

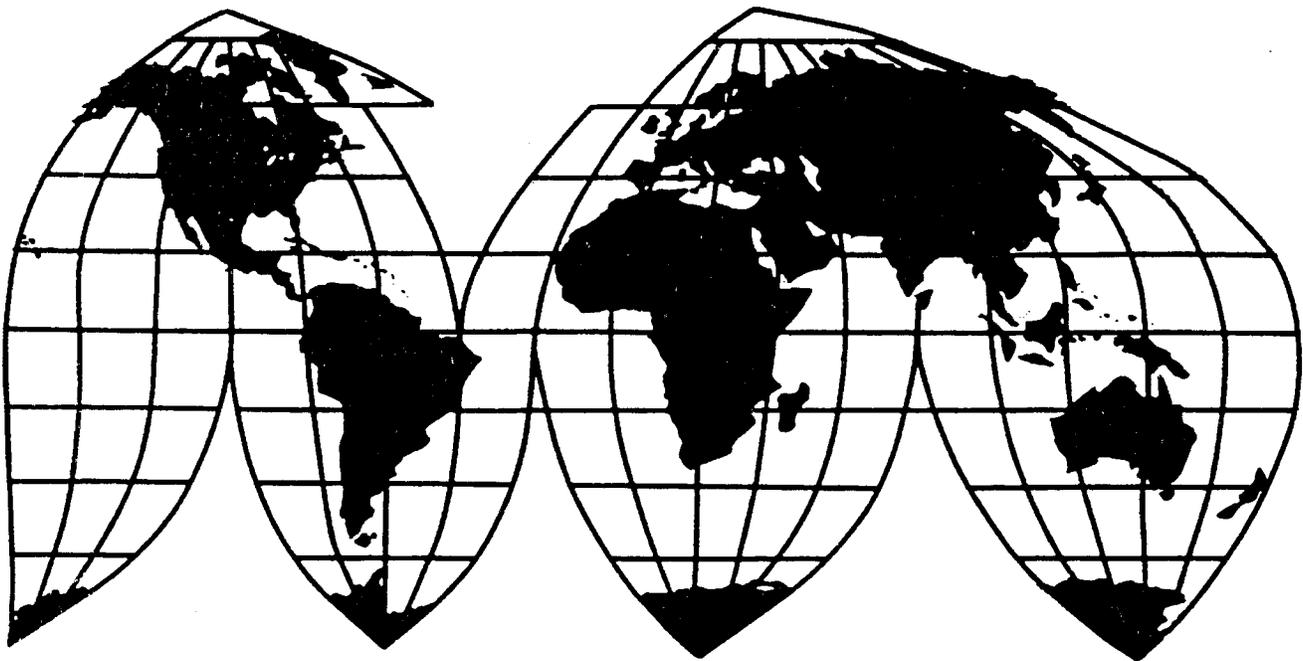
Greige Polyester/Cotton Printcloth from China

Investigation No. 731-TA-101 (Review)

Publication 3184

April 1999

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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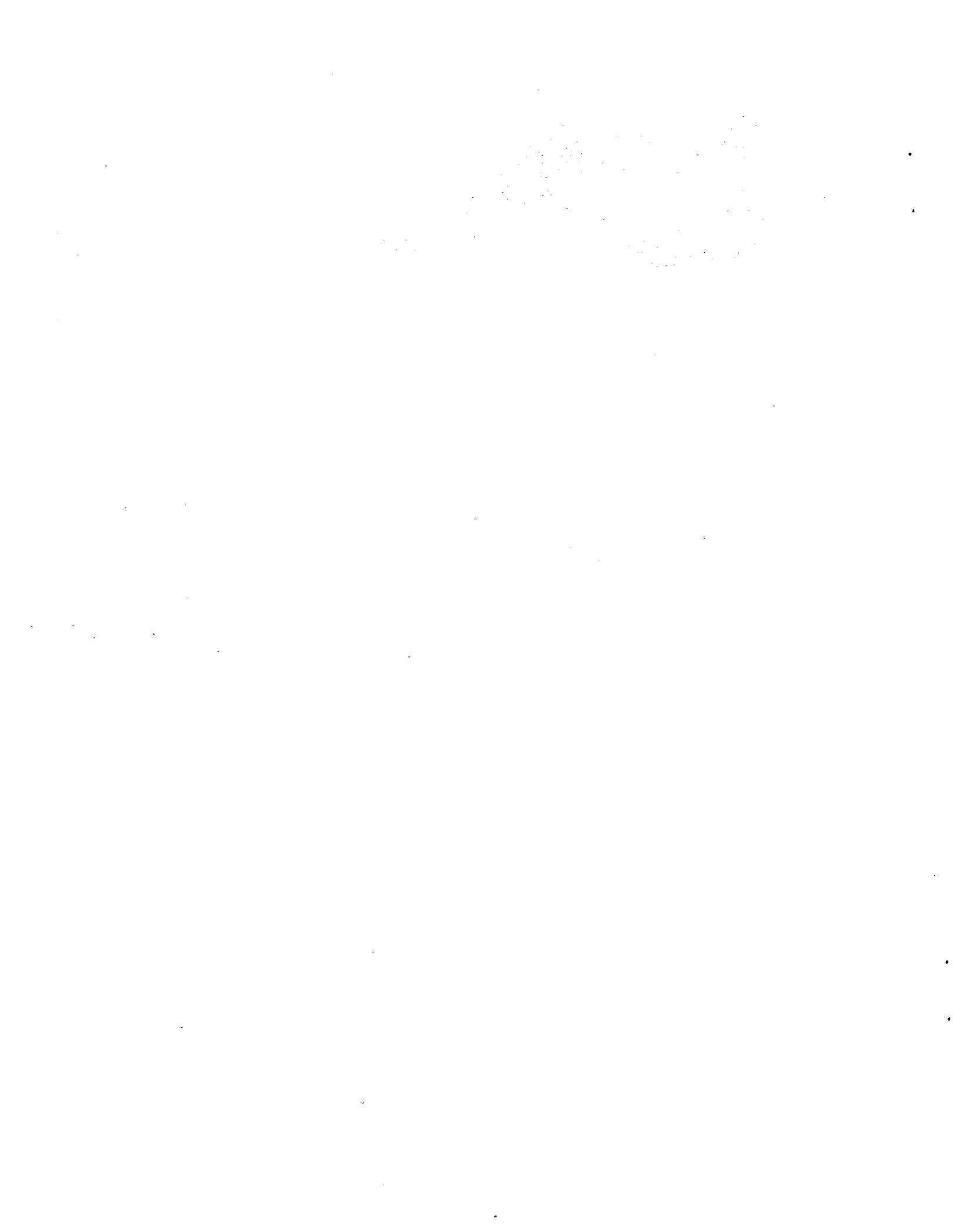
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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been replaced by asterisks (*)**.

GLOSSARY

Alice Manufacturing	Alice Manufacturing Co.
ATC	Agreement on Textiles and Clothing
ATMI	American Textile Manufacturers Institute
Chinatex	China National Textiles Import and Export Corp.
Clinton Mills	Clinton Mills, Inc.
CMI Industries	CMI Industries, Inc.
Commerce	U.S. Department of Commerce
Commission	U.S. International Trade Commission
Customs	U.S. Customs Service
Dan River	Dan River, Inc.
FR	<i>Federal Register</i>
GATT	General Agreement on Tariffs and Trade
Greenwood Mills	Greenwood Mills, Inc.
Hamrick Mills	Hamrick Mills, Inc.
HTS	Harmonized Tariff Schedule of the United States
Inman Mills	Inman Mills, Inc.
J.P.S. Textile	J.P.S. Textile Co.
M. Lowenstein	M. Lowenstein Corp.
Mayfair Mills	Mayfair Mills, Inc.
MFA	Multifiber Arrangement
Mount Vernon Mills	Mount Vernon Mills, Inc.
Ramtex	Ramtex, Inc.
<i>Response</i>	Response to the Commission's Notice of Institution
Spartan Mills	Spartan Mills, Inc.
TSUSA	Tariff Schedules of the United States (Annotated)
WTO	World Trade Organization

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-101 (Review)

GREIGE POLYESTER/COTTON PRINTCLOTH FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission determines,² pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on greige polyester/cotton printcloth from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on November 2, 1998 (63 F.R. 58763), and determined on February 4, 1999, that it would conduct an expedited review (64 F.R. 9175, February 24, 1999).

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

² Vice Chairman Miller not participating; Commissioners Crawford and Askey dissenting.

VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine¹ under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty order covering greige polyester/cotton printcloth from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

In September 1983, the Commission determined that an industry in the United States was being materially injured by reason of imports of greige polyester/cotton printcloth in chief value of cotton from China that were being sold at less than fair value.² That same month, the Department of Commerce (“Commerce”) issued an antidumping duty order on imports of greige polyester/cotton printcloth, other than the 80 x 80 type, from China.³ On November 2, 1998, the Commission instituted a review pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty order on greige polyester/cotton printcloth from China would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.⁴

In five-year reviews, the Commission first determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review. Specifically, the Commission determines whether individual responses to the notice of institution are adequate and, based on those responses deemed individually adequate, whether the collective responses submitted by two groups of interested parties -- domestic interested parties (such as producers, unions, trade associations, or worker groups) and respondent interested parties (such as importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review, and if not, whether other circumstances warrant a full review.⁵ If responses from either group of interested parties are found to be inadequate, the Commission may determine, pursuant to section 751(c)(3)(B) of the Act, to conduct an expedited review because inadequate responses from a group of parties indicate that they are not sufficiently willing to participate and provide information requested to justify a full review.

In this review, the Commission received one jointly filed response by a domestic trade association, the American Textile Manufacturers Institute (ATMI), and certain of its member companies. This response contained company-specific data from a substantial number of the domestic producers of greige polyester/cotton.⁶ Together, the participating members of the ATMI account for *** of total U.S. production.⁷ These producers also filed joint comments on adequacy, arguing that the review should be

¹ Commissioner Crawford and Commissioner Askey dissenting. See their dissenting views. They join in Sections I, II, and III.A-III.B of these views, except as otherwise noted.

² Greige Polyester/Cotton Printcloth from the People’s Republic of China, Inv. No. 731-TA-101 (Final), USITC Pub. 1421, Sept. 1983 (“Original Determination”).

³ 48 Fed. Reg. 41614 (Sept. 16, 1983).

⁴ 63 Fed. Reg. 58763 (Nov. 2, 1998).

⁵ See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

⁶ The member companies of the ATMI include: CMI Industries, Inc., Alice Manufacturing Co., Mayfair Mills, Inc., Greenwood Mills, Inc., Inman Mills, Inc., Spartan Mills, Inc., Mount Vernon Mills, Inc., and Hamrick Mills, Inc.

⁷ ATMI Comments on Adequacy at 3.

expedited because no Chinese producer of greige polyester/cotton printcloth responded to the Commission's notice of institution.⁸

The Commission determined that the domestic producers' response to the Commission's notice of institution was adequate and that the domestic interested party group response was adequate.⁹ The Commission also determined that the respondent interested party group response was inadequate because no foreign producers or U.S. importers of subject merchandise responded to the Commission's notice of institution. Pursuant to section 751(c)(3)(B) of the Act, the Commission voted to conduct an expedited review.¹⁰

On March 16, 1999, the members of the ATMI jointly filed comments pursuant to 19 C.F.R. § 207.62(d), urging the Commission to determine that revocation of the antidumping duty order on greige polyester/cotton printcloth would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."¹¹ The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."¹² In its final five-year review determination, Commerce defined the subject merchandise as "greige polyester cotton printcloth, other than 80 x 80 type . . . of chief weight cotton, unbleached and uncolored . . . currently classifiable under Harmonized Tariff Schedule (HTSUS) item 5210.11.6060."¹³

Greige polyester/cotton printcloth is a textile fabric that often is sold to converters for finishing according to the intended end use.¹⁴ It can be used in a variety of apparel and household items.¹⁵ Greige polyester/cotton is produced using yarn spun from polyester and cotton fibers, and it is one of the simplest fabrics to weave.¹⁶

⁸ See 19 C.F.R. § 207.62(b) (authorizing, *inter alia*, all interested parties that have responded to the notice of institution to file comments with the Commission on whether the Commission should conduct an expedited review).

⁹ 64 Fed. Reg. 9175 (Feb. 24, 1999).

¹⁰ 19 U.S.C. § 1675(c)(3)(B); see 64 Fed. Reg. 9175. Commissioner Koplan voted for a full review of this matter to better assess the likely impact of the textile trade agreement and to place the Commission in a better position to resolve any apparent discrepancies concerning the volume of subject imports.

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(10). See *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹³ 64 Fed. Reg. 13399, 13399-400 (Mar. 18, 1999).

¹⁴ Confidential Staff Report (C.R.) at I-5-I-6, Public Staff Report (P.R.) at I-5.

¹⁵ C.R. at I-5, P.R. at I-5.

¹⁶ C.R. at I-6, P.R. at I-5.

We find, based on the facts available, that the appropriate definition of the domestic like product in this expedited five-year review is the same as Commerce's scope.¹⁷ However, the definition has changed slightly from that of the original determination¹⁸ in order to reflect the change in Commerce's scope since that time. Whereas the scope and the like product in the original investigation included greige polyester/cotton of chief *value* cotton, the current scope includes greige polyester/cotton of chief *weight* cotton. For purposes of this determination, we define the domestic like product as greige polyester/cotton of chief *weight* cotton. We believe that this change is appropriate because it is consistent with the current scope and because the Commission originally construed printcloth that was in chief *value* cotton to include printcloth that was in chief *weight* cotton.¹⁹

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."²⁰ In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.²¹ Accordingly, we find that the domestic industry includes all domestic producers of greige polyester/cotton printcloth.

III. REVOCATION OF THE ORDER ON GREIGE POLYESTER/COTTON PRINTCLOTH IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME²²

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless it makes a determination that dumping is likely to continue or recur and the Commission makes a determination that material injury would be likely to continue or recur if the order is revoked, as described in section 752(a).

Section 752(a) of the Act states that in a five-year review "the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."²³ The Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo -- the revocation [of the order] ...

¹⁷ C.R. at I-5, P.R. at I-4.

¹⁸ Original Determination at 3-5.

¹⁹ Original Determination at 4-5.

²⁰ 19 U.S.C. § 1677(4)(A).

²¹ See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

²² Commissioners Crawford and Askey determine that revocation of the antidumping duty order on greige polyester/cotton printcloth is not likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. However, they join the majority's discussions of the appropriate legal standard and the conditions of competition.

²³ 19 U.S.C. § 1675a(a).

and the elimination of its restraining effects on volumes and prices of imports.²⁴ Thus, the likelihood standard is prospective in nature.²⁵ The statute states that “the Commission shall consider that the effects of revocation ... may not be imminent, but may manifest themselves only over a longer period of time.”²⁶ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis [in antidumping and countervailing duty investigations].”^{27 28}

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked.” It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.^{29 30}

Section 751(c)(3) of the Act and the Commission’s regulations provide that in an expedited five-year review the Commission may issue a final determination “based on the facts available, in accordance with section 776.”^{31 32} As noted above, no respondent interested parties responded to the Commission’s

²⁴ URAA SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994).

²⁵ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

²⁶ 19 U.S.C. § 1675a(a)(5).

²⁷ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

²⁸ In analyzing what constitutes a reasonably foreseeable time, Commissioners Crawford and Koplan examine all the current and likely conditions of competition in the relevant industry. They define “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, they consider all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, their analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

²⁹ 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

³⁰ Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings “the findings of the administrative authority regarding duty absorption.” 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued an affirmative duty absorption finding in this matter. 64 Fed. Reg. at 13401.

³¹ 19 U.S.C. § 1675(c)(3)(B); 19 C.F.R. § 207.62(e). Section 776 of the Act, in turn, authorizes the Commission to “use the facts otherwise available” in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a
(continued...)

notice of institution. Accordingly, we have relied on the facts available in this review, which consist primarily of the record in the original investigation, limited information collected by Commission staff since the institution of this review, and information submitted by ATMI and its member companies.

For the reasons stated below, we determine³³ that revocation of the antidumping duty order on greige polyester/cotton printcloth from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if the order is revoked, the statute directs the Commission to evaluate all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³⁴

In its original determination, the Commission took particular note of several conditions of competition. In particular, the Commission found that most printcloth was sold by forward contract, with delivery times ranging from 3 to 12 months. Because domestic producers recorded their sales at the time of shipment, revenues were not reflected in their financial statements for six to nine months. The Commission also found that spot sales, which occurred contemporaneously with contract sales, could lead the prices up or down for any forward contract sales. Further, the Commission noted that converters played a critical role in the printcloth market because they reduced their holdings when they expected reduced demand. Converters thereby could increase supply on the spot market for printcloth and drive prices down sharply. Finally, the Commission found that domestic producers would reduce price rather than curtail production when demand declined, so long as the price was above their variable cost of production.³⁵ Nothing in the record or facts available in this investigation indicates that these conditions of competition do not exist today.

The composition of the participants in the market appears generally the same today as in the original investigation. In 1982, there were eight domestic producers of greige polyester/cotton printcloth,

³¹ (...continued)

proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from information from the record of our original determination and any other information placed on the record. *Id.*

³² Chairman Bragg and Commissioners Koplán and Askey note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but emphasize that such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. “[T]he Commission balances all record evidence and draws *reasonable* inferences in reaching its determinations.” URAA SAA at 869 (emphasis added). Practically speaking, when only one side has participated in a five-year review, much of the record evidence is supplied by that side, though that data is supplemented with publicly available information and the original determination. We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties’ suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” *Id.*

³³ Commissioners Crawford and Askey dissenting.

³⁴ 19 U.S.C. § 1675a(a)(4).

³⁵ Original Determination at 5-7.

and there are nine today.³⁶ At the time of the original investigation, only one known exporter of greige polyester/cotton existed in China. That same exporter remains the only Chinese exporter today.³⁷ As in the original investigation, there were negligible amounts of nonsubject³⁸ greige polyester/cotton printcloth imports from China in 1997.³⁹

Since 1982, U.S. production of greige printcloth has increased 18.0 percent from 497.4 million square yards to 587.0 million square yards in 1997.⁴⁰ Meanwhile, U.S. imports of greige polyester/cotton printcloth from China, which were 64.8 million square yards in 1982, effectively ceased shortly after the antidumping duty order 1983. There were no known imports of subject Chinese greige polyester/cotton printcloth in 1997. While Chinese imports rose from 2.7 percent of apparent U.S. consumption in 1980 to 10.5 percent in 1981 and 12.4 percent in 1982, nonsubject imports from all other sources rose from 4.4 percent in 1980 to 14.6 percent in 1981, before declining to 7.8 percent in 1982. In 1997, imports from all other sources accounted for 9.0 percent of apparent consumption.⁴¹

Information in the record indicates other pertinent conditions of competition. Apparent consumption has continued to increase during the period since the order was imposed, although at a slower rate. Apparent U.S. consumption during the original 1980-82 investigation period grew by 22.6 percent, from 427 million square yards to 524 million square yards. During the period from 1982 to 1997, apparent consumption grew by 18 percent, from 524 million square yards to 618 million square yards.⁴²

In its original investigation, the Commission determined that the domestic industry could not modernize and remain competitive because its adverse financial performance did not afford it sufficient funds for capital investment.⁴³ Since the time of the original investigation, domestic producers claim that they have made substantial investments in new technology and production methods.⁴⁴

The record also suggests that the Chinese producers and the domestic industry produce the same types of printcloth and that they are of similar quality.⁴⁵ Based on this information, we conclude that there is moderate to high substitutability between the domestic like product and the subject imports. Given this substitutability, we further conclude that price is a significant factor in purchasing decisions.

Finally, a bilateral textile agreement between the United States and China sets a quota on greige polyester/cotton printcloth entering the United States from China.⁴⁶ At the time of the original investigation, the United States had negotiated a bilateral agreement under the provisions of section 204 of the Agricultural Act of 1956. The original bilateral agreement with China (covering 1980-82) provided no specific limits or consultation levels⁴⁷ for greige polyester/cotton printcloth in categories 315 and 320. The agreement was amended to provide a limit for 1982 of 167 million square yards for category 315 and the

³⁶ C.R. at I-7-I-8, P.R. at I-6.

³⁷ C.R. at I-13, P.R. at I-10.

³⁸ These nonsubject imports include greige polyester/cotton printcloth of the 80x80 type.

³⁹ C.R. & P.R. at Table I-3.

⁴⁰ C.R. & P.R. at Table I-1.

⁴¹ C.R. & P.R. at Table I-3.

⁴² C.R. & P.R. at Table I-3.

⁴³ Original Determination at 11-12.

⁴⁴ Response of the ATMI and Certain Member Companies to the Notice of Institution of Five-Year Review ("ATMI Response") at 14.

⁴⁵ ATMI Response at 14; C.R. at I-15, P.R. at I-10.

⁴⁶ C.R. at I-10-I-11, P.R. at I-7-I-8.

⁴⁷ Designated consultation levels are predetermined export levels which can only be exceeded with agreement (after consultations) by the importing country.

statistical suffix 92 portion of category 320, combined.⁴⁸ In August 1983, the United States and China signed a new bilateral agreement establishing a quota for category 315 of 118 million square yards and providing for phased growth to 171 million square yards by 1987.

In February 1997, the United States concluded a series of new agreements with China on textile and apparel trade. The quota level set for category 315 was 158.4 million square yards for 1997 and 162.3 million square yards for 1998.⁴⁹ The quota level set for category 315 is 160.0 million square yards for 1999 and an estimated 161.2 million square yards in 2000.

Based on the record evidence, we find that these conditions of competition in the greige polyester/cotton printcloth market are not likely to change significantly in the reasonably foreseeable future. Accordingly, in this review, we find that current conditions in the greige polyester/cotton printcloth market provide us with a reasonable basis on which to assess the effects of revocation of the order in the reasonably foreseeable future.⁵⁰

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁵¹ In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁵²

We conclude, based on the facts available,⁵³ that subject import volume is likely to increase significantly and would be significant if the order is revoked. In making this finding, we recognize that no subject imports are currently in the domestic market.⁵⁴ In a five-year review, however, our focus is on whether subject import volume is likely to be significant in the reasonably foreseeable future if the antidumping duty order is revoked.

⁴⁸ Category 315 and statistical suffix 92 of category 320 covered greige, bleached, or colored printcloth wholly of cotton and blends in chief value of cotton. Therefore, these categories cover subject and nonsubject imports. Total imports from China under these categories were 83 million square yards in 1980; 171 million square yards in 1981; and 143 million square yards in 1982. Imports of greige polyester/cotton printcloth rose from 14 percent of the total entering under these categories in 1980 to 36 percent in 1981 and 44 percent in 1982.

⁴⁹ Merchandise charged against the 1997 quota amounted to 142.0 million square yards, or 89.6 percent of the quota, and merchandise charged against the 1998 quota amounted to 129.7 million square yards, or 79.9 percent of the quota. Imports of greige polyester/cotton imports classified in HTS statistical reporting number 5210.11.6060 amounted to 0.4 percent of the total charged against the quota in 1997 and 0.5 percent in 1998.

⁵⁰ In analyzing whether revocation of a finding or order would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time, Commissioner Crawford takes as her starting point the date on which the revocation would actually take place. In this review, the order would be revoked in January 2000. 19 U.S.C. § 1675(c)(6)(A)(iv).

⁵¹ 19 U.S.C. § 1675a(a)(2).

⁵² 19 U.S.C. § 1675a(a)(2)(A)-(D). The record contains little or no information pertaining to existing inventories of the subject merchandise or the existence of barriers in other countries.

⁵³ See 19 U.S.C. § 1677e(a).

⁵⁴ C.R. at I-13, P.R. at I-10.

The record from the original investigation indicates that Chinese greige polyester/cotton printcloth producers had the ability and willingness to quickly establish a significant presence in the U.S. market. At the time of the original investigation, China produced greige polyester/cotton printcloth exclusively for the U.S. market.⁵⁵ Chinese greige polyester/cotton printcloth production rose from 22 million square yards in 1980 to 54 million square yards in 1981 and 1982, then fell to 30 million square yards in 1983.⁵⁶

Currently, the record in this investigation suggests that the Chinese producers are able to produce large quantities of the subject merchandise. The domestic producers assert that China has a large production capacity to produce the subject merchandise.⁵⁷ Moreover, China has the largest textile industry in the world and is the world's largest producer of the cotton and polyester staple fibers used to produce the subject merchandise.⁵⁸ The record suggests that Chinese producers could easily shift some of their textile production capacity to the production of greige polyester/cotton printcloth. In this regard, we note that, at the time of the original investigation, Chinese importers had shifted their exports to the U.S. towards greige polyester/cotton printcloth. More specifically, imports of Chinese greige polyester/cotton printcloth had gone from 14 percent of total imports allotted to printcloths under the textile agreement in 1980 to 36 percent in 1981 and 44 percent in 1982.⁵⁹ This suggests that Chinese producers have the ability to quickly export significant volumes of greige polyester/cotton to the United States notwithstanding the textile agreement provisions if the order is revoked.

Moreover, the textile agreement does not present any effective limit on the imports of subject merchandise. Although only 10 percent of the quota on printcloths remained unfilled at the end of 1997,⁶⁰ which represents 2.7 percent of apparent consumption that year, the record also indicates that Chinese importers can reallocate their production to devote a larger proportion of the quota to subject merchandise. As noted above, the importers engaged in such a shift in 1981 and 1982. We believe that the current restraint on imports of subject merchandise from China is a result of the order and that, based on their past conduct, Chinese importers would once again allocate an increased share of their permitted imports under the textile agreement to larger amounts of subject merchandise if the order were revoked.

Thus, based on the limited record in this review, we find that significant volumes of greige polyester/cotton printcloth from China are likely to be exported to the United States in the reasonably foreseeable future if the antidumping duty order is revoked. Consequently, we conclude that subject imports would increase to a significant level in the absence of the antidumping duty order and likely would regain significant U.S. market share absent the restraining effect of the order.⁶¹

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and if the subject imports are likely to enter the United

⁵⁵ C.R. at I-13, P.R. at I-10.

⁵⁶ C.R. at I-13, P.R. at I-10.

⁵⁷ ATMI Response at 8.

⁵⁸ C.R. at I-15, P.R. at I-12.

⁵⁹ C.R. at I-10 n.30, P.R. at I-8 n.30.

⁶⁰ C.R. at I-11 n.32, P.R. at I-8 n.32.

⁶¹ Commissioner Hillman emphasizes that she reached this conclusion in the absence of any contrary evidence or argument from respondent interested parties.

States at prices that would have a significant depressing or suppressing effect on the price of domestic like products.⁶²

The record in this expedited review contains a limited amount of pricing data. In the original determination, the Commission found that subject imports from China exhibited significant margins of underselling from mid-1981 to the first quarter of 1983.⁶³ As we indicated above, the quality of Chinese printcloth reportedly is comparable to U.S. printcloth,⁶⁴ and price is an important, if not critical, criterion in the purchasing decision for customers.⁶⁵ Given these considerations, it is likely that the Chinese producers would offer attractively low prices to U.S. purchasers in order to regain market share, as they did in the original investigation, if the antidumping duty order is revoked. Thus, we believe that prices for domestically produced greige polyester/cotton printcloth would likely decline to a significant degree in response to the likely significant volumes of substitutable subject imports offered at lower prices.⁶⁶

Accordingly, we find that revocation of the antidumping duty order would be likely to lead to significant price effects, including significant underselling by the subject imports of the domestic like product, as well as significant price depression or suppression, in the reasonably foreseeable future.⁶⁷

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁶⁸ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁶⁹ As instructed by the statute, we have considered the

⁶² 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁶³ Original Determination at 17.

⁶⁴ C.R. at I-15, P.R. at I-10.

⁶⁵ ATMI Response at 5.

⁶⁶ Chairman Bragg notes in this regard that the URAA SAA states that “[i]f the Commission finds that pre-order conditions are likely to recur, it is reasonable to conclude that there is likelihood of continuation or recurrence of injury.” SAA at 884.

⁶⁷ Commissioner Hillman emphasizes that she reached this conclusion in the absence of any contrary evidence or argument from respondent interested parties.

⁶⁸ 19 U.S.C. § 1675a(a)(4).

⁶⁹ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce’s expedited determination in its five-year review provided a likely margin of 22.4 percent for the greige polyester/cotton printcloth producers in China. 64 Fed. Reg. at 13401.

extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.⁷⁰

In the original determination, the Commission found material injury to the domestic industry by reason of increased imports, both in absolute and relative terms, of greige polyester/cotton printcloth from China at less than fair value.⁷¹ It found that the combined effect of the volumes and underselling of Chinese imports significantly contributed to the decline in domestic prices and to lost sales, as well as the to the resulting financial crisis of the domestic industry.⁷²

Since the imposition of the antidumping duty order, the domestic industry has reported higher levels of production, domestic shipments, and unit values of greige polyester/cotton printcloth.⁷³ The domestic producers' market share was significantly higher in 1997 than in 1981 and 1982, the final two years of the prior investigation.⁷⁴ In 1997, there were no imports of subject Chinese merchandise.⁷⁵ The domestic industry replaced subject imports and regained domestic market share, as nonsubject imports did not appreciably increase their market share relative to 1982.⁷⁶ It is therefore apparent that the domestic industry benefitted from the exit of Chinese subject imports from the market.⁷⁷

As discussed above, based on the limited record in this review, we conclude that if the order is revoked, the likely volume of subject imports would be significant and that these imports would have significant adverse price effects. Given the substitutable nature of the product, we find that a significant volume of low-priced subject imports would likely have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the antidumping duty order is revoked, the subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.⁷⁸

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order covering greige polyester/cotton printcloth from China would be likely to lead to continuation or recurrence of material injury to the domestic greige polyester/cotton printcloth industry within a reasonably foreseeable time.

⁷⁰ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

⁷¹ Original Determination at 14.

⁷² Original Determination at 20.

⁷³ C.R. at I-8, P.R. at I-6.

⁷⁴ C.R. & P.R. at Table I-3.

⁷⁵ C.R. & P.R. at Table I-3.

⁷⁶ C.R. & P.R. at Table I-3.

⁷⁷ C.R. & P.R. at Table I-3. Because the domestic producers' production, domestic shipments, and unit values of greige polyester/cotton printcloth have increased, we do not believe that the domestic industry is in a vulnerable state, as contemplated by the statute.

⁷⁸ Commissioner Hillman emphasizes that she reached this conclusion in the absence of any contrary evidence or argument from respondent interested parties.

DISSENTING VIEWS OF COMMISSIONERS CAROL T. CRAWFORD AND THELMA J. ASKEY

Section 751(d) requires that Commerce revoke a countervailing duty or an antidumping duty order in a five-year (“sunset”) review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the Commission determines that material injury would be likely to continue or recur within a reasonably foreseeable time.¹ In this review of the order on greige polyester/cotton printcloth from China, we find that material injury is not likely to continue or recur in a reasonably foreseeable time if the order is revoked.

We join our colleagues’ discussion regarding the domestic like product, domestic industry, conditions of competition, and in their explanation of the relevant legal standard. As a preliminary matter, we note that the American Textile Manufacturers Institute (ATMI) and eight member companies accounting for approximately *** percent of the domestic industry filed a joint response to the Commission’s notice of institution; no respondent interested parties chose to participate in the review. We therefore have a limited record to review in determining whether revocation of the order will likely lead to continuation or recurrence of material injury in the reasonably foreseeable future.²

A. General Considerations

The statute directs the Commission to take into account several general considerations.³ In accordance with the statute, we have taken into account the Commission’s prior injury determination, including the volume, price effects, and impact of the subject imports on the industry before the order was issued.

Based on the facts available in this review, the record indicates that the domestic industry has improved its position in the U.S. market since the issuance of the order. Both domestic production and domestic shipments of greige polyester/cotton printcloth have increased since imposition of the order. Similarly, domestic market share has improved since the order.⁴ Although the domestic industry’s performance has improved during the 15 years that the order has been in effect, it does not automatically or necessarily follow that revocation of the order will result in the continuation or recurrence of material injury in the reasonably foreseeable future. The available record in this review indicates that the domestic industry has dominated a mature market for many years. Nonsubject imports have been relatively stable since the imposition of the order and have limited effects on the domestic industry’s vulnerability. Based on the industry’s current performance as reflected in the record, and bearing in mind the current quota

¹ 19 U.S.C. §§ 1675(d)(2), 1675a(a)(1).

² Congress and the administration anticipated that the record in expedited sunset reviews would likely be more limited than that in full reviews and accordingly provided that the Commission’s determination would be upheld unless it was “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 19 U.S.C. § 1516a(b)(1)(b)(ii). Nevertheless, even under a more relaxed standard of review, the Commission must ensure that its decision is based on some evidence in the record. See Genentech Inc. v. United States Int’l Trade Comm’n, 122 F.3d 1409, 1415 (Fed. Cir. 1997) (discussing the Commission’s decision on sanctions).

³ 19 U.S.C. § 1675a(a)(1). The Commission is to consider its prior injury determinations, whether any improvement in the state of the industry is related to the order, whether the industry is vulnerable to material injury in the event of revocation, and whether any duty absorption finding is made by the Department of Commerce. Id. Commerce made no duty absorption finding in this case. 64 Fed. Reg. 13401 (March 18, 1999). The statute also provides that the Commission may consider the margin of dumping when making its determination. 19 U.S.C. § 1675a(a)(6). Commerce reported likely margins of 22.4 percent in the event of revocation for all Chinese manufacturers and exporters. 64 Fed. Reg. at 13401 (March 18, 1999).

⁴ CR and PR at Table I-3.

system for greige polyester/cotton printcloth from China, we conclude that the domestic industry is not particularly vulnerable to material injury if the order is revoked.⁵

B. Volume

The Commission is to consider whether the likely volume of subject imports would be significant either in absolute terms or relative to production or consumption in the United States if the order under review is revoked.⁶ In so doing, the Commission shall consider “all relevant economic factors,” including four enumerated in the statute: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise in countries other than the United States; and (4) the potential for product shifting of production facilities in the foreign country, which can be used to produce the subject merchandise, and are currently being used to produce other products.⁷

In February 1997, the United States and China signed a new series of bilateral agreements on textile and apparel trade, which included quotas on certain merchandise. The quota level set for Customs classification category 315, under which all greige printcloth imported from China falls, was 158.4 million square yards in 1997, and 162.3 million square yards in 1998. Total merchandise charged against the 1997 quota amounted to 142.0 million square yards, or 89.6 percent of the quota, and merchandise charged against the 1998 quota amounted to 129.7 million square yards, or 79.9 percent of the quota. None of the merchandise imported under the quota was subject merchandise. The quota level for 1999 is 160.0 million square yards, and is estimated to be 161.2 million square yards in 2000.

The quota under discussion is a “basket category” including 19 other fabrics. Bearing this in mind, it is possible that the category 315 quota could be completely filled by nonsubject imports, or merchandise outside the scope of the existing order. In such a case, there would be no room for subject imports under the quota, and there could be no increase in the likely volume of subject imports in the absence of the existing order. Yet, the facts suggest that there would presumably be some room under the quota for an increase in the volume of subject imports in the absence of the order. The key issue is: how much room will be available under the quota?

In 1997, only 10.4 percent of the quota was available to be filled by subject imports. In 1998, the quota was underutilized by roughly twice that figure, or 20.1 percent. Given the fact that the quota levels in 1999 and 2000 are not appreciably different from those of preceding years, future room under the quota for subject imports can reasonably be expected to range between 16.4 - 32.6 million square yards. Therefore, assuming subject imports use the full 32.6 million square yards available under future quotas, the increase in subject import volume would amount to only 5.3 percent of 1997 domestic consumption. We find that this is not a significant increase in the volume of subject imports in light of the fact that the domestic industry held 90.9 percent of the 1997 U.S. market.

This analysis assumes that the existing product mix of imported merchandise under the category 315 quota would continue at current levels. Arguably, the Chinese could choose to export less of the existing mix of merchandise under the quota, and more of the subject greige polyester/cotton printcloth.

⁵ Commissioner Crawford finds that the magnitude of any adverse effects of revocation is likely to increase with the degree of vulnerability of the industry.

⁶ 19 U.S.C. § 1675a(a)(2).

⁷ 19 U.S.C. § 1675(a)(2)(A)-(D). The SAA indicates that the statutory factors specified for analysis of volume, price, and impact are a combination of those used to determine both material injury by reason of subject imports and threat of material injury in original antidumping and countervailing duty investigations. See SAA at 886.

However, the facts clearly demonstrate that greige polyester/cotton printcloth is a low unit value product.⁸ Although there is no information on the record regarding unit values for the existing product mix in category 315, it is unlikely to be significantly higher in unit value than the subject merchandise. Thus, without the proper financial incentive to change production, it is reasonable to conclude that there would not be significantly more room available under the quota for the subject merchandise. This is especially true in light of the fact that China appears to have abandoned all production of greige polyester/cotton printcloth. During the period of the Commission's original investigation, China produced greige polyester/cotton printcloth exclusively for the U.S. market;⁹ but, there have been no imports of subject merchandise from China since at least 1993.¹⁰ Moreover, given the foreseeability requirement under the statute, it is entirely too speculative to accurately predict changes to the existing product mix under the applicable quota in the absence of facts that would allow a reasonable assessment of expected changes thereto.

Furthermore, the ATMI claims that China produces interchangeable products that are substitutable for greige polyester/cotton printcloth. These interchangeable products fall outside the scope of the current order and are classified under a separate quota category 314 for purposes of the textile agreement. The ATMI notes that the domestic industry offers a 64" 78 x 54 greige polyester/cotton printcloth for *** per yard while the Chinese offer an interchangeable 63" 82 x 50 printcloth for *** per yard. Domestic producers also offer a 48" 78 x 54 printcloth for *** per yard, while the Chinese offer an interchangeable 50" 82 x 50 printcloth for *** per yard.¹¹ If China wanted to increase exports to compete with the domestic greige polyester/cotton printcloth industry, then the record suggests that China currently has the capability to do so by increasing exports of interchangeable products and decreasing exports of other products in category 314. Yet, there is nothing on the record to suggest that China has chosen to change its existing product mix in category 314 notwithstanding the clear pricing advantage cited by the ATMI. Thus, there is nothing on the record to suggest that China has an interest in exporting greige polyester/cotton printcloth, or interchangeable products, into the United States.

We have also considered the effects of existing inventories of the subject merchandise, or likely increases in inventory. During the original investigation and again during the current expedited sunset review investigation, China had the largest textile industry in the world. Based on information obtained during the original period of investigation, China produced a greige polyester/cotton printcloth exclusively for the U.S. market.¹² Due to the cessation of subject imports from China since the imposition of the order 15 years ago, it is reasonable to conclude that China has abandoned production of this merchandise and does not have excess inventory of the subject merchandise. In addition, because the current quota limitation on category 315 products effectively restricts how many square yards of subject merchandise China could export if the order were revoked, any existing inventory is immaterial.

Because the domestic market is dominated by U.S. and nonsubject producers and China's exports of the subject merchandise are constrained by the current bilateral textile agreement, we find that revocation of the antidumping duty order is not likely to lead to a significant increase in the volume of subject imports such that the likely volume of subject imports would be significant.

⁸ CR and PR at Table I-1.

⁹ CR and PR at I-13.

¹⁰ CR and PR at I-12.

¹¹ Response at 9-10.

¹² CR at I-13, PR at I-10

C. Price

In evaluating the likely price effects of the subject merchandise in the event of revocation, the Commission shall consider (1) whether imports are likely to be sold at a significantly lower price than the domestic like product, and (2) whether imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like product.¹³

The record in this review contains very limited pricing data. As previously stated, China is constrained in the amount of subject merchandise that it can export to the United States by operation of the existing textile agreement. In light of our conclusion that subject import volume cannot increase significantly in the face of this quota, we conclude that China could not export sufficient subject merchandise to have a significant price suppressing or depressing effect in the domestic market.

D. Impact

When considering the likely impact of subject imports, the Commission is to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more enhanced version of the domestic like product.¹⁴

Subject imports are not likely to have a significant adverse impact on the domestic greige polyester/cotton printcloth industry if the order is revoked. There have been no imports of subject merchandise to the United States since at least 1993.¹⁵ Moreover, the domestic industry accounts for nearly all domestic consumption, with nonsubject imports accounting for only 9.1 percent. We find that revocation would not likely have an adverse impact on the domestic industry because subject imports would have to increase significantly in order to have any adverse impact. In fact, under the existing quota on subject imports, we have determined above that subject imports would not be likely to increase to significant levels in the event of revocation. Furthermore, any increase in subject imports that would result from revocation would likely gain market share at least in part from nonsubject imports rather than exclusively at the expense of the domestic industry.

We therefore find that subject imports would not be likely to have a significant impact on domestic greige polyester/cotton printcloth producers' cash flow, inventories, employment, wages, growth, ability to raise capital, or investment within a reasonably foreseeable time in the event the order is revoked. In conjunction with our conclusions regarding likely volume and price effects, we find that revocation is not likely to lead to a significant reduction in U.S. producers' output, sales, market share, profits, productivity, ability to raise capital, or return on investments within a reasonably foreseeable time. We therefore find that revocation is not likely to have a negative impact on the domestic industry in the reasonably foreseeable future.

¹³ 19 U.S.C. § 1675a(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation or termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

¹⁴ 19 U.S.C. § 1675a(a)(4).

¹⁵ CR at I-12, PR at I-9

CONCLUSION

If the antidumping duty order is revoked, the volume of subject imports is not likely to be significant and the subject imports are not likely to have significant effects on domestic prices or a significant impact on the domestic industry. Therefore, we determine that revocation of the order in this review would not be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

INFORMATION OBTAINED IN THE REVIEW

INTRODUCTION

On November 2, 1998, the Commission gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on greige polyester/cotton printcloth from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.¹ On February 4, 1999, the Commission determined that the domestic interested party response to its notice of institution was adequate;² the Commission also determined that the respondent interested party response was inadequate because no response was received. The Commission found no other circumstances that would warrant a full review. Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(3)).³ The Commission voted on this review on April 7, 1999, and notified Commerce of its determination on April 15, 1999.

The Original Investigation

The Commission completed the original investigation⁴ in September 1983, determining that an industry in the United States was being materially injured by reason of imports of greige polyester/cotton printcloth in chief value of cotton from China that were being sold at less than fair value. The Commission found the relevant domestic industry to consist of producers of greige polyester/cotton printcloth in chief value of cotton.⁵ After receipt of the Commission's determination, Commerce issued an antidumping duty order on imports of greige polyester/cotton printcloth, other than the 80 x 80 type, from China.⁶

¹ 63 FR 58763, Nov. 2, 1998. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

² A single response to the Commission's notice was filed on behalf of the ATMI and the following member companies: CMI Industries, Alice Manufacturing, Mayfair Mills, Greenwood Mills, Inman Mills, Spartan Mills, Mount Vernon Mills, and Hamrick Mills. These eight firms reportedly accounted for *** percent of domestic production in 1997. (*Response of domestic producers*, pp. 12-13.)

³ 64 FR 9175, Feb. 24, 1999. The Commission's notice of expedited review appears in app. A. See the Commission's web site (<http://www.usitc.gov>) for Commissioner votes on whether to conduct an expedited or full review. Statements on adequacy are presented in app. B.

⁴ The investigation resulted from a petition filed on behalf of ATMI and the following member companies: Alice Manufacturing, Clinton Mills, Dan River, Greenwood Mills, Hamrick Mills, Mayfair Mills, Mount Vernon Mills, and M. Lowenstein on Aug. 5, 1982. (*Staff Report of Aug. 16, 1983*, p. A-1.) Clinton Mills is now a part of CMI Industries.

⁵ For the purposes of the original investigation, domestic polyester/cotton printcloth that contained 50 percent or more of cotton by weight was considered to be equivalent to polyester/cotton printcloth in chief value of cotton and the domestic industry was found to be the domestic producers of this product; the eight petitioning producers were the only producers of the "like" product in the original investigation. (*Greige Polyester/Cotton Printcloth from the People's Republic of China, USITC Pub. 1421*, Sept. 1983, pp. 4-5.) Another firm, ***, produced polyester/cotton printcloth in chief value of polyester. (*Staff Report of Aug. 16, 1983*, p. A-10.) This firm was not considered part of the domestic industry in the original investigation.

⁶ 48 FR 41614, Sept. 16, 1983. This order required the posting of a cash deposit equal to the estimated weighted-average antidumping duty margin of 22.4 percent. Commerce used a comparison between U.S. price and foreign market value which, because China's economy was state controlled, was based on sales to third-country markets by a producer in a surrogate country (Thailand). An administrative review of the antidumping duty order (50 FR 5805, Feb. 12, 1985) retained the 22.4-percent dumping margins for all imports of Chinese greige polyester/cotton printcloth but changed the scope language to drop the phrase "in chief value of cotton" (or "in chief value cotton") that had previously appeared in the scope language; subsequent Commerce scope language makes no reference to value whatsoever. In 1989, Commerce published notice of preliminary results of

(continued...)

Commerce's Final Results of Expedited Sunset Review

On March 11, 1999, the Commission received Commerce's "Final Results of Expedited Sunset Review" concerning greige polyester/cotton printcloth from China.⁷ The review covered all manufacturers and exporters of Chinese printcloth. Commerce determined that dumping is likely to continue if the antidumping duty order is revoked. Commerce found that a 22.4-percent margin of dumping would likely prevail if the antidumping duty order is revoked. The 22.4-percent margin applies to all Chinese manufacturers/exporters.

THE PRODUCT

Scope

The imported product covered by this review is greige polyester/cotton printcloth, other than the 80 x 80 type.⁸ Greige polyester/cotton printcloth is of chief weight cotton,⁹ unbleached and uncolored printcloth. The term "printcloth" refers to plain woven fabric, not napped, not fancy or figured, of singles yarn, not combed, of average yarn number 43 to 68,¹⁰ weighing not more than 6 ounces per square yard, of a total count of more than 85 yarns per square inch, of which the total count of the warp yarns per inch and the total count of the filling yarns per inch are each less than 62 percent of the total count of the warp and filling yarns per square inch. This merchandise is classifiable in HTS subheading 5210.11.60 (statistical reporting No. 5210.11.6060) and is dutiable at a general rate of 10.2 percent ad valorem in 1999. The

⁶ (...continued)

antidumping duty review and tentative determination to revoke the antidumping duty order (54 FR 17802, Apr. 25, 1989), stating that the respondent, Chinatex, had made no shipments to the United States for the period Sept. 1, 1984, through Aug. 31, 1988, and had requested a revocation of the order. Subsequently (57 FR 1254, Jan. 13, 1992), Commerce stated that despite respondents' claims that there were no shipments to the United States during Sept. 1, 1984 - Aug. 31, 1988, it had discovered that there had been two shipments by the respondent during the Sept. 1, 1987 - Aug. 31, 1988, period of review; consequently Commerce determined not to revoke the antidumping duty order and retained the 22.4-percent cash deposit. The last administrative review was conducted at the request of ATMI and covered the period Sept. 1, 1988, through Aug. 31, 1989; there were no shipments of greige polyester/cotton printcloth by Chinatex during the period and the 22.4-percent cash deposit rate was retained (57 FR 31353, July 15, 1992). There have been no subsequent requests for administrative review of the antidumping duty order.

⁷ The *Federal Register* notice of Commerce's final results (64 FR 13399) is presented in app. A.

⁸ At the time of the original investigation, 80 x 80 type printcloth was defined as printcloth of constructions either having 80 warp yarns per inch and 80 filling yarns per inch or having 72 warp yarns per inch and 69 filling yarns per inch. (See statistical headnote 1(e), subpart A, part 3, schedule 3 of the 1983 TSUSA.) According to *** at Customs, the 80 x 80 type that Customs excludes from the order refers to fabric with a construction of 80 warp yarns per inch and 80 filling yarns per inch. (Telephone conversation of Feb. 25, 1999.)

⁹ In the scope of the original investigation, Commerce defined the subject merchandise by chief value (i.e., the subject merchandise was of chief value cotton). For the purposes of this review, Commerce incorporated Customs' conversion to chief weight (i.e., the subject merchandise is of chief weight cotton).

¹⁰ The average yarn number 43 to 68 is under the metric system which Customs has used since the conversion to the HTS from the TSUSA. Average yarn number 43 to 68 under the metric system translates to average yarn number 26 to 40 under the English system, the system which Customs used during the original investigation and until the conversion of the TSUSA to the HTS. The average yarn count identified in previous Commerce scopes was yarn number 26 to 40, as based on the English system of yarn number counts. Per phone conversations between Commerce and Customs, Customs now relies on the metric system to establish average yarn number counts.

HTS subheading is provided for convenience and for Customs purposes; the written description remains dispositive as to the scope of the product coverage.

Description and Uses

Greige¹¹ polyester/cotton printcloth is a textile fabric used in a wide variety of apparel and household items. It is often sold "in the gray" by the producing mill to converters, which have the goods finished (i.e., bleached, dyed, printed, etc.) according to the intended end use. Apparel uses include shirts, nightwear, dresses, and children's wear and household uses include curtains and bedspreads.

Greige polyester/cotton printcloth is produced using spun yarn made from a blend of polyester and cotton fibers. The yarn used in making the fabric is widely produced and the fabric is one of the simplest to weave. At the time of the original investigation, the polyester/cotton blend was usually about 50 percent of each fiber.¹² It is not known what the most common blends are today.

The leading constructions of polyester/cotton printcloth at the time of the original investigation for polyester/cotton printcloth were 78 x 54 and similar constructions.¹³ It is unknown what the most common types of constructions are today, but producers reported that their 78 x 54 greige polyester/cotton printcloth competes directly with 82 x 50 printcloth from China.¹⁴

During the original investigation, the imported product subject to investigation was limited to polyester/cotton printcloth that was unbleached and uncolored (other than 80 x 80 type) in chief value of cotton. Given the relative values of cotton and polyester in 1983, it was almost certain that a blend containing 50 percent or more of cotton by weight would also be in chief value of cotton.¹⁵ The same was true in 1997 and for January-November 1998.¹⁶

Printcloth is produced in much the same way as other plain woven fabric of uncombed yarn. Most printcloth mills are integrated operations which perform all stages of manufacture from yarn production to woven fabric. In yarn production, bales of the raw cotton and polyester fibers are blended and then carded to remove foreign material and align the fibers which are then gathered into ropelike strands that are

¹¹ The term "greige" is derived from the French beige, meaning natural, and is used interchangeably with the term "gray" (used more commonly in the U.S. textile trade) and refers to fabric in its natural unfinished state.

¹² *Staff Report of Aug. 16, 1983*, p. A-4.

¹³ *Staff Report of Aug. 16, 1983*, p. A-3. Prior to 1983, the TSUSA classification for "printcloth" (which had been established at a time when most printcloth was entirely of cotton and most constructions were nearly square) did not include the 78 x 54 and similar constructions. Effective Jan. 1, 1983, the TSUSA definition for "printcloth" was changed to include fabric with a total yarn count of more than 85 yarns per square inch of which both the warp and filling yarns are less than 62 percent of the total; this included the 78 x 54 construction and was essentially the same as the scope of the original investigation.

¹⁴ *Response of domestic producers*, pp. 9-10. According to *** at Customs, the only HTS classification currently being examined under the subject order is 5210.11.6060. That item covers printcloth, which is defined in the HTS as being of square construction. (Telephone conversation of Feb. 25, 1999.) See statistical notes 1(e) and 1(ij), chapter 52, section XI, of the 1999 HTS for definitions of "printcloth" and "square construction." Under this standard, constructions of 82 x 50 would not be considered "printcloth" for purposes of subheading 5210.11.6060 of the HTS, but instead would be considered "poplin or broadcloth" reported under subheading 5210.11.6020 of the HTS. See statistical note 1(a), chapter 52, section XI, of the 1999 HTS. According to *** at Customs, imports of fabric with a construction of 82 x 50 would not be classified as "printcloth" but would instead be classified as "poplin or broadcloth" for Customs purposes even if they were labeled as printcloth. (Telephone conversation of Mar. 4, 1999.)

¹⁵ *Staff Report of Aug. 16, 1983*, p. A-4.

¹⁶ Since 1980, the prices of cotton have exceeded those of polyester in every year but 1982, 1988, 1989, 1992, and 1993 (*Cotton and Wool Situation and Outlook Yearbook*, Nov. 1998, app. table 12).

combined and slightly twisted to form a uniform roving. Spinning, the final stage of yarn manufacture, changes the relatively loose, low-strength roving into a thin, strong, more highly twisted yarn.

In preparation for weaving, the warp yarns that run in the lengthwise direction of the fabric are wound on long drums and may be treated with sizing to help prevent breaking during weaving. Filling yarn is wound into small packages appropriate to the type of loom to be used for weaving. Weaving is the process of forming fabric by interlacing the warp and filling yarns at right angles to each other. Plain weave, the type used in printcloth, is made with one warp over and one warp under the filling throughout the fabric.

THE INDUSTRY IN THE UNITED STATES

U.S. Producers

In 1982, there were eight known producers of greige polyester/cotton printcloth in chief value of cotton.¹⁷ Six of those producers (Alice Manufacturing, Clinton Mills,¹⁸ Greenwood Mills, Hamrick Mills, Mayfair Mills, Mount Vernon Mills), accounting for *** percent of 1982 production were still producing greige polyester/cotton printcloth in 1997, accounting for *** percent of estimated 1997 production.¹⁹

During the original investigation, *** were large, diversified companies producing a wide variety of fabrics and textile products in addition to printcloth and were among the largest U.S. textile companies.²⁰ By the time of this review, *** were not listed as producers of greige polyester/cotton printcloth.²¹

There were 10 producers of greige polyester/cotton printcloth in 1997 and there are nine today. Five of the six above-mentioned firms producing during the original investigation still produce (Greenwood Mills ceased production in November 1998), and Inman Mills, Spartan Mills, J.P.S. Textile, and Ramtex have been identified as current producers.²²

U.S. Production and Shipments

Data reported by U.S. producers of greige polyester/cotton printcloth in the Commission's original investigation and in response to its review institution notice are presented in table I-1. U.S. producers reported higher levels of production, domestic shipments, and unit values of greige polyester/cotton printcloth for 1997 than during the original investigation. Although no recent financial data are available, U.S. producers have reportedly made substantial investments in new technology and production methods since the imposition of the antidumping order to enhance productivity and the quality of domestic greige polyester/cotton printcloth.²³

¹⁷ *Staff Report of Aug. 16, 1983*, p. A-10. Another firm, ***, produced polyester/cotton printcloth in chief value of polyester. *Ibid.* The Commission found the U.S. industry to consist of the eight producers of greige polyester/cotton printcloth in chief value of cotton. (*Greige Polyester/Cotton Printcloth from the People's Republic of China, USITC Pub. 1421*, Sept. 1983, pp. 4-5.)

¹⁸ Clinton Mills is now part of CMI Industries.

¹⁹ *Response of domestic producers*, pp. 12-13.

²⁰ *Staff Report of Aug. 16, 1983*, p. A-11.

²¹ *Response of domestic producers*, pp. 11-12.

²² *Response of domestic producers*, pp. 11-13. J.P.S. Textile and Ramtex, which are not participating in the review, account for an estimated *** percent of production. *Ibid.*

²³ *Response of domestic producers*, p. 14.

Table I-1 Greige polyester/cotton printcloth: U.S. producers' production and domestic shipments, 1980-82 and 1997				
Item	1980	1981	1982	1997 ¹
Production (1,000 square yards)	524,701	505,928	497,426	587,000
Domestic shipments:				
Quantity (1,000 square yards)	² 396,904	² 406,918	² 418,484	562,000
Value (1,000 dollars)	146,213	170,938	159,924	281,000
Unit value (cents per square yard)	37	42	38	50
<p>¹ Estimated by the Commission staff using data provided in the U.S. producers' response to the Commission's notice of institution. The production for the eight firms reporting totaled *** million square yards and accounted for about *** percent of the estimated total production. Shipment data reported by U.S. producers were likewise presumed to account for about *** percent of the total shipments in 1997.</p> <p>² The primary reason the quantity of domestic shipments is significantly less than production is that ***.</p> <p>Source: <i>Staff Report of Aug. 16, 1983</i>, pp. A-13, A-16, and A-17 for 1980-82 data, and <i>Response of domestic producers</i>, pp. 12 and 13 for 1997 data.</p>				

U.S. IMPORTS AND CONSUMPTION

U.S. Importers

During the original investigation, there were 13 firms that were identified as importers of greige polyester/cotton printcloth in chief value of cotton from China. *** of these firms accounted for the bulk of imports during the period.²⁴ U.S. producers reported that they believe 16 firms currently import greige polyester/cotton printcloth. Two of these firms, *** and ***, were among the *** firms accounting for the bulk of imports during the original investigation.

Textile Agreements

During the original investigation, greige polyester/cotton printcloth was subject to restraint under the terms of the MFA.²⁵ Imports of polyester/cotton printcloth in chief value of cotton were classified in

²⁴ *Staff report of Aug. 16, 1983*, pp. A-5-6.

²⁵ Sanctioned by the GATT, the MFA was implemented in 1974 to deal with market disruption in importing developed countries, while allowing exporting developing countries to expand their share of world trade in these products. Under the MFA, developed countries negotiate bilateral agreements with exporting developing countries for the purpose of setting quotas and quota growth rates. (*Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements*, USITC Pub. 2790, June 1994, p. IV-5.)

MFA categories 315 and 320;²⁶ however, following the adoption of a new TSUSA definition of printcloth in 1983, all the subject imports were classified in category 315.²⁷

On January 1, 1995, the ATC became part of the WTO agreements and replaced the MFA. The ATC provides for the elimination of the quotas²⁸ over a 10-year transition period, after which textiles and apparel would become subject to the same WTO disciplines and the same rules as trade in other sectors. All WTO countries are subject to ATC disciplines, and only WTO countries are eligible for ATC benefits.

Although China was not a member of the GATT during the original investigation, the United States had negotiated a bilateral agreement under the provisions of section 204 of the Agricultural Act of 1956. The original bilateral agreement with China (covering 1980-82) provided no specific limits or consultation levels²⁹ for greige polyester/cotton printcloth in categories 315 and 320 but the bilateral agreement was amended to include a specific limit for 1982 of 167 million square yards for category 315 and the statistical suffix 92 portion of category 320, combined.³⁰ In August 1983, the United States and China signed a new bilateral agreement establishing the 1983 quota for category 315 at 118 million square yards and providing for phased growth to 171 million square yards by 1987.³¹

In February 1997, the United States concluded a series of new agreements with China on textile and apparel trade. The quota level set for category 315 was 158.4 million square yards for 1997 and 162.3 million square yards for 1998.³² The quota level set for category 315 is 160.0 million square yards for 1999 and an estimated 161.2 million square yards in 2000.

U.S. Imports

As shown in table I-2, U.S. imports of greige polyester/cotton printcloth from China increased by more than fourfold between 1980 and 1981 and then continued to increase in 1982 to a level over 13 percent higher than in 1981.³³ U.S. imports of greige polyester/cotton printcloth during 1997 and 1998

²⁶ Category 315 included woven cotton printcloth fabrics and category 320 included other woven cotton fabrics not elsewhere specified.

²⁷ *Staff Report of Aug. 16, 1983*, p. A-8.

²⁸ The ATC provides for the modification of the quotas through two mechanisms: product integration into the WTO regime, including quota removal, and accelerated growth rates for quotas still in effect during the transition period.

²⁹ Designated consultation levels are predetermined export levels which can only be exceeded with agreement (after consultations) by the importing country.

³⁰ *Staff Report of Aug. 16, 1983*, p. A-9. Category 315 and statistical suffix 92 of category 320 covered greige, bleached, or colored printcloth wholly of cotton and blends in chief value of cotton. Total imports from China under these categories were 83 million square yards in 1980; 171 million square yards in 1981; and 143 million square yards in 1982. Imports of greige polyester/cotton printcloth rose from 14 percent of the total in 1980 to 36 percent in 1981 and 44 percent in 1982. *Ibid.*

³¹ *Greige Polyester/Cotton Printcloth from the People's Republic of China*, USITC Pub. 1421, Sept. 1983, p. A-6.

³² See Customs' web site (www.customs.ustreas.gov/quotas) at *U.S. Customs Service Textile Status Report*. Merchandise charged against the 1997 quota amounted to 142.0 million square yards, or 89.6 percent of the quota, and merchandise charged against the 1998 quota amounted to 129.7 million square yards, or 79.9 percent of the quota. *Ibid.* Imports of greige polyester/cotton imports classified in HTS statistical reporting number 5210.11.6060 amounted to 0.4 percent of the total charged against the quota in 1997 and 0.5 percent in 1998. Merchandise considered to be "poplin or broadcloth" and reported under HTS subheading 5210.11.6020 is included in quota category 314 instead of category 315.

³³ Prior to Jan. 1, 1983, printcloth was defined as being of square construction in the TSUSA and had a

(continued...)

Item	1980	1981	1982	1997	1998
Quantity (1,000 square yards)	11,368	57,032	64,788	² 605	689
Customs value (1,000 dollars)	3,372	18,624	19,640	² 245	261
Unit value (cents per square yard)	30	33	30	² 40	38

¹ Import data presented for 1980-82 are for TSUSA items 326.2032, 326.2092, 326.3032, 326.3092, 326.4032, and 326.4092; such imports are in chief value of cotton, exclude type 80 x 80, include constructions that are not square, and may include merchandise not classifiable as printcloth because of the inclusion of all imports under statistical suffix 92. Import data presented for 1997 and 1998 are for HTS subheading 5210.11.6060; such imports are in chief weight of cotton (but less than 85 percent cotton), mixed mainly or solely with manmade fibers, include type 80 x 80, and are limited to constructions defined as square in the HTS.

² There were no subject imports from China in 1997 according to the *Case History and Scope Information* on Commerce's web site. Consequently, the imports reported were presumably of 80 x 80 construction, of fibers other than polyester/cotton, or otherwise falling outside the scope of the antidumping order.

Source: Official Commerce statistics (data for 1980-82 are as presented in the *Staff Report of Aug. 16, 1983*, p. A-38).

were only about 1 percent of the quantity of such imports in 1982. There is no exact correlation between the imports presented for the original investigation and those presented for 1997 and 1998 because in the conversion from the TSUSA to the HTS, the method of classification changed from one of chief value to one of chief weight. Nevertheless, given the relative values of cotton and polyester since 1980, printcloth that is in chief weight of cotton usually would have been of chief value of cotton, as well.³⁴

Data on the value of annual imports that are subject to the antidumping order indicate that there have been no imports of subject greige polyester/cotton printcloth from China during 1993-97.³⁵ However,

³³ (...continued)

statistical suffix of 32. As of Jan. 1, 1983, the definition of printcloth was changed to encompass constructions other than square. As a result of questionnaire responses, imports during 1980-82 that were entered under statistical suffix 92 (a residual basket category) were found to be mostly printcloth, according to the post Jan. 1, 1983, definition; consequently, import data presented include imports entered under statistical suffix 92 during 1980-82.

³⁴ U.S. producers stated that they believe that merchandise covered by the subject antidumping order is classified in HTS subheadings 5210.11.6060, if in chief weight of cotton, and 5513.11.0060, if in chief weight of polyester (*Response of domestic producers*, exhibit 3). Because cotton has usually been the more expensive material, it is true that some imports of printcloth that are in chief weight of polyester could have been in chief value of cotton; however, in Commerce's "Final Results of Expedited Sunset Review," it defined the scope of the review as being greige polyester/cotton printcloth in chief weight of cotton.

³⁵ See Commerce's web site (http://www.ita.doc.gov/import_admin/records/sunset) at *Case History and Scope Information*.

U.S. producers reported that there continue to be imports of greige polyester/cotton printcloth from China and that they continue to underprice the comparable domestic product.³⁶

Apparent U.S. Consumption

Apparent U.S. consumption of greige polyester/cotton printcloth in 1997 exceeded that of each year during 1980-82 (table I-3). In 1997, there were no known imports of subject printcloth from China and negligible imports of all greige polyester/cotton printcloth from China. U.S. producers accounted for 91 percent of consumption in 1997, a higher share than they had during 1981-82 and a slightly lower share than they had in 1980.³⁷

THE INDUSTRY IN CHINA

During the period March 1, 1982 - August 31, 1982, the period of Commerce's original investigation, Chinatex accounted for all of China's known exports of greige polyester/cotton printcloth to the United States.³⁸ Chinatex is still the only known Chinese exporter of greige polyester/cotton printcloth.³⁹

During the time of the Commission's original investigation, China produced a greige 50-50 polyester/cotton printcloth exclusively for the U.S. market. Production of this printcloth in China increased from 22 million square yards in 1980 to 54 million square yards in 1981 and 1982, and it was estimated to be 30 million square yards in 1983.⁴⁰ China reportedly has "enormous production capacity to produce the subject merchandise" and is ***.⁴¹ This extra capacity reportedly could be used to produce more greige polyester/cotton printcloth.⁴² The quality of the Chinese printcloth reportedly remains comparable to the U.S. product, as it was during the original investigation. U.S. producers believe that this quality comparability indicates that Chinese producers must have made investments in technologies similar to that of U.S. producers.⁴³

³⁶ *Response of domestic producers*, pp. 9-10. Two examples of underpricing by the Chinese product were given. First, Chinese 63-inch 82 x 50 greige polyester/cotton printcloth priced at *** cents per yard underpriced a reportedly interchangeable domestic 64-inch 78 x 54 greige polyester/cotton printcloth priced at *** cents per yard. The second example was Chinese 50-inch 82 x 50 greige polyester/cotton printcloth priced at *** cents per yard that underpriced a reportedly interchangeable domestic 48-inch 78 x 54 greige polyester/cotton printcloth priced at *** cents per yard. *Ibid.* The imported Chinese products for which these price comparisons were given would not be classified as "printcloth" in the 1999 HTS since they do not have square construction as defined in statistical note 1(ij) of chapter 52 and would instead be classified as "poplin or broadcloth." (Telephone conversation with *** at Customs, Mar. 4, 1999.)

³⁷ U.S. producers state that they believe subject merchandise is also being classified under HTS subheading 5513.11.0060 if in chief weight of polyester (*Response of domestic producers*, exhibit 3). To include all imports reported under HTS subheading 5513.11.0060 would increase the total Chinese share of consumption to 1.5 percent and reduce the U.S. producers' share to 87.7 percent, still substantially above the 1981-82 level.

³⁸ See 48 FR 34312.

³⁹ *Response of domestic producers*, p. 12.

⁴⁰ *Staff Report of Aug. 16, 1983*, p. A-35.

⁴¹ *Response of domestic producers*, p. 8.

⁴² *Ibid.*

⁴³ *Response of domestic producers*, p. 14.

Table I-3
Greige polyester/cotton printcloth: U.S. producers' domestic shipments, U.S. imports, and apparent U.S. consumption, on the basis of quantity, 1980-82 and 1997

Item	1980	1981	1982	1997
Quantity (1,000 square yards)				
U.S. producers' domestic shipments	396,904	406,918	418,484	562,000
U.S. imports:				
China, subject	11,368	57,032	64,788	¹ 0
China, nonsubject	(2)	(2)	(2)	³ 605
Other sources	18,991	79,521	40,608	55,599
Total	30,359	136,553	105,396	56,204
Apparent U.S. consumption	427,263	543,470	523,880	618,204
Share of consumption (percent)				
U.S. producers' domestic shipments	92.9	74.9	79.9	90.9
U.S. imports:				
China, subject	2.7	10.5	12.4	0
China, nonsubject	(2)	(2)	(2)	0.1
Other sources	4.4	14.6	7.8	9.0
Total	7.1	25.1	20.1	9.1

¹ According to Customs, there were no known imports of subject greige polyester/cotton printcloth from China in 1997.

² Not applicable.

³ According to official Commerce statistics, there were U.S. imports from China in 1997; these are presumed to be type 80 x 80, or otherwise outside the scope of the antidumping order.

Note.--Because of rounding, figures may not add to the totals shown. Import data for 1980-82 are for TSUSA items 326.2032, 326.2092, 326.3032, 326.3092, 326.4032, and 326.4092; such imports are in chief value of cotton, exclude type 80 x 80, include constructions that are not square, and may include merchandise not classifiable as printcloth because of the inclusion of all imports under statistical suffix 92. Import data for 1997 are for HTS subheading 5210.11.6060; such imports are in chief weight of cotton (but less than 85 percent cotton), mixed mainly or solely with manmade fibers, include type 80 x 80, and are limited to constructions defined as square in the HTS.

Source: *Staff Report of Aug. 16, 1983*, pp. A-17, A-38, and A-39 for 1980-82 data; estimate by the Commission's staff from *Response of domestic producers for U.S. producers' domestic shipments for 1997 data; Case History and Scope Information*, available on Commerce's web site, for subject China 1997 data; and official Commerce statistics for all other 1997 import data.

During the time of the original investigation, China had the largest textile industry in the world and was the world's largest exporter of cotton and cotton-blended cloth (mostly greige goods since dyeing and finishing were considered to be the weakest sector of the Chinese textile industry). China's production of cotton was roughly equal to U.S. production, and China's capacity to produce manmade fibers was exceeded only by the United States and Japan.⁴⁴

Today, China still has the largest textile industry in the world. In 1996 China's industry had 41 million ring spindles and 665,000 open-end rotors for producing spun yarn.⁴⁵ Additionally it had 50,000 shuttleless and 880,000 shuttle looms.⁴⁶ In comparison, the U.S. textile industry had 4.9 million ring spindles, 892,000 open-end rotors, 62,470 shuttleless looms, and 9,200 shuttle looms. Although only a small share of this equipment is used to produce printcloth and yarns for printcloth, they are indicative of the relative capacities of the industry in each country.

Similarly, China is the world's largest producer of cotton and the polyester staple fiber used to produce polyester/cotton printcloth. In 1998 China produced an estimated 4.2 million metric tons of cotton and 2,981 million pounds of polyester staple fiber.⁴⁷ U.S. production of these fibers in 1998 was rather close to that of China, at 3.1 million metric tons of cotton and 2,792 million pounds of polyester staple fiber.

⁴⁴ *Staff Report of Aug. 16, 1983*, pp. A-33 through A-35. Installed spinning and weaving equipment were an estimated 18-20 million spindles (the most in the world) and an estimated 540,000-600,000 looms (second only to India). At the time of the original investigation, China had shifted during a 3-year period of "economic adjustment" (1979-81) from a policy of large investments in capital construction projects to one of developing textiles and other light industries which offered good prospects for earning foreign exchange. Partly as a result of this emphasis, the growth of China's textile industry had accelerated. *Ibid.*, pp. A-33 and A-34. At the time of the original investigation, the greige polyester/cotton printcloth imported from China was all produced on shuttle looms; although much U.S.-produced printcloth was also made on shuttle looms, some U.S. mills used newer shuttleless looms. *Ibid.*, p. A-5.

⁴⁵ International Textile Manufacturers Federation, *Country Statements 1998*, Table 2.1 Installed Capacities, pp. 40-41.

⁴⁶ Although shuttleless looms are generally more modern and more productive than shuttle looms, both types of looms can produce fabric of comparable quality.

⁴⁷ Cotton data from *COTTON: Review of the World Situation*, International Cotton Advisory Committee, Sept.-Oct. 1998, p. 2. Polyester data from *Fiber Organon*, Fiber Economics Bureau, Inc., Washington, DC, July 1998, pp. 120-21.

APPENDIX A
FEDERAL REGISTER NOTICES

SUMMARY: The Commission hereby gives notice of the scheduling of an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(3)) (the Act) to determine whether revocation of the antidumping duty order on greige polyester cotton printcloth from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: February 4, 1999.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-205-3167), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background.—On February 4, 1999, the Commission determined that the domestic interested party group response to its notice of institution (63 FR 58763, Nov. 2, 1998) of the subject five-year review was adequate and that the respondent interested party group response was inadequate.¹ The Commission did not find any other circumstances that would warrant conducting a full review.² Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.³

Staff report.—A staff report containing information concerning the

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-101 (Review)]

**Greige Polyester Cotton Printcloth
From China**

AGENCY: United States International Trade Commission.

ACTION: Scheduling of an expedited five-year review concerning the antidumping duty order on greige polyester cotton printcloth from China.

¹ Vice Chairman Miller not participating.

² A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

³ Vice Chairman Miller not participating and Commissioner Koplan dissenting.

subject matter of the review will be placed in the nonpublic record on March 11, 1999, and made available to persons on the Administrative Protective Order service list for this review. A public version will be issued thereafter, pursuant to section 207.62(d)(4) of the Commission's rules.

Written submissions.—As provided in section 207.62(d) of the Commission's rules, interested parties that are parties to the review and that have provided individually adequate responses to the notice of institution,⁴ and any party other than an interested party to the review may file written comments with the Secretary on what determination the Commission should reach in the review. Comments are due on or before March 16, 1999, and may not contain new factual information. Any person that is neither a party to the five-year review nor an interested party may submit a brief written statement (which shall not contain any new factual information) pertinent to the review by March 16, 1999. If comments contain business proprietary information (BPI), they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Determination.—The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. § 1675(c)(5)(B).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: February 18, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-4571 Filed 2-23-99; 8:45 am]

BILLING CODE 7020-02-P

⁴ The Commission has found the responses submitted by Alice Manufacturing Co.; CMI Industries, Inc.; Greenwood Mills, Inc.; Hamrick Mills, Inc.; Inman Mills, Inc.; Mayfair Mills, Inc.; Mount Vernon Mills, Inc.; and Spartan Mills, Inc. to be individually adequate. Comments from other interested parties will not be accepted (see 19 CFR 207.62(d)(2)).

Department") initiated a sunset review of the antidumping order on greige polyester cotton printcloth from The People's Republic of China (63 FR 58709) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and substantive comments filed on behalf of the domestic industry and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited review. As a result of this review, the Department finds that revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Review section of this notice.

FOR FURTHER INFORMATION CONTACT: Scott E. Smith or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482-6397 or (202) 482-1560, respectively.

EFFECTIVE DATE: March 18, 1999.

Statute and Regulations

This review was conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*"). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("*Sunset Policy Bulletin*").

Scope

The merchandise subject to this antidumping order is greige polyester cotton printcloth, other than 80 x 80 type. Greige polyester cotton printcloth is of chief weight cotton,¹ unbleached and uncolored printcloth. The term "printcloth" refers to plain woven fabric, not napped, not fancy or figured.

¹ In the scope from the original investigation, the Department defined the subject merchandise by chief value (*i.e.*, the subject merchandise was of chief value cotton). For the purposes of this review, we have incorporated Custom's conversion to chief weight (*i.e.*, the subject merchandise is of chief weight cotton). See *Memorandum, RE: Greige Polyester Cotton Printcloth—Scope*, February 25, 1999.

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-101]

Final Results of Expedited Sunset Review: Greige Polyester Cotton Printcloth From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final results of expedited sunset review: Greige polyester cotton printcloth from the People's Republic of China.

SUMMARY: On November 2, 1998, the Department of Commerce ("the

of singles yarn, not combed, of average yarn number 43 to 68,² weighing not more than 6 ounces per square yard, of a total count of more than 85 yarns per square inch, of which the total count of the warp yarns per inch and the total count of the filling yarns per inch are each less than 62 percent of the total count of the warp and filling yarns per square inch. This merchandise is currently classifiable under Harmonized Tariff Schedule (HTSUS) item 5210.11.6060. The HTSUS item numbers are provided for convenience and U.S. Customs purposes. The written description remains dispositive.

This review covers imports from all manufacturers and exporters of Chinese printcloth.

Background

On November 2, 1998, the Department initiated a sunset review of the antidumping order on greige polyester cotton printcloth from The People's Republic of China (63 FR 58709), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of the American Textile Manufacturers Institute ("ATMI") and its member companies on November 16, 1998,³ within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. The member companies of ATMI claimed interested party status under 19 U.S.C. 1677(9)(C) as U.S. producers of greige polyester cotton printcloth. In addition, ATMI indicated that the following member companies were the original petitioners in this case: CMI Industries, Inc., Alice Manufacturing Co., Mayfair Mills, Inc., Greenwood Mills, Inc., and Mount Vernon Mills, Inc. We received a complete substantive response from ATMI on December 2, 1998, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). We did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C), the Department

determined to conduct an expedited, 120-day review of this order.

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping order, and shall provide to the International Trade Commission ("the Commission") the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margin are discussed below. In addition, parties' comments with respect to continuation or recurrence of dumping and the magnitude of the margin are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H.R. Rep. No. 103-826, pt. 1 (1994), and the Senate Report, S. Rep. No. 103-412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin*, the Department indicated that determinations of likelihood will be made on an order-wide basis (see section II.A.3). In addition, the Department indicated that normally it will determine that revocation of an antidumping order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the order and import volumes for the subject merchandise declined significantly (see section II.A.3).

In addition to guidance on likelihood provided in the *Sunset Policy Bulletin* and legislative history, section 751(c)(4)(B) of the Act provides that the

Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In the instant review, the Department did not receive a response from any interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

The antidumping duty order on greige polyester cotton printcloth from the People's Republic of China was published in the *Federal Register* on September 16, 1983 (48 FR 41614). Since this time, the Department has conducted three administrative reviews.⁴ The order remains in effect for all manufacturers and exporters of the subject merchandise.

In its substantive response, ATMI argues that the Department should determine that there is a likelihood that dumping would recur if the order were revoked because a dumping margin above a *de minimis* level has been in place since the imposition of the order, and dumping of subject merchandise has continued since the issuance of the order.

ATMI notes that a dumping margin of 22.4 percent has existed throughout the life of the order (see December 2, 1998 Substantive Response of ATMI at 5-7). Furthermore, ATMI argues that, although the Department has not conducted a review since the 1988/89 administrative review (57 FR 31353, July 15, 1992), the existence of imports since that time, and the fact that a 22.4 percent deposit rate has been continuously in effect for all imports of the subject merchandise, suggests that imports of greige polyester cotton printcloth must have been exported to the United States at prices below cost since 1990.

In making its decision, the Department considered the existence of dumping margins and the volume of imports before and after the issuance of the order. As discussed in section II.A.3 of the *Sunset Policy Bulletin*, the SAA at 890, and the House Report at 63-64, if companies continue dumping with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the

⁴ See *Greige Polyester cotton Printcloth From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*; 50 FR 5805, February 12, 1985; *Greige Polyester cotton Printcloth From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*; 57 FR 1254, January 13, 1992; and *Greige Polyester cotton Printcloth From the People's Republic of China; Final Results of Administrative Review of Antidumping Order*; 57 FR 31353, July 15, 1992.

² Under the English system, this average yarn number count translates to 26 to 40. The average yarn number counts reported in previous scope descriptions by the Department are based on the English system of yarn number counts. Per phone conversations with U.S. Customs officials, the Customs Service now relies on the metric system to establish average yarn number counts. Thus, the 26 to 40 average yarn number count under the English system translates to a 43 to 68 average yarn number count under the metric system. See *Memorandum, RE: Greige Polyester Cotton Printcloth—Scope*, February 19, 1999.

³ CMI Industries, Inc. (formerly Clinton Mills, Inc.), Alice Manufacturing Co., Mayfair Mills, Inc., Greenwood Mills, Inc., Inman Mills, Inc., Spartan Mills, Inc., and Mount Vernon Mills, Inc.

discipline were removed. In the instant proceeding, a dumping margin above a *de minimis* level continues to exist for shipments of the subject merchandise from all Chinese producers/exporters.⁵

The Department also considered the volume of imports before and after issuance of the order, consistent with section 752(c) of the Act. The Department examined U.S. Census Bureau IM146 reports and data from our original investigation and subsequent administrative reviews and finds that imports of the subject merchandise have existed throughout most of the life of the order.⁶

For the period from 1984 through 1987, the Department can, as noted in *Greige Polyester Cotton Printcloth: Final Results of Antidumping Duty Administrative Review and Determination Not to Revoke*, 57 FR 1254 (January 13, 1992), confirm two shipments of subject merchandise to the United States. From 1988 through 1989, the Department knows of no shipments of the subject merchandise to the United States. Lastly, U.S. Census Bureau IM146 reports show annual imports of merchandise within the covered HTSUS item number have existed almost continuously from 1990 through 1998.

Upon consideration of the argument and evidence on the record, the Department determines that the existence of dumping margins after the issuance of the order is highly probative of the likelihood of continuation or recurrence of dumping. Specifically, a deposit rate above a *de minimis* level continues in effect for exports of the subject merchandise by all known Chinese manufacturers/exporters. Given that dumping has continued over the life of the order, respondent interested parties waived participation in the sunset review, and absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the order were revoked.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for

⁵ See *Greige Polyester cotton Printcloth From the People's Republic of China: Final Results of Administrative Review of Antidumping Order*, 57 FR 31353, July 15, 1992.

⁶ From the Department's original investigation and its subsequent administrative reviews, the Department can confirm that shipments of the subject merchandise occurred in 1982, the year prior to the imposition of the order, and 1983, the year of the issuance of the antidumping duty order.

companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. (See section II.B.1 of the *Sunset Policy Bulletin*.) Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations. (See sections II.B.2 and 3 of the *Sunset Policy Bulletin*.)

The Department, in its final determination of sales at less than fair value, published a weighted-average dumping margin for all imports of greige polyester cotton printcloth from the People's Republic of China (48 FR 34312, July 28, 1983). We note that, to date, the Department has not issued any duty absorption findings in this case.

In its substantive response, ATMI, citing the *Sunset Policy Bulletin*, argues that the Department should report to the Commission the weighted-averaged dumping margin from the original investigation for China National Textiles Import and Export Corporation ("Chinatex"). Chinatex was the only producer/exporter of the subject merchandise identified in the original investigation. Quoting the *Sunset Policy Bulletin*, ATMI argues that the Department should report this margin to the Commission as it is " * * * the only calculated rate that reflects the behavior of exporters * * * without the discipline of an order or suspension agreement in place".

The Department agrees with ATMI's argument concerning the choice of the margin rate to report to the Commission. In the original investigation, the Department calculated a country-wide weighted-averaged margin for all companies, including Chinatex. Therefore, the Department finds that the country-wide weighted-averaged margin calculated in the original investigation is probative of how Chinese producers and exporters of greige polyester cotton printcloth would act if the order were revoked. As such, the Department will report to the Commission as the dumping margin for all companies, the country-wide rate from the original investigation as contained in the *Final Results of Review* section of this notice.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the margin listed below:

Manufacturer/exporter	Margin (percent)
All Chinese Manufacturers/Exporters	22.4

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: March 11, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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APPENDIX B
STATEMENTS ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Greige Polyester Cotton Printcloth from China, Inv. No. 731-TA-101 (Review)

On February 4, 1999, the Commission determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Act, 19 U.S.C. § 1675(c)(3)(B). The Commission determined that the domestic group response was adequate. In this regard, the Commission received a joint response containing company-specific data from a substantial number of the domestic producers of greige polyester cotton printcloth. Because the Commission did not receive a response from any respondent interested party, the Commission determined that the respondent interested party group response was inadequate. The Commission majority did not find any circumstances that would warrant conducting a full review. The Commission therefore determined to conduct an expedited review. Commissioner Koplan dissented from the Commission's decision to conduct an expedited review.

Commissioner Koplan voted to conduct a full review because he believed that it would better enable him to assess the likely impact of the textile trade agreement between China and the United States if the order were revoked. Additionally, he believed that a full review would place the Commission in a better position to resolve any apparent discrepancies concerning the volume of subject imports.

STATEMENT
COMMISSIONER CAROL T. CRAWFORD
GREIGE POLYESTER PRINTCLOTH FROM CHINA
INV. NO. 731-TA-101 (Review)
February 10, 1999

In Greige Polyester Printcloth from China, Inv. No. 731-TA-101 (Review), I have determined that domestic interested parties have provided adequate individual and group responses to the Commission's Notice of Institution but that responses by respondent interested parties were inadequate. On this basis, I have determined that this review should proceed to an expedited sunset review.

In this review, the Commission received one domestic interested party response filed by the American Textile Manufacturers Institute ("ATMI") on behalf of a domestic trade association and eight domestic greige polyester/cotton printcloth manufacturers. As discussed in my statement accompanying the decision to conduct a full review in Roller Chain from Japan, Inv. No. AA1921-111 (Review), the response of a trade association on behalf of some or all of its members raises questions about whether the Commission may use such a response in lieu of individual producer responses to assess the degree of interest among key interested parties, the producers. In this review, the ATMI response presented separate individual data for all eight jointly-filing companies. Moreover, the ATMI submission specifically indicated that the eight member companies were willing to participate in this review by providing information requested by the Commission. Although such general statements regarding its members' intentions represent a good faith effort to furnish the Commission with the information it is seeking, it is not equivalent to separate responses by interested parties. At a minimum, members should provide brief separate statements or affidavits, either separately or attached to their joint submission. Such statements should indicate their individual willingness to participate in the Commission review process and to submit information requested by the Commission throughout the review process so that the Commission hears directly from these interested parties in some satisfactory fashion. Short of this, I will continue to view these jointly filed responses with less weight.