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UNITED STATES TARIFF COMMISSION

**COTTON OSNABURGS AND SHEETINGS:
WHITTIER MILLS COMPANY
ATLANTA, GA.**

**Report to the President
Firm Investigation No. TEA-F-29
and
Worker Investigation No. TEA-W-103
Under Sections 301(c)(1) and 301(c)(2) of the Trade Expansion Act of 1962**



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October 1971**

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Glenn W. Sutton

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Kenneth R. Mason, *Secretary*

Address all communications to
United States Tariff Commission
Washington, D. C. 20436

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of an individual concern. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission
October 12, 1971.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of investigations made under sections 301(c)(1) and 301(c)(2) of that act in response to petitions filed by a textile firm and its workers.

On August 11, 1971, the Commission received petitions filed on behalf of the Whittier Mills Company, Atlanta, Ga., and its workers, for determinations of eligibility to apply for adjustment assistance under the Trade Expansion Act of 1962. On August 17, 1971, the Commission instituted two investigations (TEA-F-29 and TEA-W-103) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the cotton osnaburgs and sheetings produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm, and the unemployment or underemployment of a significant number or proportion of its workers.

Public notice of the investigations and hearing was published in the Federal Register of August 24, 1971 (36 F.R. 16614). A public hearing requested by the firm was held on September 27, 1971.

The information in this report was obtained principally from officials of the petitioning firm and from the Commission's files.

Findings of the Commission

On the basis of its investigations, the Commission (Commissioners Leonard and Young dissenting) finds that articles like or directly competitive with the cotton osnaburgs and sheetings produced by the Whittier Mills Company, Atlanta, Ga., are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm and the unemployment or underemployment of a significant number or proportion of its workers.

Views of Chairman Bedell, Vice Chairman Parker, Commissioner
Sutton, and Commissioner Moore

The instant investigation was undertaken under the Trade Expansion Act of 1962, in response to a petition filed on behalf of the Whittier Mills, Atlanta, Ga., and the workers of that firm, for determinations of eligibility to apply for adjustment assistance under that act.

Under section 301(c) of the act, four criteria must be satisfied for the Commission to make affirmative determinations respecting petitions by firms or workers seeking eligibility to apply for adjustment assistance.

- (1) The imports of like or directly competitive products must be increasing;
- (2) The increase in imports must be a result in major part of concessions granted under trade agreements;
- (3) The petitioning firm is being seriously injured or threatened with serious injury; the workers concerned must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor causing or threatening to cause serious injury to the firm and the unemployment or underemployment to the workers.

In our view, each of the foregoing conditions have clearly been met, and the injury to the firm in question and the unemployment of its workers have been attributable in major part to the complained-of imports.

Until 1968, the facilities of the Whittier Mills Co. (Whittier Mills) were devoted principally to the production of coarse cotton sheeting, including osnaburgs. Later, as it lost sales in these items, primarily to imports, it began to produce an assortment of miscellaneous fabrics, including blends of cotton and man-made fibers. Even in this period, however, coarse sheeting continued to be the most important single product of the company. The firm was largely integrated to the unfinished fabric level, producing plainwoven fabrics for sale as greige (grey) goods from coarse cotton yarns produced in its own plant. The company was originally founded in Georgia in 1896 and was in continuous operation until June 30, 1971, when the plant closed.

Imports of coarse cotton sheeting, the principal product of Whittier Mills, increased each year from about 40 million square yards in 1964 to about 136 million square yards in 1970, or at an annual average rate of over 22 percent during the period. The ratio of imports to consumption rose each year during the 1964-70 period from about 5.6 percent to 21.3 percent. This increase in the imports, both in absolute and relative amounts, clearly meets the first criterion set forth in the statute.

In our view there can be little doubt respecting the cause-and-effect relationship between the increase in the importation of the articles hereunder consideration and concessions granted under trade agreements. In 1971 the rates of duty were about 40 percent less than in 1930 as a result of concessions granted under the General Agreement on Tariffs and Trade. Roughly three-fifths of the total reduction was attributable to concessions negotiated in 1955, after which the imports

of all coarse cotton fabrics (of yarn Nos. 1-19) increased sharply. By 1965 the imports were many times higher than in 1955. During the Kennedy Round, additional concessions were granted on the cotton sheeting here considered. These reductions, generally amounting to about two-fifths of the total, were staged to become effective in 1968, 1969, 1970, 1971, and 1972. In 1968, the year in which the first Kennedy Round concession became effective, the imports amounted to 104 million square yards. In both of the years 1969 and 1970 they rose without interruption to 121 million square yards and to 136 million square yards, respectively. Concurrently, the quality of the imported fabrics was markedly improved and the price competition from imports intensified.

Obviously, factors other than trade-agreement concessions had a bearing on the foregoing trend in imports. Concurrently with the implementation of the trade-agreement concessions negotiated in 1955, the two-price system for domestically produced raw cotton resulted in a price differential in favor of foreign mills. Even after this differential was largely eliminated in 1964, however, the imports of coarse cotton sheeting continued to increase, rising from 40 million square yards that year to 111 million square yards in 1967. Clearly, the concessions negotiated in Geneva in 1955, continued to stimulate imports.

It is to be noted also that the increase was due partly to the build-up of hostilities in Vietnam, which had the effect of diverting domestic supplies of coarse cotton fabric to military uses while at the same time opening the domestic nonmilitary market to additional penetration by foreign suppliers.

Further, the producers of coarse cotton fabrics have been confronted by increased competition from fabrics made of manmade fibers and blends thereof. With respect to these, foreign-produced fabrics have also been a factor in the difficulties experienced by this concern since the imports of such products have also increased.

Notwithstanding these considerations, the importance of the duty concessions in the difficulties of this concern and the workers is compelling and indeed was the major factor in the closure of the firm's facilities. Evidence developed in this investigation indicates that in the highly competitive, large volume market for coarse cotton fabrics, a small price difference, even of one-fourth of a cent in the case of some types, may well be sufficient to determine whether a sale is made or lost. Under such circumstances, trade-agreement concessions of the magnitude here involved obviously were crucial. In the case of cotton osnaburg, for example, an important product of this concern, duty reductions effected in pursuance of trade-agreement concessions were equivalent to about 1.2 cents per yard.

It is to be noted that the Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA) has restricted the rate of growth in the importation of cotton fabrics below that which might otherwise have occurred. The purpose of this restriction, however, has been not to exclude the imports in question but to prevent such rates of growth as would cause overall market disruption. As noted, however, the rate of growth for coarse cotton sheeting in recent years has been on the order of 22 percent annually, a rate sufficient to cause injury to this firm and its workers, and to justify adjustment assistance.

Finally, it should be noted that because of the LTA, the producers of cotton fabrics will receive no benefit from the temporary surcharge imposed August 16, 1971, by the President. Thus, even had the Whittier Mills continued in business, the firm and its workers would not have benefitted from this phase of the President's new economic programs so long as it continued producing cotton fabrics.

Whittier Mills patently has suffered serious injury. Most of its output consisted of fabrics for civilian markets, the area in which the concession generated imports have been sold. During the period when the Kennedy Round concessions were being implemented, its profit position deteriorated. It realized a loss in 1968, but had a small marginal profit in 1969, attributable primarily to a one-time military sale. In commenting on its profit position in that year, Mr. Hansford Sams, Jr., President of Whittier Mills, noted:

In this particular year we were very fortunate in securing some military contracts at reasonable prices which accounted for the profit. This business was only a one-time sale and could not be depended upon as continuing. 1/

In the following year, 1970, the company suffered a substantial net loss on sales.

As noted, we believe that the reduction in duties in 1968, 1969, 1970 and 1971 served to spur increased imports and to weaken the competitive position of Whittier Mills to such an extent as to bring about the collapse of its financing and the closing of the plant.

1/ Transcript of the Hearing, p. 25.

Because of increased competition from imports, which were commanding an ever growing share of the U.S. market, the company was forced, at additional cost, to go to other articles when its regular product was lost to foreign competition. In recent years it made numerous efforts to produce alternative fabrics within its capabilities. It endeavored to maintain a modern, efficient plant and equipment, and it held its work force at a high level in the hopes of establishing a viable product line and avoiding the lay-off of workers. Between 1966 and 1970, total average employment at Whittier Mills ranged between 554 employees and 608 employees annually. In January-May 1971, average employment was down to 542. By the end of June, 1971, all production ceased. The plant was closed, and all workers were dismissed.

Views of Commissioners Leonard and Young

These investigations relate to petitions filed by the Whittier Mills Company, Atlanta, Ga., and its former workers for determinations under sections 301(c)(1) and 301(c)(2), respectively, of the Trade Expansion Act of 1962 of their eligibility to apply for adjustment assistance.

Our determinations are in the negative because the conditions imposed by the Trade Expansion Act have not been met. Before an affirmative determination can be made under section 301(c)(1) or section 301(c)(2), each of the following conditions must be met:

1. Articles like or directly competitive with those produced by the firm or the petitioning workers must be imported in increased quantities;
2. The increased imports must be a result in major part of concessions granted under trade agreements;
3. The firm must be seriously injured or threatened with serious injury, or a significant number or proportion of the workers must be unemployed or underemployed or threatened with unemployment or underemployment; and
4. The increased imports resulting from trade-agreement concessions must be the major factor causing or threatening to cause serious injury to the firm or the unemployment or underemployment of the workers.

In the instant investigations, it is our view that the fourth condition is not met and, therefore, negative determinations are required.

Whittier Mills Company was, prior to its closing in June 1971, a relatively small textile spinning and weaving concern which operated a single plant near Atlanta, Ga. Whittier's economic problems arose out of a succession of events occurring mainly during the period 1966-70. Increased imports were not the major factor causing any of these events. For many years the company had specialized in making osnaburg and other coarse sheeting which it sold as unbleached greige (grey) goods. The coarse sheeting other than osnaburg accounted for a small (less than $5\frac{1}{2}$ percent) share of Whittier's sales in the period 1966-70. Indeed, Whittier's largest sales of such sheeting occurred in 1967, a year in which imports increased substantially. Another product that accounted for a modest share of Whittier's sales was cotton yarn. Imports of cotton yarn of the type produced by Whittier, however, declined during the period 1966-70. The decrease in Whittier's cotton yarn sales, therefore, could not be attributed in major part to increased imports. Whittier's production of yarns other than cotton yarn, a relatively minor part of the firm's total sales, actually increased during the period 1966-70 and, as a result, imports of such yarn in that period could not have contributed to Whittier's injury.

In the years 1966 and 1967 the bulk of its sales were of coarse cotton osnaburg. Sales of osnaburg to manufacturers of military sandbags were a substantial part of Whittier's fabric sales in 1966 and more than half in 1967. Beginning in 1968 the Defense Department shifted from cotton osnaburg sandbags to acrylic sandbags. This development hurt Whittier, which was heavily committed to production of cotton osnaburg for the military. Whittier made adjustments at its mill to

manufacture manmade fabrics, and in 1969, sales of acrylic fabrics for the military accounted for the great bulk of Whittier's total sales of fabrics. However, this turned out to be a temporary situation.

In early 1970, military purchases of acrylic fabric sandbags were discontinued and Whittier was again seriously affected. After 1967, in addition to the loss of sales for the military, Whittier's sales of cotton osnaburg to the civilian market had suffered from severe competition from other domestic producers of that material. In fact, its failure to maintain its position vis-a-vis other U.S. manufacturers of osnaburg was one of Whittier's main difficulties. U.S. production of osnaburg for civilian use declined moderately during the period 1965-70 whereas Whittier's production for civilian use declined substantially. Competition from domestic sources was a greater problem for Whittier than competition from imported osnaburg. In the face of this stiff competition, Whittier began producing various other fabrics. During the period 1968-70 the company produced and sold substantial quantities of some 18 different fabrics it had never produced before. In 1970 the company's fabric sales were predominantly of manmade fiber fabrics, a field, it is noted, in which the domestic competition was extremely well entrenched. Moreover, the rapid shift from its area of expertise--osnaburg and coarse sheeting--to more sophisticated fabrics was costly. A Whittier official testified at the Commission's hearing that the production of "other" fabrics necessitated many changes in the Whittier plant. Grading standards had to be changed, fugitive dye had to be used to identify various fibers to prevent contamination, modification had to be made on some of the machinery, and seconds and off goods increased. All of these

increased Whittier's manufacturing cost according to the official. Added to the costs for converting equipment to the production of new fabrics, Whittier experienced rising costs of both labor and raw cotton in producing cotton products during the period 1968-70, particularly in 1970.

Beginning in June 1970 Whittier continuously suffered financial losses each month. By January 1971 a major source of Whittier's working capital indicated reluctance to continue to finance the company if the losses continued in the ensuing quarter. After further losses in the months of February, March, and April, Whittier's owners decided, in May 1971, to discontinue production and liquidate the company.

In our opinion, the difficulties of Whittier resemble those of another firm that was the subject of an investigation completed by the Tariff Commission in March 1971. In the earlier case (Investigation No. TEA-F-17, relating to Lone Star Textiles, Inc., Hallettsville, Tex.), the statement supporting the Commission's unanimous finding pointed out that 1/

The recent difficulties of . . . have been closely associated with sharp changes in the U.S. demand for fabrics for military uses . . . The loss of military business by the firm was in no way related to imports but rather to decreased demand for these articles; imported fabrics are not ordinarily used in articles for military consumption.

With regard to imports of duck and osnaburg fabrics and coarse cotton yarns, it is evident that an increase in the quantity imported has not been of such magnitude as to have been the major factor in causing injury to the firm.

1/ Chairman Bedell, Vice Chairman Parker, and Commissioner Young did not participate in the Commission's finding.

We believe that the foregoing observation in the Lone Star case is applicable in the instant investigations. We conclude, therefore, that imports are not the major factor causing or threatening to cause either serious injury to the Whittier Mills Company or unemployment or underemployment of a significant number or proportion of its workers.



INFORMATION OBTAINED IN THE INVESTIGATION

Articles Under Investigation

The facilities of Whittier Mills Co., which ceased to operate in June 1971, were geared to the production of coarse cotton yarns (Nos. 3-16) and plainwoven cotton fabrics using coarse cotton yarns. The company was largely integrated to the unfinished fabric level (greige, or grey, goods which have not received any wet or dry finishing). In addition to producing virtually all of the yarn it used in the manufacture of fabrics, Whittier produced cotton, manmade-fiber, and cotton and manmade-fiber blended yarn for sale to other manufacturers. During most of the years 1966-70, yarn sales to others amounted to about 25 percent of its total yarn poundage. As for fabrics, for many years Whittier produced primarily cotton osnaburg and other coarse sheeting (hereinafter referred to as coarse sheeting). In more recent years, however, Whittier increasingly produced other types of coarse fabrics--e.g., cotton duck, sateen, and acrylic sand-bag material.

Whittier contends that the injury it suffered by reason of imports was primarily caused by imported coarse cotton sheeting. According to company officials, Whittier's inability to sell such sheeting forced the company, beginning in 1968, to replace such lost sales with sales of other fabrics. Whittier contends that if it had not produced such other fabrics, the firm would have had to close in 1968.

Sheeting is plainwoven fabric, not fancy or figured, and not napped, made of singles yarn. Whittier's production of coarse sheeting was sold in the grey, for the most part to converters. These converters would dye, print, or otherwise process the fabrics and then sell them to manufacturers of draperies, apparel, and industrial items.

Osnaburg is of lower count and coarser yarns than other types of coarse sheeting. It is defined in statistical headnote 1(f)(i) to schedule 3, part 3, subpart A of the Tariff Schedules of the United States Annotated (TSUSA) as a--

Plain-woven fabric of low construction (that is few yarns per inch), of coarse carded yarn made of short-staple, low-grade cotton, or of a mixture of such cotton and waste, not fancy or figured, and not napped, and having an average yarn number usually in the range between 3 and 10. 1/

Osnaburg fabrics are made of singles yarn, and the total yarn count per square inch is usually less than 80. These fabrics are consumed in a variety of industrial uses, such as automobile interiors, industrial wiping cloths, saturated asphalt fabrics, luggage, upholstered furniture, and backing for tufted bathmats. Cotton osnaburg was purchased in large quantities by the military during the Viet-Nam buildup because of its use in sandbags, but it was later displaced by other textile fabrics, mainly of acrylic and polypropylene fibers.

1/ Cotton yarn is numbered according to the number of 840-yard hanks that weigh 1 pound. No. 1 cotton yarn measures 840 yards (1 hank) to the pound; No. 100 cotton yarn measures 84,000 yards (100 hanks) to the pound; the higher the yarn number, the finer the yarn.

"Other coarse sheeting" is a plainwoven fabric, not napped, made of singles yarn averaging from Nos. 4 to 26. The products of Whittier Mills included items similar to those defined in statistical headnote 1(f)(ii) of the TSUSA as class A sheeting (average yarn numbers of 15 or less) and class B sheeting (average yarn numbers over 15 but not over 21). Soft-filled sheeting made from soft-spun, very coarse filling yarn is not produced by this mill and (according to officials of Whittier Mills) does not compete with either class A or B sheeting. The type of sheeting produced by Whittier Mills is used primarily in the manufacture of draperies and apparel. An interchange of yarns can be used, depending on the strength or quality requirement of the fabric. The principal difference between the yarns used in the osnaburg and other sheeting fabrics produced by Whittier Mills was in the grade of cotton consumed in their manufacture.

U.S. Tariff Treatment

The U.S. rates of duty on cotton fabrics of the types produced by Whittier Mills Co. were essentially unchanged from 1930 until the granting of concessions under the General Agreement on Tariffs and Trade (GATT), which became effective September 10, 1955. 1/ The rates applicable to most unbleached fabrics such as coarse sheeting before the 1955 reductions were 11.75 and 15.25 percent ad valorem for yarn Nos. 5 and 15, respectively. The corresponding concession rates resulting from the

1/ The rates on similar fabrics of higher unit value than those generally sold by Whittier Mills had been reduced in 1939 in a trade agreement negotiated with the United Kingdom. The 1939 concession rates were bound in the GATT in 1948.

1955 negotiations, which represented reductions of about a fourth in the 1930 rates, were 8.75 percent ad valorem for fabrics of yarn No. 5 and 11.25 percent for fabrics of yarn No. 15. These rates were further reduced by about a fourth in the Kennedy Round, with the reductions occurring in five annual stages beginning on January 1, 1968. The 1971 rates--7.07 percent for fabrics of yarn No. 5 and 9.09 percent for fabrics of yarn No. 15--represented the fourth stage of the Kennedy Round concessions and are 40 percent less than the 1930 rates. See table 1 for a tariff-rate history on selected yarns and fabrics of types produced by Whittier.

Since 1962 the major foreign suppliers of cotton sheeting have been subject to specific limits on their exports to the United States pursuant to the Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA). The LTA was designed to significantly increase access to markets where imports were subject to restriction; to maintain orderly access to markets where restrictions were not maintained; and to secure from exporting countries, where necessary, a measure of trade restraint in their export policy so as to avoid disruptive effects in import markets. The current annual limits on exports to the United States by the major foreign suppliers, based on bilateral

agreements between the United States and the individual countries, are shown in the following table.

Annual agreement levels applicable to U.S. trade in coarse cotton sheeting with major foreign suppliers pursuant to bilateral agreements under the LTA and effective dates in 1971

Supplier	Agreement level	Effective date of agreement
	<u>1,000 sq. yds.</u>	
Imports controlled by the United States:		
Pakistan-----	<u>1/</u> 37,800	July 1, 1971
Taiwan-----	24,220	Jan. 1, 1971
United Arab Republic-----	<u>2/</u> 26,250	Oct. 1, 1971
Brazil-----	12,600	Oct. 1, 1971
Mexico-----	12,263	May 1, 1971
Exports controlled by foreign supplier:		
Hong Kong-----	<u>1/</u> 76,934	Oct. 1, 1971
India-----	<u>1/</u> 29,925	Oct. 1, 1971
Spain-----	<u>1/</u> 16,490	Jan. 1, 1971

1/ Includes combed sheeting.

2/ Sheeting and carded yarn fabrics, not elsewhere specified, cannot exceed 30 million square yards.

Pursuant to Presidential Proclamation No. 4074, effective August 16, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percents ad valorem or less, as provided for in new subpart C of part 2 of the appendix to the TSUS. U.S. imports of the coarse cotton fabrics considered in this report, like imports of all other articles subject to restraint under the LTA, are exempt from the aforementioned additional duty (headnote 5(g) to subpart C of part 2 of the appendix to the TSUS).

U.S. Consumption

The apparent annual U.S. consumption of coarse sheeting increased from 713 million square yards in 1964 to 933 million square yards in 1967, and then declined to 641 million square yards in 1970 (table 2). The apparent consumption in 1970 was about 12 percent below that in 1964. The bulk of the apparent consumption in the 1964-70 period consisted of the combined total class A and class B sheeting (hereinafter referred to as other coarse sheeting).

Most coarse cotton fabrics of yarns in the range of Nos. 1 to 19, particularly sheeting, are manufactured into a wide variety of end products for the household, industrial, and apparel markets. Consumption has been influenced by changes in market requirements and by competition from substitute materials such as manmade-fiber fabrics, plastics, and nonwoven materials. Coated nylon fabrics compete in tents and other uses; plastics, in industrial hose, luggage, and shoes; and nonwoven fabrics, in carpet backing, industrial clothing, filter fabrics, and the like. On the other hand, increased production of automobiles, certain home furnishings, and other important articles in which these fabrics are used has expanded potential markets. According to estimates by the National Cotton Council, consumption of coarse

cotton fabrics in some of these major end uses is shown in the following table.

U.S. consumption of coarse cotton fabrics, by specified items,
for specified years 1960 to 1969

(In thousands of square yards)

Item	1960	1964	1967	1969
Drapery and upholstery-----	1/	345,361	389,754	374,604
Carpet backing-----	38,711	64,164	78,350	68,820
Auto uses-----	124,237	145,218	139,303	126,822
Awnings-----	24,700	21,948	11,477	11,064
Machinery belts-----	14,679	29,175	29,349	33,305
Wiping cloths-----	1/	35,808	46,926	43,803
Luggage-----	37,289	42,378	42,070	43,320
Saturated asphalt fabrics-----	13,095	15,524	16,297	16,808
Shoes-----	100,096	159,435	147,054	136,077

1/ Not available.

Military uses, particularly in making sandbags, have at times accounted for a substantial part of the total consumption of osnaburg. Imported osnaburg is not ordinarily used in military items. 1/ Peak consumption by the military in recent years was during 1966 and 1967, when such consumption accounted for 27 and 53 percent, respectively, of the total. Military consumption declined sharply after 1967, from 244 million square yards in that year to 1.3 million square yards in 1970, largely owing to the displacement of osnaburg in sandbags by more mildew resistant polypropylene and acrylic fabrics (table 3).

During 1965-70, consumption of osnaburg in civilian uses ranged from 305 million square yards in 1965 to 220 million square yards in 1967, and was 260 million square yards in 1970. The consumption of

1/ Military procurement contracts for certain textiles, including woven cotton fabrics, usually require the use of domestically produced articles.

other coarse sheeting during this period was 450 million square yards in 1965, increased to 469 million square yards in 1967, and then decreased to 380 million square yards in 1970.

U.S. Production

Coarse sheeting

The total domestic production of coarse sheeting rose from 673.4 million square yards in 1964 to 821.5 million square yards in 1967 and then declined to 504.8 million square yards in 1970. Production in 1967, the peak year, was 22 percent above that in 1964, whereas production in 1970 was 25 percent below that in 1964 (table 4).

Osnaburg

Domestic production of unbleached cotton osnaburg during the 1964-70 period ranged between 441.3 million and 240.6 million square yards (table 2). Annual production increased consistently from 274.5 million square yards in 1964 to 441.3 million square yards in 1967, and then declined consistently to 240.6 million square yards in 1970. Production in 1970 was 12.3 percent below that in 1964. The high production levels during 1966 and 1967 were mainly attributable to increased demand for military sandbags.

Other coarse sheeting

Except for a small increase in 1966, domestic production of other coarse sheeting declined consistently from 398.9 million square yards in 1964 to 264.2 million square yards in 1970 (table 2). Production in

1970 was 33.8 percent below that of 1964. The bulk of the production consisted of class A sheeting for most of the years in the 1964-70 period.

U.S. Imports

Coarse sheeting

During 1964-70, total U.S. imports of coarse sheeting increased each year from 40 million square yards in 1964 to 136 million square yards in 1970, a better than twofold increase and an annual average growth rate in excess of 22 percent during the period. The ratio of imports to consumption increased each year from 5.6 percent in 1964 to 21.3 percent in 1970 (table 2).

Because coarse sheeting is plainwoven, unsophisticated, low-priced merchandise capable of being run at high-loom speeds with less technical supervision, these fabrics require less capital investment to produce and are therefore an attractive production item to foreign-mill operators in less developed countries. In the late 1950's and early 1960's the quality of such imported fabrics was somewhat inferior to the comparable domestically produced fabrics. In recent years, however, such imports have been equal in quality to the coarse sheeting produced domestically.

Osnaburg

U.S. imports of osnaburg increased sharply during the mid-1960's, when there was a critical shortage of domestic osnaburg for sandbags resulting from the Viet-Nam buildup (table 5). The ratio of imports to consumption increased each year from 3 percent in 1964 to 7.8 percent in 1970 (table 2). Imports of 23.4 million square yards during 1967 were almost three times as large as in 1964. Imports declined in 1968 to 16.3 million square yards, increased to 21.3 million square yards in 1969, and decreased to 20.4 million square yards in 1970. Imports of osnaburg in 1970 were higher than in most years during the period 1964-70.

As shown in table 6, Hong Kong, Brazil, Mexico, Spain, Egypt, and Pakistan have been the principal suppliers of imported osnaburg in recent years, with imports from Hong Kong usually accounting for more than half of the total. Imports from Hong Kong were 12.2 million square yards in 1970, the highest in any year except 1967 during the 1964-70 period.

The suppliers of cotton osnaburg fabrics generally do not have any specific limitation under the LTA on exports to the United States. Although all of the above-mentioned countries have limitations on exports of all coarse sheeting fabrics (LTA category 9), 1/ including osnaburg, these limitations are several times as large as their exports of osnaburg.

1/ Import data for textiles wholly of or in chief value of cotton have been grouped into 64 categories of products which are used by the United States in administering the provisions of the LTA.

At times, the annual increase in imports of fabrics subject to control under the LTA may exceed the 5-percent limitation ordinarily provided for in the bilateral agreements. Most bilaterals also include provisions for the carryover of unfilled portions of quotas from the previous year and transfers from one category to another, possibly allowing limits on a single category to be increased.

Other coarse sheeting

U.S. imports of other coarse sheeting increased consistently from 1964 to 1970, except in 1968 when they declined slightly. In 1970, imports of sheeting were 116.1 million square yards, almost four times as large as in 1964. Imports as a percentage of consumption increased consistently from 7.2 percent in 1964 to 30.5 percent in 1970 (table 2).

As shown in table 7, Hong Kong has been the leading supplier of other coarse sheeting in recent years; in 1970, Hong Kong supplied 23 percent of the total. Other important suppliers are Pakistan, India, Taiwan, Egypt, and Brazil. Imports from Brazil, which were small or almost nil in past years, increased sharply in 1970.

Data Relating to Whittier Mills Co.

Corporate history, plant, and equipment

Whittier Mills Co. was originally founded in Georgia in 1896 as the Whittier Cotton Co. * * * In 1906 the corporate name was changed to the present name, Whittier Mills Co. Shortly before 1920, the company, which until that time was engaged solely in manufacturing yarn, began duck-weaving operations. * * * From 1957 to date, the Whittier Mills Co. has been a closely held corporation, * * *. The Whittier owners decided to cease operations on May 15, 1971. Curtailment of manufacturing began on May 17; by June 30, 1971, all goods in process were completed and the plant closed.

The Whittier plant, basically the 1896 structure which had been expanded and modernized through the years, provided about 170,000 square feet of manufacturing space, all on one level, plus an additional 50,000 square feet of warehouse space adjacent to the plant which contained loading facilities for rail and truck shipments. The plant is currently for sale. The equipment consisted mainly of some 369 looms, 300 of which were X-type looms of fairly high speed, and 20,416 spindles. The looms were characterized by the owners as being average to above-average equipment compared with the equipment used by other domestic textile manufacturers. The carding equipment, which was installed in the mid-1960's * * * was described by Whittier officials as among the most modern equipment in the industry, Whittier's total investment in new equipment during the period 1963-70 was in excess of

\$1 million. As of mid-September 1971, some of the equipment had been sold, and the company owners expect to complete the sale of the remaining equipment within the next few months.

* * * * *



STATISTICAL APPENDIX

Table 1.--Selected yarns and fabrics: U.S. rates of duty in specified years 1930 to 1972

Brief description	(In cents per pound and percent ad valorem)									
	1930	1948	1956	1967 1/	1968	1969	1970	1971	1972	
otton yarn, not bleached, not combed, etc.:										
Of No. 5-----	6.5%	6.25%	5.9375%	5.625%	5.3%	4.99%	4.67%	4.35%	4.04%	
Of No. 15-----	9.5%	8.75%	8.3125%	7.875%	7.42%	6.98%	6.53%	6.08%	5.64%	
otton fabric, not bleached or colored:										
Of yarn No. 5-----	11.75%	11.75%; (8.75% 2/)	3/ 8.75%	8.75%	8.33%	7.91%	7.49%	7.07%	6.66%	
Of yarn No. 15-----	15.25%	15.25%; (11.25% 2/)	3/ 11.25%	11.25%	10.71%	10.17%	9.63%	9.09%	8.56%	
arns wholly of noncontiguous manmade fibers, singles-----	12.5¢ + 45%	6.25¢ + 22.5%	6.25¢ + 22.5%	6.25¢ + 22.5%	5.6¢ + 20%	5¢ + 18%	4.3¢ + 15.5%	3.7¢ + 13.5%	3.1¢ + 11%	
unmade fiber fabrics: Not jacquard-figured:										
Valued not over \$4.00 per pound-----	45¢ + 60%	27.5¢ + 45%)))))))	
Valued over \$4.00 per pound-----	45¢ + 60%	27.5¢ + 22.5%)))))))	
Jacquard-figured: Valued not over \$4.00 per pound-----	45¢ + 70%	27.5¢ + 45%)))))))	
Valued over \$4.00 per pound-----	45¢ + 70%	27.5¢ + 22.5%)))))))	
urns in chief value of wool (except Angora rabbit hair): Valued not over 60 cents per pound-----	40¢ + 35%))))))))	
Valued over 60 cents but not over \$1.00 per pound-----	40¢ + 35%	30¢ + 20%	30¢ + 15%	30¢ + 15%	30¢ + 15%	30¢ + 15%	30¢ + 15%	30¢ + 15%	30¢ + 15%	
Valued over \$1.00 per pound-----	40¢ + 45%))))))))	
Valued over \$1.50 per pound-----	40¢ + 50%))))))))	

1/ Pre-Kennedy Round rates.

2/ Trade agreement rate applicable since Jan. 1, 1939, to fabrics valued more than 70 cents per pound.

3/ Concessions to Japan, effective in September 1955, extended the 1948 GATT rate on higher priced fabrics to apply also to lower priced fabrics.

Table 2.--Coarse cotton sheeting, unbleached: 1/ U.S. production, imports for consumption, and apparent consumption, by types, 1964-70

Type of sheeting, and year	Production	Imports	Apparent consumption <u>2/</u>	Ratio imports to consumption
	<u>1,000</u> sq. yds.	<u>1,000</u> sq. yds.	<u>1,000</u> sq. yds.	Percent
Osnaburg:				
1964-----	274,476	8,412	282,888	3.0
1965-----	320,045	11,864	331,909	3.6
1966-----	381,552	19,761	401,313	4.9
1967-----	441,262	23,429	464,691	5.0
1968-----	293,081	16,319	309,400	5.3
1969-----	270,073	21,337	291,410	7.3
1970-----	240,615	20,378	260,993	7.8
Other coarse sheeting:				
1964-----	<u>3/</u> 398,908	<u>4/</u> 31,641	430,549	7.3
1965-----	<u>3/</u> 394,201	<u>4/</u> 55,491	449,692	12.3
1966-----	<u>3/</u> 398,681	<u>4/</u> 63,641	462,322	13.8
1967-----	<u>3/</u> 380,268	<u>4/</u> 87,823	468,091	18.8
1968-----	<u>3/</u> 358,587	<u>4/</u> 87,314	445,901	19.6
1969-----	<u>3/</u> 307,345	<u>4/</u> 99,216	406,561	24.4
1970-----	<u>3/</u> 264,185	<u>4/</u> 116,052	380,237	30.5
Total, coarse sheeting:				
1964-----	673,384	40,053	713,437	5.6
1965-----	714,246	67,355	781,601	8.6
1966-----	780,233	83,402	863,635	9.7
1967-----	821,530	111,252	932,782	11.9
1968-----	651,668	103,633	755,301	13.7
1969-----	577,418	120,553	697,971	17.3
1970-----	504,800	136,430	641,230	21.3

1/ Types similar to those produced by Whittier Mills Co.

2/ Exports--which are small, both of sheeting and of osnaburg--are not separately reported and have not been deducted in deriving apparent consumption. During the 1964-70 period, exports of all unbleached sheeting and osnaburg (including soft-filled sheeting not included in this investigation) ranged between 1.0 million and 3.5 million square yards.

3/ Includes class A and class B sheeting in the grey.

4/ Includes sheeting in the grey of average yarn Nos. 1 to 19.

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

Table 3.--Coarse cotton sheeting, unbleached: 1/ U.S. consumption of osnaburg in the civilian and military markets, and of other coarse sheeting, 1965-70

(In thousands of square yards)

Year	Osnaburg		Other coarse sheeting <u>2/</u>	Total, coarse sheeting
	Civilian	Military		
1965-----	305,023	26,886	449,692	781,601
1966-----	293,497	107,816	462,322	863,635
1967-----	220,460	244,230	468,092	932,782
1968-----	241,825	67,575	445,901	755,301
1969-----	289,306	2,104	406,561	697,971
1970-----	259,740	1,253	380,237	641,230

1/ Types similar to those produced by Whittier Mills Co.

2/ Includes class A and class B sheeting only; military purchases of such sheeting are not available.

Source: Compiled from official statistics of the U.S. Department of Commerce and from Cotton Situation, published by the U.S. Department of Agriculture.

Table 4.--Coarse cotton sheeting, unbleached:^{1/}
U.S. production, 1964-70

(In thousands of square yards)

Year	Osnaburg	Other coarse sheeting		Total, coarse sheeting
		Class A	Class B	
1964-----	274,476	228,389	170,519	673,384
1965-----	320,045	216,948	177,253	714,246
1966-----	381,552	192,237	206,444	780,233
1967-----	441,262	186,675	193,594	821,531
1968-----	293,081	192,291	166,296	651,668
1969-----	270,073	192,442	114,903	577,418
1970-----	240,615	156,047	108,138	504,800

^{1/} Types similar to those produced by Whittier Mills Co.

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

Table 5.--Cotton osnaburg, unbleached: 1/ U.S. production, imports for consumption, and apparent consumption by the civilian and military markets, 1965-70

Year	Production	Imports	Apparent consumption <u>2/</u>		Ratio of imports to consumption	
			Civilian <u>3/</u>	Military <u>4/</u>	Civilian	Military
	<u>1,000</u> sq. yds.	<u>1,000</u> sq. yds.	<u>1,000</u> sq. yds.	<u>1,000</u> sq. yds.	Percent	Percent
1965--	320,045	11,864	305,023	26,886	4.4	-
1966--	381,552	19,761	293,497	107,816	6.7	-
1967--	441,262	23,429	220,461	244,230	10.6	-
1968--	293,081	16,319	241,825	67,575	6.7	-
1969--	270,073	21,337	289,306	2,104	7.4	-
1970--	240,615	20,378	259,740	1,253	7.8	-

1/ Types similar to those produced by Whittier Mills Co.

2/ Exports of osnaburg (included with sheeting), which are small, are not separately reported and have not been deducted in deriving apparent consumption.

3/ Includes imports.

4/ Excludes imports.

Source: Compiled from official statistics of the U.S. Department of Commerce and from Cotton Situation, published by the U.S. Department of Agriculture.

Table 6.--Cotton osnaburg, unbleached, of average yarn Nos. 1 to 19:
U.S. imports for consumption, by principal sources, 1964-70

Source	1964	1965	1966	1967	1968	1969	1970
Quantity (1,000 pounds)							
Hong Kong--	1,419	2,540	2,905	4,416	3,489	4,223	4,139
Brazil-----	-	84	150	-	-	76	702
Mexico-----	-	-	685	1,083	238	965	522
Spain-----	88	491	714	211	544	621	401
Egypt-----	452	68	240	201	184	529	337
Pakistan---	44	6	59	365	274	428	244
All other--	776	469	1,690	1,445	414	158	247
Total--	2,779	3,658	6,443	7,721	5,143	7,000	6,592
Quantity (1,000 square yards)							
Hong Kong--	4,073	7,503	8,505	12,596	10,154	11,927	12,173
Brazil-----	-	317	411	-	-	224	2,514
Mexico-----	-	-	1,973	3,306	764	2,984	1,583
Spain-----	503	2,369	3,397	1,045	2,385	2,178	1,415
Egypt-----	1,373	211	721	604	551	1,543	964
Pakistan---	281	37	166	1,578	1,095	1,939	928
All other--	2,182	1,427	4,588	4,300	1,370	542	801
Total--	8,412	11,864	19,761	23,429	16,319	21,337	20,378
Value (1,000 dollars)							
Hong Kong--	532	960	1,125	1,718	1,300	1,576	1,623
Brazil-----	-	36	41	-	-	19	255
Mexico-----	-	-	310	488	110	407	222
Spain-----	41	206	295	91	225	241	160
Egypt-----	159	25	91	79	71	190	124
Pakistan---	17	2	20	157	104	167	98
All other--	274	165	741	602	156	61	100
Total--	1,023	1,394	2,623	3,135	1,966	2,661	2,582

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

Table 7.—Other coarse cotton sheeting, unbleached, of average yarn Nos. 1 to 19: U.S. imports for consumption, by principal sources, 1964-70

Source	1964	1965	1966	1967	1968	1969	1970
Quantity (1,000 pounds)							
Hong Kong--	2,683	5,052	6,645	8,852	6,718	6,761	8,746
Pakistan---	663	2,483	1,690	2,204	2,683	4,321	5,667
India-----	684	1,950	4,212	5,261	3,491	6,269	4,304
Taiwan-----	2,251	2,778	1,540	2,635	2,435	2,848	3,702
Egypt-----	284	326	84	1,481	4,157	3,150	3,605
Brazil-----	-	40	-	-	-	195	3,366
All other---	3,161	4,124	5,267	6,909	7,003	6,373	4,811
Total---	9,726	16,753	19,438	27,342	26,487	29,917	34,201
Quantity (1,000 square yards)							
Hong Kong--	7,983	14,957	20,116	27,312	20,313	21,079	26,908
Pakistan---	2,540	8,306	5,729	8,015	9,201	16,332	23,362
India-----	2,382	7,177	13,956	15,302	10,939	20,040	14,247
Taiwan-----	7,014	8,899	5,081	9,106	8,665	9,727	12,714
Egypt-----	1,070	1,285	333	4,752	14,463	10,195	12,343
Brazil-----	-	194	-	-	-	698	11,931
All other---	10,652	14,673	18,426	23,336	23,733	21,145	14,547
Total---	31,641	55,491	63,641	87,823	87,314	99,216	116,052
Value (1,000 dollars)							
Hong Kong--	1,211	2,343	3,203	4,469	3,252	3,280	4,359
Pakistan---	285	1,037	716	980	1,108	1,857	2,555
India-----	302	914	1,900	2,440	1,568	2,732	2,001
Taiwan-----	950	1,219	657	1,175	1,116	1,294	1,766
Egypt-----	128	151	38	626	1,799	1,310	1,574
Brazil-----	-	19	-	-	-	84	1,390
All other---	1,452	1,951	2,528	3,442	3,449	3,104	2,375
Total---	4,328	7,634	9,042	13,132	12,292	13,661	16,020

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

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