yarns and warp yarns are textured.

Georgette

- Both the weft yarns and warp yarns are usually highly twisted and nontextured. The fabric is usually treated with caustic soda during the finishing process, thereby reducing its weight.

Taffeta

- The yarns are nontextured and of low twist.

The imported and domestic lightweight polyester fabrics have the same end uses and, according to the petitioners, are competitive. The primary use of the fabrics is in women's blouses and dresses. They also have a limited market as lining material for coats, jackets, and other outerwear, and as furnishing items such as curtains.

All types of lightweight polyester fabrics are made by the same basic production process with several variations within the basic process that are significant in the areas of yarn preparation and finishing. However, the actual weaving operations are substantially the same for all lightweight polyester fabrics.

Lightweight polyester fabrics are made from 100 percent polyester filament yarns. The yarns are made by combining ethylene glycol and terephthalete through polycondensation to make polyester. Polyester chips are

then melted in an extruder and then put through a spinnerette and wound to make yarn. At this stage, variations in the product can include the type of yarn (semidull, bright, and so forth), its denier (how "fine" the yarn is), the number of filaments (how many holes in the spinnerette), and whether the yarn is partially or fully oriented. 1/

When the yarn reaches the purchaser, it is prepared for weaving. Except when producing flat-yarn fabrics, the purchaser will twist and/or texture the yarn, after which it will be "set" or autoclaved in order to "relax" it. The yarn is then warped (i.e., yarns are alined on the warp beam) and the warp is "slashed" or "sized." The slashing process coats the yarn with a starchlike substance which enables it to be woven more easily.

Following slashing, the warp beam is put on the loom to be woven. When the fabric leaves the loom, it is in the greige state. The fabric is then examined for defects. Next is the "scouring and relaxing stage," where heat and water are applied. At this stage, the fabric changes from the loom width to a somewhat narrower width. The fabric is then taken to a frame and heatset. When it leaves the frame it is in a prepared-for-print state, and is at roughly its finished width. Finally, the fabric is dyed. In some cases, where a shiny, silklike effect or lighter weight is desired, the fabric is caustically reduced during the dyeing and finishing process.

Most of the imports from Korea during the period under investigation were fabrics with highly twisted yarns that had been treated with caustic soda during the finishing process to reduce weight by partially dissolving the polyester filaments. Special equipment, usually dedicated to production of these fabrics, is used to make high-twist yarn efficiently and to finish the fabric with caustic soda. Such equipment is used by the Koreans to produce their high-twist fabrics. * * * U.S. mills have special equipment to produce high-twist yarns, and * * * U.S. mills have caustic-finishing capabilities.

Fabric producers, both domestic and foreign, use different types of yarn and construct the fabrics in different weaves and weights. Also, they add color to the fabrics, forming stripes, plaids, solid shades, or various printed designs, patterns, and appearances. Thus, through their choices of yarn, weave, weight, color, and other finishing steps, producers can achieve a wide range of esthetic and technical qualities in the completed goods. This variety is of high priority in serving the needs of women's apparel manufacturers and in stimulating final consumer demand for fashion garments. Of particular importance in maintaining a market for fabrics in women's wear is the ability of fabric producers to make frequent changes in the esthetic characteristics of the fabrics. Producers make such frequent changes, especially from one season to the next, to fulfill women's fashion demands in apparel.

1/ Fully oriented yarn has gone through an additional stretching process which draws the yarn out. After shipment, partially oriented yarn will be drawn out by the purchaser before weaving; the fully oriented yarn will not be further drawn.

The individual filaments of the yarns used in making lightweight polyester fabrics are available in a variety of cross sections, such as round, trilobal, pentalobal, and octalobal. Multiple strands of these filaments are combined in preparing the yarn for weaving. Producers at this stage of manufacturing can choose to texturize the yarn, as do most domestic manufacturers, or to leave the yarn in a "flat" configuration. Texturizing disorganizes the flat yarns by adding crimp, coil, or curl to it. Both the flat and textured yarns may be twisted to varying degrees before weaving. Fabrics of textured yarn may be softer and have a different feel than the flat-yarn fabrics, which are more lustrous. The weaving process and equipment are identical for all the lightweight polyester fabrics. The most popular widths of finished fabrics are approximately 44 to 45 inches and 58 to 60 inches. Unfinished fabrics usually are slightly wider.

An issue before the Commission in this investigation is whether all fabrics in the category of lightweight polyester fabrics should be treated as "like products," as U.S. manufacturers contend should be done, or whether georgette, by itself, is the "like product," as the Korean interests contend. To address this issue, data are provided on the finishing states and styles of fabrics being produced domestically as well as on those of imported fabrics. As part of the analysis of fabric styles, distinctions are made among the three major subgroups of lightweight polyester fabrics--flat-yarn, textured-yarn, and twisted-yarn fabrics. The following definitions apply to such goods:

Flat-yarn fabrics.--These lightweight polyester fabrics do not contain yarns which are textured or which have added twist averaging more than 1.24 turns per inch (49 turns per meter).

Textured-yarn fabrics.--These lightweight polyester fabrics contain yarns which are textured, but do not contain yarns which have added twist averaging more than 1.24 turns per inch (49 turns per meter).

Twisted-yarn fabrics.--These lightweight polyester fabrics contain yarns which have added twist averaging more than 1.24 turns per inch (49 turns per meter), whether or not textured.

The crepe de Chine, palace crepe, and georgette fabrics are generally regarded as twisted-yarn fabrics. Pongee is a textured-yarn fabric, except in those instances where some twist has been imparted to the yarns; in the latter case, pongee is treated as a twisted-yarn fabric. Most fabrics of twill weave are regarded as textured-yarn fabrics. Taffeta is a flat-yarn fabric.

In this report, information is provided on all lightweight polyester fabrics and for the three major subgroups with respect to production, capacity and capacity utilization, shipments, profitability, producers' inventories, importers' inventories, and imports. Although this investigation is concerned solely with the impact of imports from the Republic of Korea, most of the tables also contain data on imports from Japan for comparison purposes, as the Japanese product is an important factor in the U.S. market.

In addition to data on the three major subgroups, construction detail is provided concerning the state of finishing and type of yarns used in imported and domestically produced lightweight polyester fabrics. The state of finishing of these fabrics relates to the greige (unfinished), prepared-for-printing, dyed, or printed conditions. Each of these categories was further delineated according to whether the fabrics had undergone a treatment with caustic soda.

Although the information on finishing states and styles of fabrics highlights construction differences between domestic and Korean fabrics, conclusions drawn from this information may be subject to the following limitations:

The analysis of styles addresses fabric distinctions based only on the production factors of whether the yarns have been texturized, the denier 1/ and amount of twist in the yarn, and the finishing state of the fabrics.

The analysis does not address such production factors as (1) the shape, denier, or number of filaments in each yarn; (2) the number of yarns per inch in the fabric; (3) whether the fabrics are plainwoven or woven with fancy designs; and (4) the color of the fabric.

The analysis does not address how certain production factors may be combined or modified to yield similar, if not identical, qualities, as viewed by the ultimate consumers. In this regard, some of the distinctions in production may not be evident, or reveal meaningful differences, to the consuming public. Crepe fabrics illustrate how different production factors or methods can be used to achieve similar results. 2/ In this case, true crepe fabrics are those in which the crinkle is achieved by the use of high-twist yarns. Crepe-effect fabrics are fabrics in which the crinkle is achieved by the use of textured yarns, by employing special weaves, or by using special finishing processes.

The analysis does not address how the popularity of certain styles changes from one season to the next, which is the normal course of trade in lightweight polyester fabrics. In this regard, the textile trade press frequently reports on current fashion and style trends. 3/

The analysis does not address the degree of substitutability among the fabrics.

1/ Denier is a measurement of the size of the yarn expressed as the weight (in grams) of a length of 9,000 meters.

2/ An article describing these fabrics is provided in app. C.

3/ An article discussing Japanese production is provided in app. D.

For this analysis, the period July-December 1982 was selected for foreign manufacturers' contract sales to the United States because this time period was used by Commerce in its determinations of dumping margins. Data for U.S. production and imports were lagged 3 months (October 1982-March 1983) to correspond as nearly as possible to the date of U.S. entry of sales made by foreign manufacturers. Responses of 11 Japanese manufacturers and 13 Korean manufacturers, for which Commerce compared sales, are included in this analysis.

Domestic shipments of flat-yarn fabrics by U.S. manufacturers during October 1982-March 1983 were largely in the * * * condition (table 1). Korean manufacturers reported sales of * * * square yards of flat-yarn fabrics to the United States during July-December 1982. * * *. Importers of Japanese fabrics reported that 59 percent of their shipments were in the greige condition and 41 percent were in a finished condition. Thirty percent of Japanese manufacturers' sales to U.S. customers were of greige fabrics, and 70 percent were of finished fabrics. The majority of * * * Japanese flat-yarn fabrics had not been treated with caustic soda.

The vast majority of textured-yarn fabrics entering the U.S. market, of * * * foreign origin, were piece-dyed or printed. Fabrics treated with caustic soda accounted for * * * 20 to 29 percent of the Japanese goods. * * *.

The majority of * * *, Japanese, and Korean twisted-yarn fabrics were either piece-dyed or printed and had been treated with caustic soda.

Information was also collected from domestic and foreign manufacturers and importers on the styles of lightweight polyester fabrics entering the U.S. market (table 2). Data were collected by yarn denier for all the fabrics; such data relate to the denier of the yarn as woven into the fabrics, but not to yarn denier of the finished fabrics that were treated with caustic soda, which reduces the denier of the yarns. The amount of twist was requested for the twisted-yarn fabrics.

The data in table 2 indicate that fabric manufacturers in Japan, Korea, and the United States produce many identical fabrics in terms of the denier of the yarns being employed at the initial stage of manufacturing. Japan supplies the widest variety of fabrics in terms of differences in yarn denier. The number of different yarn deniers used in Korea is extremely limited. The collection of fabrics offered by U.S. manufacturers reflects more variety than the Korean fabrics, but less variety than Japanese fabrics.

Table 1.--Lightweight polyester fabrics: U.S. producers' and importers' domestic shipments, October 1982-March 1983, and Japanese and Korean producers' sales to the United States, by finishing states of fabrics, July-December 1982

(In thousands of square yards)

Item	Producers' domestic shipments	Importers' domestic shipments 1/		Sales to the United States 1/ 2/	
		Japanese fabrics	Korean fabrics	Japanese producers	Korean producers
Flat-yarn fabrics:					
Greige:					
Not treated with caustic soda	***	7,556	0	6,072	***
Treated with caustic soda	***	957	0	0	***
Prepared for printing:					
Not treated with caustic soda	***	141	0	0	***
Treated with caustic soda	***	0	0	22	***
Dyed:					
Not treated with caustic soda	***	4,196	0	4,635	***
Treated with caustic soda	***	1,162	7	5,408	***
Printed:					
Not treated with caustic soda	***	92	0	2	***
Treated with caustic soda	***	366	0	3,983	***
Subtotal, not treated with caustic soda	***	11,985	0	10,709	***
Subtotal, treated with caustic soda	***	2,485	7	9,413	***
Total	***	14,470	7	20,122	***
Textured-yarn fabrics:					
Greige:					
Not treated with caustic soda	***	1,697	0	2,039	***
Treated with caustic soda	***	148	0	0	***
Prepared for printing:					
Not treated with caustic soda	***	515	7	596	***
Treated with caustic soda	***	0	0	0	***

See footnotes at end of table.

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Table 1.--Lightweight polyester fabrics: U.S. producers' and importers' domestic shipments, October 1982-March 1983, and Japanese and Korean producers' sales to the United States, by finishing states of fabrics, July-December 1982--Continued

(In thousands of square yards)

Item	Producers' domestic shipments	Importers' domestic shipments 1/		Sales to the United States 1/ 2/	
		Japanese fabrics	Korean fabrics	Japanese producers	Korean producers
Textured-yarn fabrics--Con.					
Dyed:					
Not treated with caustic soda	***	8,450	280	6,908	***
Treated with caustic soda	***	2,858	0	2,090	***
Printed:					
Not treated with caustic soda	***	2,248	22	1,903	***
Treated with caustic soda	***	239	0	2,566	***
Subtotal, not treated with caustic soda	***	12,910	309	11,446	***
Subtotal, treated with caustic soda	***	3,245	0	4,656	***
Total	66,900	16,155	309	16,102	***
Twisted-yarn fabrics:					
Greige:					
Not treated with caustic soda	***	3,535	0	3,484	***
Treated with caustic soda	***	13	0	0	***
Prepared for printing:					
Not treated with caustic soda	***	0	7	0	***
Treated with caustic soda	***	417	12	1,952	***
Dyed:					
Not treated with caustic soda	***	7,771	1,569	7,111	***
Treated with caustic soda	***	12,309	4,518	17,937	***
Printed:					
Not treated with caustic soda	***	3,033	287	68	***
Treated with caustic soda	***	4,367	552	15,427	***
Subtotal, not treated with caustic soda	***	14,339	1,863	10,663	***
Subtotal, treated with caustic soda	***	17,106	5,082	35,316	***
Total	***	31,445	6,945	45,979	***

See footnotes at end of table.

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Table 1.--Lightweight polyester fabrics: U.S. producers' and importers' domestic shipments, October 1982-March 1983, and Japanese and Korean producers' sales to the United States, by finishing states of fabrics, July-December 1982--Continued

(In thousands of square yards)

Item	Producers' domestic shipments	Importers' domestic shipments 1/		Sales to the United States 1/ 2/	
		Japanese fabrics	Korean fabrics	Japanese producers	Korean producers
Total, not treated with caustic soda	***	39,234	2,172	32,818	***
Total, treated with caustic soda	***	22,836	5,089	49,385	***
Grand total	89,764	62,070	7,261	82,203	***

1/ Importers' domestic shipments and sales to the United States by foreign manufacturers may frequently relate to the same entry, implying significant double counting in these data.

2/ Sales to the United States by foreign manufacturers relate to contracts with U.S. customers negotiated during July-December 1982; the great bulk of these fabrics are believed to have entered the U.S. market during October 1982-March 1983. Some entries of these goods may have occurred during July-September 1982 or after March 1983, and some contracts could have been terminated before time of shipment.

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

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Table 2.--Lightweight polyester fabrics: U.S. producers' and importers' domestic shipments, October 1982-March 1983, and Japanese and Korean producers' sales to the United States, by styles of fabrics, July-December 1982

(In thousands of square yards)

Item 1/	Producers domestic shipments	Importers' domestic shipments 2/		Sales to the United States 2/ 3/	
		Japanese fabrics	Korean fabrics	Japanese producers	Korean producers
Flat-yarn fabrics:					
Less than 45 denier/less than 45 denier	***	605	0	171	***
45-64 denier/45-64 denier	***	1,299	0	2,524	***
45-64 denier/65-84 denier	***	5,967	0	6,139	***
45-64 denier/121-180 denier	***	0	0	0	***
65-84 denier/65-84 denier	***	2,314	0	8,822	***
65-84 denier/85-120 denier	***	17	0	314	***
65-84 denier/121-180 denier	***	43	0	280	***
85-120 denier/85-120 denier	***	165	0	341	***
121-180 denier/121-180 denier	***	4	0	5	***
More than 180 denier/more than 180 denier	***	246	0	210	***
Other	***	59	0	0	***
Total	***	10,719	0	18,806	***
Textured-yarn fabrics:					
Less than 45 denier/65-84 denier	***	0	0	0	***
Less than 45 denier/121-180 denier	***	0	0	0	***
45-64 denier/45-64 denier	***	1,120	0	3,636	***
45-64 denier/65-84 denier	***	452	0	452	***
45-64 denier/85-120 denier	***	0	0	178	***
45-64 denier/121-180 denier	***	56	0	9	***
65-84 denier/45-64 denier	***	0	0	18	***
65-84 denier/65-84 denier	58,747	12,542	0	9,754	***
65-84 denier/85-120 denier	***	1	0	4	***
65-84 denier/121-180 denier	***	342	0	1,260	***
85-120 denier/85-120 denier	***	69	0	522	***
121-180 denier/121-180 denier	***	494	0	233	***
More than 180 denier/more than 180 denier	***	0	0	22	***
Total	66,521	15,076	0	16,088	***

See footnotes at end of table.

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Table 2.--Lightweight polyester fabrics: U.S. producers' and importers' domestic shipments, October 1982-March 1983, and Japanese and Korean producers' sales to the United States, by styles of fabrics, July-December 1982--Continued

(In thousands of square yards)

Item 1/	Producers domestic shipments	Importers' domestic shipments 2/		Sales to the United States 2/ 3/	
		Japanese fabrics	Korean fabrics	Japanese producers	Korean producers
Twisted-yarn fabrics: 4/					
Less than 45 denier/less than 45 denier:					
0-10 twist/11-25 twist	***	1,417	0	0	***
11-25 twist/11-25 twist	***	2,358	0	3,621	***
More than 50 twist/more than 50 twist	***	564	0	419	***
45-64 denier/45-64 denier:					
0-10 twist/0-10 twist	***	561	0	808	***
0-10 twist/11-25 twist	***	285	0	3,169	***
0-10 twist/26-50 twist	***	524	0	465	***
0-10 twist/more than 50 twist	***	960	0	3,085	***
11-25 twist/11-25 twist	***	135	0	0	***
11-25 twist/more than 50 twist	***	1,585	0	395	***
More than 50 twist/more than 50 twist	***	5,914	42	7,254	***
45-64 denier/65-84 denier:					
0-10 twist/0-10 twist	***	251	0	345	***
0-10 twist/11-25 twist	***	730	16	1,859	***
0-10 twist/26-50 twist	***	1,370	0	1,161	***
0-10 twist/more than 50 twist	***	1,267	17	9,507	***
11-25 twist/more than 50 twist	***	600	0	409	***
26-50 twist/more than 50 twist	***	38	0	107	***
More than 50 twist/more than 50 twist	***	564	103	225	***
45-64 denier/121-180 denier:					
0-10 twist/0-10 twist	***	271	0	391	***
0-10 twist/26-50 twist	***	63	0	394	***
0-10 twist/more than 50 twist	***	36	0	126	***

See footnotes at end of table.

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Table 2.--Lightweight polyester fabrics: U.S. producers' and importers' domestic shipments, October 1982-March 1983, and Japanese and Korean producers' sales to the United States, by styles of fabrics, July-December 1982--Continued

(In thousands of square yards)

Item 1/	Producers domestic shipments	Importers' domestic shipments 2/		Sales to the United States 2/ 3/	
		Japanese fabrics	Korean fabrics	Japanese producers	Korean producers
Twisted-yarn fabrics 4/--Con.					
65-84 denier/45-64 denier:					
0-10 twist/0-10 twist	***	5	0	12	***
65-84 denier/65-84 denier:					
0-10 twist/0-10 twist	***	670	0	320	***
0-10 twist/11-25 twist	***	81	0	185	***
0-10 twist/more than 50 twist	***	4	209	724	***
11-25 twist/11-25 twist	***	3	0	220	***
11-25 twist/more than 50 twist	***	460	0	558	***
26-50 twist/11-25 twist	***	0	0	-	***
26-50 twist/more than 50 twist	***	107	0	443	***
More than 50 twist/more than 50 twist	***	6,412	5,617	9,128	***
65-84 denier/121-180 denier:					
0-10 twist/more than 50 twist	***	4	0	143	***
85-120 denier/85-120 denier:					
0-10 twist/more than 50 twist	***	0	0	5	***
85-120 denier/121-180 denier:					
0-10 twist/more than 50 twist	***	235	0	300	***
121-180 denier/121-180 denier:					
26-50 twist/26-50 twist	***	12	0	582	***
More than 50 twist/more than 50 twist	***	307	0	122	***
Other denier-twist combinations 6/	***	1,597	672	880	***
Total	***	29,390	6,676	47,362	***
Grand total	88,905	55,185	6,676	82,256	***

1/ Yarn denier of the fabrics relates to the predominant denier of the yarns (warp/weft) as prepared for weaving; some of these fabrics, which are not separately reported, have been treated with caustic soda during finishing to reduce the denier of the yarns and the weight of the fabric by varying amounts.

2/ Importers' domestic shipments and sales to the United States by foreign manufacturers may frequently relate to the same entry, implying significant double counting in these data.

3/ Sales to the United States by foreign manufacturers relate to contracts with U.S. customers negotiated during July-December 1982; the great bulk of these fabrics are believed to have entered

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Footnotes for Table 2--Continued

the U.S. market during October 1982-March 1983. Some entries of these goods may have occurred during July-September 1982 or after March 1983, and some contracts could have been terminated before time of shipment.

4/ The provisions for twist relate to the number of turns per inch of added twist in the yarns (warp/weft), and exclude a small amount of producers' twist.

5/ * * *.

6/ Includes fabrics for which the yarn denier or yarn twist were not specified.

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

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The principal deniers within each range provided for in table 2 are presented in the following tabulation:

Denier range	Principal denier
Less than 45	30 and 40
45-64	50
65-84	70 and 75
85-120	100
121-180	150
More than 180	250

There is also substantial overlap between U.S. and Japanese fabrics in the amount of twist (turns per inch) in the yarns of twisted-yarn fabrics. Some U.S. twisted-yarn fabrics are identical or nearly identical to Korean fabrics, such as those in the category of 45-64 warp denier/65-85 weft denier. However, fabrics of very high twist (over 50 turns per inch) in both the warp and weft * * *; Japan and Korea sold such fabrics to U.S. customers during July-December 1982. * * *.

Both the U.S. manufacturers and witnesses for foreign interests have indicated that as a matter of commercial practice they do not evaluate their operations or market fabrics on the basis of the three major distinctions--flat-yarn fabrics, textured-yarn fabrics, or twisted-yarn fabrics--provided for in this report. Their emphasis is placed on the color, drapability, and other fashion qualities of the fabric. 1/ The garment manufacturers also seek confined styles (exclusive arrangements) with fabric suppliers. Both domestic and foreign fabric manufacturers extend exclusive arrangements to some customers if sufficient quantities are purchased.

Responding to the Commission's requests for the data summarized in tables 1 and 2 required manufacturers in Japan, Korea, and the United States to develop data series not previously used in their normal course of business. Importers in the United States did not have the data in any form regarding yarn denier or yarn twist and were required to seek such information from the Japanese and Korean manufacturers.

1/ See transcript of the hearing, pp. 9-10, 173-175, and 241-242. This marketing view was particularly apparent in responses to purchasers' questionnaires. Purchasers overwhelmingly stated these qualities as their primary consideration; few purchasers could provide precise data regarding denier and twist for their purchases.

Parties' Statements Concerning the Nature of Competition Between Domestic and Imported Fabrics

Throughout the course of the preliminary and final investigations, U.S. producers alleged that U.S. mills produce fabrics which are fully competitive with the imported fabrics in terms of quality, that these products compete in the same end-use markets, and that competition between the domestically produced and imported products is based almost entirely on price. With regard to georgette (a category of fabric usually of high-twist yarns), the petitioners state that they have the capability to produce a fabric that is competitive with imported georgette in terms of quality, but that they have been prevented from continuing production in large volume by the extremely low prices offered on imported georgette.

Counsel for the Koreans argue that georgette is made on special equipment which gives it unique characteristics, and, therefore, it is not interchangeable with the textured fabrics which make up the preponderance of U.S. production. 1/ The special equipment used in the manufacture of georgette consists primarily of machinery which imparts a high twist to the yarn and finishing equipment for the caustic soda weight-reduction process. The weaving process is basically the same as for other lightweight polyester fabrics. According to counsel for the Koreans, georgette has a unique silklike quality, it is diaphanous, and it has a sheer texture, soft pliability, and other attributes which differentiate it from other lightweight polyester fabrics.

U.S. Tariff Treatment

Lightweight polyester fabrics are currently classified under item 338.50 of the Tariff Schedules of the United States (TSUS). 2/ The 1983 column 1 (most-favored-nation) rate of duty is 8 cents per pound plus 20.7 percent ad valorem, and the column 2 rate is 81 percent ad valorem. 3/ The ad valorem equivalent of the 1983 column 1 rate of duty is 21.8 percent, based on the quantity and value of entries of lightweight polyester fabrics entered during

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1/ Prehearing brief filed on behalf of the Korean Export Association of Textiles, pp. 3-5.

2/ The subject fabrics were classified under item 338.30 prior to Jan. 1, 1982.

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

1982. This column 1 rate of duty has been in effect since January 1, 1983, and reflects the second stage of reductions in the rate resulting from concessions granted in the Tokyo round of the Multilateral Trade Negotiations (MTN), conducted under the General Agreement on Tariffs and Trade (GATT) during 1973-79. The first reduction of the rate previously in effect was made in 1982, and the remaining four annual reductions are scheduled for 1984-87. The rate in effect prior to 1982 and the reduced rates are as follows:

Effective date	Rate
Prior to Jan. 1, 1982	13¢/lb + 22.5% ad val.
Jan. 1, 1982	10¢/lb + 21.6% ad val.
Jan. 1, 1983	8¢/lb + 20.7% ad val.
Jan. 1, 1984	6¢/lb + 19.7% ad val.
Jan. 1, 1985	4¢/lb + 18.8% ad val.
Jan. 1, 1986	2¢/lb + 17.9% ad val.
Jan. 1, 1987	17% ad val.

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

Entries of lightweight polyester fabrics are subject to control under the Multifiber Arrangement (MFA). 3/ The MFA provides the legal framework for bilateral agreements among participating countries, including the United States, Japan, and Korea, to provide for the orderly development of international trade in textiles and apparel. The subject lightweight polyester fabrics are included in MFA category 612, together with certain other fabrics of noncellulosic manmade filaments, both lightweight and heavyweight.

In 1982 the United States' agreement with Korea provided for a specific limit of 86 million square yards for category 612 products, against which Korea shipped 73 million square yards, or 85 percent of its quota. The limit for 1983 was increased by 2.5 percent to 88.1 million square yards, which had

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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, of Nov. 24, 1975, and applies to merchandise imported on or after Jan. 1, 1976; it 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 TSUS.

3/ Sanctioned under the GATT, 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.

been 92.2 percent filled by October 21, 1983. 1/ The limit will be increased by 2.5 percent annually throughout the life of the agreement, which expires on December 31, 1987.

U.S. Producers

Nine firms are known to produce lightweight polyester fabrics in the United States; eight of these firms provided data for purposes of this report. * * *.

Data for the reporting firms show that Burlington Industries * * *. Milliken, Dan River, and J. P. Stevens are also * * * producers. These firms are large, diversified companies which produce a wide variety of fabrics and textile products in addition to the lightweight polyester fabrics under investigation. Burlington Industries is the leading U.S. textile firm, and J. P. Stevens, Dan River, and Milliken are among the largest. Lightweight polyester fabrics, although important, do not constitute the major part of total output of these four companies. * * *, lightweight polyester fabrics account for * * * of the total output of the other producers--Frank Ix & Sons, Schneider Mills, Texfi Industries, and Wateree.

* * * * * * *

* * * * * * *

Domestic producers were asked to provide information on their yarn-twisting equipment and on the equipment used for the caustic weight-reduction process for producing lightweight polyester fabrics. A company-by-company summary of responses to this question follows.

* * * * * * *

1/ The bilateral agreement between the United States and Korea provides for some flexibility with respect to quota limits. If the United States and Korea through negotiation agree, the quota limit on category 612 may be increased by as much as 5 percent by borrowing from next year's quota. In addition, the Koreans may increase the quota by as much as 7 percent by shifting quota from another category that is currently underutilized.

*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

U.S. Importers

The Commission received responses from 21 importers of lightweight polyester filament fabrics from Korea. All these firms also reported imports from Japan in 1982. During January-August 1983, one firm imported fabrics from Korea but not from Japan. * * *.

Nature and Extent of Sales at LTFV

On October 21, 1983, Commerce issued its final determination that lightweight polyester fabrics from Korea are being sold in the United States at LTFV. Commerce examined the sales of 13 Korean firms, which accounted for about 90 percent of total Korean exports of lightweight polyester fabric to the United States during the period under investigation. Commerce excluded nine of these firms from its final determination of sales of LTFV. The four firms found to have dumping margins exceeding the de minimis level are Seong An Textile Co., Ltd., Shin Taeyang Co., Tae Wang Mulsan Co., Ltd., and Yuyang Textile & Apparel, Ltd. These four firms accounted for nearly 24 percent of total exports by the 13 firms to the United States during July-December 1982. Commerce found margins on 9.59 percent of all sales compared. The weighted-average margin on all sales compared was 0.614 percent. The margins on individual transactions of the four firms with margins exceeding the de minimis level ranged from 0 to 41.359 percent. Dumping duties would have amounted to $173,488 during the period July 1 to December 31, 1982. The weighted-average margins for Korean firms are as follows:

Firm	Weighted-average margin (percent)
Chang Young Co., Ltd	0
Dong Sung Trading Co., Ltd	0
Kabul, Ltd	0
Namsun Moolsan Co., Ltd	.015
Sam-A Co., Ltd	.015
Seong An Textile Co., Ltd	1.876
Shin Taeyang Co	.852
Silla Textile Co., Ltd	0
Sunkyong Ltd	.246
Tae Wang Mulsan Co., Ltd	4.052
Tongkook Corp	.194
Young Shin Textile Co., Ltd	.062
Yuyang Textile and Apparel, Ltd	4.829
All other	.614

Consideration of Material Injury

U.S. production and production capacity

All lightweight polyester fabrics.--Total U.S. production of lightweight polyester fabrics increased by 47 percent from 186 million square yards in 1980 to 273 million square yards in 1981 (table 3). * * * began producing these fabrics in 1981; the other * * * firms increased their output in 1981.

* * *. Industrywide production in 1982 was 208 million square yards, reflecting a decline of 24 percent from that in 1981. However, production during January-August 1983 increased by 41 percent over that in the corresponding period of 1982. * * *.

Table 4 provides information on production capacity and capacity utilization for all lightweight polyester fabrics. These data take into consideration normal product mix and exclude that part of the capacity of these facilities which is dedicated to the production of fabrics not covered by this investigation. 1/

U.S. production capacity for lightweight polyester fabrics increased by 8 percent in 1981 as a result of the expansion by * * *. There was little change in total U.S. capacity during 1982 and January-August 1983.

1/ Capacity to produce each type of fabric depends to a significant extent on the product mix chosen by the firm. For example, when a firm is producing textured-yarn fabrics at full capacity, it may cease production of twisted-yarn fabrics since the same looms are used for both types.

Table 3.--Lightweight polyester fabrics: U.S. production, by firms, 1980-82, January-August 1982, and January-August 1983

Firm	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
* * * * * * *					
Total----------	186,239	273,172	207,782	134,689	189,842
	Percent of total				
* * * * * * *					
Total----------	100.0	100.0	100.0	100.0	100.0

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

Table 4.--Lightweight polyester fabrics: U.S. production capacity 1/ and capacity utilization, by firms, 1980-82, January-August 1982, and January-August 1983

Firm	1980	1981	1982	January-August--	
				1982	1983
	Production capacity (1,000 square yards)				
*	*	*	*	*	*	*
Total 6/	470,721	510,038	507,620	354,709	350,850
	Capacity utilization (percent)				
*	*	*	*	*	*	*
Average 6/	38.8	50.1	38.0	36.0	50.1

1/ Data on production capacity reflect practical capacity or actual production when part of the facilities were used to produce fabrics other than lightweight polyester fabrics.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.
6/ Based on reporting firms.

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

Average utilization of capacity increased from 39 percent in 1980 to 50 percent in 1981 but fell back to 38 percent in 1982. * * *. Capacity utilization picked up significantly to about 50 percent during January-August 1983.

Flat-yarn fabrics.--U.S. production of flat-yarn fabrics * * * (table 5). * * *.

Table 5.--Flat-yarn fabrics: U.S. production, by firms, 1980-82, January-August 1982, and January-August 1983

* * * * * * *

Data on production capacity are not complete for all the firms producing flat-yarn fabrics (table 6). However, the limited information submitted by producers indicates that production capacity changed little during 1980-82, but increased during January-August 1983. The utilization of capacity dropped sharply in 1982, but increased during January-August 1983.

Table 6.--Flat-yarn fabrics: U.S. production capacity 1/ and capacity utilization, by firms, 1980-82, January-August 1982, and January-August 1983

* * * * * * *

Textured-yarn fabrics.--Total domestic production of textured-yarn fabrics increased from 139 million square yards in 1980 to 201 million in 1981 but then declined to 156 million square yards in 1982 (table 7). However, production increased by 30 percent from January-August 1982 to January-August 1983. * * *.

* * * (table 8). * * *.

Twisted-yarn fabrics.--U.S. production of twisted-yarn fabrics * * * (table 9). * * *. Domestic producers did not report their production capacity for twisted-yarn fabrics.

Table 7.--Textured-yarn fabrics: U.S. production, by firms, 1980-82, January-August 1982, and January-August 1983

	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
* * * * * * *					
Total	138,969	201,360	155,709	105,000	136,804
	Percent of total				
* * * * * * *					
Total	100.0	100.0	100.0	100.0	100.0

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

Table 8.--Textured-yarn fabrics: U.S. production capacity 1/ and capacity utilization, by firms, 1980-82, January-August 1982, and January-August 1983

Firm	1980	1981	1982	January-August--	
				1982	1983
	Production capacity (1,000 square yards)				
* * * * * * *					
Total 6/--------	66,654	68,241	67,414	45,756	56,658
	Capacity utilization (percent)				
* * * * * * *					
Average 6/-----	66.0	82.3	71.3	67.8	64.7

1/ Data on production capacity reflect practical capacity or actual production when part of the facilities were used to produce fabrics other than lightweight polyester fabrics.
2/ * * *.
3/ * * *.
4/ * * *.
5/ * * *.
6/ Based on reporting firms.

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

Table 9.--Twisted-yarn fabrics: U.S. production, by firms, 1980-82, January-August 1982, and January-August 1983

* * * * * * *

U.S. producers' domestic shipments

All lightweight polyester fabrics.--Total U.S. producers' domestic shipments of lightweight polyester fabrics increased 47 percent from 179 million square yards in 1980 to 262 million square yards in 1981 (table 10)

Table 10.--Lightweight polyester fabrics: U.S. producers' domestic shipments, by firms, 1980-82, January-August 1982, and January-August 1983

Firm	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
* * *	*	*	*	*	*
Total	178,725	262,417	203,032	134,059	200,041
	Value (1,000 dollars)				
* * *	*	*	*	*	*
Total 2/	121,162	167,097	129,488	89,758	113,988
	Unit value (per square yard)				
* * *	*	*	*	*	*
Average 2/	.69	.68	.68	.72	.62

1/ * * *.

2/ Based on reporting firms.

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

However, a decline of 23 percent to 203 million square yards occurred in 1982. Shipments during January-August 1983 increased by 49 percent, compared with those in January-August 1982. * * *.

The total value of U.S. domestic shipments also increased in 1981 but then declined in 1982. Domestic shipments increased during 1982 for * * *. * * *, the value of shipments increased during January-August 1983.

The average unit values of total U.S. domestic shipments of lightweight polyester fabrics were 68 or 69 cents per square yard during 1980-82 and 62 cents per square yard in January-August 1983.

Flat-yarn fabrics.--* * * (table 11). * * *.

Table 11.--Flat-yarn fabrics: U.S. producers' domestic shipments, by firms, 1980-82, January-August 1982, and January-August 1983

* * * * * * *

* * * * * * *

Textured-yarn fabrics.--Total U.S. producers' domestic shipments of textured-yarn fabrics increased 45 percent to 195 million square yards in 1981 (table 12). However, a decline of 21 percent to 155 million square yards occurred in 1982. Shipments then increased in January-August 1983. The value of these shipments increased by 39 percent in 1981, declined 25 percent to $94 million in 1982, and then increased by 15 percent during January-August 1983. The average unit value of producers' domestic shipments decreased from 68 cents per square yard in 1980 to 54 cents per square yard during January-August 1983.

* * * * * * *

Twisted-yarn fabrics.--Shipments of twisted-yarn fabrics * * * (table 13). * * *.

* * * * * * *

U.S. producers' exports

* * * * * * *

* * * * * * *

U.S. producers' inventories

U.S. producers' inventories of all lightweight polyester fabrics increased from 29 million square yards at the end of 1980 to 33 million square yards at the end of 1982 (table 14). An increase in stocks in 1981 reflected growth in

Table 12.--Textured-yarn fabrics: U.S. producers' domestic shipments, by firms, 1980-82, January-August 1982, and January-August 1983

Firm	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
* * * * * * *					
Total----------	134,507	195,407	154,631	103,160	146,617
	Value (1,000 dollars)				
* * * * * * *					
Total 2/-------	90,531	125,620	94,351	65,074	75,082
	Unit value (per square yard)				
* * * * * * *					
Average 2/-----	.68	.67	.64	.66	.54

1/ Not reported.
2/ Based on reporting firms.

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

Table 13.--Twisted-yarn fabrics: U.S. producers' domestic shipments, by firms, 1980-82, January-August 1982, and January-August 1983

* * * * * * *

Table 14.--Lightweight polyester fabrics: U.S. producers' inventories, by types, Dec. 31 of 1980-82, Aug. 31, 1982, and Aug. 31, 1983

Type and date	Producers' inventories	Ratio of inventories to production
	1,000 square yards	Percent
All fabrics:		
Dec. 31--		
1980	29,343	15.8
1981	32,516	11.9
1982	33,057	15.9
Aug. 31--		
1982	34,114	25.3
1983	22,974	12.1
Flat-yarn fabrics:		
Dec. 31--		
1980	***	***
1981	***	***
1982	***	***
Aug. 31--		
1982	***	***
1983	***	***
Textured-yarn fabrics:		
Dec. 31--		
1980	24,895	17.9
1981	26,628	13.2
1982	23,959	15.4
Aug. 31--		
1982	25,884	24.7
1983	13,922	10.2
Twisted-yarn farbics:		
Dec. 31--		
1980	***	***
1981	***	***
1982	***	***
Aug. 31--		
1982	***	***
1983	***	***

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

production and sales. The ratio of inventories to production declined in 1981. However, with larger inventories and less production in 1982, the ratio of inventories to production in December 1982 rose to the level in December 1980. The actual quantity of inventories and the ratio of inventories to production as of August 31, 1983, were well below those on August 31, 1982.

* * * * * * *

Employment and wages

Six firms provided usable data on employment and wages in the facilities producing lightweight polyester fabrics (table 15). Two of these were unable to separate the data covering only the products under investigation from data on other products. * * *.

Table 15.--Average number of production and related workers engaged in producing lightweight polyester fabrics, hours worked, total compensation, wages, and average hourly compensation, 1980-82, January-August 1982, and January-August 1983 1/

Item	1980	1981	1982	January-August 2/	
				1982	1983
Number of workers producing--					
All fabrics	9,220	9,225	8,421	7,823	7,539
Polyester fabrics 3/	***	***	***	***	***
Hours worked:					
All fabrics 1,000 hours--	20,525	21,223	17,604	9,341	10,546
Polyester fabrics 3/ 1,000 hours--	***	***	***	***	***
Total compensation:					
All fabrics 1,000 dollars--	127,572	142,849	130,879	63,261	74,770
Polyester fabrics 3/ 1,000 dollars--	***	***	***	***	***
Wages:					
All fabrics 1,000 dollars--	105,393	116,390	105,865	53,379	63,204
Polyester fabrics 3/ 1,000 dollars--	***	***	***	***	***
Average compensation:					
All fabrics per hour--	$6.22	$6.73	$7.43	$6.77	$7.09
Polyester fabrics 3/ per hour--	***	***	***	***	***

1/ Data cover 6 firms, accounting for 83 percent of production of lightweight polyester filament fabric in 1982. * * *.
2/ Partial-year data do not include * * *.
3/ Includes * * *.

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

The number of production and related workers producing lightweight polyester fabrics ranged between 20 and 25 percent of all production workers in their facilities. The number of workers increased 17.7 percent from * * * in 1980 to * * * in 1981, but declined by 21.2 percent to * * * in 1982. In January-August 1983, * * * workers were thus engaged, 10.4 percent above the number in the corresponding period of 1982. 1/

The number of hours worked in the production of lightweight polyester fabrics followed a trend similar to that for the number of workers, increasing by 24.1 percent to * * * million hours in 1981 but declining by 35.0 percent to * * * million in 1982. The * * * million hours worked in January-August 1983 were 16.4 percent above the hours worked in January-August 1982.

Total wages and total compensation also followed a similar trend. Total compensation increased from * * * million in 1980 to * * * million in 1981 but fell to * * * million in 1982, slightly below the 1980 level. Total compensation in January-August 1983 was * * * million, 23.6 percent above that in the corresponding period of 1982.

Average hourly compensation increased steadily from * * * in 1980 to * * * in August 1983, or by 18.3 percent. Except in January-August 1983, hourly compensation was slightly below that for all workers employed in these facilities.

Financial experience of U.S. producers

Four firms * * *, accounting for * * * percent of total U.S. production of lightweight polyester fabrics in 1982, furnished usable income-and-loss data relative to both their establishment operations and their operations on lightweight polyester fabrics alone. * * *

U.S. producers use the same looms and other equipment to produce lightweight polyester fabrics, nylon fabrics, and acetate fabrics. As a result, not all U.S. producers maintain profit centers for their lightweight polyester fabric operations alone. Hence, the income-and-loss data presented in this section may not precisely measure the profitability of the lightweight polyester fabric industry. This is especially true where income-and-loss data are presented for a certain type of lightweight polyester fabric. Nonetheless, the profitability data shown for all lightweight polyester fabrics are fairly accurate, and the profitability trends shown for the individual types of fabrics (flat, textured, and twisted) are generally reliable.

Overall establishment operations.--Overall establishment net sales were $601 million in 1982, down 18 percent from the $733 million in sales in 1981 and down 10 percent from the 1980 level of $671 million (table 16). Net sales rose 9 percent to $410 million during the interim period ended June 30, 1983, compared with $377 million in the corresponding period of 1982. Lightweight polyester fabric net sales accounted for about 15 percent of total establishment net sales in 1980, 21 percent in 1981, and 20 percent in 1982.

1/ Partial-year data do not include * * *.

Table 16.--Income-and-loss experience of 4 U.S. producers on the overall operations of their establishments in which lightweight polyester fabrics are produced, 1980-82, interim period of 1982, and interim period of 1983

Item	1980	1981	1982	Interim period to June 30--	
				1982	1983
Net sales--------1,000 dollars--	670,817	733,017	601,205	376,714	410,377
Cost of goods sold--------do----	540,342	582,121	509,639	322,869	346,125
Gross income----------do----	130,475	150,896	91,566	53,845	64,252
General, selling, and administrative expenses 1,000 dollars--	37,205	38,193	37,407	24,066	22,087
Operating income----------do----	93,270	112,703	54,159	29,779	42,165
Other expense, net 1,000 dollars--	20,835	22,086	17,447	12,499	14,731
Net income before income taxes 1,000 dollars--	72,435	90,617	36,712	17,280	27,434
Depreciation and amortization expense--------1,000 dollars--	38,228	37,407	34,060	23,728	22,016
Cash flow from operations 1,000 dollars--	110,663	128,024	70,772	41,008	49,450
Ratio to net sales:					
Gross income---------percent--	19.5	20.6	15.2	14.3	15.7
Operating income--------do----	13.9	15.4	9.0	7.9	10.3
Net income before income taxes: percent--	10.8	12.4	6.1	4.6	6.7
Cost of goods sold------do----	80.5	79.4	84.8	85.7	84.3
General, selling, and administrative expenses---percent--	5.5	5.2	6.2	6.4	5.4
Number of firms reporting operating losses----------	1	0	1	1	0
Number of firms reporting net losses----------	1	0	2	2	0
Ratio of lightweight polyester fabric sales to total establishment sales------percent--	15	21	20	1/	1/

1/ Not available.

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

Operating income followed about the same trend as net sales--rising 21 percent from $93 million, or 13.9 percent of net sales, in 1980 to $113 million, or 15.4 percent of net sales, in 1981, and then declining sharply by 52 percent to $54 million, or 9.0 percent of net sales, in 1982. The four firms reported an operating income of $42 million, or 10.3 percent of net sales, for the interim period ended June 30, 1983, compared with an operating income of $30 million, or 7.9 percent of net sales, in the corresponding period of 1982.

Lightweight polyester fabric operations.--Net sales of lightweight polyester fabrics were $134 million in 1982, down 21 percent from the $170 million in sales in 1981 and up 18 percent from the 1980 level of $113 million (table 17). * * *.

Table 17.--Income-and loss experience of 4 U.S. producers on their lightweight polyester fabric operations, 1980-82, interim period of 1982, and interim period of 1983

Item	1980	1981	1982	Interim period to June 30--	
				1982	1983
Net sales 1/-----1,000 dollars--	113,337	169,866	134,121	***	***
Cost of goods sold--------do----	83,159	126,926	109,967	***	***
Gross income----------do----	30,178	42,940	24,154	***	***
General, selling, and administrative expenses					
1,000 dollars--	6,945	10,494	10,737	***	***
Operating income----------do----	23,233	32,446	13,417	***	***
Other expense, net					
1,000 dollars--	3,479	5,080	5,455	***	***
Net income before income taxes					
1,000 dollars--	19,754	27,366	7,962	***	***
Depreciation and amortization expense--------1,000 dollars--	9,342	12,511	10,680	***	***
Cash flow from operations					
1,000 dollars--	29,096	39,877	18,642	***	***
Ratio to net sales:					
Gross income---------percent--	26.6	25.3	18.0	***	***
Operating income--------do----	20.5	19.1	10.0	***	***
Net income before income taxes:					
percent--	17.4	16.1	5.9	***	***
Cost of goods sold------do----	73.4	74.7	82.0	***	***
General, selling, and adminis-					
trative expenses---percent--	6.1	6.2	8.0	***	***
Number of firms reporting operating losses----------	0	0	2	***	***
Number of firms reporting net losses----------	0	0	2	***	***

1/ Includes sales of nylon and acetate heavyweight fabrics. Such fabrics accounted for 11 percent of total net sales in 1980 and 1981 and for 10 percent in 1982.

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

Operating income followed about the same trend as net sales--rising from $23 million, or 20.5 percent of net sales, in 1980 to $32 million, or 19.1 percent of net sales, in 1981 and then falling to $13 million, or 10.0 percent of net sales, in 1982. * * *. Net income before income taxes ranged downward from 17.4 percent of net sales in 1980 to 5.9 percent in 1982. * * *. Individually, the four firms operated profitably in each of the reporting years except 1982. In that year, two of the firms sustained both operating and net losses.

The four firms reported positive cash flows of $29 million, $40 million, and $19 million during 1980, 1981, and 1982, respectively. * * *.

Individual company income-and-loss data for the four reporting firms' lightweight polyester fabric operations are shown in table 18. * * *.

* * *.

Table 18.--Income-and-loss experience of 4 U.S. producers on their lightweight polyester fabric operations, by firms, 1980-82, interim period of 1982, and interim period of 1983

* * * * * * *

Flat-yarn fabrics.--Three U.S. firms * * * supplied income-and-loss data on their flat-yarn fabric operations. The data reported for * * * include sales, costs, and expenses relative to other types of fabrics.

Net sales * * * (table 19). * * *.

Table 19.--Income-and-loss experience of 3 U.S. producers on their operations producing flat-yarn fabrics, 1980-82, interim period of 1982, and interim period of 1983 1/

* * * * * * *

Textured-yarn fabrics.--* * *.

Net sales of textured-yarn fabrics were * * * (table 20). * * *.

Table 20.--Income-and-loss experience of 3 U.S. producers on their operations producing textured-yarn fabrics, 1980-82, interim period of 1982, and interim period of 1983

* * * * * * *

Twisted-yarn fabrics.--* * *.

* * * net sales of twisted-yarn fabrics * * * (table 21). * * *.

Table 21.--Income-and-loss experience of * * * on its operations producing twisted-yarn fabrics, 1980-82, interim period of 1982, and interim period of 1983

* * * * * * *

Investment in productive facilities.--Six firms supplied data on their investment in productive facilities in the establishments in which lightweight polyester fabrics are produced. Investment data relative to the production of lightweight polyester fabrics alone are not available as these six firms use the same machinery and equipment to manufacture other types of fabrics. Their aggregate establishment investment in such facilities, valued at cost, rose irregularly from $467 million in 1980 to $520 million as of June 30, 1983; the book value of such assets declined irregularly from $225 million in 1980 to $193 million as of June 30, 1983 (table 22).

The trend in the relationship of operating income to investment in productive facilities (at both cost and book value) is the same as that for the relationship of such income to net sales.

Table 22.--Total establishment investment in productive facilities by 6 U.S. producers of lightweight polyester fabrics, accounting years 1980-82, June 30, 1982, and June 30, 1983

Item	1980	1981	1982	June 30--	
				1982	1983
Original cost					
1,000-dollars--	466,718	515,751	513,937	508,573	519,988
Book value----------do----	224,542	238,150	205,421	207,648	192,750
Ratio of operating income to--					
Net sales--------percent--	13.3	14.6	8.4	7.3	9.0
Original cost-------do----	21.5	23.2	11.3	1/ 6.6	1/ 8.4
Book value----------do----	44.6	50.2	28.2	1/ 16.1	1/ 22.7

1/ Interim data are not comparable to annual data.

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

Capital expenditures.--Capital expenditures for land, buildings, and machinery and equipment used only in the production of lightweight polyester fabrics are not available. Capital expenditures on an establishment basis for 1980-82, January-June 1982, and January-June 1983 are shown in the following tabulation:

	Capital expenditures (1,000 dollars)
1980	33,217
1981	49,993
1982	25,350
Jan.-June--	
1982	17,464
1983	11,163

Research and development expenditures.--Three firms supplied research and development expenditures incurred in developing U.S.-produced lightweight polyester fabrics. Such expenditures were as follows:

	Research and development expenditures (1,000 dollars)
1980	1,439
1981	1,685
1982	1,771
Jan.-June--	
1982	741
1983	972

Capital and investment.--U.S. producers were asked to describe any actual or potential negative effects of imports of lightweight polyester fabrics from Japan and Korea on their firms' growth, investment, and ability to raise capital. Excerpts from their replies are shown below. None of the firms specifically identified Korean imports alone as causing any negative effects.

* * * * * * *

Consideration of the Threat of Material Injury

There are several factors which may contribute to a determination of threat of injury to the domestic industry. These include the ability of the foreign producers to increase their exports to the United States, any increase in U.S. importers' inventories of the product, and increasing trends in the quantity of imports and U.S. market penetration. A discussion of the rate of increase of imports and of market penetration is presented in the causal relationship section of this report. Other factors which may contribute to a determination of threat are discussed below.

Korean textile industry

The Korean textile industry has maintained its position as the leading export industry in the nation, and also remains the largest single employer in the Korean economy. During the last 10 years the Korean textile industry accounted for about 17.5 percent of the gross output of the whole manufacturing sector.

Exports of textiles accounted for over 30 percent of total Korean exports during 1977-81. Exports during 1981 totaled $6.3 billion, with the 1982 export target set at $7.3 billion, representing a planned increase of 15.9 percent over the 1981 total. The Korean Government plans for textile exports to reach $12.4 billion by 1986, with an average annual increase of 14.6 percent. Korean exports of polyester filament fabric in 1980-82, January-August 1982, and January-August 1983 are shown in table 23.

Table 23.--Polyester filament fabrics: Korean exports to the United States and all other markets, by types, 1980-82, January-August 1982, and January-August 1983

(In thousands of square yards)

Type and market	1980	1981	1982	January-August--	
				1982	1983
All polyester filament fabric:					
United States	41,524	49,243	82,885	46,054	77,352
All other	678,547	806,548	855,964	521,939	625,405
Total	720,071	855,791	938,849	567,993	702,757
Georgette polyester filament fabric:					
United States	41,524	49,243	82,885	46,054	77,352
All other	313,827	344,758	352,309	244,118	282,949
Total	355,351	394,001	435,194	290,172	360,301
Polyester fabric other than georgette:					
United States	0	0	0	0	0
All other	364,720	461,790	503,655	297,821	342,456
Total	364,720	461,790	503,655	297,821	342,456

Source: Report from U.S. Embassy, Seoul, 1983.

The United States is the largest importer of Korean textile products. During 1981, such exports reached $1.5 billion, or 23.7 percent of Korea's total textile exports worldwide. 1/ Other important purchasers of Korean textile products were Japan ($1.0 billion), the European Community ($1.2 billion), and Hong Kong ($0.4 billion).

1/ A discussion of the U.S. import quota on Korean lightweight polyester fabrics is found in the section of this report on U.S. tariff treatment.

There were approximately 7,000 textile firms in Korea in 1981, including small-scale enterprises, employing a total of 787,000 workers, or 27 percent of total manufacturing employment. In 1982, about 80 firms were engaged in manufacturing and/or exporting polyester filament fabrics to the United States, 14 of which together accounted for over 85 percent of such shipments.

Estimates of total production, production capacity, and capacity utilization ratios for Korean firms producing polyester filament fabrics, as provided by the U.S. Embassy in Seoul, are shown in the following tabulation:

Item	1980	1981	1982
Total production			
1,000 square yards	1,423,000	1,622,700	1,645,800
Production capacity---do	1,624,000	1,960,000	2,145,000
Capacity utilization---percent	87.6	82.8	76.7

According to the Korea Chemical Fibers Association, Korean polyester filament fiber production increased from 79,900 tons in 1977 to 161,864 tons in 1981, or by 103 percent. Breakdowns in the use of these fibers in lightweight or heavyweight fabric production are unavailable; production of polyester filament fibers during 1977-81 was as follows:

	Production (tons)
1977	79,900
1978	109,365
1979	125,150
1980	136,901
1981	161,864

Importers' inventories

Inventories of Korean lightweight polyester fabrics held by importers responding to the Commission's questionnaires increased from 908,000 square yards as of December 31, 1980, to 5.9 million square yards as of December 31, 1982 (table 24). There was little change in inventories between August 31, 1982, and August 31, 1983.

Inventories of flat-yarn fabrics from Korea at the end of 1980 totaled * * * square yards. They were * * * at the end of 1981 and totaled * * * square yards at the end of 1982. Inventories of flat-yarn fabrics declined from * * * square yards as of August 31, 1982, to * * * square yards as of August 31, 1983.

Table 24.--Lightweight polyester fabrics: Importers' inventories of imports from Korea, Dec. 31 of 1980-82, Aug. 31, 1982, and Aug. 31, 1983

Type and date	Quantity	Value
	1,000 square yards	1,000 dollars
All fabrics:		
Dec. 31--		
1980	908	1,098
1981	1,410	2,019
1982	5,891	7,062
Aug. 31--		
1982	3,339	4,333
1983	3,354	3,834
Flat-yarn fabrics:		
Dec. 31--		
1980	***	***
1981	***	***
1982	***	***
Aug. 31--		
1982	***	***
1983	***	***
Textured-yarn fabrics:		
Dec. 31--		
1980	***	***
1981	***	***
1982	***	***
Aug. 31--		
1982	***	***
1983	***	***
Twisted-yarn fabrics:		
Dec. 31--		
1980	786	1,043
1981	1,410	2,019
1982	5,302	6,491
Aug. 31--		
1982	2,797	3,761
1983	2,247	2,682

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

Inventories of textured-yarn fabrics were * * * as of December 31 of 1980 and 1981, but increased to * * * square yards as of December 31, 1982. Inventories of these fabrics increased from * * * square yards as of August 31, 1982, to * * * square yards as of August 31, 1983.

Inventories of twisted-yarn fabrics from Korea trended upward from 786,000 square yards as of December 31, 1980, to 5.3 million square yards as of December 31, 1982. Such inventories declined by 20 percent from August 31, 1982, to August 31, 1983.

Consideration of the Causal Relationship Between LTFV Imports and Alleged Injury

U.S. imports

Commerce examined sales of lightweight polyester fabrics made by 13 Korean firms to the United States during July-December 1982 and excluded sales of 9 of these firms from its determination of sales at LTFV. The four firms with dumping margins accounted for almost 24 percent of total sales by the 13 Korean firms to the United States during the period under investigation.

All lightweight polyester fabrics.--Imports of lightweight polyester fabrics nearly doubled from 125 million square yards in 1980 to 238 million square yards in 1982 (table 25). The entered value of these imports was $254 million in 1982, or 65 percent more than in 1980. Imports during January-August 1983 increased by 53 percent in terms of quantity and by 20 percent in terms of value. The average unit value of imports decreased from $1.24 per square yard in 1980 to $1.22 in 1981 and then fell sharply to $1.07 per square yard in 1982 and 91 cents per square yard in January-August 1983.

Table 25.--Lightweight polyester fabrics: U.S. imports for consumption, by principal sources, 1980-82, January-August 1982, and January-August 1983

Source	1980 1/	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
Japan	81,149	130,534	157,425	102,267	126,850
Korea	34,985	40,968	68,542	35,517	84,095
All other	8,438	18,827	12,084	6,979	10,773
Total	124,572	190,329	238,051	144,763	221,718
	Value (1,000 dollars)				
Japan	102,897	169,636	176,057	122,491	116,297
Korea	38,158	48,200	68,732	40,032	78,193
All other	12,915	13,937	9,454	5,930	7,497
Total	153,970	231,773	254,243	168,453	201,986
	Unit value (per square yard)				
Japan	$1.27	$1.30	$1.12	$1.20	$0.92
Korea	1.09	1.18	1.00	1.13	.93
All other	1.53	.74	.78	.85	.70
Average	1.24	1.22	1.07	1.16	.91

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Imports from both Japan and Korea increased sharply during 1980-82 and January-August 1983. Imports from other countries increased in 1981, declined in 1982, and then increased again during January-August 1983. Japan is the principal source of U.S. imports; its share of the total quantity of U.S. imports increased from 65 percent in 1980 to 66 percent in 1982 and then declined to 57 percent during January-August 1983. Korea's share of total U.S. imports was 38 percent in January-August 1983, up from 29 percent in 1982. The total share of imports for all other countries declined slightly to 5 percent in January-August 1983. The average unit values of imports from both Japan and Korea increased in 1981 but trended sharply downward thereafter.

The average unit values of all lightweight polyester fabrics imported from Japan trended downward from $1.35 per square yard during April-June 1981 to 79 cents per square yard in January 1983 and then increased to $1.06 per square yard in August 1983 (table 26). Average unit values for all fabrics imported from Korea rose gradually during 1981, but dropped sharply in 1982 and early 1983 (table 27). Unit values of imports from Korea increased significantly after April 1983.

The delivery leadtime for these imported fabrics is normally 3 to 6 months. Hence, the declines in unit values of import shipments during July-December 1982 would have been reflected in orders booked during the second and third quarters of 1982.

Estimates of imports have been made for three categories of lightweight polyester fabrics, i.e., flat-yarn fabrics, textured-yarn fabrics, and twisted-yarn fabrics. Commerce does not provide separate statistics for these categories. Consequently, U.S. importers were asked in Commission questionnaires to provide such data, by countries of origin, on the quantity and value of their entries. This sample of entries by selected importers accounted for 59 percent of the total quantity of imports of lightweight polyester fabrics during January 1980-August 1983. Total imports for Japan and Korea were allocated to the three categories on the basis of the sample entries.

Flat-yarn fabrics.--Flat-yarn fabrics accounted for 12 percent of total imports of lightweight polyester fabrics in 1982. Imports of these fabrics increased sharply after 1980, with most entries coming from Japan (table 28). Imports from Korea also trended upward. The average unit values of imports from Japan dropped sharply in 1981 and again in January-August 1983; those of imports from Korea declined after 1981.

Textured-yarn fabrics.--Japan was also the principal source of U.S. imports of textured-yarn fabrics, accounting for 70 percent of total U.S. imports in 1982 (table 29). Imports from Korea, although relatively small, trended upward after 1980. Total imports of these fabrics increased from 24 million square yards in 1980 to 40 million square yards in 1982. A further increase of 53 percent occurred during January-August 1983. The average unit value of imports from Japan fell from $1.03 per square yard in 1980 to 60 cents per square yard in January-August 1983.

Table 26.--Lightweight polyester fabrics: U.S. imports for consumption from Japan, by specified periods, January 1981-August 1983

Period	Flat-yarn fabrics and nontextured-twisted-yarn fabrics 1/			Textured-yarn fabrics and textured-twisted-yarn fabrics 2/			Total		
	Quantity	Value	Average unit value	Quantity	Value	Average unit value	Quantity	Value	Average unit value
	1,000 sq. yd.	1,000 dollars	Per sq. yd.	1,000 sq. yd.	1,000 dollars	Per sq. yd.	1,000 sq. yd.	1,000 dollars	Per sq yd.
1981:									
Jan.-Mar	18,840	25,128	$1.33	2,070	2,334	$1.13	20,911	27,462	$1.31
Apr.-June	18,705	25,935	1.39	5,730	7,163	1.25	24,435	33,098	1.35
July-Sept	24,391	32,037	1.31	11,057	13,700	1.24	35,448	45,737	1.29
Oct.-Dec	36,579	46,800	1.28	13,160	16,539	1.26	49,740	63,339	1.27
Total	98,516	129,900	1.32	32,018	39,736	1.24	130,534	169,636	1.30
1982:									
Jan.-Mar	27,234	34,388	1.26	11,810	14,245	1.21	39,044	48,633	1.25
Apr.-June	22,701	28,550	1.26	14,119	16,265	1.15	36,820	44,815	1.22
July-Sept	25,977	29,011	1.12	16,113	16,645	1.03	42,090	45,656	1.08
Oct.-Dec	24,050	22,303	.93	15,422	14,650	.95	39,472	36,953	.94
Total	99,961	114,252	1.14	57,464	61,805	1.08	157,425	176,057	1.12
1983:									
January	11,920	8,813	.74	6,647	5,841	.88	18,567	14,653	.79
February	5,974	5,351	.90	4,942	4,587	.93	10,916	9,938	.91
March	9,689	7,567	.78	6,704	5,822	.87	16,393	13,390	.82
April	8,641	7,664	.89	7,016	6,129	.87	15,657	13,793	.88
May	7,662	7,232	.94	6,290	5,693	.91	13,952	12,925	.93
June	9,106	8,651	.95	7,713	7,380	.96	16,820	16,032	.95
July	10,817	10,427	.96	6,043	6,406	1.06	16,860	16,833	1.00
August	9,935	10,580	1.06	7,751	8,153	1.05	17,687	18,733	1.06

1/ TSUSA item 338.5009.
2/ TSUSA items 338.5011, 338.5012, 338.5013, and 338.5015.

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

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Table 27.--Lightweight polyester fabrics: U.S. imports for consumption from Korea, by specified periods, January 1981-August 1983

Period	Flat-yarn fabrics and nontextured-twisted-yarn fabrics 1/			Textured-yarn fabrics and textured-twisted-yarn fabrics 2/			Total		
	Quantity	Value	Average unit value	Quantity	Value	Average unit value	Quantity	Value	Average unit value
	1,000 sq. yd.	1,000 dollars	Per sq. yd.	1,000 sq. yd.	1,000 dollars	Per sq. yd.	1,000 sq. yd.	1,000 dollars	Per sq yd.
1981:									
Jan.-Mar	7,792	8,521	$1.09	821	875	$1.07	8,613	9,396	$1.09
Apr.-June	13,006	14,726	1.13	832	1,014	1.22	13,839	15,740	1.14
July-Sept	12,623	15,556	1.24	1,110	1,340	1.21	13,733	16,896	1.23
Oct.-Dec	4,324	5,593	1.29	460	575	1.25	4,783	6,168	1.29
Total	37,745	44,396	1.18	3,222	3,804	1.18	40,968	48,200	1.18
1982:									
Jan.-Mar	8,440	10,376	1.23	567	726	1.28	9,007	11,102	1.23
Apr.-June	9,609	11,017	1.15	1,396	1,664	1.19	11,005	12,681	1.15
July-Sept	23,114	22,918	.99	3,512	3,618	1.03	26,626	26,537	1.00
Oct.-Dec	19,323	16,150	.84	2,581	2,261	.88	21,904	18,411	.84
Total	60,486	60,461	1.00	8,056	8,270	1.03	68,542	68,732	1.00
1983:									
January	4,371	2,859	.65	277	272	.98	4,649	3,130	.67
February	6,097	4,608	.76	671	484	.72	6,768	5,093	.75
March	7,997	5,629	.70	454	378	.83	8,451	6,006	.71
April	13,724	11,762	.86	973	950	.98	14,697	12,712	.87
May	13,671	12,499	.91	1,129	1,216	1.08	14,800	13,715	.93
June	14,117	14,566	1.03	1,006	1,122	1.12	15,123	15,689	1.04
July	11,789	12,917	1.10	766	886	1.16	12,555	13,804	1.10
August	6,284	7,083	1.13	769	960	1.25	7,053	8,043	1.14

1/ TSUSA item 338.5009.
2/ TSUSA items 338.5011, 338.5012, 338.5013, and 338.5015.

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

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Table 28.--Flat-yarn fabrics: Estimated U.S. imports for consumption, by principal sources, 1980-82, January-August 1982, and January-August 1983

Source	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
Japan	6,735	13,706	23,299	15,442	23,467
Korea	1,819	2,622	3,701	3,303	7,905
All other	1,350	2,579	1,317	663	1,400
Total	9,904	18,907	28,317	19,408	32,772
	Value (1,000 dollars)				
Japan	6,277	9,669	16,549	11,759	12,095
Korea	1,374	2,747	3,162	3,082	5,630
All other	1/	1/	1/	1/	1/
Total 2/	7,651	12,416	19,711	14,841	17,725
	Unit value (per square yard)				
Japan	$0.93	$0.71	$0.71	$0.76	$0.52
Korea	.76	1.05	.85	.93	.71
All other	1/	1/	1/	1/	1/
Average 2/	.89	.76	.73	.79	.56

1/ Not available.
2/ Imports from Japan and Korea only.

Source: Estimated by the staff of the U.S. International Trade Commission.

Table 29.--Textured-yarn fabrics: Estimated U.S. imports for consumption, by principal sources, 1980-82, January-August 1982, and January-August 1983

Source	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
Japan	17,204	24,410	27,549	17,283	27,146
Korea	770	1,475	2,947	497	589
All other	6,295	13,876	9,063	5,437	7,757
Total	24,269	39,761	39,559	23,217	35,492
	Value (1,000 dollars)				
Japan	17,801	23,579	23,063	15,189	16,398
Korea	611	1,398	3,230	400	469
All other	1/	1/	1/	1/	1/
Total 2/	18,412	24,977	26,293	15,589	16,867
	Unit value (per square yard)				
Japan	$1.03	$0.97	$0.84	$0.88	$0.60
Korea	.79	.95	1.10	.80	.80
All other	1/	1/	1/	1/	1/
Average 2/	1.02	.96	.86	.88	.61

1/ Not available.
2/ Imports from Japan and Korea only.

Source: Estimated by the staff of the U.S. International Trade Commission.

Twisted-yarn fabrics.--Japan was the principal source of U.S. imports of the lightweight twisted-yarn polyester fabrics during the period (table 30). However, imports from Korea during January-August 1983 were almost as large as those from Japan. The quantity of total imports of these fabrics trended sharply upward after 1980, as did the value. However, the average unit values of these imports dropped during 1982 and again in January-August 1983.

Table 30.--Twisted-yarn fabrics: Estimated U.S. imports for consumption, by principal sources, 1980-82, January-August 1982, and January-August 1983

Source	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 square yards)				
Japan	57,210	92,418	106,577	69,542	76,237
Korea	32,396	36,871	61,894	31,717	75,601
All other	793	2,372	1,704	879	1,616
Total	90,399	131,661	170,175	102,138	153,454
	Value (1,000 dollars)				
Japan	78,819	136,388	136,445	95,543	87,804
Korea	36,173	44,055	62,340	36,550	72,094
All other	1/	1/	1/	1/	1/
Total 2/	114,992	180,443	198,785	132,093	159,898
	Unit value (per square yard)				
Japan	$1.38	$1.48	$1.28	$1.37	$1.15
Korea	1.12	1.19	1.01	1.15	.95
All other	1/	1/	1/	1/	1/
Average 2/	1.28	1.40	1.18	1.30	1.05

1/ Not estimated.
2/ Imports from Japan and Korea only.

Source: Estimated by the staff of the U.S. International Trade Commission.

U.S. consumption and market penetration of LTFV imports

This investigation concerns entries of lightweight polyester fabrics from Korea at LTFV. Excluding entries from 9 Korean manufacturers which Commerce found to have nil or de minimis dumping margins, an affirmative determination would result in the imposition of dumping duties on entries accounting for 31.1 percent of total Korean exports to the United States. The following tabulation provides estimates of the ratio of LTFV imports from Korea to total U.S. consumption during 1982:

Item	Estimated 1982 LTFV imports from Korea	Ratio of LTFV imports from Korea to U.S. consumption
	1,000 square yards	Percent
All fabrics	21,317	4.8
Flat-yarn fabrics	***	***
Textured-yarn fabrics	2,947	1.5
Twisted-yarn fabrics	***	***

Detailed data have been provided on the types of fabrics sold to U.S. customers during July-December 1982 by the 4 Korean manufacturers individually identified as possibly subject to dumping duties. Such sales consisted entirely of twisted-yarn fabrics. 1/ However, certain other Korean manufacturers 2/ whose sales were not reviewed by the Department of Commerce may also be subject to dumping duties. These other manufacturers are believed to have sold flat- and textured-yarn fabrics to the United States, and such sales are reflected in the tabulation above.

U.S. consumption and market penetration of all imports

All lightweight polyester fabrics.--Apparent U.S. consumption of lightweight polyester fabrics, including LTFV imports, increased from 303 million square yards in 1980 to 453 million square yards in 1981 and then declined to 441 million square yards in 1982 (table 31). Consumption increased by 51 percent from January-August 1982 to January-August 1983. The market penetration of total imports increased from 41.1 percent in 1980 to 54.0 percent in 1982 and increased slightly from January-August 1982 to January-August 1983. Imports from Japan and Korea have each accounted for increasing shares of the domestic market, with particularly large increases in 1982. Imports from Japan rose from 28.8 percent of U.S. consumption in 1981 to 35.7 percent in 1982. Imports from all Korean exporters actually declined slightly as a share of U.S. consumption in 1981, but increased to 15.5 percent in 1982 and to 19.9 percent during January-August 1983.

Flat-yarn fabrics.--* * *.

Textured-yarn fabrics.--Domestic consumption of textured-yarn fabrics increased from 159 million square yards in 1980 to 235 million square yards in 1981 but then declined to 194 million square yards in 1982. However, imports increased in January-August 1983. Import penetration of this market grew during the period, principally because of increased imports from Japan. The ratio of total imports to U.S. consumption rose from 15.3 percent in 1980 to

1/ These twisted-yarn fabrics were distributed among the various fabric types as follows: Palace crepe and crepe de Chine, * * * percent; nashiji/matt georgette, * * * percent; and other georgette, * * * percent.

2/ These manufacturers accounted for 10 percent of total Korean sales to the United States during July-December 1982.

Table 31.--Lightweight polyester fabrics: Apparent U.S. consumption, by types, 1980-82, January-August 1982, and January-August 1983

Type and period	Apparent U.S. consumption 1/	Ratio of imports to consumption		
		Total imports	Imports from Japan	Imports from Korea
	1,000 square yards	Percent	Percent	Percent
All fabrics:				
1980	303,297	41.1	26.8	11.5
1981	452,746	42.0	28.8	9.0
1982	441,083	54.0	35.7	15.5
January-August--				
1982	278,822	51.9	36.7	12.7
1983	421,759	52.6	30.1	19.9
Flat-yarn fabrics:				
1980	***	***	***	***
1981	***	***	***	***
1982	***	***	***	***
January-August--				
1982	***	***	***	***
1983	***	***	***	***
Textured-yarn fabrics:				
1980	158,776	15.3	10.8	0.5
1981	235,168	16.9	10.4	0.6
1982	194,190	20.4	14.2	1.5
January-August--				
1982	126,377	18.4	13.7	0.4
1983	182,109	19.5	14.9	0.3
Twisted-yarn fabrics:				
1980	***	***	***	***
1981	***	***	***	***
1982	***	***	***	***
January-August--				
1982	***	***	***	***
1983	***	***	***	***

1/ Apparent U.S. consumption includes domestic shipments and imports.

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.

20.4 percent in 1982. The ratio of imports from Japan to consumption increased from 10.8 percent in 1980 to 14.2 percent in 1982. Korea's share of this market was small: 1.5 percent or less during 1980-82.

Twisted-yarn fabrics.--* * *.

Channels of distribution and marketing considerations

The channels of distribution for domestic and Korean finished lightweight polyester filament fabrics are very similar. U.S. apparel producers, particularly those manufacturing dresses and blouses, apparel producers that use lining fabrics, and, to a lesser degree, retail fabric stores buy directly from U.S. mills or buy Korean fabrics directly from the Korean exporter or from trading companies or other importers. * * * of U.S. production, sell all their fabrics in a finished state. Other U.S. mills sell some or all of their production unfinished, primarily through converters. Converters take ownership of the unfinished fabric, have it finished at commission dyers to customer specifications, and sell it to various end users. Korean representatives testified that all Korean lightweight polyester fabric exported to the United States is in the finished state. 1/

Lightweight polyester fabrics are produced and sold on a year-round basis, but demand from apparel producers peaks during the second and third quarters of the year. Smaller quantities of lightweight fabrics are also traded on the spot or secondary market. Spot sales are primarily of unfinished fabric. Sales to garment manufacturers usually specify delivery from 4 to 24 weeks ahead. Inventories and spot prices tend to vary with market conditions, with activity increasing somewhat during periods of seasonally large cut-and-sew activity and declining during periods of reduced garment production.

The Commission requested information from 98 purchasers of lightweight polyester fabric. 2/ The information requested included prices paid, technical specifications of polyester fabric, and a list of subjective questions regarding buying decisions.

The Commission received 37 responses, including 23 with some price information. Prices reported generally conformed to the trends found in data submitted by producers and importers; however, prices reported were sporadic, and the lack of technical specification made complete analysis impossible. Technical information was reported in a few instances; questionnaire responses strongly suggested that the purchasers do not buy fabric on the basis of technical specifications. 3/

Twenty-seven respondents answered questions regarding buying decisions. When asked what factors control the decision to buy lightweight polyester, 20 of the respondents indicated one or more esthetic characteristics. Fashion distinctions such as weave, drape, hand, color, print, and overall quality

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1/ Transcript of the hearing, p. 230.

2/ Customer names were compiled from submissions during the preliminary investigations and from a list of all U.S. customers of Japanese fabric submitted by counsel for importers of fabric from Japan. Some of these customers also reported purchases of lightweight polyester fabric from Korea.

3/ The staff also received a large number of telephone calls regarding the request for technical specifications of the fabric. Virtually all callers informed the staff that they did not have such information and could only obtain it from the importer or foreign producer.

were all primary considerations. Although seven respondents indicated price as the major sales factor, most purchasers suggested that price becomes important only when fashion and quality factors have already been met.

When asked if twisted, flat, and/or textured fabrics compete in the same market, 11 of the respondents could not answer. Nine purchasers stated that the fabrics may compete, but competition among different fabrics depends on the demands of the fashion market and the end uses of the fabric.

Prices

Lightweight polyester filament fabrics, weighing less than 5 ounces per square yard, are usually sold on contract by domestic producers and importers, with delivery to take place between 1 and 6 months after the sale. Although producers have traditionally tried to follow established price lists, the decline in the market in 1982 apparently forced sellers to follow more flexible price policies.

Information obtained from the importers' questionnaires indicates that their purchase prices for imported goods may have fluctuated in response to changes in the won exchange rate vis-a-vis the dollar. 1/ However, the importers' selling prices are determined largely by supply and demand.

While the greige and prepared-for-print (PFP) fabrics are slightly wider, the standard finished widths for most of the subject fabrics are 44 to 45 inches or 58 to 60 inches. The wider fabrics are reported to command special premiums. Imports are normally in the 44- to 45-inch range, and domestic fabrics are usually wider. For purposes of direct comparison, price and quantity data for U.S. fabrics were converted to equivalent 44-inch widths.

Trade sources and conference testimony in the preliminary investigations indicated that price is a major determinant in the sale of some polyester fabrics. For the less expensive and/or commodity-type polyester fabrics, price competition is very keen. A price difference of 0.5 cents for unfinished (greige) fabric or 5 cents for finished fabric may sometimes determine whether a sale will be completed. According to testimony at the Commission hearing, pricing considerations lose some of their significance with the more expensive polyester fabrics. Other factors affecting sales are demand, fashion, availability, quality, and reliability of service.

The prices may vary somewhat depending on the volume contracted for sale. Prices for lightweight fabric generally fluctuate on a seasonal basis, but may vary on a more frequent basis, particularly in the small secondary markets, subject to the cost of labor, raw material, demand, supply, and price competition. Whereas producers of finished fabric have traditionally tried to maintain stable prices, the usual pricing policy among converters is to negotiate the price for each item during each transaction. All prices are quoted on an f.o.b.-warehouse basis.

1/ See the discussion of exchange rates later in this report.

The Commission asked U.S. producers and importers to provide contract selling prices for sales of six polyester fabrics: pongee, crepe de Chine, taffeta, palace crepe, nashiji georgette, including matt georgette, and other georgette. Importers and domestic producers were also asked to specify the finishing state (greige, PFP, piece-dyed, or printed) of each item for which prices were provided. Other techical specifications requested were yarn denier, filaments per yarn, twist, construction, texture, weave variations, and weight reductions due to caustic soda treatment. Quarterly data were requested for 1981 and 1982, and monthly data for January-August 1983.

Domestic price trends.--Usable price data on U.S.-produced lightweight polyester filament fabrics were supplied to the Commission by * * *. Prices were reported on the basis of sales to each company's three largest purchasers in the United States. Only prices for piece-dyed pongee fabric were reported by the * * * domestic producers in sizable quantities for all of the subject periods.

Domestic producers submitted data regarding only a few sales of finished (piece-dyed) crepe de Chine, other georgette, palace crepe, and silky taffeta; moreover, data were concentrated in a few periods, and the quantities involved were far below the levels of some of the imports of the same fabrics from Korea. Consequently, direct comparisons were difficult for these fabric types. 1/

Data submitted in response to questionnaires indicate that the weighted-average price for U.S.-produced piece-dyed pongee fabric in 1981 rose from * * * per yard in January-March to a high of * * * per yard in October-December (table 32). The price then declined steadily to a low of * * * per yard in January 1983, representing a 22-percent decline. In 1983, the price strengthened slightly to * * * in February, and remained fairly constant through August.

In response to a Commission staff inquiry during the preliminary investigation, * * *, explained how that firm viewed the competitive market impact of price trends for different lightweight polyester fabrics. Purchasers of blouse fabrics and lightweight dress fabrics can choose from any one of the various subcategories of fabrics within the generic category of lightweight polyester. There is a high degree of substitutability. In terms of price impact, * * * emphasized, if a pongee price comes down 20 cents per yard, "this brings down the price structure for all lightweight polyester fabrics by virtue of their substitutability". 2/ However, testimony provided on behalf of importers contests this view, and purchasers report that style and other subjective characteristics of the fabric determine a purchaser's initial choice of fabric and to a great extent preclude substitution of one type for another. 3/

1/ * * *.
2/ * * *.
3/ Transcript of the hearing, p. 181.

Table 32.--Certain lightweight polyester fabrics: Weighted-average net selling prices of U.S.-produced 44-inch width, piece-dyed fabric, by specified periods, January 1981-August 1983

Period	Crepe de Chine		Pongee		Other georgette	
	Quantity	Weighted-average price	Quantity	Weighted-average price	Quantity	Weighted-average price
	Linear yards	Per linear yard	Linear yards	Per linear yard	Linear yards	Per linear yard
1981:						
Jan.-Mar.	***	***	724,105	$1.023	***	***
Apr.-June	***	***	1,968,011	1.009	***	***
July-Sept.	***	***	1,289,918	1.024	***	***
Oct.-Dec.	***	***	568,209	1.122	***	***
1982:						
Jan.-Mar.	***	***	969,732	1.062	***	***
Apr.-June	***	***	1,525,004	1.024	***	***
July-Sept.	***	***	1,127,042	.963	***	***
Oct.-Dec.	***	***	434,020	.942	***	***
1983:						
January	***	***	910,873	.874	***	***
February	***	***	1,769,218	.892	***	***
March	***	***	2,159,306	.913	***	***
April	***	***	69,960	1.003	***	***
May	***	***	1,616,206	.884	***	***
June	***	***	335,683	.902	***	***
July	***	***	498,997	.904	***	***
August	***	***	149,800	.893	***	***

	Palace crepe		Silky taffeta	
	Quantity	Weighted-average price	Quantity	Weighted-average price
	Linear yards	Per linear yard	Linear yards	Per linear yard
1981:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
1982:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
1983:				
January	***	***	***	***
February	***	***	***	***
March	***	***	***	***
April	***	***	***	***
May	***	***	***	***
June	***	***	***	***
July	***	***	***	***
August	***	***	***	***

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

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Prices reported by the domestic producers for fabrics other than pongee also showed a downward trend. The U.S. price for palace crepe declined from * * * per yard in January-March 1982 to * * * in August 1983, or by 13 percent. The domestic price for silky taffeta dropped steadily from * * * per yard in January-March 1982 to * * * in Febuary 1983, or by 36 percent.

Import price trends.--Twelve importers of Korean lightweight polyester fabric provided usable price data on one or more of the six fabrics for which the Commission requested selling prices.

As presented in table 33, Korean price data were reported only for the twisted-yarn fabrics: nashiji georgette, other georgette, and palace crepe.

Of the six subject fabrics, quantities of nashiji georgette were the largest reported by Korean importers. The weighted-average price for this fabric strengthened from $2.05 in January-March 1981 to $2.30 in January-March 1982. The price then declined sharply to $1.62 in April-June 1982, or by 30 percent. The prices continued to decline to a low of $1.15 per yard in March 1983 before rising to $1.93 in August 1983.

* * * * * * *

Table 34 shows prices charged for Korean nashiji georgette by the 4 firms still subject to this investigation and by those found by Commerce to have zero or de minimis dumping margins. The weighted-average price for the 4 firms still under investigation was lower than that of the remaining firms in 8 of the 16 periods for which prices were requested. No noticeable trend was evident in these eight instances; in January-March 1981, the price of the 4 firms was * * * percent lower and in May 1983, * * * percent lower. Conversely, in July-September 1981, the price of the 4 firms was * * * percent higher and in July 1983, * * * percent higher.

Table 33.--Certain lightweight polyester fabrics: Weighted-average net selling prices of Korean 44-inch width, piece-dyed fabric, by specified periods, January 1981-August 1983

Period	Palace crepe		Silky taffeta		Nashiji georgette		Other georgette	
	Quantity	Weighted-average price	Quantity	Weighted-average price	Quantity	Weighted-average price	Quantity	Weighted-average price
	Linear yards	Per linear yard	Linear yards	Per linear yard	Linear yards	Per linear yard	Linear yards	Per linear yard
1981:								
Jan.-Mar.	***	***	***	***	627,072	$2.055	196,386	$1.378
Apr.-June	***	***	***	***	579,296	2.197	120,465	1.823
July-Sept.	***	***	***	***	1,144,322	2.156	275,501	1.779
Oct.-Dec.	***	***	***	***	786,709	2.251	77,480	2.580
1982:								
Jan.-Mar.	***	***	***	***	346,373	2.300	44,366	2.269
Apr.-June	***	***	***	***	217,122	1.622	65,764	1.660
July-Sept.	***	***	***	***	306,151	1.653	61,062	1.550
Oct.-Dec.	***	***	***	***	402,722	1.454	28,026	2.146
1983:								
January	***	***	***	***	28,524	1.519	19,455	1.819
February	***	***	***	***	175,505	1.237	7,551	1.961
March	***	***	***	***	462,066	1.151	0	-
April	***	***	***	***	429,300	1.416	49,017	2.118
May	***	***	***	***	179,206	1.842	102,418	1.604
June	***	***	***	***	211,426	1.654	0	-
July	***	***	***	***	205,235	1.557	14,163	2.312
August	***	***	***	***	88,131	1.937	34,004	1.114

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

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Table 34.--Certain lightweight polyester fabrics: Weighted-average net selling prices of Korean 44-inch width piece-dyed nashiji georgette fabric, by specified periods, January 1981-August 1983

Period	Nashiji georgette from 4 producers under investigation		Nashiji georgette from remaining 9 producers	
	Quantity	Weighted-average price	Quantity	Weighted-average price
	Linear yards	Per linear yard	Linear yards	Per linear yard
1981:				
Jan.-Mar	358,965	$2.051	268,107	$2.060
Apr.-June	183,910	2.468	395,386	2.071
July-Sept	452,300	2.166	692,022	2.158
Oct.-Dec	121,000	2.186	665,709	2.263
1982:				
Jan.-Mar	194,004	2.379	155,369	2.202
Apr.-June	126,036	1.397	91,086	1.933
July-Sept	236,028	1.611	70,123	1.791
Oct.-Dec	321,500	1.528	88,022	1.187
1983:				
January	14,000	1.400	7,524	1.210
February	106,500	1.090	61,005	1.250
March	154,000	1.282	294,266	1.052
April	169,000	1.568	250,500	1.266
May	12,000	1.050	101,361	1.649
June	120,000	1.368	47,850	1.500
July	3,100	2.382	183,535	1.430
August	15,079	1.400	42,352	1.799

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

Margins of underselling.--Palace crepe was the only fabric for which reported data allowed direct comparisons between prices of imports from Korea and U.S.-produced fabric. No price data regarding palace crepe were reported for fabric produced by the four firms still under investigation. 1/

Sales reported were sporadic, and quantities sold were very small. Instances of direct comparison were available in only 6 of the 16 subject periods.

1/ At the Commission's request, importers were able to separate prices reported for fabric produced by these four firms from those for fabric produced by the remaining nine firms.

The price of Korean fabric was lower on two occasions, by 0.4 percent in October-December 1982 and by 4.1 percent in August 1983. The price of U.S.-produced palace crepe was lower in four instances, by margins ranging from 0.9 percent in February 1983 to 9.2 percent in July-September 1982 (table 35).

Table 35.--Certain lightweight polyester fabrics: Weighted-average net selling prices of U.S.-and Korean-produced 44-inch width, piece-dyed palace crepe, by specified periods, January 1982-August 1983

Period	Korea		United States		Margins of underselling or (overselling)
	Quantity	Weighted-average price	Quantity	Weighted-average price	
	Linear yards	Per linear yard	Linear yards	Per linear yard	Percent
1982:					
Jan.-Mar.	***	***	***	***	-
Apr.-June	***	***	***	***	(1.2)
July-Sept	***	***	***	***	(9.2)
Oct.-Dec.	***	***	***	***	.4
1983:					
January	***	***	***	***	-
February	***	***	***	***	(.9)
March	***	***	***	***	-
April	***	***	***	***	-
May	***	***	***	***	(3.5)
June	***	***	***	***	-
July	***	***	***	***	-
August	***	***	***	***	4.1

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

Exchange rates

The nominal value of the won in terms of U.S. dollars declined steadily from 0.0014989 dollar per won in January-March 1981 to 0.0012772 dollar per won in July-August 1983, or by 14.79 percent. However, when these figures are adjusted for inflation by the Producer Price Index, the real-dollar-per-won exchange rate declined only 8.17 percent in the same period. The real rate increased during the first three quarters of 1981 and then declined throughout 1982. It declined in January-August 1983 also, but not at the same pace as in 1982. The most significant declines in the nominal and real exchange rates occurred in 1982. Between October-December 1981 and July-September 1982, the nominal exchange rate declined 6.95 percent and the real rate declined 6.37

percent, owing to the similar low inflation rates in both Korea and the United States, as shown in the following tabulation (January-March 1981=100.00): 1/

Period	Dollars/won index (nominal rate)	Dollars/won index (real rate)
1981:		
January-March	100.00	100.00
April-June	97.97	101.18
July-September	97.27	102.09
October-December	96.68	101.63
1982:		
January-March	93.96	99.34
April-June	91.62	96.99
July-September	89.96	95.16
October-December	89.59	95.02
1983:		
January-March	88.55	94.26
April-June	86.68	91.83
July-August	85.21	91.83

Lost sales and lost revenues

Domestic producers of lightweight polyester filament fabric provided no allegations of either lost sales or lost revenues due to imports from Korea on their questionnaire responses. As the result of a telephone request from the Commission staff, counsel for petitioners identified two purchasers which were believed to be buying Korean fabric at the expense of domestic producers. No specific instances of competition for sales to these purchasers were provided.

The Commission contacted both purchasers. The first, * * *, could not confirm any purchases of Korean fabric in recent years.

The staff also contacted the second purchaser, * * *. The president of * * * identified the firm * * *. He refused to cite specific instances of sales over the telephone.

1/ International Financial Statistics, International Monetary Fund, Oct. 1983.

APPENDIX A

NOTICES OF THE COMMISSION AND THE DEPARTMENT OF COMMERCE

Postponement of Preliminary Antidumping Determination; Lightweight Polyester Filament Fabric From the Republic of Korea

AGENCY: International Trade Administration, Commerce.

ACTION: Postponement of preliminary antidumping determination.

SUMMARY: The preliminary antidumping determination involving lightweight polyester filament fabric from the Republic of Korea is being postponed because the investigation has been determined to be extraordinarily complicated. We intend to issue the preliminary antidumping determination not later than August 2, 1983.

EFFECTIVE DATE: May 25, 1983.

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

SUPPLEMENTARY INFORMATION: On January 24, 1983, we announced the initiation of an antidumping investigation to determine whether lightweight polyester filament fabric from the Republic of Korea is being, or is likely to be, sold in the United States at less than fair value within the meaning of the antidumping law (48 FR 3797). The merchandise covered by this investigation is lightweight polyester filament fabric currently provided in items 338.5009, 338.5011, 338.5012, 338.5013, and 338.5015, of the Tariff Schedules of the United States Annotated. The notice of initiation stated that if the investigation proceeded normally we would make our preliminary determination on or before June 13, 1983.

Section 733(c) of the Tariff Act of 1930, as amended (the Act), provides that the Department of Commerce may postpone its preliminary determination if it concludes that the parties concerned are cooperating, the case is extraordinarily complicated and additional time is necessary to make the preliminary determination. We find these factors to exist in the present case. Specifically, we determine this case to be extraordinarily complicated within the meaning of section 733(c)(1)(B)(i) by reason of the number and complexity of the transactions to be investigated and the large number of firms whose activities must be investigated. We intend to issue a preliminary determination not later than August 2, 1983.

This notice is published pursuant to section 733(c) of the Act.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

May 20, 1983.

[FR Doc. 83-14033 Filed 5-24-83; 8:45 am]

BILLING CODE 3510-25-M

Preliminary Determination of Sales at Less Than Fair Value; Lightweight Polyester Filament Fabrics From the Republic of Korea

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of preliminary determination of sales at less than fair value: Lightweight polyester filament fabrics from the Republic of Korea.

SUMMARY: We have preliminarily determined that lightweight polyester filament fabrics (LPFF) from the Republic of Korea (Korea) are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entires of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice and to require a cash deposit or bond for each such entry in an amount equal to the estimated dumping margin as described in the "Suspension of Liquidation" section of this notice. We have preliminarily determined that eight producers should be excluded from this preliminary determination. Those firms which are subject to the suspension of liquidation and those firms which are excluded from this action are indicated in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make a final determination by October 17, 1983.

EFFECTIVE DATE: August 8, 1983.

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

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that there is a reasonable basis to believe or suspect that lightweight polyester filament fabrics (LPFF) from Korea are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). We have found *de minimis* margins for sales of LPFF produced by eight of the firms investigated. The concerned firms are indicated in the "Suspension of Liquidation" section of this notice.

We have found that the foreign market value of LPFF exceeded the United States price on 8.62 percent of the sales we compared. These margins ranged from 0.183 percent to 33.099 percent. The overall weighted-average margin on all sales compared is 0.519 percent. The weighted-average margins for individual companies investigated are presented in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make our final determination by October 17, 1983.

Case History

On January 4, 1983, we received a petition filed by counsel for Burlington Industries, Inc.; Milliken & Co.; J.P. Stevens & Co., Inc.; Dan River, Inc.; Texfi Industries; Frank Ix & Sons, Inc.; and Bloomsburg Mills, Inc. on behalf of the U.S. industry producing LPFF. In accordance with the filing requirements of § 353.36 of the Commerce Department Regulations (19 CFR 353.36), the petitioner alleged that LPFF from Korea 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 Act, and that these imports are materially injuring, or are threatening to materially injure, a U.S. industry. The allegations of sales at less than fair value include an allegation that home market sales are being made at less than the cost of production in Korea.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on January 24, 1983 (48 FR 3797). The ITC subsequently found, on February 18, 1983, that there is a reasonable indication that imports of LPFF are materially injuring, or are threatening to materially injure, a United States industry.

The petitioner alleged that at least three Korean companies produce LPFF for export to the United States. However, we identified 13 producers and exporters which account for approximately 90 percent of the exports to the United States. Questionnaires were presented in Korea to these producers and exporters on February 24, 1982.

On March 21, 1982, we received a letter from counsel for the Korean LPFF producers and exporters requesting additional time in which to respond because of the numerous companies and complicated products. Thirty additional days were granted and we received 11 responses on April 26, 1982 and an additional two on May 2, 1983. Responses were received from Chang Young Co., Ltd.; Dong Sung Trading Co., Ltd.; Kabul Ltd.; Namsun Moolsan Co., Ltd.; Sam-A Co., Ltd.; Seong An Textile Co., Ltd.; Shin Taeyang Co.; Silla Text Co., Ltd.; Sunkyong Limited; Tae Wan Mulsan Co., Ltd.; Tongkook Corporati Young Shin Textile Co., Ltd.; and Yuyang Textile and Apparel Ltd.

On May 20, 1983, we found this cas to be extraordinarily complicated because of the large number of compl transactions and the large number of firms whose activities must be investigated. We postponed our preliminary determination until Augu 2, 1983 (48 FR 23471).

Scope of Investigation

The products covered by this investigation are lightweight polyeste filament fabrics currently provided fo in items 338.5009, 338.5011, 338.5012, 338.5013, and 338.5015, of the *Tariff Schedules of the United States Annotated (TSUSA).*

Since the 13 respondents produced and exported approximately 90 perce of the LPFF from Korea to the United States during the period of this investigation, we limited our investigation to them.

We investigated sales of LPFF by these respondents during the period from July 1, 1982 to December 31, 198

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair va we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the A we used the purchase price of the subject merchandise to represent the United States price for the majority o sales by the Korean producers becau the merchandise was sold to unrelate purchasers prior to its importation int the United States. We calculated the purchase price for each type of LPFF based on the f.o.b., c.&f., or c.i.f., pack price to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, Korean inspection expenses a customs clearance charges, wharfage brokerage and handling, ocean or air freight, and transportation insurance. We made an addition for import duti which were rebated or not collected b reason of the exportation of the merchandise to the United States, pursuant to section 772(d)(1)(B) of the Act.

A portion of the sales for Sunkyong Limited and Tongkook Corporation w made on the basis of exporter's sales price because the merchandise was s to unrelated purchasers after

importation into the United States. For these sales, we made additional deductions, where appropriate, for U.S. brokerage and handling, U.S. customs duties, U.S. inland freight, warehousing, commissions and other selling expenses incurred in the United States.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales, and where appropriate, constructed value.

The petitioner alleged that sales in the home market were at prices below the cost of producing LPFF. We examined production costs which included all appropriate costs for materials, fabrication and general expenses. Sales below the cost of producton were found to be made within certain categories of such or similar LPFF examined. Where sales within any of the categories were made over an extended period of time and in substantial quantities, and were at prices which did not permit recovery of all costs within a reasonable period of time in the normal course of trade, the Department disregarded these sales in its analysis in accordance with section 773(b) of the Act. After having disregarded these sales, for certain categories, we found that sufficient sales of LPFF were made at or above the cost of production and, therefore, those sales were used in making price-to-price comparisons with sales in the U.S. market. Within certain other categories of LPFF, all sales of particular fabric types were disregarded pursuant to section 773(b) of the Act. Because we lacked adequate information on which to base adjustments for differences in physical characteristics of the merchandise in order to permit price-to-price comparisons of U.S. sales with sales in the home market of another fabric within the same category, we used the constructed value of the merchandise to determine the foreign market value of those particular fabric types. For the final determination, we will seek additional information, where necessary, to allow us to make appropriate adjustments in order to make price-to-price comparisons within the categories.

The home market prices for all 13 manufacturers were based on ex-factory or f.o.b. delivered, packed prices to unrelated purchasers. From these prices we deducted, where appropriate, inland freight. We made adjustments, where appropriate, for differences in credit costs in accordance with section 353.15(c) of the Commerce Regulations, and for differences associated with the cost of materials, labor, and directly related factory overhead in accordance with § 353.16 of the Commerce Regulations. We also deducted home market packing cost and added the cost of U.S. packing.

Where we used exporter's sales price, we deducted home market indirect selling expenses to offset U.S. commissions and other U.S. selling expenses.

Where we used constructed value as a basis for foreign market value, we calculated it to include the cost of materials, fabrication, general expenses, profit and the cost of packing. The amount added for general expenses was either the statutory minimum of 10 percent of the sum of material and fabrication costs, or the actual reported general expenses, whichever was higher. The amount added for profit was the statutory minimum of 8 percent of the sum of materials, fabrication costs, and general expenses because the actual profit was either not reported or was less than 8 percent.

Suspension of Liquidation

In accordance with section 773(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of LPFF from Korea, with the exception of the LPFF produced by Chang Young Co., Ltd.; Dong Sung Trading Co., Ltd.; Silla Textile Co., Ltd.; Sam-A Co., Ltd.; Kabul Ltd.; Namsun Moolsan Co., Ltd.; Sunkyoung Limited, and Tongkook Corporation, which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. Except for the companies noted above, the Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. This suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Firm	Weighted-average margin percentage
Chang Young Co., Ltd	0.221
Dong Sung Trading Co., Ltd	0.019
Kabul Ltd.	0.003
Namsun Moolsan Co., Ltd	0.009
Sam-A Co., Ltd	0.016
Seong An Textile Co., Ltd	1.807
Shin Taeyang Co	0.924
Silla Textile Co., Ltd	0.286
Sunkyong Limited	0.302
Tae Wang Mulsan Co., Ltd	4.476
Tongkook Corporation	0.031
Young Shin Textile Co., Ltd	0.627
Yuyang Textile and Apparel Ltd	2.516
All other companies	0.519

Verification

In accordance with 776(a) of the Act, we will verify all data used in reaching final determination in this investigation.

ITC Notification

In accordance with section 773(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

Public Comment

In accordance with § 353.47 of the Commerce Department Regulations, if required, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 1:00 p.m. on September 15, 1983, at the U.S. Department of Commerce, Room 6802, 14th Street and Constitution Avenue NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by September 8, 1983. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

August 2, 1983.

[FR Doc. 83-21500 Filed 8-5-83; 8:45 am]

BILLING CODE 3510-25-M

[Investigations Nos. 731-TA-118 and 119 (Final)]

Certain Lightweight Polyester Filament Fabric From Japan and the Republic of Korea

AGENCY: International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations.

EFFECTIVE DATE: August 23, 1983.

SUMMARY: As a result of affirmative preliminary determinations by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that imports from Japan and the Republic of Korea of lightweight polyester filament fabrics, provided for in items 338.5009, 338.5011, 338.5012, 338.5013, and 338.5015 of the Tariff Schedules of the United States Annotated, are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigations Nos. 731-TA-118 and 119 (Final) under section 735(b) of the act (19 U.S.C. 1673(b)) 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 imports of such merchandise. The Commission will make its final injury determinations by December 5, 1983 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Mr. Reuben Schwartz (202-523-0114), Office of Industries, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Background.—On February 18, 1983, the Commission determined, on the basis of the information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports of certain lightweight polyester filament fabric from Japan and the Republic of Korea which are alleged to be sold at LTFV. The preliminary investigations were instituted in response to a petition filed on January 4, 1983, by counsel for the American Textile Manufacturers Institute, Inc., and certain member companies.

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

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), as amended by 47 FR 33682, Aug. 4, 1982).

Staff report.—A public version of the staff report containing preliminary findings of fact in these investigations will be placed in the public record on October 13, 1983, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m., on October 27, 1983, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on October 14, 1983. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:30 a.m., on October 18, 1983, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is October 24, 1983.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, Aug. 4, 1982). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on November 3, 1983.

Written submissions.—As mentioned, parties to these investigations may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before November 3, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for

confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

For further information concerning the conduct of the investigations, hearing procedures, and rules of general application consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR Part 207, as amended by 47 FR 33682, Aug. 4, 1982), and part 201, subparts A through E (19 CFR part 201, as amended by 47 CFR 33682, Aug. 4, 1982).

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

Issued August 23, 1983.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-23940 Filed 8-30-83; 8:45 am]

BILLING CODE 7020-02-M

Federal Register / Vol. 48, No. 209 / Thursday, October 27, 1983 / Notices 49679

[A-580-006]

Lightweight Polyester Filament Fabrics From the Republic of Korea; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that lightweight polyester filament fabrics (LPFF) from the Republic of Korea (Korea) are being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or are threating to materially injure, a U.S. industry. We have directed the U.S. Customs service

to continue to suspend the liquidation of entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after August 8, 1983, in accordance with our preliminary determination, for Tae Wang Mulsan Co., Ltd.; Shin Taeyang Co.; Seong An Textile Co., Ltd.; and Yuyang Textile and Apparel Ltd. Young Shin Textile Co., Ltd., previously subject to suspension under the preliminary determination, is now *de minimis*.

We have determined that nine producers should be excluded from this determination. Those firms which are subject to the suspension of liquidation and those firms which are excluded from this action are indicated in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: October 27, 1983.

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

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that LPFF from Korea are being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). We have found either no margins or *de minimis* margins for sales of LPFF produced by nine of the thirteen firms investigated. These nine firms are excluded from this determination. The firms investigated are indicated in the "Suspension of Liquidation" section of this notice.

Case History

On January 4, 1983, we received a petition filed by counsel for Burlington Industries, Inc., Milliken & Co.; J.P. Stevens & Co., Inc.; Dan River, Inc.; Texfi Industries; Frank Ix & Sons, Inc.; and Bloomsburg Mills, Inc. on behalf of the U.S. industry producing LPFF. In accordance with the filing requirements of § 353.36 of the Commerce Department Regulations (19 CFR 353.36), the petitioner alleged that LPFF from Korea 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 Act, and that these imports are materially injuring, or are threatening to materially injure, a U.S. industry. The allegations of sales at less than fair value included an allegation that home market sales are being made at less than the cost of production in Korea.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on January 24, 1983 (48 FR 3797). The ITC subsequently found, on February 18, 1983, that there is a reasonable indication that imports of LPFF are materially injuring, or are threatening to materially injure, a U.S. industry.

The petitioner alleged that at least three Korean companies produce LPFF for export to the United States. However, we identified 13 producers and exporters which account for approximately 90 percent of the exports to the United States. Questionnaires were presented in Korea to these producers and exporters on February 24, 1982.

On March 21, 1982, we received a letter from counsel for the Korean LPFF producers and exporters requesting additional time in which to respond because of the numerous companies and complicated products. Thirty additional days were granted and we received 11 responses on April 26, 1982 and an additional two on May 2, 1983. Responses were received from Chang Young Co., Ltd.; Dong Sung Trading Co., Ltd.; Kabul Ltd.; Namsun Moolsan Co., Ltd.; Sam-A Co., Ltd.; Seong An Textile Co., Ltd.; Shin Taeyang Co.; Silla Textile Co., Ltd.; Sunkyong Limited; Tae Wang Mulsan Co., Ltd.; Tongkook Corporation; Young Shin Textile Co., Ltd.; and Yuyang Textile and Apparel Ltd.

On May 20, 1983, we found this case to be extraordinarily complicated becuse of the large number of complex transactions and the large number of firms whose activities had to be investigated. We postponed our preliminary determination until August 2, 1983 (48 FR 23471).

On August 2, 1983, we preliminarily determined that LPFF from Korea were being sold in the United States at less than fair value (48 FR 35979). We held a hearing on September 15, 1983, to allow the parties an opportunity to address the issues.

On October 17, 1983, we received a letter from counsel for the Korean LPFF producers and exporters requesting that the final determination be extended until October 21, 1983. We extended our final determination until that date.

Scope of Investigation

The products covered by this investigation are lightweight polyester filament fabrics currently provided for in items 338.5009, 338.5011, 338.5012, 338.5013, and 338.5015, of the *Tariff Schedules of the United States Annotated (TSUSA)*.

Since the 13 respondents produced and exported approximately 90 percent of the LPFF from Korea to the United States during the period of this investigation, we limited our investigation to them.

We investigated sales of LPFF by these respondents during the period from July 1, 1982, to December 31, 1982.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price for the majority of sales by the Korean producers because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price for each type of LIFF based on the f.o.b., c.&f., or c.i.f., packed price to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, Korean inspection expenses and customs clearance charges, wharfage, brokerage and handling, ocean or air freight, and transportation insurance.

A portion of the sales for Sunkyong Limited and Tongkook Corporation were made on the basis of exporter's sales price because the marchandise was sold to unrelated purchasers after importation into the United States. For these sales, we made additional deductions, where appropriate, for U.S. brokerage and handling, U.S. customs duties, U.S. inland freight, warehousing, commissions and other selling expenses incurred in the United States. We made an addition to purchase price and to exporter's sales price for import duties which were rebated or not collected by reason of the exportation of the merchandise to the United States, pursuant to section 772(d)(1)(B) of the Act.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market sales, and where appropriate, constructed value. For purposes of determining similar merchandise under section 771(16) of the Act, we made comparisons based on categories selected by an industry expert retained by the Department of Commerce.

The petitioner alleged that sales in the home market were at prices below the

cost of producing LPFF. We examined production costs which included all appropriate costs for materials, fabrication and general expenses. We found sales below the cost of production within certain categories of such or similar LPFF examined. In accordance with section 773(b) of the Act, in our analysis we disregarded any sales at prices which did not permit recovery of all costs within a reasonable period of time in the normal course of trade, where sales within any of the categories were made over an extended period of time and in substantial quantities. Disregarding such sales, we found for certain categories that sufficient sales of such or similar merchandise were made at or above the cost of production in the home market. Therefore, those sales were used in making price-to-price comparisons with sales in the U.S. market. If, within these such or similar categories, all home market sales of particular fabric types identical or most similar to particular fabrics sold to the United States were disregarded pursuant to section 773(b) of the Act, we used sales of the most similar home market merchandise made at or above the cost of production for comparison to those U.S. sales, after appropriate adjustments. Where sales remaining above the cost of production in a such or similar category were inadequate as a basis for the determination of foreign market value, we used constructed value to determine the foreign market value of the particular fabric types included in that category of such or similar merchandise.

Where we made price-to-price comparisons, the home market prices were based on ex-factory or f.o.b., delivered, packed prices to unrelated purchasers. From these prices we deducted, where appropriate, inland freight. We made adjustments, where appropriate, for differences in credit costs in accordance with § 353.15(b) of the Commerce Regulations, and for differences associated with the cost of materials, labor, and directly related factory overhead in accordance with § 353.16 of the Commerce Regulations. On the home market sales we also deducted the home market packing cost and added the cost of U.S. packing.

Where we used exporter's sales price, we deducted home market indirect selling expenses to offset U.S. Commissions and other U.S. selling expenses.

Where we used constructed value as a basis for foreign market value, we calculated it to include the cost of materials, fabrication, general expenses, profit and the cost of packing. The amount added for general expenses was either the statutory minimum of 10 percent of the sum of material and fabrication costs, or the actual reported general expenses, whichever was higher. The amount added for profit was the statutory minimum of 8 percent of the sum of materials, fabrication costs, and general expenses because the actual profit was either not reported or was less than 8 percent.

Since fabrics in the greige stage of the production sequence are intermediate products in that they are not suitable for use in garments, we determine them not to be such or similar to fully finished fabrics. In the case of Shin Taeyang, there were no home market sales of such or similar merchandise available for comparison to certain of its sales to the United States of dyed goods. In these situations, the foreign market value was calculated on the baisis of constructed value.

Verification

In accordance with 776(a) of the Act, we verified the information used in making this determination, by using standard verification procedures, including on-site inspection of the manufacturers' operations and examination of accounting records and selected documents containing relevant information.

Results of Verification

We made fair value comparisons on all U.S. sales reported by the respondents. We have found that the foreign market value of LPFF exceeded the United States price on 9.59 percent of the sales we compared. These margins ranged from 0.000 percent to 41.359 percent. The overall weighted-average margin on all sales compared is 0.614 percent. The weighted-average margins for individual companies investigated are presented in the "Suspension of Liquidation" section of this notice.

Petitioner's Comments

Comment 1. Respondents failed to provide the necessary information needed to calculate the cost of producing individual fabrics.

Detailed fabric-by-fabric information on labor costs, yarn costs, energy costs, production processes, equipment efficiency, and the amount of each cost factor used in each step of the production process was not provided in the questionnaire responses, nor were complete descriptions of the fabrics produced. Therefore, the Department should disregard the respondents' cost information and substitute the best information available.

DOC Position. During verification the respondents provided additional information relating to calculating the cost of producing LPFF products, including: the price of primary factors of production (labor specific types of yarn, energy, etc.), the quantity and type of equipment used, the prices paid for each type of yarn, dye and other raw materials, and the number of employees at each stage of the production process, their wage and other compensation levels, internal industrial engineering standards and fabric descriptions. The LPFF production cost elements submitted by each respondent company were reconciled with its general ledger and financial statements to assure that the cost of production schedules submitted included all costs incurred. The Department has determined that with this additional information it has all the data needed to calculate the cost of producing individual fabrics.

Comment 2. Petitioner maintains that the allocation methods used by respondents to determine weaving costs, yarn costs, labor costs per hour, dyeing costs, working loss and packing costs were improper in that they are not reasonably related to the actual expenses incurred during each stage of the production process. The Department should disregard the cost information that is not based on fully-disclosed, proper methods of allocation, and base foreign market value on constructed value, as the best available information.

DOC Position. During verification, we found that respondents generally did build costs, by fabrication process, from the prices of factors of production, as follows:

- *Raw Materials Costs*—Each of the LPFF manufacturers purchased raw yarn from unrelated companies. Actual invoice prices for specific yarns were used as the basis for preparing the respondents' submissions.
- *Raw Materials Use*—Yarn costs were generally allocated to each product on the basis of the weight of raw materials required to produce the greige fabric for each product according to company specific engineering standards.
- *Weaving Labor Cost*—Several different methods were used by the respondents to allocate direct weaving labor to specific LPFF Products. These were:

—Actual invoice prices for specific fabrics where the respondent contracted their weaving process to other companies.

—Allocation of weaving labor and overhead costs based on actual hours worked on each LPFF product.

—Allocation of weaving labor and overhead based on raw material weight or production volume, adjusted by the company's specific engineering standards. The allocation methods have generally been used to estimate the cost of production in the normal course of business by these companies prior to the investigation.

—Allocation of weaving labor costs based on raw material weight or production volume.

In cases where the companies did not use a detailed method for their cost allocations, the Department examined their books and records to determine if a more refined method could be developed. The nature of the companies' operation, and records maintained by the companies did not permit such a refinement. Based on all information available, the Department accepted these companies' methods as being reasonable methods.

• *Dyeing and Finishing Cost*—All but three of the respondents subcontracted dyeing and finishing operations to other companies. In every case, actual invoice prices for specific fabrics were used as the basis for preparing the respondents' submissions. Outside contractors did not charge different prices for different shades produced. Instead, one price was negotiated for all dyeing and finishing in a specific time period (e.g., one quarter).

None of the remaining three companies allocated dyeing and finishing costs to each LPFF product solely by production volume or value (e.g., one company allocated dyeing and finishing labor to each product based on the time necessary for the tenter machine to complete the dyeing process for each item produced according to the company's engineering standards). Indirect manufacturing overhead costs were generally fully allocated to production using the same basis as direct manufacturing costs. In some cases, these allocations were made on the basis of raw material weight or volume.

• *Selling, General, Administrative and Financial Expense*—These costs were generally allocated to LPFF production by either production volume or value.

We have determined that the allocation methods used by the respondents to determine fabrication costs reasonably reflect the actual expenses incurred at each stage of production. Therefore, we have used this data in our final determination.

Comment 3. Petitioners believe the questionnaire responses are not reliable, as there are variations between companies in reported costs that are far greater than reasonably would be attributable to differences in efficiency and inconsistencies in production costs for similar fabrics produced by the same firm.

DOC Position. Although the company specific examples of alleged inconsistencies were not made available to us prior to the verification, we were able to use the information obtained during verification, to satisfactorily resolve all material inconsistencies raised by the petitioners. Reasons for the apparent inconsistencies include:

• The use of expensive yarns, such as silver metallic yarn, which increases the cost of production in fabrics that, based upon weight and yarn count, normally would have lower materials costs than do heavier, more dense fabrics if the same yarns are used for each fabric.

• The accounting for certain shrinkage factors in variable overhead rather than in materials costs as the petitioner had assumed.

• A price increase despite a materials cost decrease due to changes in one company's labor productivity.

• Differences in printing costs from company-to-company due to differences between the prices paid for subcontracted printing and the costs of in-house printing allocated using company standards.

• Comparison of the printing costs of two companies' "printed" fabrics which are actually printed by different methods.

Other inconsistencies were resolved by checking actual materials used against company specific manufacturing standards. No significant discrepancies were noted.

Comment 4. Related party transactions between Korean manufacturers, yarn suppliers, weavers, and finishers necessitate the substitution of costs for transaction prices between the related parties.

DOC Position. We separately verified related party transactions. We determined that the suppliers' cost information contained all cost elements listed in the financial statements and company ledgers, and that the prices charged the respondents exceeded actual costs.

Comment 5. Since the link between import duties paid by yarn suppliers on imported inputs and the duty drawback granted to the Korean fabric producers is tenuous, the duty drawback adjustment should not be allowed.

DOC Position. During verification, we examined import documents for both raw material inputs and manufactured yarn which accompanied the yarn purchased by the Korean fabric manufacturers. Upon export, these documents are filed with the Korean authorities by the ultimate exporter in order to receive the duty drawback.

Section 772(d)(1)(B) of the Act and § 353.10 of the Commerce Regulations allow an adjustment for the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected by reason of the exportation of the merchandise to the United States. Only rebates actually received by the Korean manufacturers on the exportation of the LPFF, upon whose component materials the original Korean import duties had been collected, were included in the duty drawback allowed during the period of investigation.

Comment 6. Petitioner maintains that home market viability tests and price-to-price comparisons should be examined on each fabric sold.

DOC Position. Section 773(a) of the Act requires that the determination of foreign market value be based on sales, or in the absence of sales, offers for sale of "such or similar" merchandise in the home market, if "such or similar" merchandise is sold or offered for sale in that market. Section 773(a)(1)(B) of the Act limits the use of home market sales as a basis for the determination of foreign market value to those situations in which the quantity of sales or offers for sale of "such or similar" merchandise in the home market is adequate. This test for the adequacy of home market sales is commonly called the home market viability test. Pursuant to the directive of § 353.4 of the Commerce Regulations, we grouped together all merchandise sold in the home market which is either "such or similar" to the merchandise sold to the United States, and then determined whether the quantity of this merchandise was adequate.

All comparisons we made are between fabrics produced in Korea by the same organization as the merchandise which is the subject of the investigation, and are of the same class or kind of merchandise, in that they are lightweight fabrics woven substantially from polyester continuous filament yarns.

In the instant investigation, based on the opinion of a fabric expert as to the comparability of specific fabrics, we established categories of "such or similar" merchandise, pursuant to section 771(16)(C) of the Act, on the basis of fabric designation (high-twist georgette, high-twist crepe de chine, high-twist palace crepe, other high-twist yarn products, flat silky taffeta and textured suede), the type of weave (plain, matt, dobby, fancy, jacquard),

and whether the fabric is an intermediate (greige or prepared for print), or completely finished product. Individual combinations of these three components each determine a "such or similar" group upon which a viability test was performed and within which price-to-price comparisons were made. LPFF from Korea was divided into 17 "such or similar" groups for this determination.

Fabric designations have become well established in the textile industries over the years. Since fabric manufacturers in selling, and garment manufacturers in buying, use the various fabric designations habitually and consider them to be indicative of the purposes for which particular fabrics are used, we believe that these common designations employed in the industries should properly be used in this investigation as one of the determinants of "such or similar" merchandise. Further, we believe that the system of determining "such or similar" merchandise should include consideration of weave type, since fabrics of different weave types are not likely to be used interchangeably by a garment designer, even though they have the same fabric designation.

Finally, farbrics of the same designation may be sold in different stages of the production sequence. For example, fabrics may be sold in the greige or the prepared for printing state, not useable in garments, but only suitable for sale as an intermediate product to some entity within a textile industrial complex, to undergo further processing. Greige or prepared for printing fabrics may be contracted for by a converter months before the determination of the final form of the finished fabric. For these reasons we do not consider greige or prepared for printing fabrics to be "such or similar" to fully finished fabrics.

We believe that the fabric designations and weave types we have used account for the major factors influencing the cost of manufacture and market value of the basic fabrics, such as weight, twist, presence or texturizing and complexity of manufacture, so that fully finished fabrics of the same designation and weave type are such or similar.

Additionally, where adjustments are necessary to account for differences in physical characteristics of fabrics which are due to differences between dyeing and the various types of printing, we were able to calculate these differences in cost of manufacture.

Comment 7. Petitioner maintains that Tae Wang Mulsan's submission understates the unit cost of production by approximately 20 percent. Petitioner cites this as illustrative of the generally dificient character of the respondents' cost data, and as support for their position that the respondents' cost information is inadequate to serve as the basis for dumping analysis.

DOC Position. We agree with the petitioner that in both Tae Wang Mulsan's questionnaire response and ancillary worksheets, the presentation of total cost and total quantity of fabrics produced and sold in both greige and dyed states is uncertain. The response appears to double count the output of greige fabric sold in a dyed state, and there is no way to clearly separate the costs and quantities of fabric produced and sold in greige and dyed states. This problem arises due to the fact that the company's perpetual inventory system does not readily distinguish between greige and dyed fabrics.

An analysis was prepared to verify the total expenses and total produced quantity of each product produced and sold by Tae Wang Mulsan in 1982. We determined that the cost of sales as reported in the company's financial statements is within one percent of the cost accounted for in the company's submission.

Respondents' Comments

Comment 1. The third and fourth quarter cost of production figures submitted by the respondents are fully-loaded costs and should be used to calculate the cost of producing LPFF sold in the home market during the period of investigation rather than costs on a yearly or six-month basis.

DOC Position. The costs reported in each quarter accurately reflect the cost of producing the merchandise in that quarter. We have verified that the Korean manufacturers have submitted fully-loaded quarterly cost information. Since the raw materials cost of polyester filament yarn was decreasing throughout 1982 and there is a very short lag time between the production and sale of the merchandise in question, we believe that quarterly cost of production data provides the most accurate measure of the cost of producing LPFF in Korea.

Comment 2. The weighted-average home market prices should be computed on a quarterly basis in order to avoid distortions in comparisons with individual export sales prices.

DOC Position. We verified that the quarterly production cost data reported by the Korean manufacturers were fully-loaded costs. Therefore, the cost of producing the merchandise in question has been calculated on a quarterly basis (*See* DOC position with respect to Respondents' Comment 1). Since home market as well as export sales prices generally declined during the third and fourth quarters of 1982, reflecting the decrease in costs, the Department believes the calculation of weighted-average home market prices on a quarterly rather than a semi-annual basis more reasonably reflects the home market prices at the time of the export sales in question. Therefore, weighted-average home market prices were calculated on a quarterly basis.

Comment 3. Respondents maintain that all high-twist LPFF sold in the home market is "such or similar" to the merchandise exported to the United States; therefore, all sales in the home market of high-twist LPFF should be aggregated for determining the viability of the home market.

DOC Position. We established "such or similar" product groupings within each of the three main yarn-based categories of LPFF (flat, textured, and high-twist) (*See* DOC Position with respect to Petitioner's Comment 6). As required by § 353.4 of the Commerce Regulations, the Department conducted home market viability tests for each of these "such or similar" product groupings in order to determine the adequacy of home market sales of "such and similar" merchandise.

Comment 4. Credit expenses on sales involving payment by promissory note should include the imputed expense of credit for the period of time between delivery of the merchandise and the receipt of cash therefor, and the amount of the discount from the face value of the note resulting from the seller's sale of the note prior to its maturity date.

DOC Position. We determine that these differences in home market and U.S. credit expenses are allowable as circumstances of sale adjustments pursuant to 19 CFR 353.15(b) of our regulations.

By imputing an interest expense from the date of delivery to the date of payment, the expense incurred for granting credit is recognized. Further, when a note received for payment of a sale is discounted prior to its maturity, this discount represents the credit cost and we recognize this.

Comment 5. The only element of nonoperating expenses properly allocable to the cost of producing the merchandise under investigation is a financing expense; all other elements should be excluded.

DOC Position. The cost of production must include all costs necessary for the manufacture of the product under investigation. Although costs may be presented on the financial statements in many ways, such as part of cost-of-

sales, general expenses or non-operating expenses, we are not governed by the representation of the costs of the financial statement but by the substantive nature and their relationship to the product. Therefore, we examined the individual non-operating expenses and non-operating income items to decide if these items should be properly included.

Items which pertained exclusively to other lines of business and export sales were not included in the cost of production for home market sales. Items which pertained to the over-all operations of the company were included as part of general and administrative expenses. In all cases, except for Dong Sung Trading Co., Ltd., the amount of the adjustment was insignificant. In that one case, an adjustment to the costs was made.

The non-operating export sales items which were incurred by the manufacturers were not directly related to production. These non-operating indirect selling expenses were reviewed for the two companies engaging in sales under section 772(c) of the Act (exporter's sales price) for which indirect selling expenses would be part of a sale price adjustment. In one case, there were no such indirect expenses and in the other case, the adjustment was insignificant.

Comment 6. No adjustment is necessary to the Korean manufacturers' cost data for seconds, shorts, and remnants.

DOC Position. The Korean LPFF manufacturer did not adjust their cost of production to account for the costs associated with the production of second and third quality merchandise. The companies represented said that they did not maintain records of their experience in this area.

Because the production of second and third quality merchandise is part of the normal operations of the LPFF industry, we developed estimates of the increase in costs, based upon petitioner's information, to the first quality resulting from the production and sales of second and third quality merchandise. Costs were adjusted accordingly.

Suspension of Liquidation

In accordance with section 733(d) of the Act, on August 8, 1983, we instructed the United States Customs Service to suspend liquidation of all entries of LPFF from Korea with the exception of the LPFF produced by Chang Young Co., Ltd.; Dong Sung Trading Co., Ltd.; Silla Textile Co., Ltd.; Sam-A Co., Ltd.; Kabul Ltd.; Namsun Moolsan Co., Ltd.; Sunkyong Limited; and Tongkook Corporation (48 FR 35979). As of the date of publication of this notice in the **Federal Register**, the liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise will continue to be suspended for Seong An Textile Co., Ltd.; Shin Taeyang Co.; Yuyang Textile and Apparel Ltd.; and Tae Wang Mulsan Co., Ltd. which were previously subject to suspension. Except for Chang Young Co., Ltd.; Dong Sung Trading Co., Ltd.; Silla Textile Co., Ltd.; Sam-A Co., Ltd.; Kabul Ltd.; Namsun Moolsan Co., Ltd.; Sunkyong Ltd.; Tongkook Corp.; and Young Shin Textile Co., Ltd., the Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the U.S. price. This suspension of liquidation will remain in effect until further notice. Companies excluded from this determination are identified by an asterisk (*) in the chart below:

Firm	Weighted-average margin percentage
*Chang Young Co., Ltd.	0.000
*Dong Sung Trading Co., Ltd	0.000
*Kabul Ltd.	0.000
*Namsun Moolsan Co., Ltd	0.015
*Sam-A Co., Ltd	0.015
Seong An Textile Co., Ltd	1.876
Shin Taeyang Co	0.852
*Silla Textile Co., Ltd	0.000
*Sunkyong Ltd	0.246
Tae Wang Mulsan Co., Ltd	4.052
*Tongkook Corp	0.194
*Young Shin Textile Co., Ltd	0.062
Yuyang Textile and Apparel Ltd	4.829
All other companies	0.614

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on LPFF from Korea entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: October 21, 1983.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 83-29192 Filed 10-26-83 8:45 am]

BILLING CODE 3510-25-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Lightweight Polyester Filament Fabric from Japan and the Republic of Korea

Inv. Nos. : 731-TA-118 and 119 (Final)

Date and Time: October 27, 1983 - 10:00 a.m., e.d.t.

Domestic:

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

Certain member companies of the American Textile Manufacturers Institute

James J. Ammeen, Vice President
Burlington Industries

John Rampey, Vice President
Milliken and Company

Harris Rubin, President
Klopman Textured Woven Division
Burlington Industries

John Greenwald--OF COUNSEL

Importers (Japan):

Daniels, Houlihan and Palmeter--Counsel
Washington, D.C.
Wender, Murase and White--Counsel
Washington, D.C.
on behalf of

Japan Chemical Fibers Association and its individual members

Japan Silk and Synthetic Textile Exporters' Association and its individual members

Dr. Richard F. Heitmiller
Richard F. Heitmiller, Inc.

W.A. Kobelt
N-K Tex Inc.

Albert Shapiro, Executive Vice President
Hargro Fabrics, Inc.

Burton Turk
Seta-Soie International, Inc.

Steven Meadow, President
Merry Marry Fabrics, Inc.

Celeste Dickenson, President
Campus Casuals of California

Richard Cole, Vice President
B. Barclay International, Inc.

John Siegel, President and Chief Operating Officer
Jody Tootique

Michael P. Daniels)
Matthew J. Marks) --OF COUNSEL

Herschel Millner, President
Harris S. Cohen, Vice President
Brochers Trading Corporation
New York, New York

Importers (Republic of Korea):

Dow, Lohnes and Albertson--Counsel
Washington, D.C.
on behalf of

Korean Manufacturers and Exporters of Lightweight Polyester Filament Fabric

S.R. Kim, Executive Vice President
The Korea Export Association of Textiles

Gerald Varley, President
Varley Textile Associates

J.S. Hwang, General Manager
Textile Department, Sunkyong, Ltd.
Seoul, Korea

Stuart Lieberman, President
Liebtex Limited
New York

Moses Park
Seong An Textile Company, Limited

William Silverman)
Edward M. Lebow) --OF COUNSEL

APPENDIX C

"CREPE WEAVE AND CREPE FABRICS," TEXTILES, 4th ed.,
MACMILLAN PUBLISHING CO., INC., 1973

Comparison of Crepe Fabrics

True Crepe By High-Twist Yarns (60–80 tpi)	*Crepe Effect*		
	By Textured Yarn	*By Weaving*	*By Finish*
Permanent crinkle. Will flatten during use. Moisture will restore it	Permanent crinkle. Does not sit out or need ironing	Crinkle does not flatten in use	Crinkle may sit out or be less prominent after washing
High potential shrinkage	Low potential shrinkage	Lower potential shrinkage	Lower potential shrinkage
Good drapability	Less drapable	Less drapable	Less drapable
Stretches	Low stretch	Low stretch	Low stretch
Resilient, recovers from wrinkles	Does not wrinkle	Wrinkles do not show because of rough surface	Wrinkles do not show because of the rough surface
Dry cleaning preferable	Wash-and-wear	Washable unless fiber content requires dry cleaning	Washable unless fiber content requires dry cleaning
Typical fabrics* French crepe Flat crepe Wool crepe Crepe de chine Matelassé Chiffon Georgette	Typical fabric Whipped cream†	Typical fabrics Sand crepe Granite cloth Seersucker	Typical fabrics Plissé Embossed crepe

*Some of the less commonly used crepes are described in the Glossary.
†Trade name of Burlington/Klopman.

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TEXTILES, Fourth Edition, Macmillan Publishing Co. Inc. NY. Copyright 1973

Crepe" is a French word meaning crinkle. A crepe crinkle is obtained in several ways so this chapter deals with a *family* of crepe fabrics, including crepe weave.[1] True crepes and crepe effects are compared in the chart on page 148. Crepe fabrics are classified according to the way the crinkle is obtained.

1. *True crepe*—crinkle is achieved by high-twist yarns.
2. *Crepe effect*—crinkle is achieved by
   (a) textured yarns
   (b) weave
   (c) finish.

True Crepe

True crepe fabrics are unbalanced plain weave fabrics containing high-twist yarns. They are made on a loom with a box attachment that can insert alternating groups of S- and Z-twist yarns to enhance the amount of crinkle. The high-twist —crepe—yarns are made of rayon, cotton, flax, wool, and silk fibers, because the liveliness of the high twist can be "set" by wetting and drying before weaving. (Thermoplastic fibers must be set by heat, which kills their capacity to produce crinkle.)

The warp yarns of a true crepe fabric are often low-twist yarns of acetate fiber. Low twist in the warp enhances the crinkle achieved by the crepe yarns in the filling.

Gray-goods crepe fabric is smooth as it comes from the loom. It is woven wide and then shrunk to develop the crinkle. Immersion in water causes the crepe-twist yarns to regain their liveliness and contract or shrink. For example, the fabric is 47 inches wide on the loom, contracts to 30 to 32 inches in boil-off, and is finished at 39 inches. This explains why a crepe fabric will shrink when it gets wet and why garment size is so much more easily controlled by dry cleaning than by washing.

True crepe fabrics are classified, by the position of the crepe yarn, as filling crepes, warp crepes, balanced crepes, and variations.

[1]G. H. Oelsner, *A Handbook of Woven Fabrics*, Dover Publications, Inc., New York, 1969, pp. 175–218.

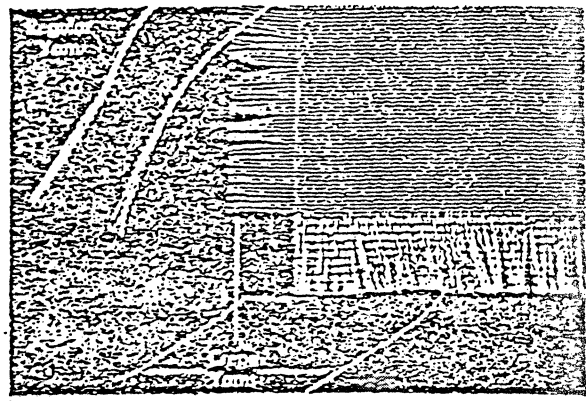

Fig. 26–1 Flat crepe. Notice crimp of regular yarn caused by pressure of crepe yarn when fabric was pressed.

Filling-Crepe Fabrics

Filling-crepe fabrics have high-twist crepe yarns in the *filling* direction and low-twist yarns in the warp direction (Figure 26–1).

Multifilament and *French crepe* are the smoothest and most lustrous of the true crepe family. Because they are smooth, they are washable and are used in lingerie and sometimes in blouses. They contain crepe yarns of the lowest twist.

Flat crepe is the most widely used filling crepe. It has a dull crepe-like surface. A rayon/acetate fiber combination is frequently used. The acetate is very low-twist filament used in the *warp* and the rayon is the crepe yarn filling. The rayon crepe yarns alternate with S- and Z-twist or with 2S- and 2Z-twist. A high warp count and low filling count give a crosswise *rib* effect. Low count in the filling gives the crepe yarns room to contract, so the amount of crinkle will be greater. Figure 26–1 shows a filling crepe. Analysis of a filling-crepe fabric will show that it is easy to distinguish between the warp and filling yarns. (See page 150.)

When sewing with crepe it is *not advisable to preshrink* the cloth with the hope that it will then be completely relaxed. If crepes are completely relaxed, they will stretch too much during pressing and use. True crepes present some problems in pressing, but the secret is to work quickly with as little pressure and moisture as is necessary to obtain good results. It is best to dry-clean crepes that have enough crinkle to present pressing or shrinkage problems.

Typical Filling Crepe Fabrics*

Kind of Crepe	Thread Count	Denier		tpi
		Warp	Filling	
Multifilament or	250 × 104	55†	75	30
French crepe	150 × 94	75	75	38 S- and Z-twist
Flat crepe	150 × 76	75	75	50 S- and Z-twist

*"American Rayon Crepes and Their Construction," *Modern Textiles*, 34:90 (September, 1945).
†Yarn has 50 filaments. High number of filaments gives softness.

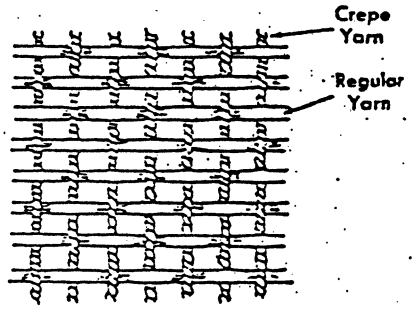

Fig. 26–2 Warp crepe.

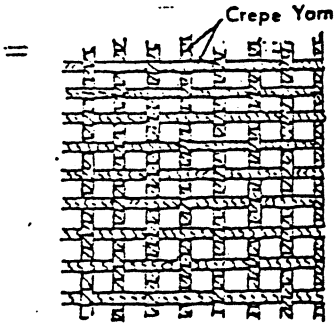

Fig. 26–3 Balanced crepe.

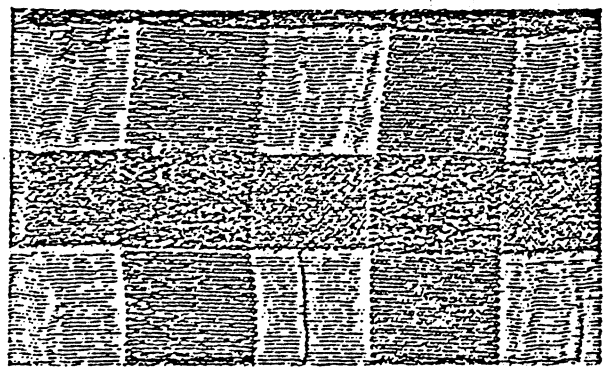

Fig. 26–4 Rayon crepe seersucker.

Warp-Crepe Fabrics

Warp-crepe fabrics are made with crepe yarns in the warp and regular yarns in the filling direction. There are very few warp crepes on the market, possibly because they tend to shrink more in the warp direction and it is, therefore, difficult to keep an even hemline in washable fabrics. Bemberg sheer and some wool crepes belong in this group (Figure 26–2).

Balanced-Crepe Fabrics

Balanced-crepe fabrics have crepe yarns in both directions and are usually balanced in thread count. They are often made in sheers and the crepiness of the yarns in both directions helps prevent yarn slippage. Figure 26–3 shows a balanced crepe.

Variations

Other forms of true crepes are the crepe seersuckers and the double-cloth crepes.

Puckered rayons (seersucker) are made in plain weave with alternating groups of regular yarns and crepe yarns in the filling direction. Warp yarns are regular yarns. When the fabric is wet in finishing, the crepe yarns shrink, which causes crosswise puckers in the regular yarn stripe (Figure 26–4).

Matelassé is a double-cloth construction with either three or four sets of yarns. Two of the sets are always the regular warp and filling yarns and the others are crepe yarns. They are woven together

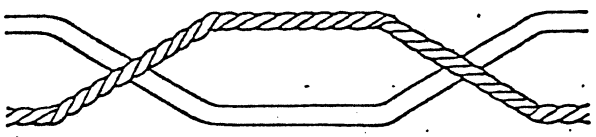

Fig. 26–5 Criss-crossing of yarns in matelassé.

so that the two sets criss-cross, as shown in Figure 26–5. It is as if two fabrics are interlaced with each other. The crepe yarns shrink during wet finishing and create puffy areas in the regular-yarn part of the fabric. Matelassé is usually a rayon/acetate combination.

Crepe-Effect Fabrics

The crinkled effect of a true crepe can be simulated by use of textured polyester yarns in the filling direction of the fabric, by weave, and by finishes.

Crepe Effect by Textured Yarns

Filament polyester yarns textured by the false-twist process (page 123) are woven as the filling yarns in a plain weave fabric with standard filament yarns in the warp.[2] These textured filament yarns are *low twist*. The warp yarns are low-twist polyester or triacetate filament fibers. The crepe effect forms during the wet finishing of the cloth when the textured polyester shrinks.

The finished fabric has a high level of crinkle, good hand, and exceptional performance for the consumer. It packs well and never needs ironing. The fabric is relatively stiff or crisp when compared with true crepes—it does not drape well. One of the first textured yarn crepes on the market was Whipped Cream by Burlington/Klopman.

Crepe Effect by Weaving

Two kind of weaves are used: the crepe weave and slack-tension weave.

Crepe Weave.[3] Crepe is the name given to a class of weaves that present no twilled or other distinct weave effect but give the cloth the appearance of being sprinkled with small spots or seeds. The effect is an imitation of true crepe, which is developed from yarns of high twist. Fabrics are made on a loom with a dobby attachment. Some are variations of

[2]R. W. Jackle, "Properties and Uses of Polyester Fibers," *American Dyestuff Reporter*, 54:17 (December 6, 1965).

[3]C. H. Oelsner, *A Handbook of Weaves*, Dover Publications, Inc., New York, 1969, pp. 175–218.

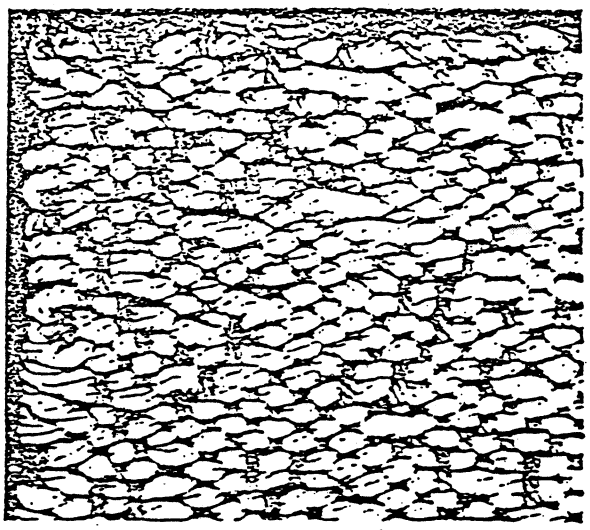

Fig. 26–6 Crepe weave—irregular interlacings.

satin weave, with filling yarns forming the *irregular* floats. Some are even-sided and some have a decided warp effect. Crepe weave is also called *granite* or *momie weave*. Fibers that do not lend themselves to true-crepe techniques are often used in making crepe-weave fabrics. Wool and cotton fibers are also used frequently because the crepe-effect fabric is easier to care for than the true crepes. For a comparison of characteristics, refer to the table on page 148. The irregular interlacing pattern of crepe weave is shown in Figure 26–6.

Sand crepe is one of the most common crepe-weave fabrics. It has a repeat pattern of 16 warp and 16 filling and requires 16 harnesses. No float is greater than two yarns in length. It is woven of either spun or filament yarns. The silk-like acetate sand crepe (Magic Crepe, for example) is widely used.

Granite cloth is made with granite weave, based on the satin weave, and is an even-sided fabric with no long floats and no twilled effect. It is used in ginghams, draperies, and for other purposes.

Moss crepe is a combination of true crepe yarns and crepe weave. The fiber content is usually rayon and acetate. The yarns are ply yarns with one ply made of crepe twist rayon fiber. Regular yarns may be alternated with the ply yarns or they may be used in one direction while the ply yarns are used in the other direction. This fabric should be treated as a true crepe fabric. Moss crepe is used in dresses and blouses.

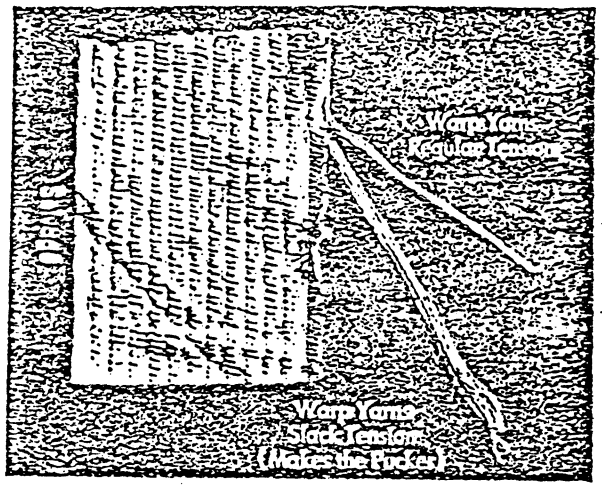

Fig. 26–7 Seersucker, showing the difference in length of slack- and regular-tension yarns.

Slack-Tension Weave. In slack-tension weaving, two warp beams are used. The yarns on one beam are held at regular tension and those on the other beam are held at slack tension. As the reed beats the filling yarn into place, the slack yarns crinkle or buckle to form the puckered stripe and the regular-tensioned yarns form the flat stripe. (Loop-pile fabrics are made by a similar weave; see page 157.) *Seersucker* is the fabric made by slack-tension weave (Figure 26–7). The yarns are wound onto the two warp beams in groups of 10 to 16. The crinkle stripe may have slightly larger yarns to enhance the crinkle, and this stripe may also have a 2 × 1 basket weave. The stripes are always in the warp direction. Seersucker is produced by a limited number of manufacturers. It is a low-profit, high-cost item to produce because of slow weaving. Most seersuckers are made in 45-inch widths in plain colors, stripes, plaids, and checks. Cotton, polyester, acetate, and triacetate fibers are used singly or in blends. Seersucker is used in large amounts in the men's-wear trade for suiting and for women's and children's dresses and sportswear.

Crepe Effect by Finish

This effect is usually achieved by plisséing or embossing a plain woven fabric. The pucker is permanent or durable.

Plissé is converted from either lawn or print cloth gray goods by printing sodium hydroxide (caustic soda) on the cloth in the form of stripes or designs. The chemical causes the fabric to shrink in the treated areas. As the treated stripe shrinks, it causes the untreated stripe to pucker. Shrinkage causes a slight difference in thread count between the two stripes. The untreated or plain stripe increases in thread count as it shrinks. The upper portion of the cloth in Figure 26–8 shows how the cloth looks before finishing, and the lower portion shows the crinkle produced by the caustic soda treatment. This piece of goods was found on a remnant counter and was defective because the roller failed to print the chemical in the unpuckered area.

Embossed crepe is made by pressing a crinkled design onto the surface of the cloth. Cotton cloth must be given a resin finish also to make the design durable. Thermoplastic fibers can be heat-set to make the design permanent.

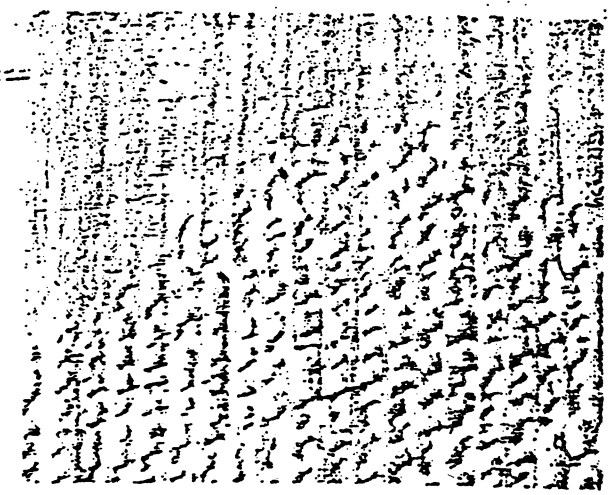

Fig. 26–8 Plissé crepe.

APPENDIX D

"SILKY POLYESTER FABRICS BLOOMING," JAPANESE TEXTILE NEWS, MAY 1983

Silky Polyester Fabrics Blooming

—Blouse and dress material for 1984's spring and summer—

We have looked into Japanese polyester makers' merchandise planning for blouse and dress materials for 1984's spring and summer wear. The prominent characteristic of the planning is the fact that each company has unanimously emphasized the merchandise construction that has pushed silky fabrics to the front. Meanwhile, spun-like fabrics which were cherished for a while as hot items have now faded except a small number.

Silky fabrics have been the favorite field for Japanese polyester filament wovens since their start, and are very suitable fabrics for the recent fashion return to the feminine line. The most expected merchandise is more silky, softer, somewhat heavy fabrics having more excellent drapability, using differently contractible blended filament yarn or the like, —including de Chine, palace, satin, faille, and so on. Another characteristic is the apparently recovering mood in prints, along with the revival of dress materials.

Positively marketing medium-weight fabrics of "Junesowaie" —Asahikasei Textile Ltd.

As a fundamental merchandise policy, the Export Division of Asahikasei Textiles Ltd. has been marketing its products by positively using the company's various materials (polyester, nylon, acrylic, and cellulosic fibers.)

According to manager M. Oshikawa, the Outerwear Fabrics Department of the Export Division, medium-weight fabrics in addition to light-weight fabrics tend to increase in the field of polyester filament woven fabrics which will become principal materials for 1984's spring & summer dresses and blouses. The texture is centered on palace, while de Chine, faille, and dobby fabrics are also favorable. The manager says, "Junesowaie" using differently contractible blended filament yarn is particularly favorable, taking advantage of the fashion return to the feminine line. The department is going to positively market the silky fabric, "Junesowaie" as medium-weight fabrics as well as light-weight fabrics.

The company is to increase the basic fabrication of "Solosowaie" using thick & thin yarn from the viewpoint that adequate marketing has not been carried out overseas in spite of the high reputation in Japan, adding faille, twill, and satin to the conventional Fujiginu.

Starting with 1984's spring & summer item, the merchandise plan of mixed wovens aiming at blouses has come to the front. The contents are the mixed weaving of polyester filaments and "Leona 66" (nylon 66), rayon or "Bemberg." This aims at the steering of merchandise characteristics such as the unique character of cellulosic fibers and the melange color effect caused by the mixed weaving with different fibers.

Composing products around prints —Kanebo Synthetic Textiles, Ltd.

Kanebo Synthetic Textiles, Ltd. is marketing silky polyester filament wovens pivoting around prints for use in blouses and dresses. The company positions prints as a strategic item in the entire company's fabric business. At the company's filament fabrics export department, the 4-person staff of Kanebo Fashion Research Ltd. are exclusively drawing design sketches in close mutual relationship with sales personnel. Manager T. Sakai of the department said that about 1,000 patterns are prepared every month and that about 700 of them are actually supplied.

According to application, 60% of prints are for dress materials while the rest are for blouses. Of the prints, discharge prints accounted for 70%.

As for print base fabrics, the company is emphasizing dobby palace and dobby satin, both using differently contractible blended filament yarn, as well as plain fabrics and dobby fabrics, both using cationic dyeable yarn or cationic dyeable blended filament yarn. Coordinating with prints or as piece-dyed fabrics alone, the mentioned novelty materials are likely to be the main for blouse and dress use.

Sakai noted that direct contact with the customers is vital with prints as the basis of business, daring to select the way towards various small-lot production coming from the complicated print business.

Pursuing silky feminine line —Kuraray Co., Ltd.

According to H. Matsuo, manager of the Textile Export Department, Kuraray Co., Ltd. is mainly pursuing the silky feminine line in the export of polyester filament woven fabrics for 1984's spring and summer wear. He says, in view of the general environment, the merits of polyester have again been acknowledged, instead of the natural fiber trend during last year and the year before last. A-80

As merchandise, slightly heavy fabrics of silky touch are increasing. Fabrics such as faille and heavy palace are

favorable. Up to now, popularity has moved from fabrics for only blouses to fabrics having enough weight for both blouses and dresses, but the present new trend indicates a rising interest in fabrics that are conscious of dresses from the start.

Along with the increasing demands for dress materials, a recovery in prints has also become a trend, in order to show dress variation with prints. The Textile Export Department thinks highly of prints, also from the medium range viewpoint.

What Matsuo is enumerating as principal materials for the exports of silky wovens are fabrics using differently contractible belnded filament yarn and micro crater fabrics "SN2000." Taking advantage of the feminine line revival, there are increasing demands for fabrics using blended filament yarn having soft and silky touch; while as for "SN2000," merchandising is being steered centering on prints. The company is manufacturing voluminous and dressy merchandise for both of them.

Expanding spun-like fabrics business — Mitsubishi Rayon Co., Ltd.

Mitsubishi Rayon Co., Ltd., different from others, plans to enlarge its spun-like fabrics' share among its 1984 spring/summer items. The company plans spun-like fabric exports using the knowhow established in fabrics for the domestic market, says T. Igarashi, Manager of the company's Soluna Textiles Export Department Fabric Sales Section.

The company's spun-like fabrics are made up of cotton touch "Santana" and silky linen touch "Ramiyon." The former goes into its 3rd year on the market with the 1984 spring/summer items, while the latter is entering full-scale promotion stage. With matt and gauze types as the base, variations such as figure fabrics are added to both. The fabrics are for use in blouses etc. and make up a high share of Soluna Textile Export Department's total exports to Europe. The company plans to step up its spun-like fabric exports to the U.S.

In the silky field, the company is promoting fabrics using differently contractible blended filament yarn for softness and drapability. Fujiginu was the main product component before, but de Chine and palace fabrics for both blouses and dresses will be the main components of the company's 1984 spring/summer items. Development of a rayon touch new fabric is also under way at the company. Marketability of the new fabric will be tested in the 1984 spring/summer item sale and the results will be taken into consideration in full-scale merchandizing the following year, says Igarashi.

Overseas buyers want Japanese silky polyester —Teijin Limited

The Textiles Export Department of Teijin Limited is engaged in the export of silky fabrics. T. Ogura of the 3rd Textiles Subdepartment says, "Overseas markets want polyester filament silky fabrics from Japan. It may well be said that this department transacts only silky fabrics as ladies' light weight fabrics."

According to Ogura, the trend of fabrics has been moving toward somewhat heavy, somewhat highly priced goods, centering on palace, palace yoryu, chirimen, and faille; particularly chirimen and faille are favorable. Principal materials are chirimen type "Silsoie," the glossed silk type "Shanruby," and the high-silky materials "New Mixel." The development of palace and palace yoryu with thick and thin yarn "Pazy" as well as "Tenavelle" is also attracting attention.

Prints are being merchandised, using the same materials as the above mentioned piece dyed fabric materials. According to K. Tsukamoto, manager of the 1st Textiles Subdepartment, stripe patterns occupy more than a half of the prints to advanced countries. Delicate changes can be seen, for example, in the stripe width which is becoming broad, in the stripe colors which are increasing, and in floral motifs which are also somewhat increasing, but the trend that only simple patterns can prevail allegedly does not change. Judging from the fundamental attitude of the company and the print trend as well, prints are developed on the basis high grade base cloth.

Promoting fabrics for dresses —Toray Industries, Inc.

Toray Industries, Inc. found demands for more elegance, heavier weight, and a less shiny feminine line were strong at the Toray Fabric Showing held in New York in February and in Europe in February and March.

Dress of Toyobo polyester

As a result, products to fill these demands are now under development at the company. According to M. Hamazaki, Manager of the Printed Fabrics Group, Polyester Fabrics Export Section, Fabrics Export Department of the company, development activities at the company centered on blouse materials in the past and future development efforts will be focused on medium-weight fabrics for dresses. Heavier-weight fabrics using 100-150 denier yarn and exceeding 100 g/m² such as heavy de Chine, heavy palace, faille, and yoryu de Chine will be suitable for dresses, while de Chine will still be favorable blouse material, says Hamazaki.

In addition to the development of base fabrics with feminine softness and rich drapability, the company also plans to strengthen fancy effects and original design prints by the use of air-tangled yarn to meet the demand for fancy plus print originality.

A problem that accompanies the production of medium-weight fabrics is cost increases due to heavy consumption of special-effect yarn. Since cotton and other natural fibers are still preferred across the U.S., says Hamazaki, an important factor will be where our pricing target should be focused on.

A-81

Paying attention to quality assurance —Toyobo Co., Ltd.

In the export of polyester filament woven fabrics, Toyobo Co., Ltd. is steering the diversification of silky fabrics using differently contractible blended filament yarn, centering on "Delfino," and "Crispel 100" which is more similar to silk in luster. In textile structure, these fabrics belong to the group of satin, de Chine and palace, but variation is added to them by using different yarn or by changing weaving methods.

According to Y. Taniguchi, manager of the Filament Fabric Export Division, in the marketing of prints also, colors and patterns centering on the hand or feel which is proper to the base fabric are necessary. He further states, consumers select filament fabrics first through hand touch and then through printed colors and patterns.

Jacquard and yarn-dyed fabrics for which the company has been making efforts have gradually settled themselves and have increased. Meanwhile, "Buenocel" has become the pillar of composite fabrics.

In merchandising, Taniguchi emphasizes thoroughgoing quality assurance. Amid the diversifying merchandise construction and amid the trend in which the life cycle of merchandise tends to become short, people are apt to pay attention to new things. But because of this, it is all the more necessary to pay attention to quality assurance, he says. He further asserts, it is necessary to stabilize quality including processing methods at each process of yarn and weaving while complying with small lot production.

Diversifying "Silmie 5" —Unitika Ltd.

The Filament Fabrics Export Department of Unitika Ltd. situates "Silmie 5," which the company boasts as a top-class fabric using differently contractible blended filament yarn, in the center of its silky fabric line and is currently increasing the variety of the product. Without being confined to former habutae or taffeta items, the company is attempting to expand into satin, palace and crepe. "Silmie 5" is a much perfected product, and according to Manager T. Aoki of the department, the company has started developments for silkier refined fabrics from the yarn stage.

The rayon touch "Milord 6" is promoted as a material possessing a different hand than that of "Silmie 5." In addition to its palace-centered product line, Unitika is challenging sales of fancy fabrics using hard-twisted yarn. The spun silky "Luvena" is an essential medium-weight fabric. This spun silky fabric is much noticed in Europe; therefore, the company is attempting to penetrate into other advanced countries with careful marketing.

Composite fabrics, compounds of silk, rayon filament or spun polyester, are in the merchandising stage, and are to appear in '84 spring/summer articles. The aim of the composition is to increase product variety and to acquire somewhat different hand unobtainable from 100% polyester filament.

Aoki mentioned that there was a problem in how to supply designs to be printed on the previously mentioned fabrics. Therefore, the strengthening of design supply is Unitika's primary consideration.