

# **RAYON STAPLE FIBER FROM ITALY**

**Determination of Injury in  
Investigation No. AA1921-201  
Under the Antidumping Act,  
1921, as Amended,  
Together With the Information  
Obtained in the Investigation**



**USITC PUBLICATION 976**

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Bill Alberger, Vice Chairman  
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# NEWS

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## USITC FINDS U.S. INDUSTRY BEING INJURED BY IMPORTS OF RAYON STAPLE FIBER FROM ITALY SOLD AT LESS THAN FAIR VALUE

The United States International Trade Commission today reported to the Secretary of the Treasury its determination that a domestic industry is being or is likely to be injured as a result of sales of rayon staple fiber from Italy in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell determined in the affirmative with respect to the imports from Italy; Vice Chairman Bill Alberger and Commissioner Paula Stern dissented.

The present investigation of LTFV sales of rayon staple fiber is one of six such investigations instituted by the Department of the Treasury in the last two years. Three injury investigations have previously been completed by the Commission and in each of these, the Commission made an affirmative determination.

In the judgment of the three Commissioners who found in the affirmative, the cumulative impact of LTFV sales, including those from Italy, resulted in injury within the meaning of the Antidumping Act. They also noted that should the numerous foreign producers, including the Italian producers, continue these LTFV sales it is likely that such practice would cause injury within the meaning of the antidumping statute.

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FROM ITALY SOLD AT LESS THAN FAIR VALUE

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The Commission's investigation began on March 7, 1979, after receipt of an LTFV determination from the Treasury Department. A public hearing in connection with the investigation was held on April 5, 1979, in Washington, D.C. The petition which led to Treasury's determination of sales at LTFV was filed by Avtex Fibers, Inc., the largest U.S. producer, which manufactures rayon staple in its plants located in Nitro, W. Va., and Front Royal, Va. Courtaulds North America and American Enka are the two other U.S. firms that produce rayon staple fiber. The Treasury Department found LTFV margins on all the Italian sales to the United States which it examined during the period of its investigation, November 1, 1977, to April 30, 1978. The weighted average LTFV margin on sales from Italy was 18.6 percent.

Rayon staple fiber is a manmade cellulosic textile fiber resembling raw or unprocessed cotton. It is spun into yarn and then either woven or processed into a variety of products such as wearing apparel, home furnishings, and industrial fabric.

The Commission's public report, Rayon Staple Fiber From Italy (USITC Publication 976), contains the views of the Commissioners in the investigation (No. AA1921-201). Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary, 701 E Street, NW., Washington, D.C. 20436

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Note.--Information which would disclose confidential operations of individual firms 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.

[AA1921-201]

Determination of Injury or Likelihood of Injury

On the basis of its investigation the Commission determines (Vice Chairman Alberger and Commissioner Stern dissenting) that an industry in the United States is being, or is likely to be, injured by reason of the importation of rayon staple fiber 1/ from Italy, which is being, or is likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

On February 22, 1979, the United States International Trade Commission received advice from the Department of the Treasury that rayon staple fiber from Italy is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on March 7, 1979, the Commission instituted investigation No. AA1921-201 under section 201(a) of the act to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Notice of the institution of the investigation and of the public hearing to be held in connection therewith was published in the Federal Register of March 12, 1979 (44 F.R. 13590). On April 5, 1979, a hearing was held in Washington, D.C., at which time all interested persons were provided the opportunity to appear by counsel or in person.

In arriving at its determination, the Commission gave due consideration to all written submissions from interested parties and information adduced at

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1/ Commissioner Stern's determination was limited to the importation of "commodity type" rayon staple fiber.

the hearing as well as information provided by the Department of the Treasury and data obtained by the Commission's staff from questionnaires, personal interviews, and other sources.



Statement of Reasons of Chairman Joseph O. Parker and  
Commissioners George M. Moore and Catherine Bedell

The present investigation on rayon staple fiber sold at less than fair value (LTFV) is one of six such investigations instituted by the Department of the Treasury in the last 2 years. Treasury discontinued two of these investigations, those with respect to imports from Austria and Sweden, after receiving assurances that the LTFV sales would be discontinued. In each of the other four investigations, Treasury also determined that the imported rayon staple fiber is being, or is likely to be, sold at LTFV and so advised the Commission. Three injury investigations have previously been completed by the Commission, and the Commission made an affirmative determination in each.

From the early 1960's until about 1968, domestic demand for rayon staple fiber increased sharply. Toward the end of this period, however, polyester staple fiber was introduced and began to replace rayon staple fiber in a number of uses. Apparent consumption declined from 840 million pounds in 1968 to 390 million pounds during the recession year 1975. As the result of a combination of several factors including the development of new uses and changes in consumer preference, apparent consumption increased to 475 million pounds in 1976 and remained at about that level through 1978.

In addition to the substitutability of polyester for rayon staple fiber, several other factors make rayon staple a price-sensitive commodity. It is produced according to rigid product specifications, reducing the ability of suppliers to differentiate their particular products by quality or performance characteristics. In addition, it is sold primarily to large textile manufacturers whose buyers are well informed of prevailing market conditions. Thus, price is the primary consideration upon which a decision to purchase is made.

The Department of the Treasury advised the Commission that it had made price comparisons with respect to rayon staple fiber imported from Italy during the period November 1, 1977, through April 30, 1978. Treasury determined that all the imports compared were sold at LTFV, with a weighted average margin of 18.6 percent.

Information gathered during the Commission's investigation established that while all imports found to have been sold at LTFV generally undersold domestically produced rayon staple fiber, the imports from Italy were the lowest priced fiber in the U.S. market.

During the period in which the lower priced imports, including those from Italy, were being sold in the domestic market, the domestic industry was forced to reduce its prices. In March 1977, the largest U.S. producer of rayon staple fiber announced that it would be increasing its list price from 58 cents per pound to 61 cents per pound effective May 1977. A second U.S. producer announced a similar increase in list price. By mid-1977, the average domestic transaction price of a representative type of rayon staple fiber registered about 57.4 cents per pound reflecting a 2 cent per pound increase since October-December 1976. In 1977, imports of rayon staple fiber from Austria, Belgium, France, Finland, Sweden, and Italy, countries Treasury found to be selling rayon staple at LTFV, increased to 45.9 million pounds, or to 42 percent higher than the quantity imported from those countries in 1976. The cumulative impact of this surge in LTFV imports, which were sold at prices approximately 3 cents per pound less than the average net selling prices of U.S. producers, influenced U.S. producers' prices. By October-December 1977, the U.S. producers' list prices were reduced to 58 cents per pound. The average domestic transaction price fell from 57.4 cents per pound in April-June 1977 to

55.7 cents per pound in April-June 1978. The margin of underselling of the Italian fiber was accounted for by the 18.6 percent weighted average LTFV margin found by Treasury.

Notwithstanding the reduction in prices, the domestic producers continued to be undersold by imports found to be at LTFV as at least one of the two importers of the Italian-made fiber also reduced its prices. This underselling resulted in a loss of sales to LTFV imports, including those from Italy. In each case where a lost sale was established, the information gathered during the Commission's investigation also established that the price of the Italian fiber was significantly below the price of that purchased from domestic sources.

The lost sales and price reductions occurred at a time when the domestic industry was operating at a loss. It had experienced an operating profit to net sales ratio of about 3 percent in 1976; in 1977 and 1978, it incurred losses. The loss ratio in 1978 was 2.1 percent. Although U.S. producers' shipments increased after the low reached in 1975, more than two-thirds of the growth between 1976 and 1978 can be attributed to an increase in exports sold at distress prices in order to reduce large inventory accumulation.

In our judgment, the cumulative impact of LTFV sales of rayon staple fiber, including those from Italy, resulted in injury within the meaning of the Antidumping Act. Furthermore, if the same requirement that has been imposed on rayon staple fiber producers in Austria, Belgium, Finland, France, and Sweden to eliminate LTFV sales to the United States is not imposed on the Italian producer, that firm could seriously reduce the positive effects of the prior actions by continuing to sell at LTFV. Such continued sales at LTFV would be likely to continue to cause injury within the meaning of the Antidumping Act.

## VIEWS OF COMMISSIONER BILL ALBERGER

On the basis of information obtained in this investigation, I determine that an industry in the United States is not being injured, is not likely to be injured, and is not prevented from being established <sup>1/</sup> by reason of the importation of rayon staple fiber from Italy, which the Department of the Treasury (Treasury) has determined is being sold at less than fair value (LTFV).

The Imported Article and the Domestic Industry

Rayon staple fiber is a man-made textile fiber, which resembles raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. In this investigation, I consider the relevant domestic industry to consist of the facilities in the United States devoted to the production of rayon staple fiber. Three U.S. firms currently produce rayon staple fiber.

LTFV Sales

Treasury made price comparisons on Italian rayon staple exports to the United States for the period November 1, 1977 through April 30, 1978. Treasury found that 100 percent of the Italian exports to the U.S. which it examined were sold at LTFV with a weighted average margin of 18.6 percent.

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<sup>1/</sup> Prevention of the establishment of an industry is not an issue and will not be discussed further.

The Question of Injury or Likelihood Thereof by Reason of LTFV Sales

U.S. imports -- From 1974 to 1977, total imports of rayon staple fiber increased from 37.0 million to 54.1 million pounds, but in 1978 imports dropped by nearly a third to 37.2 million pounds. Imports from Italy were small from 1974 through 1978. In 1977, the peak year, Italian imports amounted to 1.1 million pounds and during 1978 imports dropped to 662,000 pounds. This volume from Italy only amounted to 0.2 percent of apparent U.S. consumption in 1977 and 0.1 percent in 1978.

Production and shipments -- Production by U.S. producers dropped sharply from 612 million pounds in 1974 to a low of 350 million pounds in 1975 and has increased in each succeeding year to a level of 518 million pounds in 1978. January-February 1979 production figures compared to the same period for 1978 indicate that the upward trend in production is continuing. U.S. producers' shipments have followed a similar pattern for the 1974-78 period and have continued to climb in the first two months of 1979.

Curiously, while imports of rayon staple fiber were almost exclusively of commodity staple (as opposed to specialty staple), the decline in U.S. producers' shipments is greater for specialty staple than for commodity staple. This suggests that declining demand is a rather important ingredient in the difficulties encountered by this domestic industry.

Capacity utilization -- Domestic facilities producing rayon staple fiber operated at 84 percent of capacity in 1973 and 78 percent in 1974, before dropping to 49 percent in 1975. Capacity has dropped about 17 percent since 1974, and the utilization rate, at 80 percent in 1978, has recovered to above the 1974 level.

Exports -- Substantial quantities of rayon staple fiber have been exported in recent years. U.S. exports increased from 33.8 million pounds in 1974 to 98.7 million pounds in 1978. This quantity substantially exceeds imports in 1977 and is well more than a hundred times over the volume of LTFV imports from Italy in 1978.

Inventories -- The peak level of inventories during the period 1974 - 1978 was reached at the end of 1974 -- 67.3 million pounds. Inventories had dropped to 24.2 million by the end of 1976, but were up again to 47.3 million pounds on December 31, 1977, before dropping to 24.4 million pounds by the end of 1978.

Consumption -- Apparent consumption of rayon staple peaked in 1968 at 840 million pounds, dropped to 578 million pounds in 1974 and then dropped to 390 million pounds in 1975. A great deal of this decline is attributable to competition from polyester and other man-made fibers. In 1976, 1977, and 1978 apparent consumption recovered somewhat to 475, 478, and 479 million pounds, respectively.

Employment -- The average number of production and related workers producing rayon staple fiber declined from 3,700 in 1974 to 2,300 in 1975. By 1977, the number had climbed to 2,700 with a further increase to 3,000 workers for 1978. Hours worked increased from 5.7 million hours in 1977 to 6.1 million for 1978.

Profits -- Since 1974, when the aggregate net operating profit to net sales ratio was 13.4 percent, losses have been more the rule than profits. Losses for the industry as a whole occurred in both 1975 and 1977, and 1978 figures showed a net operating loss to net sales ratio of 2.1 percent.

Prices -- Price competition exists in three different ways in this investigation. Intense competition appears to exist between the three domestic producers, who accounted for between 94 percent and 89 percent of apparent consumption between 1974 and 1978. Obviously, competition also exists between importers and U.S. producers. A third area of price competition involves the interaction of rayon staple, polyesters and other man-made fibers in the marketplace. While prices may appear low and suppressed since late 1974, the competition among substitute fibers appears to be an important factor.

Prices for Italian rayon staple fiber have been at levels below the average domestic selling price in both 1977 and 1978. U.S. producers which had lowered their prices from the second quarter of 1977 through the second quarter of 1978 raised them during the last six months of 1978.

In competition with other man-made fibers, including polyester staple and cotton staple, rayon staple fiber has lost about half its market share in the past ten years. The loss has been to polyester staple which has incurred much lower price increases over the ten-year period than has rayon. For the past three years, the prices of rayon and polyester have paralleled one another, and relative market share of the two have been constant.

In my judgment, competition with other fibers, particularly polyester, is the major restraint on domestic prices of rayon staple and the competition among domestic producers is primarily responsible for the price rollback in 1977. The refusal of one producer to join the increase was certainly a more important restraining force on prices than the prices of imported products from Italy which never even accounted for more than two-tenths of one percent of domestic consumption.

Lost sales -- Of the six instances of lost sales cited by U.S. producers and investigated by the Commission, two were sales made to French and Finnish imports rather than the Italian product. Four U.S. textile mills were verified by the Commission as having purchased LTFV imports from Italy.

One alleged lost sale involved a customer whose total purchases of rayon staple fiber declined significantly from 1976 through 1978. Purchases of imports from Italy were a small percentage of total purchases in all three years. Basically the same amount of Italian fiber was purchased in 1976 and 1978 -- the 1977 level was double, but still a small percentage of total purchases. Quality was given as the primary reason for the purchase of Italian fiber.

A second alleged lost sale had substantial increases in purchases, and while the quantity of imports from Italy increased slightly in 1977 before falling below 1976 levels in 1978, the percentage of imports purchased declined each year.

The other two alleged lost sales claimed they were cut off by their previous domestic supplier during shortages in 1974. One merely supplemented purchases from another domestic supplier with imports from Italy. The other met its small needs with imports from Italy in 1976 and 1977 and switched back to domestic suppliers in mid-1978.

Summary -- This is an industry which has faced some serious problems in the last few years, losing considerable market share to polyester fibers in the early and mid-1970's and fighting to hold its remaining share in the late 1970's. Currently, most of the trends in economic factors are positive. Consumption may increase again, production, shipments, exports and capacity utilization are up, employment has increased, and prices are again going up. Inventories are



down, and profits, while still not present, are likely to return with the upswing in prices. Since I didn't find injury by reason of either LTFV imports from Belgium, France, or Finland, cumulation arguments are not open to me. However, imports from Italy are so insubstantial that they could not have caused or contributed to injury to this industry. As far as the capacity of the Italian producer is concerned, my information is that one of the two Italviscosa plants has closed, and capacity has thus been reduced to levels of previous total production. Thus, additional exportation to the U.S. seems highly unlikely. In addition, the recent Occupational Safety and Health Administration (OSHA) regulations regarding cotton dust will apparently cause a shift to rayon staple as a substitute for cotton. This increase in demand should result in further improvement in the performance of the domestic rayon staple industry.

Therefore, based on the factors I have discussed, I conclude that the domestic rayon staple industry is not being injured and is not likely to be injured by LTFV imports from Italy.

## VIEWS OF COMMISSIONER PAULA STERN

Having considered all of the information before me in this investigation, I determine pursuant to Section 201 of the Antidumping Act of 1921, as amended, that an industry in the United States is not being, and is not likely to be, injured by reason of the importation into the United States from Italy of commodity rayon staple fiber at less than fair value.

The Domestic Industry

A complete analysis of the composition of the domestic industry is contained in my determination in Rayon Staple Fiber from France and Finland (Inv. Nos. AA1921-190 and AA1921-191). As was the case in the above-referenced investigations, my determination in this investigation is limited to the less-than-fair-value imports of commodity rayon staple fiber.

Imports

Imports of commodity rayon staple fiber from Italy have been negligible from 1974 through 1978. In 1974, 1976 and 1977, Italian imports accounted for only 0.2 percent of apparent domestic consumption. In 1975 and 1978, Italian imports dropped to 0.1 percent. Treasury Department price comparisons made on all sales of Italian commodity rayon staple for the period November 1, 1977 through April 30, 1978, revealed that 100 percent of the commodity rayon staple fiber exported to the United States from Italy was sold at a less-than-fair-value margin averaging 18.6 percent.

Injury

As noted in my determination with respect to commodity rayon staple fiber from France and Finland, the domestic industry has been buffeted for several years by less-than-fair-value imports from a number of countries and in 1978 was struggling to recover its economic health. On the basis of complete 1978 data and data for the first two months of 1979, it appears that the domestic industry's economic health is improving but has still not succeeded in its struggle. Except for profits, every traditional indicator considered by the Commission in an antidumping case showed substantial improvement in 1978 and continued improvement in January and February of 1979. Capacity utilization, producers' domestic shipments and exports, employment and hours worked by production and related workers are all up. In addition, inventories have steadily decreased. Apparent domestic consumption is steady.

Profitability of the domestic industry in 1978 continued to deteriorate. However in the last six months of 1978, the pricing structure within the rayon staple market firmed significantly, and by the end of 1978 the price of rayon staple fiber showed an increase of 7 percent. These price increases may result in improved profitability for the domestic industry.

Due to improvement in most of the industry's economic indicators, I believe the case for finding that the industry is injured is less conclusive than in the preceding rayon staple fiber investigations. However, because the industry is still experiencing extremely poor profitability, I believe that a finding of injury is still merited. In any event, it is clear that any remaining sign of unhealth in the industry is not "by reason of" the less-than-fair-value imports from Italy.

Injury or Likelihood of Injury by  
Reason of Less-Than-Fair-Value Sales

In analyzing injury and causation linkages in the context of the Antidumping Act, the Senate Finance Committee noted that ". . . the /Antidumping Act/ will not recognize trifling, immaterial, insignificant or inconsequential injury." <sup>\*/</sup> In view of the fact that imports of commodity rayon staple fiber from Italy constitute such a miniscule amount of domestic consumption, injury caused by such imports does not fall within the scope of injury which the law will recognize. Accordingly, I believe that the injury suffered by the domestic rayon staple fiber industry is not by reason of the less-than-fair-value sales of commodity rayon staple fiber by Italy.

I also believe that there is no likelihood of injury to the domestic industry. This conclusion is based essentially on information received by the Commission indicating that the Italian producer has reduced its capacity and is currently producing at near its new capacity levels.

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\*/ Senate Comm. on Finance, Trade Reform Act of 1974, S. Rep. No. 93-1298, 93rd Cong., 2d Sess., 180.

## SUMMARY

The U.S. International Trade Commission instituted investigation No. AA1921-201 on March 7, 1979, following notification from the Department of the Treasury (Treasury) on February 22, 1979, that rayon staple fiber from Italy is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. The petition which led to Treasury's determination of sales at LTFV was filed by counsel representing Avtex Fibers, Inc., the largest U.S. producer of rayon staple fiber. A public hearing in connection with the Commission's investigation was held on April 5, 1979, in Washington, D.C.

Rayon staple is a manmade textile fiber resembling raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. There are three companies currently producing rayon staple fiber in the United States.

U.S. domestic shipments of rayon staple declined sharply from 1974 to 1977, dropping from 541 million pounds to 424 million pounds, or by 22 percent. Shipments in 1978 were 4 percent higher than shipments in 1977. U.S. exports of rayon staple fiber almost tripled, rising from 33.8 million pounds in 1974 to 98.7 million pounds in 1978. The domestic industry's rate of capacity utilization fell from 78 percent in 1974 to a low of 49 percent in 1975, and then rose to 71 percent in 1976, 78 percent in 1977, and 80 percent in 1978. The average number of production and related workers producing rayon staple fiber dropped precipitously in 1975, and then began a modest recovery in 1976. The average number of production workers in this industry was about 3,000 in 1978, or four-fifths of the number employed in 1974.

The rayon staple fiber industry moved from a net operating profit of \$39 million in 1974 to a net operating loss during the recession year 1975. The industry registered small profits in 1976, but again fell into a loss position in 1977 and 1978. U.S. producers of rayon staple fiber increased inventories during 1974, reduced them in 1975 and 1976, and increased them again in 1977. Inventory levels declined during 1978 and on February 28, 1979, were about half the level reported on the same date in 1978.

The ratio of U.S. imports from Italy to apparent U.S. consumption of rayon staple fiber was very small for the period 1974-78, accounting for 0.2 percent of apparent consumption in 1974, 1976, and 1977 and for 0.1 percent in 1975 and 1978. Italian rayon staple fiber accounted for about 2 percent of all U.S. imports of this product in 1976-78. Total market share held by U.S. imports fell from 11.3 percent in 1977 to 7.8 percent in 1978. Reduced quantities of Austrian and Belgian staple account for this drop in market share.

The Department of the Treasury found LTFV margins on all sales of Italian fiber to the United States which it examined during the period of its investigation, November 1, 1977-April 30, 1978. The weighted average LTFV margin on sales from Italy was 18.6 percent.

The average domestic price of a representative item of commodity grade rayon staple fiber fell from 57.4 cents per pound in April-June 1977 to 55.7 cents per

pound in April-June 1978. \* \* \*. Between October 1977 and March 1978, approximately the period covered by Treasury's investigation, the Italian rayon staple was the lowest priced fiber in the U.S. market.

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## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On February 22, 1979, the United States International Trade Commission received advice from the Department of the Treasury that rayon staple fiber from Italy is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. <sup>1/</sup> Accordingly, on March 7, 1979, the Commission instituted investigation No. AA1921-201 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Notice of the institution of the Commission's investigation and the time and place of the public hearing was published in the Federal Register of March 12, 1979 (44 F.R. 13590). <sup>2/</sup> The Commission held a public hearing in connection with the investigation on April 5, 1979, in Washington, D.C.

The complaint which led to Treasury's determination of sales at LTFV was filed by counsel representing Avtex Fibers, Inc., the largest U.S. producer of rayon staple fiber. Treasury's notice of investigation was published in the Federal Register of May 5, 1978 (43 F.R. 19491). A notice of withholding of appraisement was published in the Federal Register of November 16, 1978 (43 F.R. 53532). Treasury's determination of sales at less than fair value was published in the Federal Register of February 27, 1979 (44 F.R. 11137).

## Background

Past Commission investigations concerning rayon staple fiber

Between October 1959 and August 1961 the Commission conducted five antidumping investigations on rayon staple fiber, Nos. AA1921-11 (France), -17 (France), -18 (Belgium), -20 (Cuba), and -21 (West Germany). In each case the Commission determined unanimously that an industry in the United States was not being and was not likely to be injured by reason of the importation of rayon staple fiber sold at LTFV.

The Commission also conducted an escape-clause investigation on rayon staple fiber (No. 7-95 under sec. 7 of the Trade Agreements Extension Act of 1951, as amended) in 1961. In that investigation the Commission determined (Commissioners Overton and Sutton dissenting) that rayon staple fiber was not being imported in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On May 2, 1978, the Commission received advice from Treasury that rayon staple fiber from Belgium was being, or was likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act,

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<sup>1/</sup> A copy of Treasury's letter to the Commission is presented in app. A.

<sup>2/</sup> A copy of the Commission's notice is presented in app. B.

1921, as amended. Accordingly, on May 15, 1978, the Commission instituted investigation No. AA1921-181 under section 201(a) of the act to determine whether an industry in the United States was being or was likely to be injured, or was prevented from being established, by reason of the importation of such merchandise into the United States.

On July 21, 1978, the Commission was advised by Treasury that it had reconsidered the basis for its fair-value comparisons of rayon staple fiber from Belgium. As a result of its reconsideration, Treasury modified its determination of May 2, 1978, such that the weighted average LTFV margin increased from 6.7 to 57.6 percent. Having received new and substantially different advice from Treasury, the Commission took the following actions on August 3, 1978:

1. Terminated investigation No. AA1921-181 without any determination because of the intervening advice of the Treasury;
2. Instituted investigation No. AA1921-186 to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of rayon staple fiber from Belgium into the United States; and
3. Determined that there did not appear to be good and sufficient reasons for holding a public hearing in investigation No. AA1921-186 because the written statements and transcript of the hearing from the prior investigation remained relevant to the Commission's determination in the new investigation. Nevertheless, the Commission allowed any interested person to submit a request for a public hearing in investigation No. AA1921-186. No such requests were received, and a new public hearing was not held.

On the basis of its investigation the Commission determined (Vice Chairman Alberger and Commissioner Ablondi dissenting and Commissioner Minchew not participating) that an industry in the United States was being or was likely to be injured, by reason of the importation of rayon staple fiber from Belgium, which was being, or was likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

On November 13, 1978, the Commission received advice from Treasury that rayon staple fiber from France and from Finland was being, or was likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended, and, accordingly, instituted investigations Nos. AA1921-190 and AA1921-191. On the basis of its investigation the Commission determined (Vice Chairman Alberger dissenting) that an industry in



the United States was being injured 1/ by reason of the importation of rayon staple fiber 2/ from France, which was being, or was likely to be, sold at LTFV within the meaning of the act. On the basis of its investigation the Commission determined (Vice Chairman Alberger and Commissioner Stern dissenting) that an industry in the United States was being injured 1/ by reason of the importation of rayon staple fiber 2/ from Finland, which was being, or was likely to be, sold at LTFV within the meaning of the act.

#### Description and uses

Rayon staple is a manmade cellulosic textile fiber resembling raw or unprocessed cotton. It is spun into yarn and then either woven or otherwise processed into a variety of end products. Rayon staple fiber, the first manmade fiber produced in commercial quantities, has lost appreciable market share to noncellulosic manmade fibers during the last 10 years, principally polyester. For the purpose of this report, the term "rayon staple fiber" means viscose rayon staple fiber, except solution-dyed, in noncontinuous form, not carded, not combed, and not otherwise processed, wholly of filaments (except laminated filaments and plexiform filaments).

Market participants generally recognize two rayon staple product lines. The highest volume rayon staple sold in the United States is often called commodity, conventional, or regular rayon staple. All other products are grouped under the heading of specialty rayon staple. Some specialty fibers include high fluid-holding and sterilizable types, and high-wet-modulus types. The difference between commodity and specialty rayon staple involves the extent to which the cellulosic polymer is reconstituted during the production process. Distinctions at the molecular level impart different physical properties to the respective fibers.

The manufacture of rayon staple by the viscose process, whether commodity or specialty type, involves four principal steps. First, wood pulp is dissolved through a variety of physical and chemical processes into a viscose solution. Second, after appropriate filtering and aging, the solution is extruded through fine holes in spinnerets. Third, the extruded solution coagulates in an acid-spinning bath into the form of very fine filaments. Fourth, a collection of many parallel, nontwisted, continuous filaments is cut to short lengths usually ranging from 1 to 3 inches.

U.S. producers generally manufacture commodity and specialty rayon staple in the same establishments but on different production lines. These lines differ principally with respect to grade of wood pulp, viscose quality control, and rate of spinning. The cost of converting a commodity line to a specialty line is considerable, ranging from \* \* \* to \* \* \*. However, such costs are modest compared with the \$200 million cost of entering the domestic industry with a new, efficient-size rayon plant. U.S. producers have already converted a sizable portion of their capacity from commodity to specialty lines.

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1/ Commissioner Moore determined that an industry in the United States was being or was likely to be injured.

2/ Commissioner Stern's determination was limited to the importation of "commodity type" rayon staple fiber.

In the United States, rayon staple fiber is spun into yarn which, in turn, is used in producing mainly broadwoven goods or other fabrics. Final markets for these fabrics include wearing apparel, home furnishings, and industrial fabrics. In addition, rayon staple fiber has gained acceptance in the production of nonwoven fabrics, which are used extensively in disposable diapers, women's hygienic articles, and medical and surgical products.

#### U.S. producers

Three U.S. firms, Avtex Fibers, Courtaulds North America, and American Enka, currently produce rayon staple fiber; Beaunit Corp. was the last U.S. firm to discontinue production of such merchandise, closing its staple plant in 1971.

Avtex Fibers.--Avtex Fibers (Avtex), the complainant, is the largest rayon staple producer in the United States. The history of Avtex dates back to 1910, when the Viscose Co. (owned by Courtaulds Ltd., United Kingdom) started production of rayon yarn at Marcus Hook, Pa. In 1937 the Viscose Co. changed its name to American Viscose Corp., but continued under the ownership of Courtaulds Ltd. until 1941, when the British Government pledged the assets of the company to U.S. bankers for munitions financing. These assets were subsequently sold to the U.S. public, and American Viscose operated as an independent company until 1963, when it was acquired by FMC Corp. In July 1976, Avtex, a privately held company, was formed; it purchased all assets of FMC's Fiber Division, excluding the Fredericksburg, Va., plant, which is essentially a cellophane facility. Avtex's capital structure consists almost entirely of borrowed funds, making this firm highly vulnerable to financial shocks.

Avtex produces rayon yarn, cellulose acetate, polyester, nylon fibers, and textured continuous filament polyester yarns, in addition to commodity and specialty rayon staple fiber. Avtex manufactures rayon staple in its plants located in Nitro, W. Va., and Front Royal, Va. The Nitro plant produces commodity rayon staple fiber exclusively, and the Front Royal plant produces commodity and specialty rayon staple and rayon yarn.

Courtaulds North America.--Courtaulds North America's (Courtaulds) parent company, Courtaulds Ltd., United Kingdom, successfully introduced, while known in 1910 as the Viscose Co., the first commercial production of viscose rayon in the United States. In 1941, lend-lease agreements forced Courtaulds Ltd. to give up ownership of the company (see preceding discussion of Avtex Fibers for additional information). In 1952 Courtaulds reentered the U.S. rayon staple market and resumed production of staple in its then new plant in LeMoyné, Ala. Courtaulds' parent company is probably the largest rayon producer in the world, with operations in 25 countries through 400 associated companies.

American Enka.--American Enka (Enka) is a division of Akzona, Inc., which was formed in 1970 by the merger of three North American companies in which AKZO Chemie Verkoopkantoor N.V. (AKZO), located in the Netherlands, had controlling interest. AKZO produces rayon, polyester, and nylon fibers worldwide. Prior to this merger, Enka had operated independently as the American

Enka Corp. In 1957 Enka introduced rayon staple production in its plant at Lowland, Tenn.; Enka began production of rayon continuous filament yarn at Enka, N.C., in 1929 and at Lowland, Tenn., in 1948. On July 15, 1974, Enka announced that it would cease production of rayon filament yarns at the Lowland plant and convert part of its yarn capacity to staple. Enka closed its 46-year-old Enka, N.C., plant in 1975, citing reasons such as depressed rayon filament yarn prices, increased costs, and pollution control programs. Enka produces polyester and nylon fibers, in addition to commodity and specialty rayon staple.

#### U.S. tariff treatment

Imported rayon staple fiber, whether commodity or specialty type, is classified for tariff purposes under item 309.43 of the Tariff Schedules of the United States (TSUS). The most-favored-nation rate of duty currently applicable to this article was reduced from 15 to 7.5 percent ad valorem during the Kennedy round of trade negotiations. The column 2 rate for TSUS item 309.43 is 25 percent ad valorem. Rayon staple fiber is not eligible for duty-free treatment under the Generalized System of Preferences.

The United States is a party to the Arrangement Regarding International Trade in Textiles (Multifiber Arrangement or MFA), which provides a formula for limiting the level of trade of most textile and apparel articles of cotton, wool, and manmade fibers. Rayon staple, as well as all other raw (or unprocessed) fibers, is not currently covered by the MFA.

#### Nature and extent of sales at LTFV

Treasury's investigation of U.S. imports of rayon staple fiber from Italy covered the 6-month period extending from November 1, 1977, through April 30, 1978. One manufacturer, Italviscosa, Milan, Italy, was responsible for virtually all of the Italian exports of rayon staple fiber to the United States, and Treasury's investigation was therefore limited to sales by that company. Fair-value comparisons were made on \* \* \* pounds of rayon staple, or \* \* \* percent of the merchandise entered from Italy during the period of investigation. Margins were found on all of the sales compared, ranging from 17.5 to 19.7 percent; and the weighted average LTFV margin was determined by Treasury to be 18.6 percent.

#### Other Treasury investigations on rayon staple fiber

On April 12, 1977, Treasury initiated an antidumping investigation on rayon staple fiber from Austria. On October 19, 1977, Treasury made a tentative determination that rayon staple fiber from Austria was being sold in the United States at a weighted average LTFV margin of approximately 10.5 percent. Accordingly, customs officers were directed to withhold appraisement of rayon staple fiber from Austria for 6 months. On January 23, 1978, Treasury discontinued this antidumping investigation, stating that while prices to the United States were below Austrian home-market prices, the elimination of the price

differential by the sole Austrian exporter, the provision of assurances of no future sales at LTFV, and the presence of special circumstances warranted the discontinuance.

On March 7, 1978, Treasury announced a reopening of the antidumping proceeding concerning rayon staple fiber from Austria. Treasury reopened the case pending the completion of an analysis of the production costs of the sole Austrian exporter (Chemiefaser Lenzing) in order to determine if sales in the home market are being made at prices below the cost of production. Treasury noted that a preliminary analysis had not revealed that such below-cost sales were in fact being made, but that an additional inquiry was necessary before final conclusions could be reached. On December 11, 1978, Treasury made a final determination that the Austrian home-market sales were not being made at prices below the cost of production and discontinued the investigation.

Treasury also initiated antidumping proceedings against rayon staple from Sweden on May 5, 1978. On November 16, 1978, Treasury announced a tentative determination that rayon staple fiber from Sweden was being sold at LTFV with a tentative weighted average margin of 2.3 percent and ordered the withholding of appraisement for 6 months. On February 28, 1979, Treasury discontinued its antidumping investigation of rayon staple fiber from Sweden because the margin of LTFV sales was minimal in relation to the volume of exports; in addition, appropriate assurances that future sales will not be made at LTFV were received by Treasury. Future shipments from Sweden will be monitored by Treasury in order to ensure adherence to the price assurances.

#### The U.S. Market

##### Apparent U.S. consumption

From 1960 through 1968, U.S. demand for rayon staple in wearing apparel and home furnishings increased significantly. Reflecting strong market conditions, apparent U.S. consumption increased 127 percent during this period. At the same time, polyester staple was introduced in the United States as a high-priced specialty fiber which was more durable and abrasion resistant than rayon. Polyester and other manmade fibers began to displace rayon in a number of apparel and home furnishing applications as soon as large-scale production reduced manufacturing costs and selling prices. Apparent U.S. consumption of rayon staple fiber decreased from 840 million pounds in 1968 to 742 million pounds in 1973, and then fell sharply to 390 million pounds in the recession year 1975 (tables 1 and 2, app. C). Apparent consumption recovered somewhat in 1976, 1977, and 1978, increasing to 475 million, 478 million, and 479 million pounds, respectively. Apparent consumption was 75.5 million pounds during January-February 1979, 5 percent less than apparent consumption in the corresponding period of 1978. In 1968 rayon staple accounted for about 15 percent of all cotton, polyester, and rayon staple consumed in the United States. In 1978 this market share had dropped to 8 percent (table 2).

Rayon staple has fared considerably better than rayon continuous filament yarn, which has lost nearly all its markets except tire cord. Rayon staple has retained its popularity in new nonwoven applications where moisture absorbency is a desired property, as with disposable diapers, wiping cloths, and sanitary articles. As shown in the following table, declining apparent consumption is common to both commodity and specialty rayon staple fiber. During 1974-78, apparent consumption of commodity and specialty staple dropped 14 and 26 percent, respectively.

Rayon staple fiber: Apparent U.S. consumption, by types, 1974-78, January-February 1978, and January-February 1979

(In millions of pounds)

Period	Commodity	Specialty	Total
1974-----	427.8	150.4	578.2
1975-----	314.6	75.9	390.5
1976-----	373.0	101.7	474.7
1977-----	366.0	112.0	478.0
1978-----	367.0	112.1	479.1
January-February--			
1978-----	63.1	16.2	79.3
1979-----	58.9	16.6	75.5

Source: Producers' shipments and exports compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; U.S. imports compiled from official statistics of the U.S. Department of Commerce and from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Apparent consumption equals producers' shipments plus imports minus exports.

#### U.S. imports

U.S. imports of rayon staple fiber consist exclusively of commodity staple, except some Canadian fiber which is of a high-wet-modulus type. U.S. imports from all countries increased from 37.0 million pounds in 1974 to 41.5 and 54.1 million pounds in 1976 and 1977, respectively (tables 3 and 4). The quantity of total imports dropped to 37.2 million pounds in 1978, or by nearly one-third compared with the quantity of imports in 1977 (table 3). Imports continued to decline in January-February 1979, falling to one-third of the level in the corresponding months of 1978. The value of U.S. imports has exhibited a slightly different trend than has the quantity of imports because of the changing average unit values (table 4). The unit value of imported rayon staple dropped from 48 cents per pound during the strong seller's market in 1974 to 43 and 44 cents per pound in 1975-77. In 1978 the average unit value rose to 47 cents per pound. This trend continued in 1979 as the average unit value of imported rayon staple jumped to 54 cents per pound, an increase of 8 cents more than the unit price in the corresponding months of 1978.

During the last 5 years Austria was the largest supplier of U.S. imports, accounting for more than 50 percent of total U.S. imports during 1975-77 and over one-third of total U.S. imports in 1978. The Austrian staple is imported by a single firm, Chemray Fibers, Inc., of New York City. Although U.S. imports increased by 12.6 million pounds in 1977 compared with U.S. imports in 1976, imports from Austria declined. They continued to decline in 1978 following the commitment of Lenzing to make no further sales at LTFV. The increased U.S. imports in 1977 were supplied by Belgium, France, Sweden, Finland, and Italy.

During 1974-78, U.S. imports of rayon staple fiber from Italy were small, reaching a peak of 1.1 million pounds in 1977. In 1978, Italian rayon staple imports dropped to 662,000 pounds. The value of these imports was \$485,000 in 1977 and \$311,000 in 1978. There were two principal importers of the Italian product in the last 2 years, Snia Viscosa of New York City and \* \* \*. \* \* \*. Since Snia Viscosa is a related importer, Treasury used the exporter's sales price as its basis of comparison.

#### U.S. producers' shipments

For the purpose of this report, U.S. producers' shipments include U.S.-made rayon staple fiber which is shipped to domestic customers or exported. As shown in the following table, U.S. producers' shipments declined sharply from 575 million pounds in 1974 to 374 million pounds in 1975. These shipments increased somewhat in 1976 and 1977 and rose to 541 million pounds in 1978. U.S. producers' shipments of commodity and specialty staple followed a similar trend in 1974-76. In 1977, however, commodity staple declined by 2.2 million pounds, whereas specialty staple increased by 17.5 million pounds. The reversal of this situation occurred in 1978, when commodity staple increased by 17 percent, whereas specialty staple dropped by 3 percent compared with the amount of shipments in the preceding year. U.S. producers' shipments of both commodity and specialty staple were higher in January-February 1979 than in the corresponding months of 1978, commodity staple shipments increasing by 17 percent and specialty staple by 7 percent.

Rayon staple fiber: U.S. producers' shipments, by types, 1974-78,  
January-February 1978, and January-February 1979

(In millions of pounds)

Period	Commodity	Specialty	Total
1974-----	423.4	151.6	575.0
1975-----	296.8	77.0	373.8
1976-----	364.7	103.3	468.0
1977-----	362.5	120.8	483.3
1978-----	423.4	117.2	540.6
January-February--			
1978-----	60.8	16.4	77.2
1979-----	71.4	17.6	89.0

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

Domestic shipments.--Domestic shipments of rayon staple declined sharply from 541 million pounds in 1974 to 424 million pounds in 1977, representing a 22-percent decrease. This decline affected both commodity and specialty rayon staple. U.S. domestic shipments rose to 442 million pounds in 1978, 4 percent higher than shipments in 1977, and were 5 percent higher in January-February 1979 than they were in the corresponding months of 1978. Shipments of both commodity and specialty rayon staple shared this improvement.

Rayon staple fiber: U.S. producers' domestic shipments, by types,  
1974-78, January-February 1978, and January-February 1979

(In millions of pounds)

Period	Commodity	Specialty	Total
1974-----	391.4	149.8	541.2
1975-----	278.0	75.3	353.3
1976-----	333.4	99.8	433.2
1977-----	313.4	110.5	423.9
1978-----	330.0	111.9	441.9
January-February--			
1978-----	53.1	16.1	69.2
1979-----	55.8	16.6	72.4

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

U.S. exports.--After falling by 39 percent between 1974 and 1975, U.S. exports of domestic merchandise registered strong gains during 1976-78 (table 5). As shown in the following table, U.S. exports increased from 34.8 million pounds in 1976 to 59.4 million pounds in 1977, before jumping to 98.7 million pounds in 1978. The 39.3-million-pound increase in U.S. exports during 1978 resulted from a 44.3-million-pound increase in commodity staple and a 5-million-pound decline in specialty staple. Total exports in January-February 1979 were double, when compared with those in the corresponding months of 1978, with commodity staple accounting for about 95 percent of the total.

Rayon staple fiber: U.S. exports of domestic merchandise, by types,  
1974-78, January-February 1978, and January-February 1979

(In millions of pounds)

Period	Commodity	Specialty	Total
1974-----	32.0	1.8	33.8
1975-----	18.8	1.7	20.5
1976-----	31.3	3.5	34.8
1977-----	49.1	10.3	59.4
1978-----	93.4	5.3	98.7
January-February--			
1978-----	7.7	.3	8.0
1979-----	15.6	1.0	16.6

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

U.S. producers testified that the increase in exports that occurred in 1977 was the result of some producers accumulating large inventories of rayon staple fiber, which was sold abroad at distress prices when no domestic customer could be found (transcript of the hearing in investigation No. 181, p. 68). \* \* \*.

Official export statistics show a jump in the volume of exports in mid-1977 which continued through 1978 (table 6). The unit value of exports in 1978 ranged from 45 cents to 53 cents per pound with an annual average of 49 cents per pound compared with a range of 50 cents to 60 cents per pound in 1977 with an annual average of 54 cents per pound. The quantity of exports in January 1979, 12.7 million pounds, was the largest in any month between January 1976 and February 1979. U.S. producers testified at the public hearing that exports continued to rise as imports declined because of export commitments made 6 months prior to the shipping date and because they anticipate an abrupt decline in export shipments in mid-1979 (transcript of the hearing in investigation No. 201, p. 71).



## Consideration of Injury

Utilization of productive facilities

To evaluate the extent of the idling of productive facilities, the Commission asked U.S. producers to report their annual capacity to produce rayon staple fiber, in pounds, for the years 1974-78. Further, the Commission defined capacity as the maximum sustainable output reflecting the firm's normal product mix during each of the years in question. Before the results are discussed, a shortcoming of this method of determining capacity utilization should be noted. Labor strikes reduce the measured rate of capacity utilization of the U.S. producers for reasons unrelated to actual production needs. A significant reduction in production occurred during October 15, 1976-December 15, 1976, when Enka's Lowland, Tenn., plant was struck with a labor dispute.

As shown in the following table, U.S. producers' capacity declined from 785 million pounds in 1974 to 650 million pounds in 1978. The closing of Avtex's Parkersburg, W. Va., plant in 1974 and the effects of environmental standards on the operations of various plants account for the declining capacity (table 7). The data further indicate substantial excess capacity during the last 5 years despite the fact that Enka operated at near capacity levels during most of the period under consideration. Idle capacity will not greatly affect the financial viability of a firm if it can readily transform its unused capital assets to cash or other productive purposes. Owing to the nature of rayon production, capacity cannot be readily adjusted to meet changing market demand. This lack of flexibility, coupled with the high capital intensiveness of rayon production, accentuates the adverse effects on producers with excess capacity.

The capacity utilization rate has improved since 1977, increasing to 80 percent by 1978 and 82 percent in January-February 1979. This is above the rate in 1974, a good year for the industry in terms of profitability, and approaches the 84 percent rate which occurred in 1973. Capacity utilization of facilities producing specialty rather than commodity staple was consistently higher between 1975-77; however, in 1978 and January-February 1979 the reverse situation occurred (table 8). This reflects the conversion of some commodity staple capacity to specialty capacity as well as a decline in specialty staple production. On March 27, 1979, Avtex announced an expansion of its rayon staple fiber capacity; \* \* \*.

Rayon staple fiber: U.S. production and U.S. producers' capacity. 1974-78,  
January-February 1978, and January-February 1979 1/

Item	1974	1975	1976	1977	1978	Jan.-Feb.--	
						1978	1979
Production--million pounds--	612	350	459	506	518	462	534
Capacity-----do-----	785	712	650	650	650	654	654
Ratio of production to capacity-----percent--	78	49	71	78	80	71	82

1/ Annualized.

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

### Employment

The Commission collected employment data from U.S. producers of rayon staple fiber, a summary of which is in the following table. The average number of production and related workers producing rayon staple fiber dropped precipitously between 1974 and 1975, with a modest recovery occurring in 1976, 1977, and 1978. The 3,000 workers in the rayon staple industry in 1978 were about four-fifths of the number employed in 1974. The pattern for hours worked is similar.

Average number of production and related workers producing rayon staple fiber,  
hours worked, 1974-78, January-February 1978, and January-February 1979

Item	1974	1975	1976	1977	1978	Jan.-Feb.--	
						1978	1979
Average number of production and related workers-----thousands--	3.7	2.3	2.5	2.7	3.0	2.9	2.9
Hours worked by production and related workers-----million hours--	8.1	4.5	5.1	5.7	6.1	<u>1/</u> 5.8	<u>1/</u> 6.1

1/ Annualized.

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

Characteristics of the work force.--At the public hearing in investigation No. 181, Mr. Bruce Dunton, Division Director, Amalgamated Clothing & Textile Workers, described the demographics of the rayon staple work force. Mr. Dunton characterized this work force as being either "fairly old" (more than 45 years of age) or young (less than 25 years of age). He stated that women account for about 20 to 30 percent of the work force and that the labor skills involved in the production of rayon staple are not readily transferable to other industries. Finally, Mr. Dunton stated that rayon fiber plants are located in older industrial towns, where few other job opportunities are available.

Trade adjustment assistance.--Title II, chapter 2, of the Trade Act of 1974 provides for adjustment assistance to workers, firms, and communities when increased imports have contributed importantly to their economic difficulties. On May 23, 1978, the Department of Labor found that workers previously employed in Avtex's Nitro, W. Va., plant were entitled to import adjustment assistance. The U.S. Department of Labor found that "increase of imports of articles like or directly competitive with rayon staple fibers produced at the Nitro, West Virginia plant of Avtex Fibers, Inc., contributed importantly to the decline in sales and production and to the total or partial separation of workers at that plant." On January 12, 1979, the Department of Labor found that both rayon staple and rayon yarn workers at Avtex's Front Royal, Va., plant were eligible for import adjustment assistance.

#### Profit-and-loss experience

The Commission asked the three U.S. producers to report their financial data with respect to their rayon staple fiber operations and overall establishment operations where rayon staple fiber was produced. Since the producers could provide usable financial data on their rayon staple fiber operations, this section will focus on such data.

Net sales declined sharply from \$290 million in 1974 to \$201 million in 1975 as the result of a steep decline in producers' shipments. Net sales increased in 1976 and 1977, as shown in the following table. Net sales in 1978 were \$315 million, or 9 percent higher than net sales in 1974.

Aggregate profit-and-loss experience of the 3 U.S. producers of rayon staple fiber, 1974-78

Year	Net sales	Net operating profit or (loss) before income tax	Ratio of net operating profit or (loss) to net sales
	1,000 dollars		Percent
1974-----	290,013	38,930	13.4
1975-----	200,742	(294)	(.2)
1976-----	261,282	7,613	2.9
1977-----	285,410	(1,680)	(.6)
1978-----	315,116	(6,691)	(2.1)

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

The rayon staple industry moved from a net operating profit of \$39 million and a ratio of net operating profit to net sales of 13.4 percent in 1974 to a net operating loss during the recession year 1975. The industry registered a small profit in 1976, but again experienced losses in 1977 and 1978. The ratio of net operating loss to net sales in 1978 was 2.1 percent. None of the three firms reported a loss in either 1973 or 1974, but net losses were reported by \* \* \* in 1975 and 1976, while \* \* \* reported losses in 1977 and 1978 (table 9).

### Inventories

U.S. producers provided information regarding their inventories on certain dates during the period December 1974-February 1979. A summary of this information is found in the following table. The data indicate that U.S. producers reduced inventories in 1975 and 1976, and increased inventories throughout 1977. Inventory levels declined during 1978 and on February 28, 1979, were about half the level reported on the same date in 1978.

Rayon staple fiber: End-of-period inventories held by U.S. producers, by specified periods, 1974-78, January-February 1978, and January-February 1979

Period	: U.S. producers' inventories	: Ratio of U.S. producers' inventories to producers' shipments 1/
	: Million pounds	: Percent
1974-----	67.3	11.7
1975-----	43.6	11.7
1976-----	24.2	5.2
1977-----	47.3	9.8
1978-----	24.4	4.5
January-February:		
1978-----	46.9	2/ 10.1
1979-----	24.1	2/ 4.5

1/ The ratios represent inventories at the end of the period shown divided by the quantity of producers' shipments in that period.

2/ Based on January-February shipments annualized.

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

The preceding table also presents the ratio of inventories to shipments for U.S. producers for specified periods during the past business cycle. As the recession took hold in October-December 1974, the ratio rose to 11.7 percent and remained at this high level through 1975. By the end of 1976,

U.S. producers had finally brought their inventory levels under control, with the ratio of inventories to shipments dropping to 5.2 percent. The situation changed in 1977 as the ratio of inventories to shipments returned to nearly 10 percent, but by the end of 1978 inventories had been reduced again to the equivalent of 4.5 percent of producers' shipments in that year.

#### Consideration of Likelihood of Injury

The issue of future injury to the domestic industry primarily involves the ability and willingness of Italviscosa, the Italian producer, to export rayon staple fiber to the United States, at LTFV. The demand for rayon staple in the United States, as well as Italviscosa's capacity to increase its exports of rayon staple fiber, will influence the degree to which the domestic industry is susceptible to future injury by reason of LTFV sales from Italy.

Data show that apparent U.S. consumption of rayon staple declined significantly during 1968-75; after a resurgence in 1976, it fell again in 1977 and 1978 (table 2). If present trends continue, any increase in U.S. imports will result in increased market penetration by foreign-made fibers. Counsel for an importer in investigation No. AA1921-181 predicted that Occupational Safety and Health Administration (OSHA) cotton dust regulations will strengthen the U.S. demand for rayon staple.

\* \* \* \* \*

The U.S. rayon staple fiber industry, however, claims that Italviscosa's reduction in capacity does not remove the likelihood of future injury to the domestic industry because Italviscosa relies heavily on export sales to maintain production at its current level to conform with existing political pressures (transcript of the hearing in investigation No. 201, p. 35). The U.S. producers further claim that the world market for rayon staple is entering a period of reduced demand as one of the major developing country markets for rayon staple, India, implements new trade policies to restrict rayon imports (transcript of the hearing in investigation No. 201, p. 33). This will be a reversal of the Indian Government's policy which had been designed to encourage the importation of rayon staple during 1977-78 as a reaction to two successive years of cotton crop failure. This closure of the Indian market, which had been nearly as large as the U.S. market in 1977 and 1978, will cause a redirection in the pattern of world rayon exports. \* \* \*.

#### Consideration of the Causal Relationship Between Alleged Injury and LTFV Sales

The Department of the Treasury found LTFV margins on all of Italviscosa's sales to the United States which it examined during the period of its investigation, November 1, 1977-April 30, 1978. The weighted average LTFV margin on sales from Italy was 18.6 percent.

Market penetration

As shown in the following table, the ratio of U.S. imports from Italy to apparent U.S. consumption of all rayon staple fiber was very small for the period 1974-78, accounting for 0.2 percent of apparent consumption in 1974, 1976, and 1977 and for 0.1 percent in 1975 and 1978. Italian rayon staple fiber accounted for about 2 percent of all U.S. imports of that product in 1976-78. The amount of Italian rayon staple fiber being imported into the United States rose in mid-1977 and thereafter fluctuated without any apparent trend until imports were discontinued in June 1978 following the institution of the Treasury investigation on May 5, 1978 (table 10). The official statistics indicate that there was an isolated entry of 13,433 pounds in December 1978; however, this was probably an error. \* \* \*

The total market share held by imports increased from 6.4 percent in 1974 to 9.5 percent in the recession year 1975. After declining to 8.7 percent in 1976, the ratio of imports to apparent consumption of rayon staple fiber rose to 11.3 percent in 1977, resulting entirely because of increased U.S. imports from Belgium, Sweden, France and Finland. Total market share held by U.S. imports fell to 7.8 percent in 1978 and dropped sharply from 12.7 percent during January-February 1978 to 4.1 percent in the corresponding period of 1979. Reduced quantities of Austrian and Belgian staple account for this drop in market share. Counsel for the petitioner claimed that this reduction was a result of prior antidumping proceedings which forced the Austrian and Belgian exporters to sell at fair value (statement from posthearing brief in investigations Nos. AA1921-190 and 191, p. 21). Counsel for the French manufacturer disagreed and stated that the decreased level of exports from Austria and Belgium was a result of the weakened dollar in the international exchange markets (statement from posthearing brief in investigations Nos. 1921-190 and 191, p. 35).

Rayon staple fiber: Ratios of U.S. imports to apparent consumption, by sources, 1974-78, January-February 1978, and January-February 1979

(In percent)								
Source	1974	1975	1976	1977	1978	Jan.-Feb.--		
						1978	1979	
Austria-----	2.4	6.4	6.2	5.8	2.7	5.4		1.7
Sweden-----	.1	.1	.1	1.0	1.9	3.5		1.6
France-----	.1	.2	.1	.8	1.0	0		.3
Finland-----	0	.1	.2	.4	.8	.8		0
Canada-----	2.8	1.4	1.3	1.2	.4	.4		.4
Belgium-----	0	0	0	1.3	.3	1.8		0
Spain-----	0	0	0	.1	.1	0		0
Italy-----	.2	.1	.2	.2	.1	.4		0
All other-----	.8	1.2	.6	.5	.5	.4		.1
Total-----	6.4	9.5	8.7	11.3	7.8	12.7		4.1

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

As noted previously, U.S. imports of rayon staple fiber consist almost exclusively of the commodity-type staple. The following table presents the ratio of U.S. imports of commodity rayon staple to apparent U.S. consumption, by sources. The market share held by Italy ranged from 0.1 to 0.3 percent during 1974-78, with the more narrowly defined product being used.

Commodity rayon staple fiber: Ratios of U.S. imports to apparent consumption, by sources, 1974-78, January-February 1978, and January-February 1979

(In percent)								
Source	1974	1975	1976	1977	1978	Jan.-Feb.--		
						1978	1979	
Austria-----	3.2	7.9	7.9	7.6	3.5	6.8		2.2
Sweden-----	.1	.1	.2	1.3	2.5	4.4		2.0
France-----	.1	.2	.1	1.0	1.4	0		.3
Finland-----	0	.1	.2	.5	1.0	1.0		0
Canada-----	3.7	1.6	1.1	1.1	.5	.3		.5
Belgium-----	0	0	0	1.7	.4	2.2		0
Spain-----	0	0	0	.1	.2	0		0
Italy-----	.3	.1	.2	.3	.2	.5		0
All other-----	1.1	1.5	.9	.6	.5	.5		.2
Total-----	8.5	11.6	10.6	14.4	10.1	15.8		5.3

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

### Prices

Total U.S. demand for rayon staple fiber is strongly affected by changes in price because this commodity has one relatively close substitute, polyester staple, and a number of more distant relatives. Thus, a significant price increase in imported and domestically produced rayon staple compared with price changes in polyester staple will result in a decrease in demand. In addition, the physical properties of this commodity and the types of market participants involved suggest that relative price is an important factor in determining how aggregate demand is shared between foreign and domestic suppliers. This market recognizes widely accepted product specifications with respect to rayon staple, thus reducing the ability of suppliers to differentiate their fiber according to quality or other physical characteristics. The price sensitivity of rayon staple is further enhanced because it is purchased by professional buyers of U.S. textile mills, who are extremely knowledgeable about current market conditions.

To investigate price trends in the U.S. market, the Commission sent detailed questionnaires to U.S. producers and importers, which were asked to supply the average selling prices received on sales of commodity rayon staple fiber to U.S. textile mills during January 1976-February 1979. Although U.S. producers do employ a price list, negotiated discounts are common. The Commission selected a pricing item adhering to the following specifications: first-quality, 1.35-1.65 denier, regular, bright viscose rayon staple fiber. Results showing the average selling prices of U.S. producers and importers can be found in table 11.

The U.S. wholesale price of rayon staple fiber, both domestic and imported, surged upward in 1974; thereafter, the price of rayon staple rose much more moderately. As shown in the following table, the price of rayon staple increased significantly during 1974 and 1975, while that of polyester staple actually dropped. This change in the relationship between the prices of the two fibers probably accounts for some of the decline in apparent U.S. consumption of rayon staple occurring during this period (table 2). In 1976 and 1977 the wholesale prices of both fibers increased at about the same rate, and the relative market share held by the respective fibers also remained about the same. During 1978, the price of rayon staple increased 7 percent while polyester staple declined by 4 percent. Apparent consumption of rayon staple fell in 1978 while consumption of polyester staple rose.

Annual increase or (decrease) in U.S. wholesale prices of rayon staple fiber and polyester staple fiber, 1974-78

(In percent)				
Year	:	Rayon : staple : fiber	:	Polyester : staple : fiber
1974-----	:	38	:	-
1975-----	:	8	:	(4)
1976-----	:	3	:	2
1977-----	:	6	:	9
1978-----	:	7	:	(4)
	:		:	

Source: Compiled from official statistics of the U.S. Bureau of Labor Statistics and from data submitted in response to questionnaires of the U.S. International Trade Commission.

During January-June 1977, the average domestic price of commodity rayon staple remained at about 57 cents per pound. In March 1977 Avtex announced that it would increase its list price from 58 cents per pound to 61 cents per pound, effective May 1977. Enka announced a similar increase in its list price. However, Courtaulds did not follow the other U.S. producers and eventually announced that it would not increase its price. An official of Courtaulds testified that the company badly needed the price increase to make their rayon operations profitable but the pressure of low-priced imports and the perceived excess of overseas production was too great to allow a price



increase (transcript of the hearing in investigation No. 201, pp. 42, 79). By mid-1977, the average domestic transaction price registered about 57.4 cents per pound, reflecting a 2 cents per pound increase from October to December 1976.

Throughout the remaining months of 1977 and January-June 1978, U.S. producers reduced their price on rayon staple. By October-December 1977 Avtex and Enka had rolled back their list price to 58 cents per pound. The average domestic price fell from 57.4 cents per pound in April-June 1977 to 55.8 cents per pound in January-March 1978. \* \* \*. Between October 1977 and March 1978, approximately the months covered by Treasury's investigation, the Italian rayon staple was the lowest priced fiber in the U.S. market, about \* \* \* percent less than the average net selling price received by the U.S. industry in that period. This margin of underselling was accounted for in total by the 18.6 percent weighted average LTFV margin found by Treasury.

\* \* \* \* \*

The pricing structure within the rayon staple market firmed markedly during the last 6 months of 1978. The average domestic price increased from 55.7 cents per pound in April-June 1978 to 59.4 cents during October-December 1978. Snia Viscosa ceased sales to the U.S. market after March 1978 and \* \* \* .

Lost sales 1/

\* \* \* \* \*

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1/ None of the discussion of lost sales can be presented here because it contains information received by the U.S. International Trade Commission in confidence, the disclosure of which would reveal the operations of the individual firms.

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APPENDIX A

TREASURY DEPARTMENT LETTER ADVISING THE COMMISSION OF ITS DETERMINATION  
OF LTFV SALES FROM ITALY



THE GENERAL COUNSEL OF THE TREASURY  
WASHINGTON, D.C. 20220

FEB 15 1979

DOCKET NUMBER
7564
Chief of the Secretary Int'l Trade Commission

Dear Mr. Chairman:

In accordance with section 201(a) of the Antidumping Act, 1921, as amended, you are hereby advised that viscose rayon staple fiber from Italy is being, or is likely to be, sold at less than fair value within the meaning of the Act.

The United States Customs Service will make available to the International Trade Commission as promptly as possible the file relative to this determination. This file is for the Commission's use in connection with its investigation as to whether an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with the Customs Service.

Sincerely,

*Robert H. Mundheim*  
Robert H. Mundheim

The Honorable  
Joseph O. Parker, Chairman  
United States International Trade Commission  
Washington, D. C. 20436

Enclosure

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATION  
AND HEARING CONCERNING INVESTIGATION No. AA1921-201,  
RAYON STAPLE FIBER FROM ITALY

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

[AA1921-201]

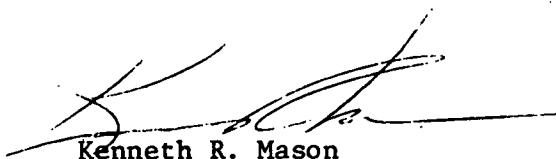
RAYON STAPLE FIBER FROM ITALY

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on February 22, 1979, that viscose rayon staple fiber from Italy is being, or is likely to be, sold at less than fair value, the United States International Trade Commission on March 7, 1979, instituted investigation No. AA1921-201 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Hearing. A public hearing in connection with the investigation will be held on Thursday, April 5, 1979, in the Commission's Hearing Room, United States International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning at 10:00 a.m., e.s.t. All persons shall have the right to appear in person or by counsel, to present evidence and to be heard. Requests to appear at the public hearing, or to intervene under the provisions of section 201(d) of the Antidumping Act, 1921, shall be filed with the Secretary of the Commission, in writing, not later than noon, Friday, March 30, 1979.

By order of the Commission.



Kenneth R. Mason  
Secretary

Issued: March 7, 1979

**APPENDIX C**  
**STATISTICAL TABLES**

**Table 1.--Rayon staple fiber: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1974-78, January-February 1978, and January-February 1979**

Period	Producers' shipments	Imports <sup>1/</sup>	Exports	Apparent consumption	Ratio of imports to consumption
	Million pounds	Million pounds	Million pounds	Million pounds	Percent
1974-----	575.0	37.0	33.8	578.2	6.4
1975-----	373.8	37.2	20.5	390.5	9.5
1976-----	468.0	41.5	34.8	474.7	8.7
1977-----	483.3	54.1	59.4	478.0	11.3
1978-----	540.6	37.2	98.7	479.1	7.8
January-February--					
1978-----	77.2	10.1	8.0	79.3	12.7
1979-----	89.0	3.1	16.6	75.5	4.1

<sup>1/</sup> Imports may include small quantities of acetate staple fiber.

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



Table 2.--Rayon, acetate, cotton, polyester, and other manmade fibers: Apparent U.S. consumption, 1960-78

(In millions of pounds)											
Year	Cellulosic				Polyester		Other manmade fibers				
	Rayon		Acetate	Cotton	Staple	Yarn	Noncel-	Textile			
	Staple	Yarn	2/	Staple					2/	lulosic	glass
	1/	2/									
	1960-----	:369.8	:401.8	: 277.6	: 4,196	: 64.0	: 37.6	: 511.8	: 148.2		
1961-----	:476.0	:385.2	: 292.2	: 4,108	: 70.9	: 36.1	: 607.2	: 147.2			
1962-----	:546.3	:384.6	: 326.1	: 4,192	: 115.3	: 38.1	: 744.7	: 177.5			
1963-----	:690.4	:380.7	: 362.5	: 4,029	: 150.7	: 48.9	: 875.9	: 182.0			
1964-----	:682.5	:399.6	: 421.3	: 4,287	: 177.5	: 63.6	:1,093.1	: 220.6			
1965-----	:705.1	:409.3	: 420.8	: 4,453	: 290.4	: 77.2	:1,325.7	: 268.2			
1966-----	:741.9	:389.6	: 446.5	: 4,621	: 372.1	: 81.4	:1,531.4	: 315.3			
1967-----	:706.6	:311.1	: 470.5	: 4,414	: 537.2	: 133.0	:1,647.2	: 303.7			
1968-----	:839.6	:353.5	: 474.9	: 4,104	: 756.1	: 226.7	:2,095.5	: 383.8			
1969-----	:824.1	:294.7	: 487.0	: 3,973	: 883.3	: 353.6	:2,091.7	: 460.5			
1970-----	:672.7	:251.1	: 479.1	: 3,774	: 992.9	: 433.0	:2,117.3	: 404.9			
1971-----	:721.2	:297.0	: 458.5	: 3,965	: 1,111.4	: 636.8	:2,643.7	: 466.7			
1972-----	:740.0	:246.9	: 413.6	: 3,850	: 1,286.9	: 935.4	:3,158.8	: 569.2			
1973-----	:742.2	:197.6	: 417.3	: 3,643	: 1,530.3	: 1,320.5	:3,524.2	: 676.0			
1974-----	:572.2	:153.1	: 340.0	: 3,306	: 1,388.1	: 1,295.2	:3,074.8	: 630.8			
1975-----	:391.1	: 74.9	: 305.7	: 3,069	: 1,473.6	: 1,477.0	:2,926.7	: 533.5			
1976-----	:468.6	: 65.1	: 260.4	: 3,389	: 1,777.2	: 1,373.9	:3,145.9	: 677.6			
1977-----	:440.5	: 68.1	: 267.4	: 3,170	: 1,880.3	: 1,510.6	:3,589.1	: 791.8			
1978-----	:403.8	: 63.0	: 281.6	: 3,040	: 1,967.5	: 1,507.6	:3,785.0	: 892.7			
	:	:	:	:	:	:	:	:			

1/ Includes some tow.

2/ Includes only domestic shipments.

Source: Compiled from statistics of the Textile Organon.

Table 3.--Rayon staple fiber: Apparent U.S. consumption, imports from Italy and total U.S. imports, 1974-78, January-February 1978, and January-February 1979

Period	Apparent consumption	Imports from Italy	Total U.S. imports <sup>1/</sup>	Ratio of imports from Italy to consumption	Ratio of imports to consumption
	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Percent</u>	<u>Percent</u>
1974-----	578.2	1.1	37.0	.2	6.4
1975-----	390.5	.4	37.2	.1	9.5
1976-----	474.7	.8	41.5	.2	8.7
1977-----	478.0	1.1	54.1	.2	11.3
1978-----	479.1	.7	37.2	.1	7.8
Jan.-Feb.--					
1978-----	79.3	.3	10.1	.4	12.7
1979-----	75.5	0	3.1	-	4.1

<sup>1/</sup> May include small quantities of acetate staple fiber.

Source: Apparent consumption, 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; U.S. imports, compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Rayon staple fiber: U.S. imports for consumption, by principal sources, 1974-78, January-February 1978, and January-February 1979

Source	1974	1975	1976	1977 <u>1</u> /	1978	Jan.-Feb.--	
						1978	1979
Quantity (1,000 pounds)							
Austria-----	13,800	25,024	29,598	27,907	12,879	4,267	1,261
Sweden-----	446	435	624	4,680	9,083	2,835	1,206
France-----	519	706	477	3,750	5,045	40	191
Finland-----	0	225	772	1,949 <u>2</u> /	3,781	603	39
Canada-----	16,330	5,587	5,993	5,591	1,973	313	295
Belgium-----	0	0	0	6,440	1,378	1,378	0
Spain-----	0	0	0	347	734	40	0
Italy-----	1,077	418	829	1,142	662	273	0
All other-----	4,822	4,776	3,232	2,248	1,665	339	109
Total-----	36,994	37,171	41,525	54,054	37,200	10,088	3,101
Value (1,000 dollars)							
Austria-----	5,144	9,964	11,739	12,024	5,786	1,898	626
Sweden-----	190	165	244	2,117	4,125	1,299	606
France-----	360	495	351	1,737	2,281	33	118
Finland-----	-	121	317	845	1,766	273	21
Canada-----	9,167	2,645	3,217	2,988	1,385	236	255
Belgium-----	-	-	-	2,563	573	573	-
Spain-----	-	-	-	145	334	16	-
Italy-----	521	175	325	485	311	142	-
All other-----	2,300	2,361	1,570	1,096	821	165	52
Total-----	17,682	15,926	17,763	24,000	17,382	4,635	1,678
Unit value (cents per pound)							
Austria-----	37	40	40	43	45	44	50
Sweden-----	43	38	39	45	45	46	50
France-----	69	70	74	46	45	83	62
Finland-----	-	54	41	43	47	45	54
Canada-----	56	47	54	53	70	75	86
Belgium-----	-	-	-	40	42	42	-
Spain-----	-	-	-	42	46	40	-
Italy-----	48	42	39	42	47	52	-
All other-----	48	49	49	49	49	49	48
Average-----	48	43	43	44	47	46	54

<sup>1/</sup> Import data for 1977 may differ in some instances from that shown in Rayon Staple Fiber From Belgium, USITC Publication 914, September 1978, and in Rayon Staple Fiber From France and From Finland, USITC Publication 938, February 1979, which were based on preliminary statistics.

<sup>2/</sup> Statistics for imports from Finland during 1978 have been revised to reflect an error in the published statistics.

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

Table 5.--Rayon staple fiber: U.S. exports of domestic merchandise, by principal markets, 1974-78, January-February 1978, and January-February 1979

Market	1974	1975	1976	1977	1978	January-February--	
						1978	1979
	Quantity (1,000 pounds)						
Philippines-----	2,214	3,284	2,106	9,307	23,599	2,837	7,599
Venezuela-----	3,983	1,627	5,346	4,718	11,428	1,842	3,911
India-----	0	0	0	7,401	10,241	196	254
Hong Kong-----	264	1,037	619	7,844	8,532	1,481	1,157
Canada-----	1,283	2,482	5,506	6,666	4,708	980	629
Taiwan-----	631	0	0	503	3,378	110	2,399
Mexico-----	1,231	230	1,918	6,956	3,177	500	1,483
Republic of Korea--	317	0	0	0	2,589	220	1,003
Colombia-----	0	0	220	421	2,446	174	370
All other-----	10,783	6,542	3,996	8,277	10,355	1,204	2,648
Total-----	20,706	15,202	19,711	52,093	80,453	9,544	21,453
	Value (1,000 dollars)						
Philippines-----	966	1,162	842	4,601	10,854	1,252	3,646
Venezuela-----	2,342	835	2,791	1,823	4,932	738	2,363
India-----	-	-	-	5,636	4,861	144	<u>1/</u> 120
Hong Kong-----	124	512	365	3,845	4,177	733	547
Canada-----	754	1,512	3,016	3,901	3,101	565	478
Taiwan-----	342	-	-	257	1,530	58	1,014
Mexico-----	666	145	821	3,349	1,578	259	743
Republic of Korea--	205	-	-	-	1,133	90	458
Colombia-----	-	-	90	192	1,142	80	179
All other-----	6,337	2,941	2,010	4,650	6,226	652	1,409
Total-----	11,736	7,107	9,935	28,254	39,534	4,571	<u>1/</u> 10,957
	Unit value (cents per pound)						
Philippines-----	44	35	40	49	46	44	48
Venezuela-----	59	51	52	39	43	40	60
India-----	-	-	-	76	47	73	47
Hong Kong-----	47	49	59	49	49	49	47
Canada-----	59	61	55	59	66	58	76
Taiwan-----	54	-	-	51	45	53	42
Mexico-----	54	63	43	48	50	52	50
Republic of Korea--	65	-	-	-	44	41	46
Colombia-----	-	-	41	46	47	46	48
All other-----	59	45	50	56	60	54	53
Average-----	57	47	50	54	49	48	51

1/ Data for January-February 1979 have been revised to reflect an error in the published statistics for India.

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

Table 6.--Rayon staple fiber: U.S. exports of domestic merchandise, by months, January 1976-February 1979

Year and month	Quantity	Value	Unit value
	<u>1,000</u>	<u>1,000</u>	<u>Cents per</u>
	<u>pounds</u>	<u>dollars</u>	<u>pound</u>
1976:			
January-----	823	390	47
February-----	1,195	565	47
March-----	786	409	52
April-----	1,400	703	50
May-----	2,020	1,017	50
June-----	2,902	1,518	52
July-----	2,077	1,016	49
August-----	1,476	817	55
September-----	1,402	670	48
October-----	2,150	1,092	51
November-----	1,621	829	51
December-----	1,860	909	49
1977:			
January-----	1,352	717	53
February-----	1,341	692	52
March-----	1,240	687	55
April-----	2,012	1,140	57
May-----	2,643	1,573	60
June-----	7,869	4,669	59
July-----	6,735	3,736	55
August-----	5,099	2,685	53
September-----	8,114	4,104	51
October-----	6,036	3,409	56
November-----	4,091	2,074	51
December-----	5,562	2,769	50
1978:			
January-----	3,998	1,993	50
February-----	5,546	2,578	46
March-----	5,287	2,717	51
April-----	4,007	1,869	47
May-----	5,316	2,702	51
June-----	6,131	2,863	47
July-----	7,098	3,209	45
August-----	7,052	3,370	48
September-----	8,831	4,374	50
October-----	8,145	4,350	53
November-----	9,969	4,944	50
December-----	9,071	4,564	50
1979:			
January-----	12,712	6,527	51
February-----	8,742	4,431	51

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

Table 7.--Rayon staple fiber: U.S. producers' capacity, production, and capacity utilization, by companies, 1974-78, January-February 1978, and January-February 1979

Company and period	Capacity	Production	Capacity utilization
	<u>Million</u> <u>pounds</u>	<u>Million</u> <u>pounds</u>	<u>Percent</u>
American Enka:			
1974-----	***	***	***
1975-----	***	***	***
1976-----	***	***	***
1977-----	***	***	***
1978-----	***	***	***
January-February--			
1978-----	***	***	***
1979-----	***	***	***
Avtex:			
1974-----	***	***	***
1975-----	***	***	***
1976-----	***	***	***
1977-----	***	***	***
1978-----	***	***	***
January-February--			
1978-----	***	***	***
1979-----	***	***	***
Courtaulds:			
1974-----	***	***	***
1975-----	***	***	***
1976-----	***	***	***
1977-----	***	***	***
1978-----	***	***	***
January-February--			
1978-----	***	***	***
1979-----	***	***	***
Total:			
1974-----	785	612	78
1975-----	712	350	49
1976-----	650	459	71
1977-----	650	507	78
1978-----	650	518	80
January-February--			
1978-----	109	77	71
1979-----	109	89	82

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

Table 8.--Rayon staple fiber: U.S. producers' capacity, production, and capacity utilization, by types, 1975-78, January-February 1978, and January-February 1979

Type and period	Capacity	Production	Capacity utilization
	<u>Million</u>	<u>Million</u>	
	<u>pounds</u>	<u>pounds</u>	<u>Percent</u>
Commodity:			
1975-----	603	280	46
1976-----	536	356	66
1977-----	503	383	76
1978-----	497	401	81
January-February--			
1978-----	84	60	71
1979-----	82	70	85
Specialty:			
1975-----	109	70	64
1976-----	114	103	90
1977-----	147	123	84
1978-----	153	117	76
January-February--			
1978-----	25	17	68
1979-----	27	19	70
Total:			
1975-----	712	350	49
1976-----	650	459	71
1977-----	650	506	78
1978-----	650	518	80
January-February--			
1978-----	109	77	71
1979-----	109	89	82

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

Table 9.--Profit-and-loss experience of the 3 U.S. producers of rayon staple fiber on their rayon staple fiber operations, 1974-78

Company	1974	1975	1976	1977	1978
Avtex:					
Net sales-----1,000 dollars--	***	***	***	***	***
Net operating profit or (loss) before income tax-----1,000 dollars--	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales-----percent--	***	***	***	***	***
American Enka:					
Net sales-----1,000 dollars--	***	***	***	***	***
Net operating profit or (loss) before income tax-----1,000 dollars--	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales-----percent--	***	***	***	***	***
Courtaulds:					
Net sales-----1,000 dollars--	***	***	***	***	***
Net operating profit or (loss) before income tax-----1,000 dollars--	***	***	***	***	***
Ratio of net operating profit or (loss) to net sales-----percent--	***	***	***	***	***
All companies, total:					
Net sales-----1,000 dollars--	290,013	200,742	261,282	285,410	315,116
Net operating profit or (loss) before income taxes-----1,000 dollars--	38,930	(294)	7,613	(1,680)	(6,691)
Ratio of net operating profit or (loss) to net sales-----percent--	13.4	(.2)	2.9	(.6)	(2.1)

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



Table 10.--Rayon staple fiber: U.S. imports for consumption from all countries and from Italy, by months, January 1976-February 1979

Period	All countries	Italy	Ratio of imports from Italy to total imports
	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>pounds</u>	<u>Percent</u>
1976:			
January-----	3,153	81	2.6
February-----	3,377	5	.1
March-----	4,749	0	-
April-----	3,566	76	2.1
May-----	3,727	84	2.3
June-----	2,858	68	2.4
July-----	3,963	146	3.7
August-----	3,250	95	2.9
September-----	2,783	32	1.1
October-----	2,800	32	1.1
November-----	3,607	30	.8
December-----	3,691	178	4.8
1977:			
January-----	2,826	35	1.2
February-----	6,032	130	2.2
March-----	5,068	71	1.4
April-----	4,745	89	1.9
May-----	6,099	77	1.3
June-----	6,135	198	3.2
July-----	6,248	132	2.1
August-----	5,786	107	1.8
September-----	5,075	199	3.9
October-----	3,361	0	-
November-----	1,357	0	-
December-----	1,408	128	9.1
1978:			
January-----	5,733	198	3.5
February-----	4,355	75	1.7
March-----	3,414	71	2.1
April-----	2,713	0	-
May-----	2,751	206	7.5
June-----	4,948	99	2.0
July-----	4,531	0	-
August-----	2,438	0	-
September-----	2,923	0	-
October-----	1,921	0	-
November-----	754	0	-
December-----	719	13	1.8
1979:			
January-----	1,154	0	-
February-----	1,947	0	-

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

Table 11.--Average net selling prices received by U.S. producers and importers on sales of first-quality, 1.35-1.65 denier, regular, bright viscose rayon staple fiber to U.S. textile mills, by quarters, January 1976-February 1979

(In cents per pound)													
Period	U.S. producers				Importers								
	Avtex	Court- aulds	Enka	Average	J. J. Ryan & Sons (Belgium)	Chemray (Austria)	Huxley (Finland)	Products- from- Sweden (Sweden)	Snia Viscosa (Italy)	Court- aulds (Canada)	J. J. Ryan & Sons (France)	Average	
1976:													
Jan.-Mar-----	***	***	***	53.0	***	***	***	***	***	***	***	50.3	
Apr.-June-----	***	***	***	52.8	***	***	***	***	***	***	***	50.1	
July-Sept-----	***	***	***	53.2	***	***	***	***	***	***	***	50.9	
Oct.-Dec-----	***	***	***	55.6	***	***	***	***	***	***	***	51.2	
1977:													
Jan.-Mar-----	***	***	***	56.8	***	***	***	***	***	***	***	52.0	
Apr.-June-----	***	***	***	57.4	***	***	***	***	***	***	***	52.8	
July-Sept-----	***	***	***	57.0	***	***	***	***	***	***	***	53.0	
Oct.-Dec-----	***	***	***	56.5	***	***	***	***	***	***	***	53.2	
1978:													
Jan.-Mar-----	***	***	***	55.8	***	***	***	***	***	***	***	53.0	
Apr.-June-----	***	***	***	55.7	***	***	***	***	***	***	***	53.5	
July-Sept-----	***	***	***	56.5	***	***	***	***	***	***	***	52.6	
Oct.-Dec-----	***	***	***	59.4	***	***	***	***	***	***	***	59.8	
1979:													
Jan.-Feb.-----	***	***	***	59.8	***	***	***	***	***	***	***	62.8	

1/ No sales during the specified period.

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

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