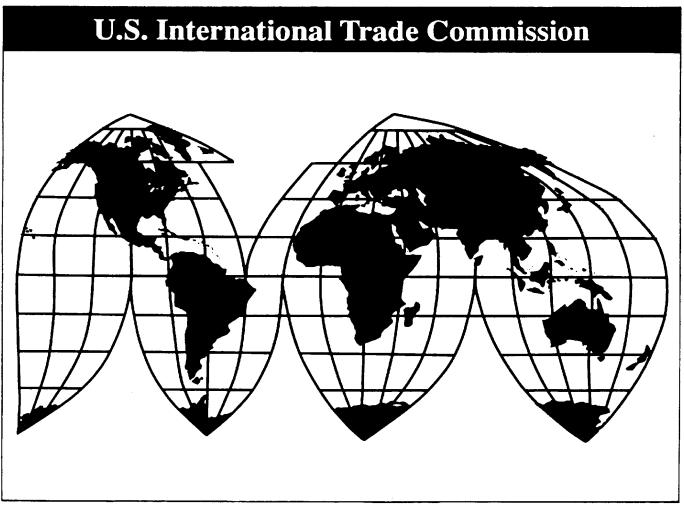
Greige Polyester/Cotton Printcloth From China

Investigation No. 731-TA-101 (Second Review)

Publication 3776

May 2005



U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-101 (Second 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 (Commission) determines, 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 likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.²

BACKGROUND

The Commission instituted this review on March 1, 2004 (69 FR 9640) and determined on June 4, 2004 that it would conduct a full review (69 FR 33661, June 16, 2004). Notice of the scheduling of the Commission's second review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 1, 2004 (69 FR 53465). The hearing was held in Washington, DC, on April 5, 2005, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Commissioner Miller did not participate in this review.

VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (the Act), that revocation of the antidumping order on certain 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.

The subject imported product in this review is greige polyester/cotton printcloth of chief weight cotton ("chief weight cotton printcloth"). Chief weight cotton printcloth is a blend of polyester and cotton but is primarily cotton by weight. In its notice of institution in this second five-year review, the Commission noted that it had defined the domestic like product as greige polyester/cotton printcloth in chief *value* cotton in its original determination, and greige polyester/cotton of chief *weight* cotton its 1999 expedited five-year review.¹ Chief weight cotton printcloth is a basic commodity product that is used in products such as linings and pockets, bedspreads, sheets and curtains.²

I. BACKGROUND

In September 1983, the Commission determined that an industry in the United States was being injured by reason of imports of greige polyester/cotton printcloth in chief value cotton from China that were being sold at less than fair value.³ That same month, Commerce issued an antidumping duty order on imports of greige polyester/cotton printcloth, other than the 80 x 80 type, from China.⁴ In its original determination, the Commission found that the like product was coextensive with the subject merchandise, *i.e.* greige polyester/cotton printcloth in chief value of cotton.⁵

In its first five-year review investigation conducted in 1999, Commerce noted that the Customs Service had converted its classification from chief value to chief weight, and as a result, Commerce altered its definition of the subject merchandise to be printcloth of chief weight cotton.⁶ In its corresponding 1999 five-year review, the Commission expedited the review because no foreign producer or importer responded to the notice of institution.⁷ The Commission defined the domestic like product as chief *weight* cotton greige polyester/cotton printcloth, commensurate with Commerce's revised scope.⁸ The Commission concluded that revocation of the antidumping duty order would lead to continuation or recurrence of material injury within a reasonably foreseeable time.⁹

On March 1, 2004, the Commission instituted a second review pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"), to determine whether revocation of the antidumping duty order on certain greige polyester/cotton printcloth would be likely to lead to the continuation or

¹ Notice of Institution concerning the Antidumping Duty Order on Greige Polyester/Cotton Printcloth from China, 69 Fed. Reg. 9640 (March 1, 2004).

² Confidential Report (CR), INV-CC-054 at I-19 (April 25, 2005); Public Report (PR) at I-17. The term "greige" means that the printcloth is not dyed or finished in any manner. <u>See</u> CR at I-16 n.23.

³ <u>Greige Polyester/Cotton Printcloth from the People's Republic of China,</u> Inv. No. 731-TA-101 (Final), USITC Pub. 1421, Sept. 1983 ("Original Determination").

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

⁵ Original Determination at 4.

⁶ 64 Fed Reg. 1399 (March 18, 1999). <u>See</u> Harmonized Tariff Schedule of the United States, Note 2(A) to Section XI (textile and textile articles that are a mixture of two or more textile materials are to be classified according to chief weight), USITC Pub. 3745 (2005); Transcript of Commission Hearing (April 5, 2005) at 16-17 (Cassidy) (chief weight standard adopted when United States adopted Harmonized Tariff Schedule in 1989).

⁷ Greige Polyester/Cotton Printcloth from the People's Republic of China, Inv. No. 731-TA-101 (Review),

USITC Pub. 3184, Apr. 1999 ("First Review Determination").

⁸ First Review Determination at 5.

⁹ First Review Determination at 12.

recurrence of material injury.¹⁰ The Commission received a response to the notice of institution from two domestic producers: Alice Manufacturing Co., Inc. ("Alice"), and Mount Vernon Mills, Inc. ("Mount Vernon") but received no response from importers, foreign producers, or exporters of the Chinese product. The Commission determined, however, that circumstances warranted conducting a full review.¹¹

The Commission explained that it was conducting a full review because domestic like product issues and changes in the conditions of competition for the industry warranted conducting a full review. Domestic producers Alice and Mount Vernon argued that the Commission should define the domestic like product to be 50/50 greige polyester/cotton printcloth ("50/50 printcloth") because they were unaware at that time of any domestic production of greige polyester/cotton printcloth of chief weight cotton.¹² The Commission also found that there were changes in the conditions of competition since the first five-year review for the domestic industry that warranted conducting a full review.¹³ For example, the domestic producers reported that 300 domestic mills producing greige polyester/cotton printcloth had closed over the past five years.¹⁴

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."¹⁵ The Act defines the "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."¹⁶

In its 2004 final results of its review of the antidumping duty order, Commerce defined the subject merchandise as the following:

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, 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, 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

¹⁰ 69 Fed. Reg. 9640 (March 1, 2004).

¹¹ Explanation of Commission Determination on Adequacy (June 4, 2004), CR, PR at Appendix A.

¹² Domestic Producers' Response to Notice of Institution, April 20, 2004, at 2, 12. 50/50 printcloth includes printcloth in which polyester and cotton each range from 47 to 53 percent by weight. CR at I-4, PR at I-3.

¹³ Explanation of Commission Determination on Adequacy (June 4, 2004), CR, PR at Appendix A.

¹⁴ Response to Notice of Institution, April 20, 2004, at 3.

¹⁵ 19 U.S.C. § 1677(4)(A).

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

per square inch. This merchandise is currently classifiable under Harmonized Tariff Schedule (HTSUS) item 5210.11.6060.¹⁷

As indicated above, the scope of this review includes greige polyester/cotton printcloth "of chief *weight* cotton." In its original investigation, however, Commerce defined greige polyester/cotton printcloth to include only that printcloth of chief *value* of cotton.¹⁸ The Commission in the original investigation found the like product to be greige polyester/cotton printcloth of chief value of cotton.¹⁹ Nevertheless, it stated that domestic greige polyester/cotton printcloth that was greater than 50 percent by weight cotton would be considered equivalent to greige polyester/cotton printcloth that is in chief value cotton.²⁰ The Commission therefore examined the domestic industry that produced greige polyester/cotton printcloth of chief weight cotton.²¹

In 1985, as part of an administrative review, Commerce dropped the language in the scope definition that had limited it to products with chief value cotton.²² Commerce's scope did not include the "chief weight" limiting language until Commerce rendered its March 18, 1999 determination in its first review, in which it defined products in the scope as being of chief weight cotton in order to parallel Customs' conversion to chief weight tariff classifications.²³

In the 1999 review, the Commission found that the appropriate definition of the domestic like product was the same as Commerce's revised scope: greige polyester/cotton printcloth of chief weight cotton. It observed that it was altering the like product from the original investigation, but it found the change appropriate. The Commission stated that the new definition was consistent with Commerce's scope and the Commission's reliance on data from producers of greige polyester/cotton printcloth of chief weight cotton in the original investigation.²⁴

In the current review, two domestic producers (Alice and Mount Vernon)²⁵ argue that the Commission should reconsider the definition of the domestic like product and expand it to include 50/50 printcloth, which they produce, as well as printcloth that is *** percent cotton, which is produced by one domestic producer, ***.²⁶ They argue that there is no clear dividing line between 50/50 printcloth and chief weight cotton printcloth because 50/50 printcloth includes printcloth in which cotton and polyester each comprise 47 to 53 percent by weight.²⁷ The domestic producers assert that physical characteristics, manufacturing processes, end uses, and channels of distribution are identical, or similar, for 50/50 greige polyester/cotton printcloth and greige polyester/cotton printcloth of chief weight cotton.²⁸

The statute indicates that the domestic like product is "a product which is like . . . the article subject to an investigation." 19 U.S.C. § 1677 (10). In a five-year review, we start our analysis by

²⁴ USITC Pub. 3184 at 5.

²⁵ Alice and Mount Vernon are the only parties that entered appearances in this review.

²⁷ CR at I-4, PR at I-3. A Federal Trade Commission rule, 16 CFR 303.43, states that textiles can vary by as much as 3 percent from the composition stated on the label.

²⁸ Posthearing Brief at 3-4.

¹⁷ <u>Greige Polyester Cotton Printcloth From the People's Republic of China: Final Results of Expedited Sunset</u> <u>Review of Antidumping Duty Order</u>, 69 Fed. Reg. 40611 (July 6, 2004).

¹⁸ Original Determination at 4.

¹⁹ Original Determination at 4.

²⁰ Original Determination at 5.

²¹ <u>See</u> Original Determination at A-6.

²² CR at I-2 n.7, PR at I-2 n.7.

²³ <u>See</u> CR at I-3 n.8, PR at I-2 n.8 (quoting Commerce's First Five Year Review Determination, 64 Fed. Reg. 13399 (Mar. 18, 1999)).

²⁶ Alice's and Mount Vernon's Prehearing Brief (Prehearing Brief) at 2; Alice's and Mount Vernon's Posthearing Brief (Posthearing Brief) at 2. *** is the only domestic producer that reported data for printcloth of chief weight cotton, although other producers argue that their 50/50 printcloth is also chief weight cotton. <u>See CR/PR at III-1 n.</u> 1; Posthearing Brief, Part II, at 1, 4.

examining the like product definition in the original determination and considering whether there is any reason to change that definition. The Commission has redefined the domestic like product in five-year reviews in appropriate circumstances.²⁹ A change in Commerce's scope suggests that it is appropriate for the Commission to reconsider, and perhaps alter, the definition of the domestic like product.

The record in this full review contains more extensive information concerning different polyester/cotton blends of printcloth than did the record in the 1999 expedited five-year review or the record in the original investigation when the definition of the domestic like product was not raised by any party. The record in this review indicates that significant similarities exist between chief weight cotton and 50/50 printcloth with respect to each of the six factors the Commission considers in making its like product determinations.³⁰

While the domestic producers argue that the Commission should expand the like product to include 50/50 printcloth, we note that certain 50/50 printcloth is already encompassed within the chief weight cotton like product. As noted above, 50/50 printcloth includes products in which both the cotton content and polyester content range from 47 percent to 53 percent. Thus, 50/50 printcloth in which cotton accounts for greater than 50 percent of the weight of the fabric would be included in a chief weight cotton like product definition. The issue we address is whether to expand the definition to incorporate 50/50 product that is chief weight polyester.

Based on the substantial similarities among all 50/50 printcloth, regardless of the precise blend, we find it appropriate to include all 50/50 printcloth in the domestic like product definition. The differences in physical characteristics between products within this range are minor. The products generally are considered to be interchangeable in the marketplace. They have the same end uses, namely to produce apparel, curtains, sheets, mattress covers, and bedspreads.³¹ Many, if not most, consumers apparently do not perceive differences among slightly varying blends within the 50/50 category. Domestic producers have indicated that all greige 50/50 printcloth is similar. Producers could not segregate their data on 50/50 printcloth between chief weight cotton and chief weight polyester product. One producer indicated that it varied the precise blend within the 50/50 category based on relative prices of cotton and polyester staple inputs.³² All 50/50 blends can be and are produced using the same equipment.³³ Channels of distribution are identical.³⁴

Based on the aforementioned evidence, we see no basis for including 50/50 printcloth that is chief weight cotton within the domestic like product, but excluding 50/50 product that is chief weight polyester. Products that are more cotton rich, such as ***, appear to be somewhat less similar to 50/50

²⁹ E.g. Cut-to-Length Carbon Steel Plate from China, Russia, South Africa and the Ukraine,

Inv. Nos. 731-TA-753-756 (Review) USITC Pub. 3626 at 8-9(Sept. 2003) (revisiting like product definition and including microalloy steel cut-to-length plate in definition when there was a continuum of products and the usage of microalloy steel cut-to-length plate changed); <u>Certain Pipe and Tube From Argentina, Brazil, Canada, India, Korea, Mexico, Singapore, Taiwan, Thailand, Turkey, and Venezuela</u>, Inv. Nos. 701-TA-253 (Review) and 731-TA-132, 252, 271, 273, 276, 277, 296, 409, 410, 532–534, 536, and 537 (Review) USITC Pub. 3316 at 13 (July 2000) (revisiting like product in grouped reviews and finding circular welded pipe 16 inches and under in diameter to be a continuum of products).

³⁰ These factors are: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, when appropriate, (6) price. <u>See Timken Co. v. United States</u>, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

³¹ CR at I-19, PR at I-17; Posthearing Brief at 4.

³² ***. *** Cover Letter to Questionnaire, January 28, 2005.

³³ <u>See</u> Posthearing Brief at 8; CR at I-21, PR at I-18; Posthearing Brief, Part II at 1.

³⁴ Posthearing Brief at 3. ***. CR/PR at III-1; CR/PR at II-1. However, as discussed, 50/50 printcloth may also be chief weight cotton printcloth and is also internally consumed by ***. <u>See</u> CR at I-4 to I-5, PR at I-3; CR/PR at II-1.

printcloth than different blends within the 50/50 category are to each other.³⁵ Nevertheless, 50/50 and *** printcloth share the same basic physical characteristics and uses, distribution channels, manufacturing process and, according to purchasers, prices.³⁶

In sum, we find that there is no clear dividing line between printcloth that is chief weight cotton and 50/50 printcloth that is chief weight polyester. Accordingly, we define the like product as comprising printcloth that is chief weight cotton, plus 50/50 printcloth, including 50/50 product that is chief weight polyester.³⁷

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."³⁸ Consistent with our domestic like product finding, we define the domestic industry as all domestic producers of chief weight cotton printcloth and 50/50 printcloth.

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING ORDER IS REVOKED

A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."³⁹ The 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 or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."⁴⁰ Thus, the

³⁵ CR at I-20 to I-21, PR at I-17 to I-18. Other than certain 50/50 printcloth, *** was apparently the only chief weight cotton product produced domestically during the period of review.

³⁶ CR at I-19, PR at I-17; Posthearing Brief at 4; CR at V-3. See Posthearing Brief at 8; CR at I-21, PR at I-18.

³⁷ 65/35 greige polyester/cotton printcloth also is produced by the domestic producers and arguably is part of the continuum of printcloth products. The domestic producers oppose broadening the domestic like product to include this higher polyester content printcloth because they argue that it has different end uses than chief weight cotton printcloth and 50/50 printcloth. See Posthearing Brief, Part II at 5. Other information on the record indicates that this higher polyester printcloth is not typically substituted for 50/50 printcloth. See CR at II-4 to II-5, PR at II-2 to II-3. Accordingly, we see no basis on this record for expanding the definition of the domestic like product to include 65/35 greige polyester/cotton printcloth.

³⁸ 19 U.S.C. § 1677(4)(A). 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. <u>See United States Steel Group v. United States</u>, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

³⁹ 19 U.S.C. § 1675a(a).

⁴⁰ Uruguay Round Trade Agreements, Texts of Agreements Implementing Bills, Statement of Administrative Action, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994) ("SAA"). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

likelihood standard is prospective in nature.⁴¹ The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.^{42 43 44 45}

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."⁴⁶ 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 investigations]."^{47 48}

⁴³ Vice Chairman Okun and Commissioners Lane and Pearson refer to their dissenting views in <u>Pressure Sensitive</u> <u>Plastic Tape from Italy</u>, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 at 15-17 (June 2004).

⁴⁴ Commissioner Lane notes that, consistent with her views in <u>Pressure Sensitive Plastic Tape from Italy</u>, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 at 15-17 (June 2004), she does not concur with the U.S. International Court of Trade's interpretation of "likely" but she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

⁴⁵ Commissioner Hillman interprets the statute as setting out a standard of whether it is "more likely than not" that material injury would continue or recur upon revocation. She assumes that this is the type of meaning of "probable" that the Court intended when the Court concluded that "likely" means "probable". <u>See</u> Separate Views of Vice Chairman Jennifer A. Hillman Regarding the Interpretation of the Term "Likely," in <u>Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, The Netherlands, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom (Views on Remand), Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 322, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review) (Remand), USITC Pub. 3526 (July 2002) at 30-31.</u>

⁴⁶ 19 U.S.C. § 1675a(a)(5).

⁴⁷ 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." <u>Id</u>.

⁴⁸ In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers 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, this 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.

⁴¹ 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 [sic] 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.

⁴² See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("likely' is tantamount to 'probable,' not merely 'possible'").

Although the standard in a five-year review is not the same as the standard applied in an original antidumping investigation, it contains some of the same fundamental 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 or the suspended investigation is terminated."⁴⁹ It directs the Commission to take into account its prior injury determinations, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁵⁰

For the reasons stated below, we determine that revocation of the antidumping order on chief weight 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, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."⁵¹ The following conditions of competition in the printcloth market are relevant to our determination.

Apparent U.S. consumption of chief weight cotton and 50/50 printcloth rose from 525 million square yards in 1999 to 628 million square yards in 2002, then fell sharply to 434 million square yards in 2003 and to 371 million square yards in 2004.⁵² On the other hand, apparent consumption of chief weight cotton printcloth increased from *** million yards in 1999 to *** million yards in 2004.⁵³ Thus, though demand for 50/50 printcloth is generally declining, consumers are beginning to show a preference for higher cotton blends, for which consumption is increasing.⁵⁴

Printcloth is used to make apparel components, pillows, sheets, comforters, bedspreads, mattress covers, pajamas and home furnishings, and demand for printcloth is derived from demand for these finished goods.⁵⁵ Domestic printcloth and the subject imports are generally substitutable with no material differences in physical characteristics or end uses.⁵⁶ Printcloth is among the most basic, simple-to-make fabrics. Price is an important factor in purchasing decisions and ***.⁵⁷ Sales are typically made by short term contracts lasting 3 to 6 months.⁵⁸

Polyester and cotton are the primary cost components in the manufacture of printcloth.⁵⁹ Over the period of review, cotton staple prices have fluctuated, whereas polyester staple prices have generally risen, most notably starting in mid-2004. Since mid-2004, polyester staple prices have exceeded cotton

⁴⁹ 19 U.S.C. § 1675a(a)(1).

 $^{^{50}}$ 19 U.S.C. § 1675a(a)(1). Commerce has made no duty absorption findings for chief weight cotton printcloth from China. 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.

⁵¹ 19 U.S.C. § 1675a(a)(4).

⁵² CR/PR at Table I-2.

⁵³ CR/PR at Table I-3.

⁵⁴ Domestic Industry's Posthearing Brief at 7-8.

⁵⁵ CR at I-19, PR at I-17; CR at II-3, PR at II-1.

⁵⁶ CR at II-8, PR at II-5.

⁵⁷ Posthearing Brief at 6. <u>See also CR/PR at Table II-3</u>.

⁵⁸ CR at V-4, PR at V-3.

⁵⁹ CR at V-2, PR at V-1.

staple prices.⁶⁰ As noted above, at least one domestic producer indicated that it varied the blend of its 50/50 product based on relative costs of cotton and polyester. The domestic producers report difficulty in passing their increasing raw material costs through to their customers.⁶¹

In 1982, there were eight domestic producers of greige polyester/cotton printcloth, as compared to nine in 1999.⁶² Several companies have ceased production of printcloth since 1999. These include Clinton, Greenwood, Mayflower, and Spartan Mills.⁶³ Of the eight companies named in the original petition in 1982, Alice, Dan River, Hamrick, and Mount Vernon are the only remaining firms known to be producing greige polyester/cotton printcloth. Of the five responding domestic producers who continue to manufacture greige polyester/cotton printcloth, two, Dan River and Springs, ***.⁶⁴ Importers also *** their imports.⁶⁵

The volume of nonsubject imports of greige chief weight cotton printcloth was substantial over the period of review, accounting for between one-eighth and one-third of the chief weight cotton printcloth market between 2000 and 2004.⁶⁶ We also note that there were substantial quantities of imports of 50/50 greige printcloth that was chief weight polyester during the period of review, both from China and from other source countries.⁶⁷ The domestic industry's share of the combined market for 50/50 printcloth and chief weight cotton printcloth declined slightly, from 86.9 percent in 1999 to 84.8 percent in 2004.⁶⁸

Quotas covering imports of both subject and nonsubject printcloth from China were in effect during the entire period of review (1999-2004) and were terminated as of January 1, 2005.⁶⁹ These quotas had a restraining effect on the volume of nonsubject and subject imports from China.⁷⁰ For instance in 1999, 2000, 2002, and 2003, 97 percent or more of the quota on "category 315," which includes the subject merchandise and other printcloth fabric of chief weight cotton, was filled.⁷¹ The broader quota on "group I," which includes category 315 products, as well as printcloth of chief weight polyester, was 95 percent or more filled from 1999-2003.⁷²

We find that these conditions in the printcloth market provide us with a reasonable basis on which to assess the effects of revocation of the order.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider whether the likely volume of imports would be

⁶⁰ CR/PR at Figure V-3.

⁶¹ CR at V-2, PR at V-1.

⁶² First Review Determination at 7.

⁶³ CR at II-3, PR at II-2.

⁶⁴ CR/PR at II-1. These two producers accounted for over *** percent of U.S. production in 2004. CR/PR at Table I-5. ***. <u>See</u> CR/PR at Table III-8.

⁶⁵ CR/PR at II-1.

⁶⁶ Nonsubject imports accounted for nearly the entire U.S. market in 1999, when there were *** reported U.S. shipments. The main supplying countries on nonsubject product were India, Pakistan, and Thailand. CR/PR at Table IV-1, Table C-1.

⁶⁷ CR/PR at Tables IV-1 and IV-2.

⁶⁸ CR/PR at Table I-3.

⁶⁹ CR at I-17 to I-18, PR at I-15 to I-16.

⁷⁰ CR at I-18, PR at I-15 to I-16.

⁷¹ CR at I-18, PR at I-15 to I-16.

⁷² CR at I-18, PR at I-16.

significant either in absolute terms or relative to production or consumption in the United States.⁷³ 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.⁷⁴

In the original investigation, the volume of subject imports increased sharply from 11 million square yards in 1980 to 57 million square yards in 1981.⁷⁵ The imports then increased by another 8 million square yards in 1982 to 65 million square yards.⁷⁶ Similarly, the ratio of subject imports from China to apparent domestic consumption increased from 2.7 percent in 1980 to 10.5 percent in 1981, and 12.4 percent in 1982.⁷⁷

The Commission found in its first review of the antidumping duty order that the Chinese textile industry was the largest in the world and that China was the world's largest producer of the cotton and polyester staple fibers used to produce the subject merchandise.⁷⁸ The Commission noted the rapid rise in subject imports in the original investigation and found that Chinese producers could easily shift from other textile products to production of the subject product. The Commission also found that the applicable quotas on Chinese printcloth were unlikely to present any effective limit on the imports of subject merchandise.⁷⁹ The Commission therefore concluded that significant volumes of chief weight cotton printcloth from China were likely to be exported to the United States in the reasonably foreseeable future if the antidumping duty order were revoked.⁸⁰

In this review, several factors lead us to conclude that revocation of the antidumping order likely would lead to a significant volume of subject imports. First, we find that the antidumping duty order has had a significant restraining effect on the volume of subject imports. After imposition of the order, the volume of subject imports fell and generally remained below its level in the original investigation, during which, in 1982, subject imports had peaked at 64.8 million square yards.⁸¹ However, subject imports increased from zero in 2001 to 3.8 million square yards in 2002, 1.3 million square yards in 2003, and 3.1 million square yards in 2004, suggesting recent increased Chinese interest in exporting chief weight cotton printcloth to the United States.⁸²

Chinese exporters' commitment to the U.S. market also is evidenced by the rise in their shipments of imports of printcloth from China that are outside the scope of the order.⁸³ These imports of chief weight polyester printcloth increased from 5.5 million square yards in 1999 to 21.9 million square yards in 2004.⁸⁴ This occurred with the quotas on subject and other imports from China in place; however, the

- ⁸⁰ USITC Pub. 3184 at 10.
- $\frac{81}{2}$ See CR/PR at Table I-1.

⁸³ CR/PR at Table IV-2. While the record does not reflect whether these exporters currently export subject merchandise as well as out-of-scope merchandise, there appears to be no barrier to them producing and exporting chief weight cotton printcloth. CR at IV-6.

⁸⁴ <u>See CR/PR at Tables IV-1 and IV-2</u>. Figures for out-of-scope imports from China are derived by subtracting the numbers in table IV-1 from those in table IV-2.

⁷³ 19 U.S.C. § 1675a(a)(2).

⁷⁴ 19 U.S.C. § 1675a(a)(2)(A-D).

⁷⁵ Original Determination at 13-14.

⁷⁶ Original Determination at 13-14.

⁷⁷ Original Determination at 13-14.

⁷⁸ USITC Pub. 3184 at 10.

⁷⁹ USITC Pub. 3184 at 10.

 $^{^{82}}$ CR/PR at Table IV-1.

quotas on textiles from China terminated as of January 1, 2005, eliminating a significant barrier to increased U.S. imports of Chinese textile products, including the subject printcloth.⁸⁵

We are hindered in our ability to assess the production or production capacity of the Chinese industry by the failure of any producer, importer or exporter of subject Chinese product to cooperate with our requests for information or otherwise participate in this review. The available public information indicates that China is the world's largest producer of textiles and apparel and the world's largest investor in new spinning and weaving equipment.⁸⁶ Chinese production of cotton yarn has grown at an average rate of 8.8 percent, and printcloth producers in China are reported to be operating at about 30 percent of capacity in the cotton weaving segment of the Chinese market.⁸⁷ Thus, the record indicates that the Chinese industry possesses substantial production capacity as well as unused capacity for production of the subject merchandise.

Furthermore, as noted, U.S. demand is increasing for chief weight cotton printcloth, indicating that U.S. consumers increasingly prefer chief weight cotton printcloth to chief weight polyester printcloth. This suggests that Chinese exporters would likely switch to exporting subject chief weight cotton printcloth to the United States in order to meet this growing demand. Available information indicates that the ring spinning machines used by the Chinese to manufacture printcloth are capable of producing virtually any blend of printcloth. Therefore, there is no equipment-related barrier to the Chinese exporters switching to production of subject chief weight cotton printcloth from production of chief weight polyester printcloth.⁸⁸

Accordingly, we conclude that the likely volume of imports of the subject merchandise, both in absolute terms and relative to production and consumption in the United States, would be significant absent the restraining effect of the antidumping duty order.⁸⁹

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping 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 whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁹⁰

In the original investigation, the Commission found that the market for greige polyester/cotton printcloth was price sensitive and that sales could be lost on as little as a one-quarter cent difference in prices.⁹¹ The Commission found that subject imports from China undersold the U.S. product from mid-

⁸⁵ CR at I-17, PR at I-15.

⁸⁶ CR at IV-4, PR at IV-1, IV-4.

⁸⁷ CR at IV-6, PR at IV-4 (citing <u>Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign</u> <u>Suppliers to the U.S. Market</u>, USITC Pub. 3671 at E-7 (Jan. 2004)); CR at IV-5, PR at IV-5.

⁸⁸ CR at IV-6, PR at IV-5.

⁸⁹ We note that, as was the case in the 1999 review, there is no information on the record regarding the level of inventories of subject merchandise in China or the United States.

⁹⁰ 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.

⁹¹ Original Determination at 15.

1981 to the first quarter of 1983, and that domestic prices fell from late 1981 through 1982.⁹² It found that the underselling significantly contributed to the decline in domestic prices.⁹³

In the first five-year review, the Commission stated that the quality of Chinese printcloth was comparable to U.S. printcloth, and price was important in purchasing decisions for customers. It therefore found that it was likely that the producers in China would offer low prices to U.S. purchasers in order to regain market share, as they did in the original investigation, if the antidumping duty order were revoked.⁹⁴

Although many U.S. producers have left the industry in recent years, the conditions of competition in the U.S. market relating to price appear similar to those that prevailed during the original investigation and at the time of the first five-year review. The subject imports are substitutable for the domestic like product.⁹⁵ Printcloth is a commodity-type product and price is an important, if not the most important, factor in purchasing decisions.⁹⁶ As in the original investigation, we find that purchasers are likely to switch suppliers based upon small differences in prices resulting in a very price sensitive market.⁹⁷

Pricing data comparing the relative prices of subject imports and domestic printcloth are not available due to the failure of importers to report any pricing data.⁹⁸ Furthermore, information on domestic price trends is inconclusive. The domestic industry's unit value of net sales fell over the period, but pricing data for its sales of pricing product 4, the only product for which the Commission obtained pricing data and which account for a minuscule percentage of domestic sales over the period of review, reflect recent price increases.⁹⁹ However, financial data for the industry indicate that the industry's prices have not risen sufficiently to cover costs, as reflected in a steady rise in the industry's ratio of cost of goods sold to net sales values, suggesting that price increases are being suppressed.¹⁰⁰

We found above that in the absence of the order, Chinese producers would likely resume exporting to the United States significant volumes of chief weight cotton printcloth. We find that these subject imports would likely undersell the domestic like product in order to gain market share as occurred in the original investigation. Given the price sensitive nature of the market, the lower-priced subject imports would likely have significant depressing or suppressing effects on prices for domestic printcloth within a reasonably foreseeable time.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty 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

⁹² Original Determination at 17.

⁹³ Original Determination at 20.

⁹⁴ First Review Determination at 11.

⁹⁵ CR at II-8, PR at II-5.

⁹⁶ CR/PR at Table II-2.

⁹⁷ Prehearing Brief at 1, 19. Original Determination at 15.

⁹⁸ CR/PR at V-6.

⁹⁹ CR/PR at Table I-2; CR/PR at Fig. V-2.

¹⁰⁰ See CR/PR at Table III-7 (rising from 85.4 percent in 1999 to 99.8 percent in 2004).

product.¹⁰¹ 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.¹⁰² As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order is revoked.¹⁰³

In the original investigation, the Commission found material injury to the domestic industry by reason of increased subject imports. The impact of the subject imports was primarily felt on the domestic industry's prices rather than sales volumes.¹⁰⁴ Though the industry was "relatively profitable" through the first half of 1982, operating income declined from 1981 to 1982, and the industry reported losses in the first quarter of 1983.¹⁰⁵ Five of seven domestic producers reported losses in that quarter.¹⁰⁶

In the first review, the Commission found that since the original investigation, the domestic industry reported higher levels of production, domestic shipments, and unit values for its sales of the domestic like product. The domestic industry's market share was significantly higher in 1997 than in the original investigation, and in 1997 there were no subject imports. The Commission thus concluded that the domestic industry benefitted from the imposition of the order.¹⁰⁷ Moreover, the Commission concluded that there was likely to be a significant volume of subject imports if the order were removed, and given the substitutable nature of the product, the 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.¹⁰⁸

In this second five-year review, we find that the industry's condition has deteriorated since the original investigation and first five-year review.¹⁰⁹ Indeed, virtually every indicator of the domestic industry's health indicates that the industry is currently in a weakened condition. We therefore find the industry to be vulnerable to the likely effects of subject imports if the order were revoked.¹¹⁰

¹⁰³ 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

¹⁰¹ 19 U.S.C. § 1675a(a)(4).

¹⁰² 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. In the final results of its expedited sunset review of the antidumping order on chief weight cotton printcloth from China, Commerce determined that revocation of the order would likely lead to a continuation or recurrence of dumping at a rate of 22.4 percent. Commerce's Final Results of Expedited Sunset Review, 69 Fed. Reg. 40611, 40612 (July 6, 2004).

¹⁰⁴ Original Determination at 7.

¹⁰⁵ Original Determination at 9-11.

¹⁰⁶ Original Determination at 11.

¹⁰⁷ First Review Determination at 12.

¹⁰⁸ First Review Determination at 12.

¹⁰⁹ In 1980-1982, the industry reported declining profits but no operating losses. In 1999, the industry reported a ratio of operating income to net sales of 8.4 percent, but most recently, in 2003 and 2004, the industry reported operating losses. <u>See CR/PR at Table I-1; CR/PR at Table III-7</u>.

¹¹⁰ As noted above, apparent U.S. consumption of greige polyester/cotton printcloth has declined, apparently due to increased imports of finished articles made from the printcloth.

First, the domestic industry has contracted greatly since the first review. There were eight domestic producers in 1982 and in 1999 there were nine producers.¹¹¹ However, domestic producers Clinton, Greenwood, Mayflower, and Spartan Mills have exited the industry, leaving five companies remaining.¹¹² Consequently, the industry's production capacity fell from 744 million square yards in 1999 to 644 million square yards in 2004.¹¹³ Production also has fallen from 480 million square yards in 1999 to 294 million square yards in 2004.¹¹⁴ The industry's capacity utilization rate has suffered as well, declining from 64.6 percent in 1999 to 45.6 percent in 2004.¹¹⁵ The industry's U.S. shipments fell from 456 million square yards in 1999 to 314 million square yards in 2004.¹¹⁶ Total sales revenues fell as well, from \$200 million in 1999 to \$120 million in 2004.¹¹⁷

The industry maintained at least an 85 percent share of the market over the period of review,¹¹⁸ yet price competition resulted in the industry struggling to pass its costs through to purchasers and maintain profitable price levels in a market in which demand was declining.¹¹⁹ The industry's unit value of net sales fell steadily during the period even though the industry's cost of goods sold on a per unit basis rose over most of the period before receding at the end of the period.¹²⁰

While the industry was profitable at the beginning of the period of review, its profit margins fell steadily and by the end of the period, the industry was reporting operating losses.¹²¹ *** of the five domestic producers reported losses in 2004.¹²² The industry's return on investment similarly declined.¹²³ Other indicators of industry health such as capital expenditures and productivity also suffered during the period.¹²⁴

¹¹⁶ CR/PR at Table III-2. Inventories as a ratio to domestic producers' U.S. shipments increased over the period, from 16.2 percent in 1999 to 21.2 percent in 2004. CR/PR at Table III-3.

¹¹⁷ CR/PR at Table III-8.

¹¹⁸ See CR/PR at Table I-2.

¹¹⁹ CR at V-2, PR at V-1. Apparent consumption fell from 525 million square yards in 1999 to 371 million square yards in 2004. CR/PR at Table I-2. In 2004 alone, it fell by 63 million square yards as compared to 2003. <u>Id.</u>

¹²⁰ CR/PR at Table III-7. The industry's cost of goods sold per 1,000 square yards increased from \$362 in 1999 to \$384 in 2001, and then fell to \$361 in 2004. <u>Id.</u> The industry's net sales values fell from \$424 per 1,000 square yards in 1999 to \$362 in 2004. <u>Id.</u> As noted, the ratio of cost of goods sold to net sales rose throughout the period. <u>See</u> CR/PR at Table III-7.

 121 <u>See</u> CR/PR at Table III-8. The industry's operating income was positive in 1999 and 2000 when it reported a ratio of operating income to net sales of 8.4 percent and 5.9 percent respectively. <u>Id.</u> In three of the last four years the industry reported losses. In 2004, the industry reported its worst results, a loss of 3.0 percent as ratio to net sales. Id.

¹²² See CR/PR at Table III-8. We note that the ***. Moreover, we note that ***. See Id.

As noted, ***. CR/PR at Table III-8; CR/PR at Table I-4. *** operating income as a ratio of net sales was ***. CR/PR at Table III-8.

 123 See CR/PR at Table III-10. Return on investment fell from 10.8 percent in 1999 to a negative 4.7 percent in 2004. Id.

¹²⁴ The domestic producers assert that the industry's declining profitability has resulted in an inability to invest in new weaving equipment. Prehearing Brief at 19. This claim is bolstered by the fact that capital expenditures totaled \$9.5 million in 1999 but were only \$260 thousand in 2004. CR/PR at Table III-9.

The industry's productivity increased from 93.9 square yards per hour in 1999 to 104.6 square yards per hour in 2002, before falling to 84.4 square yards per hour in 2004. CR/PR at Table III-4.

¹¹¹ First Review Determination at 7.

¹¹² CR at II-3, PR at II-1.

¹¹³ CR at Table III-1. Employment in the industry fell from 2,687 workers in 1999 to 1,776 workers in 2004. CR at Table III-4.

¹¹⁴ CR/PR at Table III-1.

¹¹⁵ CR/PR at Table III-1.

Thus, the data make clear that the industry is in a weakened state. While in the first review, the Commission found the antidumping duty order had benefitted the industry, the positive effects of the antidumping order, though it continues to restrain the volume of subject imports, are not as apparent in this review, as demonstrated by the recent financial results of the industry. The current precarious condition of the industry reinforces our view that revocation of the order would likely lead to continuation or recurrence of material injury.

As described above, revocation of the antidumping order would likely lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. We also find that the volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, employment, and revenues of a vulnerable domestic industry. These reductions, in turn, would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the antidumping order were revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping order on chief weight 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.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On March 1, 2004, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted a second review to determine whether revocation of the antidumping duty order on subject greige polyester/cotton printcloth¹ from China would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective June 4, 2004, the Commission determined that it would conduct a full second review pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the review is provided in the following tabulation.²

Effective date	Action					
September 16, 1983	Commerce's antidumping duty order (48 FR 41614)					
March 1, 2004	Commission's institution of second review (69 FR 9640)					
March 1, 2004	Commerce's initiation of second review (69 FR 9585)					
June 4, 2004	Commission's decision to conduct a full review (69 FR 33661, June 16, 2004)					
July 6, 2004	Commerce's final results of its second expedited review (69 FR 40611)					
August 25, 2004	Commission's scheduling of second review (69 FR 53465, September 1, 2004)					
April 5, 2005	Commission's hearing ¹					
May 11, 2005	Commission's vote					
May 25, 2005	Commission's determination sent to Commerce					
¹ App. B contains a lis	¹ App. B contains a list of witnesses who appeared at the hearing.					

The Original Investigation and the First Five-Year Review

On August 5, 1982, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of greige polyester/cotton printcloth from China.³ In the ensuing original 1982 to 1983 investigation, Commerce defined the subject merchandise as imports of greige polyester/cotton printcloth in chief value of cotton. On July 28, 1983, Commerce made a final affirmative dumping determination, with a 22.4 percent *ad*

¹ The description of the subject merchandise is presented in the section of this part of this report entitled "The Subject Product."

² The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct an expedited or full review may also be found at the web site. Commerce's notice of final results of its second expedited review also appears in app. A.

³ The petition was filed on behalf of the American Textile Manufacturers Institute, Inc. ("ATMI") and eight of its member companies (Alice Manufacturing, Clinton Mills, Dan River, Greenwood Mills, Hamrick Mills, Mayfair Mills, Mount Vernon Mills, and M. Lowenstein Corp.).

valorem weighted-average margin.⁴ In its corresponding investigation, the Commission defined the domestic like product as greige polyester/cotton printcloth in chief value of cotton, corresponding to Commerce's scope.⁵ The Commission made its final affirmative injury determination in September 1983 and Commerce issued an antidumping duty order on September 16, 1983.⁶ Commerce conducted an administrative review of the antidumping duty order on greige polyester/cotton printcloth in 1985.⁷ In its1999 first five-year review investigation, Commerce defined the subject merchandise as printcloth of chief weight cotton.⁸ In its corresponding 1999 five-year review, the Commission conducted an expedited review, and again defined the domestic like product as corresponding to Commerce's scope of

⁶ 48 FR 41614, September 16, 1983.

⁷ The administrative review (50 FR 5805, February 12, 1985) retained the 22.4 percent dumping margin for all imports of Chinese greige polyester/cotton printcloth but changed the scope language to drop the phase "in chief value of cotton" (or "in chief value cotton") that had previously appeared in the scope language. Until 1999, subsequent Commerce scope language made no reference to value whatsoever.

In 1989, Commerce published notice of the preliminary results of its antidumping duty review and tentative determination to revoke the antidumping duty order (54 FR 17802, April 25, 1989), stating that the respondent, Chinatex, had made no shipments to the United States for the period September 1, 1984 through August 31, 1988, and had requested a revocation of the order. Subsequently (57 FR 1254, January 13, 1992), Commerce stated that despite respondents' claims that there were no shipments to the United States during September 1, 1974-August 31, 1988, it had discovered that there had been two shipments by the respondent during the September 1, 1987-August 31, 1988 period of review. Consequently, Commerce determined not to revoke the antidumping duty order and retained the 22.4 percent duty. The last administrative review was conducted at the request of ATMI and covered the period September 1, 1988 through August 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 an administrative review of the antidumping duty order.

⁸ Commerce defined the scope of investigation in the 1999 initial five-year review in pertinent part as follows:

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, unbleached and uncolored printcloth.

Commerce noted that [i]n 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)." 64 FR 13399, March 18, 1999.

Alice Manufacturing, Inc. ("Alice") and Mount Vernon Mills, Inc. ("Mount Vernon"), the two domestic producers that provided individual responses to the Commission's notice of institution in this second five-year review, explained that these changes were due to the enactment of the Harmonized Tariff Schedule of the United States ("HTS") tariff classification system to replace the Tariff Schedules of the United States ("TSUS") system. Whereas TSUS had distinguished among fabric blends by the chief value of their component fibers, the HTSUS distinguished them by the chief weight of their component fibers. Domestic Producers' Response to Request for Information, pp. 5-6.

⁴ In its final dumping determination in 1983, Commerce defined the scope of investigation as covering "unbleached and uncolored printcloth fabric (other than 80x80 type) <u>in chief value of cotton</u>, containing polyester, and currently provided for in items 326.26 through 326.40 of the Tariff Schedules of the United States. Emphasis added. 48 FR 34312, July 28, 1983.

⁵ <u>Greige Polyester/Cotton Printcloth from the People's Republic of China,</u> Inv. No. 731-TA-101, USITC Pub. 1421 (Sept. 1983) (Final), pp. 4. The staff report explained that the value of cotton fiber exceeded that of polyester fiber. It stated that given the relative costs of the two fibers during the period of investigation, it was "almost certain" that printcloth containing 50 percent or more of cotton by weight would be classified "in chief value of cotton." Id., p. A-2.

investigation, as modified.⁹ However, when Commerce published its continuation of the antidumping duty order, the scope definition made no mention of either chief weight or chief value of cotton.¹⁰

Table I-1 presents a summary of data for greige polyester/cotton printcloth from the original investigation and from the first expedited review. In this second five-year review, Commerce's scope of investigation is unchanged from its 1999 expedited five-year review determination, *i.e.*, the subject merchandise is greige polyester/cotton printcloth of chief weight cotton.¹¹ In its notice of institution in this second five-year review, the Commission noted that it defined the domestic like product as greige polyester/cotton printcloth in chief <u>value</u> cotton in its original determination, and greige polyester/cotton printcloth of chief weight cotton.¹²

The Commission received substantive responses to its notice of institution from Alice and Mount Vernon, domestic producers of greige polyester cotton printcloth of typically chief <u>value</u> cotton. Alice and Mount Vernon endorse a domestic like product that in addition to product of chief weight cotton, would encompass 50/50 greige polyester/cotton printcloth (a product consisting of roughly 50 percent polyester fiber and 50 percent cotton fiber that can be between 47 and 53 percent of chief weight cotton).¹³ (Under Federal Trade Commission rules, implementing the Textile Fiber Product Identification Act, 50/50 must contain no more than 53 percent, and no less than 47 percent, by weight, cotton or polyester.)¹⁴ Cotton has been more expensive than polyester.¹⁵ The domestically produced 50/50 product typically contains slightly more polyester by weight than cotton, but is still in chief value cotton.¹⁶ Therefore, the 50/50 product has likely been of chief <u>value</u> cotton, but not necessarily of chief <u>weight</u> cotton. Alice and Mount Vernon consider 50/50 greige polyester cotton printcloth "like" and directly competitive with the subject merchandise.¹⁷ The Commission found that domestic like product issues and changes in the conditions of competition for the industry warranted conducting a full review.¹⁸

Because of these domestic like product issues, Commission staff gathered trade and production data on greige polyester/cotton printcloth of chief weight cotton, the potential domestic like product that would be coextensive with Commerce's scope of investigation, and "all" greige polyester/cotton printcloth, which encompasses greige polyester/cotton printcloth of chief weight cotton and also 50/50

⁹ <u>Greige Polyester/Cotton Printcloth from China</u>, Inv. No. 731-TA-101, USITC Pub. 3184 (April 1999) (Review), p. 5.

 $^{^{10}}$ 64 FR 42661, August 5, 1999. An April 4, 2005 telephone conversation with the Customs national import specialist covering printcloth confirmed, however, that the antidumping duties are being levied on subject product <u>of chief weight cotton</u> from China.

¹¹ 69 FR 40611, July 6, 2004.

¹² Notice of institution. <u>See</u> app. A.

¹³ Domestic Producers' Response to Request for Information, p. 5, and posthearing brief, p. 2.

¹⁴ 16 C.F.R. § 303.43 (a).

¹⁵ Domestic Producers' Response to Request for Information, p. 5.

¹⁶ Domestic Producers' Response to Request for Information, pp. 5-7.

¹⁷ Domestic Producers Response to Request for Information, pp. 6-8.

¹⁸ Explanation of Commission Determination on Adequacy, <u>Greige Polyester Cotton Printcloth from China</u>, Inv. No. 731-TA-101 (Second Review). The Commission noted that domestic producers had reported that approximately 300 domestic mills had closed over the past five years. <u>Id.</u>

greige polyester cotton printcloth.¹⁹ In the remainder of this report, the term "all greige polyester/cotton printcloth" refers to the combination of greige polyester/cotton printcloth of chief weight cotton and the 50/50 product. In other words, all greige polyester/cotton printcloth refers to greige polyester/cotton printcloth of 47 percent or over cotton by weight.²⁰

Table I-2 presents data for all greige polyester/cotton printcloth for 1999-2004 from this second review. Table I-3 presents data for greige polyester/cotton printcloth of chief weight cotton for 1999-2004 from this second review.

¹⁹ In its questionnaires, the Commission defined the different types of printcloth for which it sought information: (1) greige polyester/cotton printcloth of chief weight cotton; (2) 50/50 greige polyester/cotton printcloth, which is the same product as greige polyester/cotton printcloth of chief weight cotton, except that 50/50 greige polyester/cotton printcloth or printcloth of chief weight cotton, except that 50/50 greige polyester/cotton printcloth and greige polyester/cotton printcloth, which refers to both 50/50 greige polyester/cotton printcloth and greige polyester/cotton printcloth of chief weight cotton. See Questionnaire Instructions.

²⁰ Although technically the term "all greige polyester/cotton printcloth" as used herein is a misnomer because it excludes product of below 47 percent cotton by weight, it is the term used in the Commission's questionnaire and is consistent with the questionnaire responses. As previously stated, "all greige polyester/cotton printcloth" (i.e., product of 47 percent or over cotton by weight) is also the domestic like product favored by the domestic interested parties in this investigation.

Table I-1Greige polyester/cotton printcloth:Summary data from the original investigation and the first review,1980-82, and 1997

ltem	1980	1981	1982	1997 ¹
U.S. consumption quantity: Amount	427,263	543,470	523,880	618,204
Producers' share ²	92.9	74.9	79.9	90.9
Importers' share: ² China ²	2.7	10.5	12.4	0.1
All other countries ²	4.4	14.6	7.8	9.1
Total imports ²	7.1	25.1	20.1	9.1
U.S. consumption value: Amount	155,664	216,976	194,561	300,878
Producers' share ²	93.9	78.8	82.2	93.4
Importers' share: China ²	2.2	8.6	10.1	0.1
All other countries ²	3.9	12.6	7.7	6.5
Total imports ²	6.1	21.2	17.8	6.6
U.S. imports from- ³ China:				
Quantity	11,368	57,032	64,788	605
Value	3,372	18,624	19,640	277
Unit value	\$0.30	\$0.33	\$0.30	\$0.45
All other countries:				
Quantity	18,991	79,521	40,608	55,599
Value	6,079	27,414	14,997	19,601
Unit value	\$0.32	\$0.34	\$0.37	\$0.35
All countries:				
Quantity	30,359	136,553	105,396	56,204
Value	9,451	46,038	34,637	19,878
Unit value	\$0.31	\$0.34	\$0.33	\$0.35
U.S. producers' Capacity quantity	632,812	653,771	681,828	(4)
Production quantity	524,701	505,928	497,425	587,000
Capacity utilization ²	82.9	77.4	73.0	(4)
U.S. producers' U.S. shipments: Quantity	396,904	406,918	418,484	562,000
Continued on next page.				

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

Table I-1—Continued Greige polyester/cotton printcloth: Summary data from the original investigation and the first review, 1980-82, and 1997

Item	1980	1981	1982	1997 ¹
Value	146,213	170,938	159,924	281,000
Unit value	\$0.37	\$0.42	\$0.38	\$0.50
Ending inventory quantity	15,096	20,011	26,426	(4)
Inventories/total shipments ²	3.8	4.9	6.3	(4)
Production workers	4,600	4,215	4,410	(4)
Hours worked (1,000 hours)	9,348	8,493	7,779	(4)
Wages paid (1,000 dollars)	51,390	51,120	50,529	(4)
Hourly wages	\$5.50	\$6.02	\$6.50	(4)
Productivity (square yards per hour)	56.1	59.6	63.9	(4)
Net sales: Quantity	(4)	(4)	(4)	(4)
Value	160,959	174,913	168,891	(4)
Unit value	(4)	(4)	(4)	(4)
Cost of goods sold	143,327	149,398	158,687	(4)
Gross profit or (loss)	17,632	25,515	10,204	(4)
Operating income or (loss)	10,023	17,526	1,339	(4)
Unit cost of goods sold	(4)	(4)	(4)	(4)
Unit operating income or (loss)	(4)	(4)	(4)	(4)
Cost of goods sold/sales ²	89.0	85.4	94.0	(4)
Operating income or (loss)/sales ²	6.2	10.1	0.8	(4)

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

¹ Data reflect information collected in an expedited review. 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 in this table are presumably of 80 x 80 construction, of fibers other than polyester/cotton, or otherwise falling outside the scope of the antidumping duty order. Import data presented for 1997 are for HTS statistical reporting number 5210.11.6060; this category covers product of chief weight (but less than 85 percent) cotton, mixed mainly or solely with manmade fibers, includes type 80 x 80, and is limited to constructions defined as square in the HTS.

² In percent.

³ Import data presented for 1980-82 are for Tariff Schedules of the United States (Annotated) ("TSUSA") items 326.2032, 326.3032, 326.3032, 326.4032, and 326.4092; such imports are in chief value 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.

⁴Data not available.

Note.-Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires, from official Commerce statistics, and from staff reports in previous Commission investigations on greige polyester/cotton printcloth.

Table I-2 All greige polyester/cotton printcloth: Summary data from the current review, 1999-2004

ltem	1999	2000	2001	2002	2003	2004
U.S. consumption quantity:						
Amount	524,844	596,032	590,631	627,839	434,058	370,824
Producers' share ¹	86.9	91.0	90.7	85.1	85.6	84.8
Importers' share, greige polyester/cotton printcloth of chief weight cotton: China ¹	0.1	0.0	0.0	0.6	0.3	0.8
All other countries ¹	9.2	3.8	4.3	9.0	8.8	7.0
Importers' share, greige polyester/ cotton printcloth of chief weight polyester: China ¹	1.0	2.9	3.1	4.1	3.6	5.9
All other countries ¹	2.7	2.3	1.9	1.2	1.8	1.4
Total imports ¹	13.1	9.0	9.3	14.9	14.4	15.2
U.S. consumption value: Amount	198,612	237,201	229,183	235,159	159,868	130,295
Producers' share ¹	89.6	93.2	93.7	89.0	88.1	86.1
Importers' share: China ¹	1.0	2.2	2.0	2.9	2.9	5.8
All other countries ¹	9.4	4.6	4.3	8.2	9.0	8.1
Total imports ¹	10.4	6.8	6.3	11.0	11.9	13.9
U.S. imports of greige polyester/cotton printcloth of chief weight cotton from- ² China ¹						
Quantity	386	0	0	3,788	1,283	3,147
Value	152	0	0	945	414	1,262
Unit value	\$0.39	(3)	(3)	\$0.25	\$0.32	\$0.40
All other countries:						
Quantity	48,477	22,624	25,358	56,364	38,074	26,004
Value	14,457	6,780	6,926	17,011	11,760	8,631
Unit value	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.33
All countries:						
Quantity	48,864	22,624	25,358	60,152	39,356	29,151
Value	14,609	6,780	6,926	17,956	12,174	9,893
Unit value	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.34
Continued on next page.						

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

Table I-2—Continued All greige polyester/cotton printcloth: Summary data from the current review, 1999-2004

ltem	1999	2000	2001	2002	2003	2004
U.S. imports of all greige polyester/ cotton printcloth from- ² China:						
Quantity	5,855	17,132	18,493	29,769	16,880	25,086
Value	2,008	5,261	4,583	6,742	4,679	7,553
Unit value	\$0.34	\$0.31	\$0.25	\$0.23	\$0.28	\$0.30
All other countries:						
Quantity	62,740	36,499	36,337	63,974	45,829	31,363
Value	18,599	10,940	9,869	19,225	14,333	10,512
Unit value	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.34
All countries:						
Quantity	68,595	53,631	54,830	93,743	62,709	56,449
Value	20,608	16,202	14,452	25,968	19,012	18,064
Unit value	\$0.30	\$0.30	\$0.26	\$0.28	\$0.30	\$0.32
U.S. producers' Capacity quantity	743,797	808,370	852,759	948,276	701,910	643,952
Production quantity	480,488	533,636	557,892	572,381	384,093	293,923
Capacity utilization ¹	64.6	66.0	65.4	60.4	54.7	45.6
U.S. shipments: Quantity	456,249	542,401	535,801	534,096	371,349	314,375
Value	178,004	220,999	214,731	209,191	140,856	112,231
Unit value	\$0.39	\$0.41	\$0.40	\$0.39	\$0.38	\$0.36
Ending inventory quantity ⁴	73,997	62,830	83,864	108,715	105,659	66,803
Inventories/total shipments ¹	***	***	***	***	***	***
Production workers	2,687	2,932	2,919	2,719	1,817	1,776
Hours worked (1,000 hours)	5,119	5,650	5,382	5,470	3,682	3,481
Wages paid (1,000 dollars)	56,657	64,847	62,993	66,541	44,801	37,473
Hourly wages	\$11.07	\$11.48	\$11.70	\$12.16	\$12.17	\$10.77
Productivity (<i>square yards</i> per hour)	93.9	94.4	103.7	104.6	104.3	84.4
Unit labor costs (per square yard)	\$0.12	\$0.12	\$0.11	\$0.12	\$0.12	\$0.13
Continued on next page.						

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

Table I-2—Continued All greige polyester/cotton printcloth: Summary data from the current review, 1999-2004

ltem	1999	2000	2001	2002	2003	2004
Net sales: Quantity	472,480	562,987	528,656	545,658	404,835	330,987
Value	200,266	231,550	215,135	214,547	156,818	119,869
Unit value	\$0.42	\$0.41	\$0.41	\$0.39	\$0.39	\$0.36
Cost of goods sold	170,966	204,309	203,011	200,117	151,432	119,649
Gross profit or (loss)	29,300	27,241	12,124	14,430	5,386	220
Operating income or (loss)	16,764	13,632	(87)	3,306	(930)	(3,559
Unit cost of goods sold	\$0.36	\$0.36	\$0.38	\$0.37	\$0.37	\$0.36
Unit operating income or (loss)	\$0.04	\$0.02	(\$0.00)	\$0.01	\$(0.00)	(\$0.01
Cost of goods sold/sales ¹	85.4	88.2	94.4	93.3	95.6	99.8
Operating income or (loss)/sales ¹	8.4	5.9	(5)	1.5	(0.6)	(3.0
4 -	•					

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

¹ In *percent*.

² Import data presented for 1999-2004 are from HTS statistical reporting numbers 5210.11.6060 and 5513.11.0060.

³Not applicable.

⁴ Inventory data do not include ***.
 ⁵ A loss of less than 0.05 percent.

Note.-Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table I-3Greige polyester/cotton printcloth of chief weight cotton:Summary data from the current review,1999-2004

ltem	1999	2000	2001	2002	2003	2004
U.S. consumption quantity: Amount	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***
Importer's share: China ¹	***	***	***	***	***	***
All other countries ¹	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***
U.S. consumption value: Amount	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***
Importer's share: China ¹	***	***	***	***	***	***
All other countries ¹	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***
U.S. imports from- ² China:						
Quantity	387	0	0	3,788	1,283	3,147
Value	152	0	0	945	414	1,262
Unit value	\$0.39	(3)	(3)	\$0.25	\$0.32	\$0.40
All other countries:						
Quantity	48,477	22,624	25,358	56,364	38,073	26,004
Value	14,457	6,780	6,926	17,011	11,760	8,631
Unit value	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.34
All countries:						
Quantity	48,864	22,624	25,358	60,152	39,356	29,151
Value	14,609	6,780	6,926	17,956	12,174	9,893
Unit value	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.34
U.S. producers' Capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization ¹	***	***	***	***	***	***
U.S. shipments: Quantity	***	***	***	***	***	***
Continued on next page.	-					

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

Table I-3—Continued Greige polyester/cotton printcloth of chief weight cotton: Summary data from the current review, 1999-2004

ltem	1999	2000	2001	2002	2003	2004
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity ⁴	***	***	***	***	***	***
Inventories/total shipments ¹	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000 hours)	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (square yards per hour)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net sales: Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Unit cost of goods sold	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
Cost of goods sold/sales ¹	***	***	***	***	***	***
Operating income or (loss)/sales ¹	***	***	***	***	***	***

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

¹ In *percent*.

² Import data presented for 1999-2004 are for HTS statistical reporting number 5210.11.6060; this category covers imports in chief weight (but less than 85 percent) cotton, mixed mainly or solely with manmade fibers, includes type 80 x 80, and is limited to constructions defined as square in the HTS; all other trade data represent ***.

³ Not applicable.

4 ***

Note.-Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Statutory Criteria and Organization of the Report

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

(1) IN GENERAL.--... 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. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(*C*) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including-

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) 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.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise 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 products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) 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.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Information obtained during the course of the review that relates to the above factors is presented throughout this report. A summary of data collected in the review is presented in appendix C, tables C-1 (greige polyester/cotton printcloth of chief weight cotton) and C-2 (all greige polyester/cotton printcloth). U.S. industry data are based on questionnaire responses of five U.S. producers that accounted for the vast majority of U.S. production of greige polyester/cotton printcloth during 2004. U.S. import data are based on official Commerce statistics. Responses by U.S. producers, importers, and purchasers of greige polyester/cotton printcloth to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation are presented in appendix D.

COMMERCE'S RESULTS OF EXPEDITED REVIEW

On July 6, 2004, Commerce found that revocation of the antidumping duty order on greige polyester/cotton printcloth from China would likely lead to the continuation or recurrence of dumping. Commerce's weighted-average dumping margin for Chinese manufacturers, exporters, and/or producers is 22.4 percent *ad valorem*.²¹ Commerce has not issued a duty absorption determination with respect to this order.

COMMERCE'S ADMINISTRATIVE REVIEWS

Commerce has conducted three administrative reviews of the antidumping duty order on greige polyester/cotton printcloth from China, as shown in the following tabulation:

²¹ Commerce's notice is presented in app. A.

Period of review	Date results published	Margin (percent)			
March 9, 1983 to November 30, 1983	February 12, 1985 (50 FR 5805)	China-wide rate 22.4			
September 1, 1987 to August 31, 1988	January 13, 1992 (57 FR 1254)	China-wide rate 22.4			
September 1, 1988 to August 31, 1989	July 15, 1992 (57 FR 31353)	China-wide rate 22.4			

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET FUNDS TO AFFECTED DOMESTIC PRODUCERS

Since September 21, 2001, qualified U.S. producers of greige polyester/cotton printcloth have been eligible to receive disbursements from the U.S. Bureau of Customs and Border Protection ("Customs") under the Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA"), also known as the Byrd Amendment.²² Table 1-4 presents CDSOA claims and disbursements for federal fiscal years 2002-04.

Table I-4

Greige polyester/cotton printcloth from China: CDSOA claims and disbursements, by firms, and clearing account amounts, federal fiscal years 2002-04¹

2002	2003	2004				
Dollars (actual)						
275,257,055	299,175,321	311,654,633				
(3)	(3)	619,014,922				
275,257,055	299,175,321	930,669,555				
(3)	92,126	5,913				
(3)	(³)	11,745				
(3)	92,126	17,568				
	275,257,055 (³) 275,257,055 (³) (³) (³)	Dollars (actual) 275,257,055 299,175,321 (³) (³) 275,257,055 299,175,321 (³) 92,126 (³) (³)				

¹ No funds relating to this order were disbursed during FY 2001.

² Qualifying expenditures incurred by domestic producers since the issuance of an order, as presented in

Section I of the CSDOA Annual Reports.

³ None reported.

⁴ As presented in Section I of Customs' CSDOA Annual Reports.

Source: U.S. Customs and Border Protection's CDSOA Annual Reports. Retrieved at www.cbp.gov/xp/cgov/import/add_cvd/.

²² 19 CFR 159.64(g).

THE SUBJECT PRODUCT

The imported product subject to the antidumping duty order under review, as defined by Commerce, is greige²³ polyester/cotton printcloth, other than 80 x 80 type.²⁴ The greige polyester/cotton printcloth is of chief weight cotton,²⁵ unbleached and uncolored printcloth. "Printcloth" refers to plain woven fabric, not napped, not fancy or figured, of singles yarn, not combed, of average yarn number 43 to 68 (metric count),²⁶ 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 square inch.

Tariff and Quota Treatment

The subject merchandise is currently classifiable under HTS statistical reporting number 5210.11.6060 and is dutiable at a general rate of 10.2 percent *ad valorem* in 2005; it was previously contained within textile quota category 315 (cotton printcloth fabric).²⁷

U.S. quotas on imports of textile products from WTO countries were eliminated on January 1, 2005. Textile quota category 315 covered cotton printcloth fabrics, including subject product, 50/50 greige polyester/cotton printcloth that is of chief weight cotton, and products other than greige polyester/cotton printcloth, such as printed and dyed printcloth and 100 percent cotton product.²⁸ Category 315 also includes chief-weight cotton printcloth that was dyed, bleached, or printed. Similarly, textile quota category 615 covers printcloth of polyester and other manmade staple fibers, including 50/50 greige polyester/cotton printcloth of chief weight polyester, as well as other chief-weight polyester or other manmade-staple-fiber printcloth that was dyed, bleached, or printed. Under the tariff classification

²³ 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). It refers to fabric in its natural, unfinished state. See *Greige Polyester/Cotton Printcloth from China*, Investigation No. 731-TA-101 (Review), USITC Publication 3184, April 1999, p. I-5, fn. 11. See also domestic interested parties' Response to the Notice of Institution of the Five-Year Sunset Review, p. 3.

 $^{^{24}}$ 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.) Customs reported that the 80 x 80 type that it excludes from the order refers to fabric with a construction of 80 warp yarns per inch and 80 filling yarns per inch.

²⁵ In the scope in the original investigation, Commerce and the tariff schedule defined the subject merchandise by chief value (i.e., the subject merchandise was of chief value cotton). Since 1999 and for the purposes of this review, Commerce has incorporated Customs' conversion to chief weight (i.e., the subject merchandise is of chief weight cotton).

²⁶ 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 Commerce are based on the English system of yarn number counts. Customs reportedly 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. According to Commission staff calculations, however, the metric conversion of a yarn number count of 26 is 44—not 43, as Commerce has stated—resulting in an average yarn number of 44 to 68.

²⁷ 69 FR 40611, July 6, 2004.

²⁸ Domestic interested parties' posthearing brief, Answers to Commission Questions, p. 8.

rules of the HTS for textile articles,²⁹ greige printcloth that is of equal weight cotton and polyester staple fiber is classifiable in Chapter 55, which covers manmade staple fibers, and is included in Category 615.

During 1999–2004, U.S. imports from China of cotton printcloth fabric (Category 315) and printcloth of manmade staple fibers (Category 615) were subject to quotas known as "product-specific limits." In addition, U.S. imports of most textile and apparel articles from China that were subject to product-specific limits, including cotton and manmade-staple-fiber printcloth, were subject to an aggregate ("group I") limit. The sum of the individual product quotas in group I exceeded the aggregate group I quota. As such, even though some of the individual product quotas in group I may not have been filled in a given calendar year, imports of these products may still have been fully restricted by the group I quota (for an example, see figures for the year 2003, below).

Industry standards vary regarding what percentage reflects a "filled" quota category, but the most common percentages are 85 percent and 90 percent (depending on the level of confidence desired).³⁰

Category 315 (cotton printcloth fabric)	Category 615 (polyester printcloth fabric)	Group I (includes categories 315 and 615)
	Filled (percent)	
100	45	95
100	72	97
89	85	98
99	95	97
97	81	100
85	69	92
	printcloth fabric) 100 100 99 97	printcloth fabric) printcloth fabric) Filled (percent) 100 45 100 72 89 85 99 95 97 81

Note: 2004 figures are based on data available from U.S. Customs and Border Protection ("Customs"), as of April 3, 2005. For calendar year 2004, the quota for Category 315 was 148,896,877 square meters and for Category 615 was 31,059,697 square meters.

Source: U.S. Department of Commerce, Office of Textiles and Apparel (OTEXA), "Performance Report for China," CD-ROM, 1999–2004.

The following tabulation reflects import statistics for certain months for items in Categories 315 and 615 from China, as released on a preliminary basis by Customs and distributed by the Office of Textiles and Apparel ("OTEXA") at Commerce.

²⁹ See HTS section XI (Textiles and Textile Articles), note 2(A).

³⁰ See *The Economic Effects of Significant U.S. Import Restraints: Third Update 2002*, USITC Publication No. 3519 (June 2002), p. 32.

		Official data	Preliminary data (unofficial)					
Category		Amount (square meters)						
	January 2004	February 2004	January 2005	February 2005	March 2005			
315	15,368,213	6,035,119	9,296,022	5,677,364	10,251,477			
615	4,357,802	1,641,632	1,769,976	1,407,896	417,260			
	Source: U.S. Department of Commerce, OTEXA, "Bi-Weekly Preliminary Textile and Apparel Imports," found at http://otexa.ita.doc.gov/prelimadmin/prelim/ctry/a5700.htm (retrieved April 8, 2005).							

Physical Characteristics and Uses

Greige 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 (e.g., bleached, dyed, printed, etc.) to make them suitable for their intended end use.³¹ Apparel uses include shirts, nightwear, dresses, children's wear, and pocketing and lining materials; household uses include curtains, sheets, mattress covers, and bedspreads.³²

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. Similarly, the domestic interested parties state that imported printcloth is a "commodity product . . . similar to the U.S. product and . . . of comparable quality," making price the "dominant factor in purchasing decisions."³³

At the time of the original investigation, the polyester/cotton printcloth blend was usually about 50 percent by weight of each fiber.³⁴ Based on questionnaire responses from ***, the printcloth blend is currently between 47 percent and 53 percent cotton by weight and can vary between production runs depending on the price of the polyester and cotton inputs.³⁵

During the original 1983 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, (cotton being more expensive) it was almost certain that a blend containing 50 percent or more of cotton by weight would also be in chief value

³¹ "Finishes have such a profound effect on fabrics that the same greige . . . goods constructions can be finished to produce several types of fabrics." "Finishing," found at <u>http://www.bradmill.com.au/10%20finishing.htm</u> (accessed February 9, 2005).

³² See *Greige Polyester/Cotton Printcloth from China*, Investigation No. 731-TA-101 (Review), USITC Publication 3184, April 1999, p. I-5, fn. 11. See also domestic interested parties' Response to the Notice of Institution of the Five-Year Sunset Review, p. 3.

³³ Domestic interested parties' Response to the Notice of Institution of the Five-Year Sunset Review, p. 3. See *Greige Polyester/Cotton Printcloth from China*, Investigation No. 731-TA-101 (Review), USITC Publication 3184, April 1999, p. 8 (concluding that "there is moderate to high substitutability" between the domestic like product and the subject imports and that "price is a significant factor in purchasing decisions").

³⁴ Greige Polyester/Cotton Printcloth from the People's Republic of China, Investigation No. 731-TA-101 (Final), USITC Publication 1421, September 1983, p. A-2.

³⁵ Domestic interested parties' Response to Request for Information, May 5, 2004, p. 5; *** questionnaire response, cover letter, January 28, 2005; *** questionnaire response, p. 12.

of cotton.³⁶ The same would have been true during the first review in 1999, though chief value no longer determines tariff classification.³⁷

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. At the time of the first review, producers reported that their 78 x 54 greige polyester/cotton printcloth competed directly with 82 x 50 printcloth from China. Information obtained recently indicates that this circumstance continues.³⁸

The two domestic interested parties state that the demand for greige polyester/cotton printcloth has declined for use in apparel production and has remained stable for use in items other than apparel. Further, " $\{n\}$ o new end uses . . . have been developed in recent years, no new substitutes have appeared, and no new end uses or substitutes are likely to appear in the foreseeable future."³⁹

Manufacturing Processes

Printcloth is produced in much the same way as other plain woven fabric of uncombed yarn. Most printcloth mills are integrated operations that 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 rope-like strands that are combined and slightly twisted to form a uniform roving. Spinning, as 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, which is the process of forming fabric by interlacing the warp and filling yarns at right angles to each other. Plainweave—the type used in printcloth—is made with one warp over and one warp under the filling throughout the fabric.⁴⁰

Domestic producers state that "there have been no significant changes in technology or production methodology in recent years."⁴¹ All responding domestic producers state they have produced other products on the equipment used to make the subject printcloth.

³⁶ Greige Polyester/Cotton Printcloth from the People's Republic of China, Investigation No. 731-TA-101 (Final), USITC Publication 1421, September 1983, p. A-2.

³⁷ *Greige Polyester/Cotton Printcloth from China*, Investigation No. 731-TA-101 (Review), USITC Publication 3184, April 1999, p. I-5. The word "of" in a TSUS description meant "in chief value of" the named substance affecting Customs' interpretation, while in the HTS the term can be interpreted in varying ways to reflect essential character.

³⁸ *** importers' questionnaire response, p. 10.

³⁹ Domestic interested parties' Response to Request for Information, May 5, 2004, p. 3.

⁴⁰ Greige Polyester/Cotton Printcloth from China, Investigation No. 731-TA-101 (Review), USITC Publication 3184, April 1999, p. I-5.

⁴¹ Domestic interested parties' Response to Request for Information, May 5, 2004, p. 4.

DOMESTIC LIKE PRODUCT ISSUES

In its original determination, the Commission found the appropriate domestic like product to be "polyester/cotton printcloth in chief value of cotton."⁴² In its first review, the Commission found the appropriate domestic like product to be "greige polyester/cotton {printcloth} of chief weight cotton."⁴³ In this second five-year review, Commerce defined the subject merchandise as greige polyester/cotton printcloth "of chief weight cotton."⁴⁴

Domestic interested parties contend that the appropriate domestic like product in this investigation is not only product of chief weight cotton (***), but also 50/50 greige polyester/cotton printcloth.⁴⁵ Participating domestic producers further assert that imports of 50/50 greige polyester/cotton printcloth described in HTS statistical reporting number 5513.11.0060 (in chief weight polyester) and previously contained within textile quota category 615 (manmade fiber printcloth, or printcloth of chief weight polyester) "are indistinguishable from and readily substitutable for" the subject product.⁴⁶

Domestic producers were asked to describe the differences and similarities between 50/50 printcloth and greige polyester/cotton printcloth of chief weight cotton. All responding domestic producers indicated that the manufacturing processes, end uses, and channels of distribution were similar or the same. Producer *** noted "difference in tear and tensile strength" but "no other significant differences." Producer *** noted that "chief weight cotton has higher shrinkage, weaker strength, and a better feel."⁴⁷ Domestic interested parties contend that most end users cannot distinguish between the slightly different blends at issue in this case and that, whether or not they can make a distinction, they appear to accept the different blends as substitutes in most applications.⁴⁸

the definition has changed slightly from that of the original determination 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 {printcloth} of chief *value* cotton, the current scope includes greige polyester/cotton {printcloth} 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.

Ibid. (Emphases in original).

44 69 FR 40611, July 6, 2004. See app. A.

⁴⁵ Domestic interested parties' Response to the Notice of Institution of the Five-Year Sunset Review, p. 2; domestic interested parties' Response to Request for Information, May 5, 2004, pp. 4–7; domestic interested parties' posthearing brief, p. 2. Domestic interested parties state that their production of 50/50 printcloth "typically contains a small percentage more, by weight, polyester than cotton." *Ibid.*, pp. 6–7.

⁴⁶ Domestic interested parties' Response to Request for Information, May 5, 2004, pp. 6–7.

⁴⁷ One responding domestic producer, ***, indicated that printcloth of chief weight cotton is generally more expensive. *** questionnaire response, p. 12.

⁴² In the original investigation, the Commission determined that domestic polyester/cotton printcloth containing 50 percent or more of cotton by weight was equivalent to polyester/cotton printcloth "in chief value of cotton." *Greige Polyester/Cotton Printcloth from the People's Republic of China*, Investigation No. 731-TA-101 (Final), USITC Publication 1421, September 1983, p. 4.

⁴³ *Greige Polyester/Cotton Printcloth from China*, Investigation No. 731-TA-101 (Review), USITC Publication 3184, April 1999, p. 5 (emphasis in original). In noting the slight change in wording of the like product definition, the Commission stated that:

⁴⁸ Domestic interested parties' posthearing brief, Answers to Commission Questions, p. 7.

According to the domestic interested parties, the major blends of greige polyester/cotton printcloth that are made and sold in the domestic market today are 65/35 (65 percent polyester, 35 percent cotton), 50/50, and ***. Reportedly, all producers of greige polyester/cotton printcloth can make 65/35, and many do.⁴⁹ Industry sources indicated that the following companies may be involved with the 65/35 (poly rich) blend printcloth: (1) Parkdale Mills ("Parkdale"), (2) Frontier Spinning Mills ("Frontier"), (3) Inman Mills ("Inman"), (4) Hamrick, (5) Milliken and Company ("Milliken"), (6) Mt. Vernon, (7) Alice, (8) Ramtex Inc. ("Ramtex") and (9) Avondale Mills ("Avondale"). All except Parkdale and Frontier make yarn and weave fabrics; Parkdale and Frontier make yarn only and sell to weavers.⁵⁰ Counsel for the domestic interested parties believes that 65/35 should not be included in the domestic like product because it has significantly different characteristics and very specific end uses⁵¹ that differ from those of 50/50 and chief weight cotton blends.⁵² It should be noted that imports of 65/35 greige polyester/cotton printcloth of chief weight polyester.

U.S. MARKET PARTICIPANTS

U.S. Producers

The Commission sent its producers' questionnaire to 12 firms identified as possible U.S. producers of greige polyester/cotton printcloth. Five firms provided the Commission with responses and six firms indicated that they did not produce greige polyester/cotton printcloth.⁵³ The responding producers were Alice Manufacturing Co., Inc. ("Alice"); Dan River, Inc. ("Dan River"); Hamrick Mills ("Hamrick"); Mount Vernon Mills, Inc. ("Mount Vernon"); and Springs Industries, Inc. ("Springs").⁵⁴ Table I-5 presents the list of U.S. producers with each company's U.S. production location, share of U.S. production in 2004, and position on the continuation of the antidumping duty order.

U.S. Importers

The Commission sent its importers' questionnaire to eight firms that, based on a review of proprietary data provided by U.S. Customs and Border Protection ("Customs") (formerly the U.S. Customs Service), may have imported goods provided for under HTS statistical reporting number 5210.11.6060, as well as to all U.S. producers. Questionnaire responses containing data were received from two companies, ***. Both firms are textile manufacturers.⁵⁵ *** imported *** square yards, valued at \$***, of greige polyester/cotton printcloth of chief weight cotton from Thailand in 2004. *** also

⁴⁹ Ibid., p. 5.

⁵⁰ E-mail response from ***, April 20, 2005.

⁵¹ 65/35 is used in "career apparel" (e.g., commercial uniforms), tablecloths, and hotel sheets where the high proportion of polyester is desirable to prevent pilling after repeated washing. Domestic interested parties' posthearing brief, p. 5.

⁵² *Id*.

⁵³ *** reported that they were not producers of greige polyester/cotton printcloth. Inman Mills did not respond to the questionnaire.

⁵⁴ Of the eight companies named in the original petition, Alice, Dan River, Hamrick, and Mount Vernon are the only remaining firms producing greige polyester/cotton printcloth.

⁵⁵ In addition, the Commission received responses from five firms reporting that they did not import greige polyester/cotton printcloth during 1999-2004 from any country. *** did not respond to the questionnaire.

reported imports of all greige polyester/cotton printcloth from China; such imports ranged from a high of *** square yards, valued at \$***, in 2003 to a low of *** square yards, valued at \$***, in 2004.

Table I-5

All greige polyester/cotton printcloth:¹ U.S. producers, U.S. production locations, shares of U.S. production in 2004, and positions on the continuation of the antidumping duty order

Firm	Production location	Share of production (percent)	Position on continuation of the order
Alice	Easley, SC	***	Support
Dan River	Danville, VA	***	***2
Hamrick	Gaffney, SC	***	***
Mount Vernon	Mauldin, SC	***	Support
Springs	Fort Mills, SC	***	***3
¹ *** reported produci ² ***	ng greige polyester/cotton printclo	th of chief weight cotton.	

3 ***

Source: Compiled from data submitted in response to Commission questionnaires.

*** was asked by Commission staff whether it would switch away from chief weight polyester imports of printcloth to chief weight cotton printcloth if the antidumping duty order on greige polyester/cotton printcloth from China were revoked. *** replied that it would most likely convert its purchasing to chief weight cotton for its purchases of printcloth from China. *** indicated that the main reason for this change would be the lower duty rate (4.7 percentage points lower),⁵⁶ and additionally there would be no significant difference if the raw material was chief weight cotton as opposed to chief weight polyester as to the products' end use.⁵⁷

*** was the only U.S. producer that responded to the Commission's importers' questionnaire. It reported importing *** square yards of all greige polyester/cotton printcloth, valued at \$***, from Brazil in 2002, and reported ***.

Proprietary data also provided by Customs reported that the following companies are the principal importers of greige polyester/cotton printcloth in chief weight polyester from China: ***⁵⁸ ****⁶⁰

⁵⁶ In 2005, HTS subheading 5210.11.60 has a duty rate of 10.2 percent *ad valorem*; HTS subheading 5513.11.00 and 5514.11.00 has a duty rate of 14.9 percent *ad valorem*.

⁵⁷ E-mail response from ***, April 13, 2005.

⁵⁸ ***. Telephone conversation between Commission staff and ***, April 22, 2005.

⁵⁹ ***. Telephone conversation between Commission staff and ***, April 22, 2005.

⁶⁰ Telephone conversation between Commission staff and ***.

Customs identified the following companies as the principal importers of greige polyester/cotton printcloth in chief weight polyester from countries other than China: (1) ***⁶¹ ***.⁶²

U.S. Purchasers

U.S. purchasers of greige polyester/cotton printcloth are the remaining U.S. producers of apparel and household products that use greige polyester/cotton printcloth. Five purchasers submitted responses to the Commission's purchaser questionnaire.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Tables I-6 and I-7 present apparent U.S. consumption of greige polyester/cotton printcloth of chief weight cotton and all greige polyester/cotton printcloth, respectively, for the review period, and tables I-8 and I-9 present U.S. market shares for the same period. Table I-10 presents information on the ratios of subject imports to U.S. production.

Table I-6

Greige polyester/cotton printcloth of chief weight cotton: U.S. shipments of domestic product, U.S. imports. and apparent U.S. consumption. 1999-2004

Item	1999	2000	2001	2003	2003	2004		
	Quantity (1,000 square yards)							
U.S. producers' U.S. shipments	***	***	***	***	***	***		
U.S. imports from	•				•			
China	387	0	0	3,788	1,283	3,147		
Other sources	48,477	22,624	25,358	56,364	38,073	26,004		
Total imports	48,864	22,624	25,358	60,152	39,356	29,151		
Apparent consumption	***	***	***	***	***	***		
	•		Value (\$1,000)	•			
U.S. producers' U.S. shipments	***	***	***	***	***	***		
U.S. imports from								
China	152	0	0	945	414	1,262		
Other sources	14,457	6,780	6,926	17,011	11,760	8,631		
Total imports	14,609	6,780	6,926	17,956	12,174	9,893		
Apparent consumption	***	***	***	***	***	***		

⁶¹ Telephone conversation between Commission staff and ***, April 21, 2005.

⁶² Telephone conversation between Commission staff and ***, April 21, 2005.

Table I-7

All greige polyester/cotton printcloth: U	S. shipments of domestic product, U.S. imports, and
apparent U.S. consumption, 1999-2004	

Item	1999	2000	2001	2002	2003	2004
		Qua	ntity <i>(1,000</i>) square ya	ards)	
U.S. producers' U.S. shipments	456,249	542,401	535,801	534,096	371,349	314,375
U.S. imports from						
China: Chief weight cotton	387	0	0	3,788	1,283	3,147
All other	5,468	17,132	18,493	25,981	15,598	21,938
Subtotal, China	5,855	17,132	18,493	29,769	16,880	25,086
Other sources: Chief weight cotton	48,477	22,624	25,358	56,364	38,073	26,004
All other	14,263	13,875	10,979	7,610	7,756	5,359
Subtotal, other	62,740	36,499	36,337	63,974	45,829	31,363
Total imports	68,595	53,631	54,830	93,743	62,709	56,449
Apparent consumption	524,844	596,032	590,631	627,839	434,058	370,824
			Value (\$1,000)		
U.S. producers' U.S. shipments	178,004	220,999	214,731	209,191	140,856	112,231
U.S. imports from						
China: Chief weight cotton	152	0	0	945	414	1,262
All other	1,856	5,261	4,583	5,797	4,265	6,291
Subtotal, China	2,008	5,261	4,583	6,742	4,679	7,553
Other sources: Chief weight cotton	14,457	6,780	6,926	17,011	11,760	8,631
All other	4,142	4,160	2,943	2,214	2,573	1,881
Subtotal, other	18,599	10,940	9,869	19,225	14,333	10,512
Total imports	20,608	16,202	14,452	25,968	19,012	18,064
Apparent consumption	198,612	237,201	229,183	235,159	159,868	130,295
Source: Compiled from data submitted i statistics.	n response to	Commission	questionna	ires and from	n official Con	nmerce

Table I-8Greige polyester/cotton printcloth of chief weight cotton:U.S. market shares, 1999-2004

* * * * *

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Table	I-9
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All greige polyester/cotton printcloth: U.S. market shares, 1999-2004

*

	0.00		•			
	Quantity (1,000 square yards)					
524,844	596,032	590,631	627,839	434,058	370,824	
Value (<i>\$1,000</i>)						
198,612	237,201	229,183	235,159	159,868	130,295	
	Sha	are of quar	tity <i>(perce</i>	nt)		
86.9	91.0	90.7	85.1	85.6	84.8	
0.1	0.0	0.0	0.6	0.3	0.8	
1.0	2.9	3.1	4.1	3.6	5.9	
1.1	2.9	3.1	4.7	3.9	6.8	
9.2	3.8	4.3	9.0	8.8	7.0	
2.7	2.3	1.9	1.3	1.8	1.4	
12.0	6.1	6.2	10.2	10.6	8.5	
13.1	9.0	9.3	89.0	88.1	86.1	
	S	hare of val	ue (percen	t)		
89.6	93.2	93.7	14.9	14.4	15.2	
0.1	0.0	0.0	0.4	0.3	1.0	
0.9	2.2	2.0	2.5	2.7	4.8	
1.0	2.2	2.0	2.9	2.9	5.8	
7.3	2.9	3.0	7.2	7.4	6.6	
2.1	1.8	1.3	0.9	1.6	1.4	
9.4	4.6	4.3	8.2	9.0	8.1	
10.4	6.8	6.3	11.0	11.9	13.9	
	86.9 0.1 1.0 1.1 9.2 2.7 12.0 13.1 89.6 0.1 0.9 1.0 7.3 2.1 9.4 10.4	Sha 86.9 91.0 0.1 0.0 1.0 2.9 1.1 2.9 9.2 3.8 2.7 2.3 12.0 6.1 13.1 9.0 89.6 93.2 0.1 0.0 0.2 3.8 13.1 9.0 5 89.6 93.2 3.8 13.1 9.0 5 7.3 2.1 1.8 9.4 4.6 10.4 6.8	198,612237,201229,183Shue of quar86.991.090.70.10.090.70.10.00.01.02.93.11.12.93.19.23.84.32.72.31.912.06.16.213.19.09.389.693.293.70.10.00.00.10.22.013.19.09.39.30.10.00.10.00.00.10.10.00.10.22.01.02.22.01.02.22.01.11.81.39.44.64.310.46.86.3	198,612237,201229,183235,159Share of quantity (percents)86.991.090.785.10.10.090.785.10.10.00.00.61.02.93.14.11.12.93.14.79.23.84.39.02.72.31.91.312.06.16.210.213.19.09.389.0Share of value (percents)89.693.293.714.914.90.10.00.00.10.00.40.10.00.413.19.122.02.11.81.30.10.00.40.10.10.00.10.10.00.10.00.40.10.00.40.10.10.00.10.10.10.10.10.10.10.10.00.10.10.10.10.10.10.10.22.02.11.81.30.93.07.22.11.81.30.46.86.310.46.86.3	198,612237,201229,183235,159159,868Share of quantity (percent)86.991.090.785.185.60.10.00.00.60.31.02.93.14.13.61.12.93.14.73.99.23.84.39.088.82.72.31.91.31.812.06.16.210.210.613.19.09.389.088.1Share of value (percent)89.693.293.714.90.10.00.00.40.30.10.00.02.22.07.32.93.07.27.42.11.81.30.91.69.44.64.38.29.0	

Table I-10

Graiga polyastar/cotton pr	rinteleth. Paties	of subject imper	te to II C .	production	1000-2004
Greige polyester/cotton pr		n subject impor	15 10 0.3.	production,	1999-2004

Item	1999	2000	2001	2002	2003	2004	
		Quan	tity <i>(1,000</i>	square ya	rds)		
Imports of greige polyester/cotton printcloth of chief weight cotton from China	387	0	0	3,788	1,283	3,147	
U.S. production of greige/polyester printcloth of chief weight cotton	***	***	***	***	***	***	
U.S. production of all greige polyester/ cotton printcloth	480,488	533,636	557,892	572,381	384,093	293,923	
	Ratio of import quantity of greige polyester/cotton printcloth of chief weight cotton from China to U.S. production <i>(percent)</i>						
Imports to U.S. production of greige polyester/cotton printcloth of chief weight cotton	***	0.0	0.0	***	***	***	
Imports to U.S. production of all greige polyester/cotton printcloth	0.1	0.0	0.0	0.7	0.3	1.1	
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.							

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

MARKET CHARACTERISTICS

There are few remaining producers of greige polyester/cotton printcloth in the United States. Dan River and Springs ***. Alice, Hamrick, and Mount Vernon reported commercial sales of greige polyester/cotton printcloth. Alice and Hamrick reported that they sell greige polyester/cotton printcloth ***, and Mount Vernon reported ***. Importers internally consume some imports of greige polyester/cotton printcloth. Five purchasers provided usable data in response to the Commission's questionnaire.

DOMESTIC PRODUCTION FOR THE U.S. MARKET

Disinvestment has occurred in the greige polyester/cotton printcloth industry over the past five or six years despite the antidumping duty order. U.S. producers may have difficulty competing with some low-cost foreign producers; for example, *** stated that foreign prices of printcloth generally run 15-25 percent less than domestic prices. Available information suggests that further contraction may occur in response to relatively low market prices.

U.S. producers' reported average capacity for greige polyester/cotton printcloth of chief weight cotton decreased in 2003 compared to 2002 and again in 2004 compared to 2003; it was *** million square yards in 2004 (see table C-1). Production quantity, however, was greatest in 2003; the 2004 level of *** million square yards was greater than the level reported in 2002.

Reported capacity and production were greater for all greige polyester/cotton printcloth (see table C-2). U.S. producers reported an average capacity of 644.0 million square yards in 2004, which was down 13.4 percent from 1999. Production quantity was at 294.0 million square yards in 2004, which was 38.8 percent below the level of 1999.

The Commission asked purchasers if changes had occurred in any supply factors that affected the availability of U.S.-produced greige polyester/cotton printcloth¹ in the U.S. market since 1983. Four purchasers reported that such changes had occurred, and one purchaser reported that they had not occurred. *** alleged that greige polyester/cotton printcloth is a commodity product whose price fluctuates with the cost of production. *** reported that many U.S. mills had closed, particularly since 1999, which affected the availability of U.S.-produced greige polyester/cotton printcloth.

When U.S. producers were asked if changes had occurred in supply factors since 1983, *** responded negatively. ***, which answered affirmatively, alleged that over 300 textile plants (most making items other than greige polyester/cotton printcloth) in the United States had closed since 1999, mainly because of less expensive imports from China. It added that it can produce greige polyester/cotton printcloth at as low a cost as any other domestic producer but cannot compete cost-wise with foreign producers and that it has virtually no exports. *** alleged that tariff and non-tariff barriers in the European Union and most Asian countries, especially China, India, and Pakistan, restrict entry into these markets. *** stated that, although several domestic producers had closed operations during 1999-2003, its sales of greige polyester/cotton printcloth did not improve because imports had increased. All reporting U.S. producers stated that they anticipate a decrease in the availability of U.S.-produced greige

¹ Purchasers (and producers and importers) were asked questions on "greige polyester/cotton printcloth," a term which encompasses product of chief weight cotton and the 50/50 product, according to the instructions accompanying the Commission's questionnaires. Firms were requested to provide separate answers for the chief weight cotton product and the 50/50 product if their answers to questions concerning "greige polyester/cotton printcloth" would differ, but no firm reported separate answers.

polyester/cotton printcloth in the U.S. market in the future. *** stated that domestic producers are likely to seek niche markets and/or reduce capacity in the next one to three years.

Purchasers agreed that domestic producers had gone out of business during the past five years. For example, Clinton, Greenwood, Mayflower, and Spartan Mills have shut down, and *** has substantially cut back production. *** stated that it will purchase the imported product to qualify foreign mills as domestic mills close. *** stated that its purchases of printcloth have not been affected because it uses only a very limited amount of the product, and *** reported that it uses printcloth less and less in its products. *** added that domestic mills have ceased production due to increased imports of finished goods that incorporate greige polyester/cotton printcloth. No purchaser reported being aware of any new domestic suppliers or expected any new domestic suppliers to enter the market.

THE POTENTIAL OF IMPORTS TO SUPPLY THE U.S. MARKET

There is little information about the supply potential of subject and nonsubject sources. *** reported that it believes that worldwide there are hundreds of suppliers. There have been very few imports of greige polyester/cotton printcloth of chief weight cotton from China, but imports of all greige polyester/cotton printcloth from China have been more substantial. Imports of greige polyester/cotton printcloth of chief weight cotton of all greige polyester/cotton printcloth of chief weight cotton appear to account for a major portion of all greige polyester/cotton printcloth imported from nonsubject sources.

U.S. DEMAND

Products that Incorporate Greige Polyester/Cotton Printcloth

Greige polyester/cotton printcloth is used in making apparel components, pillows, pillow ticking, sheets, comforters, bedspreads, linings, pajamas, patient gowns, and other items. The demand for greige polyester/cotton printcloth is derived from the demand for these final goods, and it is also affected by the prices of potential substitutes. Three purchasers stated that the demand for their final products that incorporate greige polyester/cotton printcloth had decreased, and one (***) reported that the demand for its products had increased slightly. *** reported that it buys much less now than in the 1980s because it upgraded its product line and moved to heavier fabrics; it only uses printcloth for its lower-priced economy apparel. *** reported that it currently uses less printcloth for its printing and dyeing needs. No purchaser anticipated any future changes in the end uses of greige polyester/cotton printcloth.

*** stated that many cut-and-sew operations had relocated to other countries. *** stated that production of products using greige polyester/cotton printcloth as an input had shifted out of the United States and that these manufacturers are sourcing inputs closer to their plants. Consequently, demand for greige polyester/cotton printcloth is likely to continue its decline in the United States, but is likely to increase worldwide because of rising end-product demand.

Purchasers were asked to report the cost share of greige polyester/cotton printcloth in the total cost of items that they produce. Responses varied from 25 percent for comforters and sheets, to 50 percent for pillows, to 70 percent for pillow ticking and bedspreads, and to 85 percent for apparel components.

Purchasers were asked to report any products that could be substituted for greige polyester/cotton printcloth in the production of their products. Purchasers cited 100-percent cotton cloth, chief weight polyester, nonwoven fabric, and polyester/cotton printcloth with texturized polyester filling as possible substitutes. *** stated that substitution takes place more readily when the blend level is not the primary concern. It added that the technology to produce polyester and nonwoven fabrics had improved and that it expects these substitutes to continue to improve and to become more important in the market.

Purchasers reported that substitution among different blend levels of printcloth was common.² Manufacturers and customers usually accept changes in blend levels of 5 to 10 percent without reservations. Blends of 55 percent polyester/45 percent cotton and 55 percent cotton/45 percent polyester are often substituted for the 50-50 product without affecting performance of the cloth. A printcloth of 65-70 percent polyester and 30-35 percent cotton is also on the market. Although this product is sometimes substituted for 50-50 printcloth, it is not typically substituted because the difference in blend level is too large.

Changes in Demand for Greige Polyester/Cotton Printcloth

*** reported that demand for greige polyester/cotton printcloth had increased since 1983 due to population increases. Other U.S. producers reported that demand had decreased. Four purchasers stated that demand for greige polyester/cotton printcloth had decreased since 1983; none reported that it had increased. Purchasers stated that more finished goods that incorporate greige polyester/cotton printcloth were being imported in the United States at low prices; thus, while demand for greige polyester/cotton printcloth may be strong in developing countries, the demand for greige polyester/cotton printcloth is weak in the domestic market. Domestic interested parties stated that customers appear to be shifting preferences toward cotton-rich printcloth, although the domestic demand for greige polyester/cotton printcloth is declining.³

Three purchasers stated that they purchased greige polyester/cotton printcloth before 1983, and all three reported that their pattern of purchasing was essentially unchanged. When asked whether their pattern of purchasing greige polyester/cotton printcloth from nonsubject foreign sources had changed since 1983, three purchasers reported that their pattern of purchasing was essentially unchanged, and one purchaser reported that it did not purchase from nonsubject sources before or after the order. *** reported changing its pattern of purchasing from nonsubject countries but for reasons other than the antidumping duty order. It stated that it purchases based on total cost, including quality, and that its approach is neutral as to which country is the source of the product. When asked whether their pattern of purchasing greige polyester/cotton printcloth from domestic sources had changed since 1983, three purchasers reported that their pattern of purchasing was essentially unchanged, and two purchasers reported that their pattern of purchasing was essentially unchanged, and two purchasers reported that their pattern of purchasing was essentially unchanged, and two purchasers reported that their pattern of purchasing was essentially unchanged, and two purchasers reported that their pattern of purchases from domestic sources changed for reasons other than the order. *** reported that its pattern is changing because of the loss of domestic production and differences in total costs and that it cannot determine the effects of the antidumping duty order. *** reported that it purchases based primarily on price; it buys domestically produced product when convenient and to supplement its purchases of imports when they are delayed.

The Commission asked purchasers to report the quantity and value of their purchases of greige polyester/cotton printcloth of chief weight cotton and all greige polyester/cotton printcloth by source. *** provided usable data (table II-1). These purchasers reported that most purchases of greige polyester/cotton printcloth of chief weight cotton were from nonsubject sources and that most purchases of all greige polyester/cotton printcloth were from domestic sources except in 2004 when they bought more from nonsubject sources. Unit values of the domestic product were higher than those of imports from China in four out of six years for greige polyester/cotton printcloth of chief weight cotton and higher in five out of six years for all greige polyester/cotton printcloth. Domestic unit values were higher than those of nonsubject imports for two out of six years for greige polyester/cotton printcloth. Some of the differences in unit values could be attributed to a different quality mix. Although greige polyester printcloth is

² "Substitution of Different Blends: Some Purchasers' Opinions," staff notes, April 12, 2005.

³ Domestic interested parties' posthearing brief, pp. 7, 8, and 11. This perception appears to be based on a statement by a representative of Dan River, as reported on page 8, footnote 27 of the brief.

generally considered to be a commodity product, differences in thread count and other factors affect quality and price.

Purchasers were asked if buying a product produced in the United States was important in selecting the supplier of greige polyester/cotton printcloth. Three purchasers reported that it was not important to buy domestically produced greige polyester/cotton printcloth, and two reported that it was important. *** reported that some purchases of U.S.-produced greige polyester/cotton printcloth are required by law, such as under "Buy America" provisions, and that these purchases account for *** of its purchases of greige polyester/cotton printcloth. *** stated that NAFTA and other U.S. trade agreements influence the source of its purchases of greige polyester/cotton printcloth.

Table II-1

Greige polyester/cotton	printcloth: Re	eported purc	hases, by source	s and by types	. 1999-2004
		sportoa paro	na000, sy 00a 00	o ana by typoo	, 1000 2004

	United	United States		ina	Nonsubject		
Year	Unit value (per 1,000 square yards)	Quantity (1,000 square yards)	Unit value (per 1,000 square yards)	Quantity (1,000 square yards)	Unit value (per 1,000 square yards)	Quantity (1,000 square yards)	
			Chief weig	ght cotton			
1999	\$0.47	127	\$0.39	906	\$0.38	11,321	
2000	0.35	360	0.33	2,142	0.37	9,810	
2001	0.24	287	0.36	531	1.09	9,821	
2002	0.39	298	0.25	508	1.21	9,320	
2003	0.38	284	0.26	713	0.33	10,689	
2004	0.33	1,324	0.41	54	1.01	12,428	
		All g	reige polyeste	er/cotton printo	loth		
1999	0.41	23,150	0.39	906	0.38	11,321	
2000	0.41	27,244	0.33	2,142	0.37	9,810	
2001	0.34	24,206	0.36	531	1.09	9,821	
2002	0.37	17,985	0.25	508	1.21	9,320	
2003	0.36	15,531	0.26	713	0.33	10,689	
2004	0.81	10,984	0.41	54	1.01	12,428	
Source: Comp	iled from data sub	mitted in respon	se to Commissio	n questionnaires			

Purchasers were asked what effects revocation of the antidumping duty order for greige polyester/cotton printcloth would have on the activities of their firms and on the entire U.S. market. *** reported that there would be no change and that domestic mills would continue to close. *** stated that revocation of the order would lead it to import more greige polyester/cotton printcloth from China and elsewhere and that more domestic mills would close. *** stated that there would be very little effect over the next three years because of already changed market conditions.

Domestic interested parties stated that the antidumping duty order especially confers an advantage on domestic producers if prices for polyester fiber continue to exceed those for cotton and if demand for cotton-rich printcloth increases.⁴ If demand is strong for cotton-rich printcloth and if prices of cotton fiber continue to be less than the polyester prices (see discussion in Part V), domestic manufacturers will reportedly be able to take advantage of the increased demand and relatively lower cotton prices by switching to cotton-rich blends; however, the antidumping order will allegedly prevent Chinese producers from taking advantage of these relative changes.⁵

SUBSTITUTABILITY ISSUES

Domestically produced greige polyester/cotton printcloth is believed to be largely substitutable with the similar product imported from China. However, available information indicates that the quality of imported greige polyester/cotton printcloth from China may be lower in some instances and that domestic producers respond more quickly to problems that might occur in shipping.

Purchasers were asked to list, in order of their importance, the three major factors that they consider when purchasing greige polyester/cotton printcloth. Price and quality were listed most frequently as the number one factor (table II-2).

Table II-2 Greige polyester/cotton printcloth: R

Greige polyester/cotton printcloth	Ranking of factors used in purchasing decisions, as reported
by U.S. purchasers	

	Number of firms reporting						
Factor	Number one factor	Number two factor	Number three factor				
Availability	1	0	1				
Delivery	0	3	0				
Price	2	1	2				
Quality	2	1	1				
Source: Compiled from dat	a submitted in response to Co	mmission questionnaires.					

The Commission asked purchasers to rate the importance of 15 purchase factors (table II-3). Availability, price, quality meets industry standards, and reliability of supply appear to be the most important factors, with delivery terms and product consistency close behind.

⁴ Domestic interested parties' posthearing brief, pp. 9-11.

⁵ Ibid.

Table II-3Greige polyester/cotton printcloth: Importance of purchase factors, as reported by U.S.purchasers

	Number of firms reporting						
Factor	Very important	Somewhat important	Not important				
Availability	5	0	0				
Delivery terms	4	1	0				
Delivery time	3	2	0				
Discounts offered	0	2	3				
Extension of credit	0	1	4				
Price	5	0	0				
Minimum quantity requirements	0	3	2				
Packaging	0	2	3				
Product consistency	4	1	0				
Quality meets industry standards	5	0	0				
Quality exceeds industry standards	1	3	1				
Product range	0	1	4				
Reliability of supply	5	0	0				
Technical support/service	0	2	3				
U.S. transportation costs	1	0	4				
Source: Compiled from data submitted i	n response to Commis	sion questionnaires.					

Purchasers were asked to compare U.S.-produced greige polyester/cotton printcloth with the similar product imported from China with respect to the previously mentioned 15 purchase factors (table II-4). Most responding purchasers considered the domestic product to be superior with respect to delivery terms, delivery time, product consistency, reliability of supply, and technical support/service. Most responding purchasers considered the domestic product inferior with respect to lower price and generally comparable on the other factors.

Purchasers were asked to report if greige polyester/cotton printcloth from domestic and other sources is used interchangeably. Four responding purchasers reported that greige polyester/cotton printcloth from the United States, China, and nonsubject sources is always used interchangeably, and one purchaser (***) reported that it is frequently used interchangeably. Three U.S. producers, in response to the same question, reported that greige polyester/cotton printcloth, whether produced in the United States, China, or nonsubject countries, is always interchangeable, while *** reported that greige polyester/cotton printcloth from these same sources is frequently interchangeable.

Purchasers were asked if they ever specifically order greige polyester/cotton printcloth from one country in particular over other possible sources of supply. Four purchasers responded in the negative, and *** stated that it prefers to purchase from the United States because of quicker service and quicker resolution of problems. It added that it would pay a small premium to buy from suppliers that provide

Table II-4

Greige polyester/cotton printcloth: Comparisons between U.Sproduced and subject Chinese
products, as reported by U.S. purchasers

	Number of firms reporting						
Factor	U.S. superior	Comparable	U.S. inferior				
Availability	1	2	0				
Delivery terms	2	1	0				
Delivery time	2	1	0				
Discounts offered	0	2	1				
Extension of credit	0	3	0				
Price ¹	1	0	2				
Minimum quantity requirements	0	3	0				
Packaging	1	2	0				
Product consistency	2	1	0				
Quality meets industry standards	0	3	0				
Quality exceeds industry standards	1	2	0				
Product range	0	2	0				
Reliability of supply	2	1	0				
Technical support/service	2	1	0				
U.S. transportation costs	1	2	0				
¹ A rating of superior means that the	price is generally lower	r. For example, if a firm rep	oorts "U.S. superior," this				

¹ A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the price of the imported item from China.

Source: Compiled from data submitted in response to Commission questionnaires.

better service and resolution of problems. No purchaser reported that certain grades, types, or sizes of greige polyester/cotton printcloth were only available from a single source. *** stated that the quality of imports of greige polyester/cotton printcloth from China was sometimes questionable and that it preferred to source cloth to be dyed from Indonesia and the United States.

Purchasers were asked how frequently domestically produced greige polyester/cotton printcloth meets minimum quality standards. Three purchasers reported that it always meets minimum standards; *** reported that it usually meets minimum standards; and *** stated that it sometimes meets minimum standards. When posed the similar question regarding subject imported greige polyester/cotton printcloth, three purchasers reported that it usually meets minimum standards; *** reported that it always meets minimum standards; and *** stated that it sometimes meets minimum standards; and *** stated that it sometimes meets minimum standards; and *** stated that it sometimes meets minimum standards. Indonesia, Pakistan, and Thailand were also cited as potential sources of supply, and greige polyester/cotton printcloth from these sources, reportedly, usually met minimum standards.

PART III: CONDITION OF THE U.S. INDUSTRY

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization of greige polyester/cotton printcloth are presented in table III-1.¹ Reported U.S. capacity utilization of greige polyester/cotton printcloth of chief weight cotton increased in each year, from *** percent in 2000 to *** percent in 2004. Capacity utilization rates for all greige polyester/cotton printcloth ranged from a low of 45.6 percent in 2004 to a high of 66.0 percent in 2000. U.S. producers' capacity to produce all greige polyester/cotton printcloth far exceeded apparent U.S. consumption in each year during 1999-2004.

Table III-1

Greige polyester/cotton printcloth: U.S. producers' capacity, production, and capacity utilization, 1999-2004

_		Calendar year						
ltem	1999	2000	2001	2002	2003	2004		
	Greige polyester/cotton printcloth of chief weight cotton							
Capacity (<i>1,000 square yards)</i>	***	***	***	***	***	***		
Production (<i>1,000 square yards)</i>	***	***	***	***	***	***		
Capacity utilization (percent)	(1)	***	***	***	***	***		
		All grei	ige polyeste	er/cotton pri	ntcloth			
Capacity (<i>1,000 square yards)</i>	743,797	808,370	852,759	948,276	701,910	643,952		
Production (1,000 square yards)	480,488	533,636	557,892	572,381	384,093	293,923		
Capacity utilization (percent)	64.6	66.0	65.4	60.4	54.7	45.6		
¹ Not applicable. Source: Compiled from data subr	nitted in respo	onse to Comm	ission questio	nnaires.				

¹*** was the only reporting U.S. producer that produced greige polyester/cotton printcloth of chief weight cotton. The other four firms responding to the Commission's producers' questionnaire typically produced only greige polyester/cotton printcloth of other than chief weight cotton.

Two producers, *** and ***, reported plant closings since September 16, 1983, the date on which the antidumping duty order under review became effective.² *** closed plants ***, and *** closed ***.³ *** reported that it has *** curtailed its production of greige polyester/cotton printcloth due to pricing pressures caused by customers sourcing more of their business from overseas suppliers, such as manufacturers in China. *** further indicated that because of increasing availability of imported printcloth at prices considerably less than the domestically produced product, even after the duty, the firm expects more pressure to reduce production of greige polyester/cotton printcloth and will probably have to switch to other products and/or reduce production capacity.⁴ *** reported that it continually evaluates the merits of maintaining its domestic manufacturing base versus importing greige polyester/cotton printcloth and/or related finished products. *** reported that it could reduce or close certain manufacturing operations in 2005 and 2006, but if such changes occur, they could be due to much broader factors than the company's imports or production requirements of the subject product.⁵ *** reported that through capital expenditures the company has been able to *** increase production capacity of its ***. *** further indicated that with the removal of quotas the company has seen a continuing decline in the demand for its product, and to remain competitive in the market it has had to sell at or below cost.⁶ The responding domestic producers reported no toll agreements since January 1, 1999, and no U.S. production of greige polyester/cotton printcloth in U.S. foreign trade zones.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS

As previously stated, *** was the only reporting U.S. producer that produces greige polyester/cotton printcloth *** of chief weight cotton (***). *** reported that in the 1990s its customers wanted printcloth blend to be about 50/50 cotton/polyester, but the trend in recent years has been towards the chief weight cotton. It changed production to satisfy the demand.⁷ The company further stated that in 1999 it produced no printcloth with a cotton content greater than 50 percent, and its highest threads per inch were ***.⁸ *** printcloth shipments-***-- of chief weight cotton grew annually from 2000 to 2004, increasing from *** million square yards, valued at \$*** million, to *** million square yards, valued at \$*** million, as shown in the following tabulation:

*** U.S. shipments	1999	2000	2001	2002	2003	2004
Quantity (1,000 square yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per square yard)	\$***	\$***	\$***	\$***	\$***	\$***

² Domestic interested parties stated that numerous U.S. producers of greige polyester/cotton printcloth, including CMI Industries, Mayfair Mills, and Spartan Mills have left the business entirely, while others, including Alice, Greenwood Mills, and Inman Mills, have closed printcloth mills. Domestic interested parties' May 5, 2004 Response to the Office of Investigations' Request for Information, p. 4.

³ *** producers' questionnaire response, sections II-2 and II-3.

⁴ *** producers' questionnaire response, sections II-2 and II-3.

⁵ *** producers' questionnaire response, sections II-2 and II-3.

⁶ *** producers' questionnaire response, sections II-2 and II-3.

⁷ E-mail response from ***, February 28, 2005.

⁸ E-mail response from ***, March 6, 2005.

As shown in table III-2, total shipments of all greige polyester/cotton printcloth fluctuated from a low of *** million square yards, valued at \$*** million, in 2004 to a high of million square yards, valued at \$*** million, in 2002. Only *** reported *** exports during the review period, all going to Mexico. *** has two *** in Mexico, both producing ***, primarily for sale in Mexico.⁹ *** reported negligible exports to Mexico and Canada.

Table III-2

All greige polyester/cotton printcloth: U.S. producers' shipments, by type, 1999-2004

Item	Calendar year										
	1999	2000	2001	2002	2003	2004					
		Quantity (1,000 square yards)									
Commercial shipments	***	***	***	***	***	***					
Internal consumption	***	***	***	***	***	***					
U.S. shipments	456,249	542,401	535,801	534,096	371,349	314,375					
Export shipments	***	***	***	***	***	***					
Total shipments	***	***	***	***	***	***					
			Value (1,00	00 dollars)							
Commercial shipments	***	***	***	***	***	***					
Internal consumption	***	***	***	***	***	***					
U.S. shipments	178,004	220,999	214,731	209,191	140,856	112,231					
Export shipments	***	***	***	***	***	***					
Total shipments	***	***	***	***	***	***					
		Ur	nit value (<i>per</i>	r square yar	d)						
Commercial shipments	\$***	\$***	\$***	\$***	\$***	\$***					
Internal consumption	***	***	***	***	***	***					
U.S. shipments	0.39	0.41	0.40	0.39	0.38	0.36					
Export shipments	***	***	***	***	***	***					
Average	***	***	***	***	***	***					
Source: Compiled from data s	submitted in resp	conse to Com	mission questio	onnaires.							

⁹ E-mail response from ***, March 7, 2005.

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of greige polyester/cotton printcloth for the review period are presented in table III-3.

Table III-3

Greige polyester/cotton printcloth: U.S. producers' end-of-period inventories, 1999-2004

		Calendar year							
ltem	1999	2000	2001	2002	2003	2004			
	Greige p	oolyester/c	otton prin	tcloth of c	hief weigh	t cotton			
Inventories (1,000 square yards)	***	***	***	***	***	***			
Ratio to production (percent)	(1)	***	***	***	***	***			
Ratio to U.S. shipments (percent)	(1)	***	***	***	***	***			
Ratio to total shipments (percent)	(1)	***	***	***	***	***			
		All greige polyester/cotton printcloth							
Inventories (1,000 square yards) ²	73,997	62,830	83,864	108,715	105,659	66,803			
Ratio to production (percent)	15.4	11.8	15.0	19.0	27.5	22.7			
Ratio to U.S. shipments (percent)	16.2	11.6	15.7	20.4	28.5	21.2			
Ratio to total shipments (percent)	***	***	***	***	***	***			
¹ Not applicable.	•	-		-	-				

² Does not include ***.

Note: Ratios are calculated from firms providing both inventory and production/shipments information.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

*** was the only U.S. producer that responded to the Commission's importers' questionnaire. It reported importing *** square yards of all greige polyester/cotton printcloth, valued at \$***, from Brazil in 2002, and reported ***.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers ("PRW"s) engaged in the production of greige polyester/cotton printcloth and the total hours worked by and wages paid to such PRWs during the period for which data were collected in this review are presented in table III-4.

Table III-4

Greige polyester/cotton printcloth: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, by types, 1999-2004

	Calendar year									
ltem	1999	2000	2001	2002	2003	2004				
	Greige polyester/cotton printcloth of chief weight cotton									
PRWs (<i>number</i>)	***	***	***	***	***	***				
Hours worked (1,000)	***	***	***	***	***	***				
Wages paid (<i>\$1,000</i>)	***	***	***	***	***	***				
Hourly wages	\$***	\$*** \$*** \$*** \$*** \$***								
Productivity (square yards per hour)	***	***	***	***	***	***				
Unit labor costs (per square yard)	\$***	\$***	\$***	\$***	\$***	\$***				
	All greige polyester/cotton printcloth									
PRWs (<i>number</i>)	2,687	2,932	2,919	2,719	1,817	1,776				
Hours worked (1,000)	5,119	5,650	5,382	5,470	3,682	3,481				
Wages paid (<i>\$1,000</i>)	56,657	64,847	62,993	66,541	44,801	37,473				
Hourly wages	\$11.07	\$11.48	\$11.70	\$12.16	\$12.17	\$10.77				
Productivity (square yards per hour)	93.9	94.4	103.7	104.6	104.3	84.4				
Unit labor costs (<i>per square yard</i>)	\$0.12	\$0.12	\$0.11	\$0.12	\$0.12	\$0.13				
Source: Compiled from data submit	tted in respor	nse to Commi	ssion questior	nnaires.						

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Background

One of five reporting U.S. producers (***) supplied financial data on its operations on greige polyester/cotton printcloth of chief weight cotton (***). These data account for virtually all known U.S. production of greige polyester/cotton printcloth of chief weight cotton. In addition, all five responding U.S. producers (***) provided financial data on their operations on all greige polyester/cotton printcloth. These data account for all known U.S. production of all greige polyester/cotton printcloth in 2004.¹⁰ Two firms (Dan River and Springs) reported that ***.

Operations on Greige Polyester/Cotton Printcloth of Chief Weight Cotton

Income-and-loss data for *** on its *** greige polyester/cotton printcloth of chief weight cotton are presented in table III-5.¹¹ The U.S. producer's operating income decreased from \$*** in 2000 to \$*** in 2001, then increased to \$*** in 2002 before once again declining to \$*** and \$***, respectively, in 2003 and 2004. Similarly, the operating income margin declined from *** percent in 2000 to *** percent in 2001, then increased *** to *** percent in 2002 before once again declining to *** and *** percent, respectively, in 2003 and 2004. *** was reported for 1999.¹²

Table III-5

Greige polyester/cotton printcloth of chief weight cotton: Results of operations of U.S. producer ***, fiscal years 1999-2004

* * * * * * *

On a per-unit basis, declines in sales value coupled with either increases in the cost of goods sold ("COGS") or decreases in COGS that were smaller than the decline in value led to reduced gross profits during the review period. Per-unit selling, general, and administrative ("SG&A") expenses declined during the review period, but such declines were smaller than the decline in per-unit gross profit, and thus per-unit operating income declined throughout the period. Despite the per-unit declines in profitability, the increased volume led to an overall increase in gross profit in 2001, as well as increases in gross and operating profits in 2002.

*** 13

Capital Expenditures and Research and Development Expenses

The responding firm's data on capital expenditures and research and development ("R&D") expenses are shown in table III-6. According to ***, the expenditures during the last five years were for

¹⁰ U.S. producers and their fiscal year ends are ***.

¹¹ *** reported that its *** of greige polyester/cotton printcloth of chief weight cotton reflect printcloth that is *** percent cotton by weight in each year for which data were reported.

¹² ***.

¹³ E-mail response from ***, February 28, 2005.

***. Capital expenditures were cut back during the later part of the review period due to declining profitability.¹⁴ No R&D expenses were reported by ***.

Table III-6

Greige polyester/cotton printcloth of chief weight cotton: Capital expenditures and research and development expenses of U.S. producer ***, fiscal years 1999-2004

* * * * * * *

Operations on All Greige Polyester/Cotton Printcloth

Income-and-loss data for U.S. producers on their operations on all greige polyester/cotton printcloth are presented in table III-7. Selected financial data, by firm, are presented in table III-8. ***.

The domestic industry's aggregate operating income decreased from \$16.8 million in 1999 to a \$3.6 million loss in 2004, and the aggregate operating margin similarly declined from 8.4 percent in 1999 to a negative 3.0 percent in 2004.

The quantity of net sales of all greige polyester/cotton printcloth increased irregularly by 16 percent from 1999 to 2002 before declining by 39 percent from 2002 to 2004. Throughout the review period, the majority of sales represent internal consumption. In 2004, *** percent of both the sales quantity and sales value was internally consumed.

On a per-unit basis, net sales value decreased during the review period. Per-unit COGS increased from 1999 to 2001 before declining irregularly from 2001 to 2004, resulting in generally declining gross profits throughout the review period. Raw material costs reportedly increased due to higher prices for cotton and manmade staple fibers (due to higher oil prices).¹⁵ Per-unit SG&A expenses declined during the review period, but such declines were generally smaller than the decline in per-unit gross profit and thus per-unit operating income generally declined throughout the period.

¹⁴ E-mail response from ***, February 25, 2005.

¹⁵ Voice mail response from ***, March 3, 2005.

Table III-7 All greige polyester/cotton printcloth: Results of operations of U.S. producers, fiscal years 1999-2004

	Fiscal year								
Item	1999	2000	2001	2002	2003	2004			
	Quantity (1,000 square yards)								
Net sales:									
Commercial sales	***	***	***	***	***	***			
Internal consumption	***	***	***	***	***	***			
Total net sales	472,480	562,987	528,656	545,658	404,835	330,987			
	Value (\$ <i>1,000</i>)								
Net sales:									
Commercial sales	***	***	***	***	***	***			
Internal consumption	***	***	***	***	***	***			
Total net sales	200,266	231,550	215,135	214,547	156,818	119,869			
Cost of goods sold ¹	170,966	204,309	203,011	200,117	151,432	119,649			
Gross profit	29,300	27,241	12,124	14,430	5,386	220			
SG&A expenses	12,536	13,609	12,211	11,124	6,316	3,779			
Operating income or (loss) ¹	16,764	13,632	(87)	3,306	(930)	(3,559)			
Interest expense	3,186	3,684	3,223	2,331	1,158	505			
Other income/(expense), net 12	(4,267)	(3,520)	(3,100)	(2,435)	(1,194)	(545)			
Net income or (loss)	9,311	6,428	(6,410)	(1,460)	(3,282)	(4,609)			
Depreciation/amortization	14,796	15,976	15,724	12,825	7,340	3,529			
Cash flow	24,107	22,404	9,314	11,365	4,058	(1,080)			
Table continued.									

Table III-7--Continued

All greige polyester/cotton printcloth: Results of operations of U.S. producers, fiscal years 1999-2004

	Fiscal year							
Item	1999	2000	2001	2002	2003	2004		
	Ratio to net sales (percent)							
Cost of goods sold ¹	85.4	88.2	94.4	93.3	96.6	99.8		
Gross profit	14.6	11.8	5.6	6.7	3.4	0.2		
SG&A expenses	6.3	5.9	5.7	5.2	4.0	3.2		
Operating income or (loss) ¹	8.4	5.9	(0.0)	1.5	(0.6)	(3.0		
Net income or (loss)	4.6	2.8	(3.0)	(0.7)	(2.1)	(3.8		
		Val	ue (<i>per 1,000</i>	square yard	s)			
Net sales:								
Commercial sales	\$***	\$***	\$***	\$***	\$***	\$**		
Internal consumption	***	***	***	***	***	**		
Total net sales	424	411	407	393	387	36		
Cost of goods sold ¹								
Raw materials	155	145	153	155	161	18		
Direct labor	72	66	68	62	68	6		
Other factory costs	135	152	164	150	145	114		
Total cost of goods sold	362	363	384	367	374	36		
Gross profit	62	48	23	26	13			
SG&A expenses	27	24	23	20	16	1		
Operating income or (loss) ¹	35	24	(0)	6	(2)	(11		
Net income or (loss)	20	11	(12)	(3)	(8)	(14		
	Number of firms reporting							
Operating losses	***	***	***	***	***	**		
Data	5	5	5	5	5	:		

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-8All greige polyester/cotton printcloth:Results of operations of U.S. producers, by firm, fiscal years1999-2004

* * * * * * *

Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development expenses are shown in table III-9. Capital expenditures declined irregularly from \$9.5 million in 1999 to \$260,000 in 2004. According to ***.¹⁶ According to ***.¹⁷ R&D expenses were only reported by ***.

Table III-9

All greige polyester/cotton printcloth: Capital expenditures and research and development expenses of U.S. producers, fiscal years 1999-2004

Item	Fiscal year							
	1999	2000	2001	2002	2003	2004		
		Value (<i>\$1,000</i>)						
Capital expenditures	9,470	5,512	3,132	3,327	2,213	260		
R&D expenses	***	***	***	***	***	***		
R&D expenses Source: Compiled from data s					***			

Assets and Return on Investment

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of all greige polyester/cotton printcloth to compute return on investment. Although return on investment ("ROI") can be computed in many different ways, a commonly used method is income divided by total assets. Therefore, ROI is calculated as operating income divided by total assets used in the production, warehousing, and sale of greige polyester/cotton printcloth.

Data on the U.S. greige polyester/cotton printcloth producers' total assets and their ROI are presented in table III-10. The total assets utilized in the production, warehousing, and sale of greige polyester/cotton printcloth increased from \$156 million in 1999 to \$158 million in 2000 and then declined to \$76 million in 2004. The ROI declined from 10.8 percent in 1999 to a negative 0.1 percent in 2001, then increased 2.5 percentage points in 2002 before declining to a negative 4.7 percent in 2004. The trend of ROI was the same as the trend of the operating income margin during the reporting period.¹⁸

¹⁶ E-mail response from ***, February 28, 2005.

¹⁷ E-mail response from ***, March 1, 2005.

¹⁸ The reported declines in finished goods inventory and property, plant and equipment during the second half of the review period are due in part to ***.

Table III-10 All greige polyester/cotton printcloth: Value of assets and return on investment of U.S. producers, fiscal years 1999-2004

	Fiscal year								
ltem	1999	2000	2001	2002	2003	2004			
	Value (<i>\$1,000</i>)								
Value of assets:									
Current assets:									
Cash and equivalents	8,808	7,701	4,771	3,731	2,548	2,284			
Accounts receivable, net	14,462	10,707	10,084	9,277	6,289	3,443			
Inventories (finished goods)	21,286	20,874	20,590	13,869	10,424	5,338			
Inventories (raw materials and work in process)	8,484	7,722	5,800	4,317	4,325	2,916			
Short-term investments	0	0	2,442	1,836	0	0			
Prepaid expenses	44	128	103	112	123	88			
Other	310	503	153	203	176	73			
Total current assets	53,394	47,635	43,943	33,345	23,885	14,142			
Property, plant and equipment:									
Original cost	241,925	280,728	321,876	297,731	196,368	149,121			
Less: Accumulated depreciation	139,731	170,103	212,238	192,961	127,907	88,153			
Book value	102,194	110,625	109,638	104,770	68,461	60,968			
Other non-current assets	31	146	38	941	824	653			
Total assets	155,619	158,406	153,619	139,056	93,170	75,763			
Operating income or (loss)	16,764	13,632	(87)	3,306	(930)	(3,559)			
	Percent								
Return on investment	10.8	8.6	(0.1)	2.4	(1.0)	(4.7)			
Source: Compiled from data submitte	ed in response	to Commiss	on questionn	aires.					

PART IV: U.S. IMPORTS AND THE INDUSTRY IN CHINA

U.S. IMPORTS

Import data presented in this report are from official Commerce statistics, as importers' questionnaire responses received to date are incomplete.¹ Table IV-1 shows that the volume of U.S. imports of greige polyester/cotton printcloth of chief weight cotton from China totaled 3.1 million square yards, valued at \$1.3 million, in 2004.

Table IV-2 presents imports of all greige polyester/cotton printcloth, by sources. Domestic interested parties stated that imports of 50/50 greige polyester/cotton printcloth under HTS statistical reporting number 5513.11.0060 (of chief weight polyester) are indistinguishable from and readily substitutable for what they term as 50/50 cotton/polyester printcloth (of chief weight cotton) provided for under HTS statistical reporting number 5210.11.6060.² Table IV-2 shows that the volume of all greige polyester/cotton printcloth from China increased from 5.9 million square yards in 1999 to 25.1 million square yards in 2004, or by 328 percent.³ During the same period, the value of U.S. imports from China increased by 276 percent.

U.S. IMPORTERS' INVENTORIES

The two importers responding to the Commissions' questionnaire did not report inventory data.

U.S. IMPORTERS' IMPORTS AND ORDERS SINCE DECEMBER 31, 2004

Importers reported that they had not imported or arranged for the importation of greige polyester/cotton printcloth of chief weight cotton from China for delivery after December 31, 2004.

PRODUCERS IN CHINA

Domestic interested parties cited eight firms in China that may have produced the subject product, of which one firm, the China National Textiles Import and Export Corporation (Chinatex), is the sole known Chinese greige polyester/cotton printcloth exporter.⁴ Commission staff attempted to contact Chinatex directly and through official channels, but received no response.

As noted in a recent Commission study involving the Chinese textile industry,⁵ China is the world's largest producer of textiles, with \$35.8 billion in exports in 2004, an increase of more than

¹ The two responding U.S. importers did not report imports and/or orders since December 31, 2004.

² Domestic interested parties' Response to the Notice of Institution of the Five-Year Sunset Review, p. 5. HTS statistical reporting number 5573.11.0060 covers product of over 50 percent but not over 85 percent in chief weight polyester.

³ Domestic interested parties contend that the rise in imports of chief weight polyester production from China is "inflated because they include imports of 65/35 and other polyester rich blends, that are not substitutable with either 50/50 or ***." Domestic interested parties' posthearing brief, p. 9.

⁴ Domestic interested parties' Response to Request for Information, May 5, 2004, pp. 2 and 3.

⁵ Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-5.

-	Calendar year								
Source	1999	2000	2001	2002	2003	2004			
		Quantity (1,000 square yards)							
China	387	0	0	3,788	1,283	3,147			
Pakistan	19,034	4,999	12,993	37,257	23,981	11,720			
Thailand	14,938	5,824	7,488	5,845	6,280	8,73			
Indonesia	12,830	8,246	3,186	8,951	6,665	5,524			
All other sources	1,676	3,555	1,691	4,312	1,147	19			
Total	48,864	22,624	25,358	60,152	39,356	29,15 ⁻			
		Value (<i>\$1,000</i>) ²							
China	152	0	0	945	414	1,26			
Pakistan	5,509	1,623	3,560	11,136	7,595	4,314			
Thailand	4,792	1,438	2,092	1,941	1,997	2,81			
Indonesia	3,606	2,459	742	2,369	1,824	1,47			
All other sources	550	1,260	532	1,564	344	3			
Total	14,609	6,780	6,926	17,956	12,174	9,893			
	Unit value (per square yard)								
China	\$0.39	(3)	(3)	\$0.25	\$0.32	\$0.40			
Pakistan	0.29	\$0.32	\$0.27	0.30	0.32	0.3			
Thailand	0.32	0.25	0.28	0.33	0.32	0.3			
Indonesia	0.28	0.30	0.23	0.25	0.27	0.2			
All other sources	0.33	0.35	0.31	0.36	0.30	1.6			
Average	0.30	0.30	0.27	0.30	0.31	0.3			

 Table IV-1

 Greige polyester/cotton printcloth of chief weight cotton:1
 U.S. imports, by sources, 1999-2004

¹ Import data presented for 1999-2004 are for HTS statistical reporting number 5210.11.6060; such imports are in chief weight (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.

²Landed, duty-paid.

³ Not applicable.

Note.-Because of rounding, figures may not add to the totals shown.

Source: Compiled from official Commerce statistics.

-		Calendar year							
Source	1999	2000	2001	2002	2003	2004			
	Quantity (1,000 square yards)								
China	5,855	17,132	18,493	29,769	16,880	25,086			
Pakistan	28,877	13,242	23,451	41,440	30,849	16,813			
Thailand	18,728	9,855	7,488	7,870	6,737	8,735			
Indonesia	13,269	9,521	3,621	10,253	7,070	5,783			
All other sources	1,866	3,881	1,776	4,410	1,174	32			
Total	68,595	53,631	54,830	93,743	62,709	56,449			
		Value <i>(\$1,000)</i> ²							
China	2,008	5,261	4,583	6,742	4,679	7,553			
Pakistan	8,173	3,819	6,319	12,396	9,881	6,076			
Thailand	5,884	2,676	2,092	2,481	2,126	2,811			
Indonesia	3,734	2,898	882	2,749	1,965	1,577			
All other sources	809	1,548	576	1,600	361	48			
Total	20,608	16,202	14,452	25,968	19,012	18,064			
		Unit value (per square yard)							
China	\$0.34	\$0.31	\$0.25	\$0.23	\$0.28	\$0.30			
Pakistan	0.28	0.29	0.27	0.30	0.32	0.36			
Thailand	0.31	0.27	0.28	0.32	0.32	0.32			
Indonesia	0.28	0.30	0.24	0.27	0.28	0.27			
All other sources	0.43	0.40	0.32	0.36	0.31	1.50			
Average	0.30	0.30	0.26	0.28	0.30	0.32			

Table IV-2 All areige polyester/cotton printcloth:¹ U.S. imports. by sources. 1999-2004

¹ Import data presented for 1999-2004 are for HTS statistical reporting numbers 5210.11.6060 and 5513.11.0060. ² Landed, duty-paid.

Note.-Because of rounding, figures may not add to the totals shown.

Source: Compiled from official Commerce statistics.

25 percent from 2003.⁶ China, in upgrading its textile production capacity, was the world's largest investor in new spinning and weaving equipment during 1997–2001. China is highly price competitive in sector goods, with its large supply of low-cost labor and raw materials.

China's textile sector, which is concentrated in the coastal areas of the country, encompasses all segments of the supply chain from the production of raw materials (e.g., cotton and manmade fibers) to the manufacture of yarns and fabrics. In 2002, the China National Textile Industry Council (CNTIC) estimated that there were about 15 million workers in the Chinese textile and apparel sector.

Between 1990 and 2002, China's production of cotton yarn (including blends) grew at an average annual rate of 8.8 percent, to 8.5 million tons, while its production of cotton and manmade-fiber fabrics grew at an average annual rate of 4.6 percent, to 32.2 billion meters.⁷

In 2000, China's state-owned enterprises (SOEs) in the textile sector reportedly had excess capacity and employment and used outdated technology.⁸ Previously, in a 1998 effort to increase efficiencies and reduce costs, the SOEs had eliminated 1.5 million jobs and large numbers of obsolete spindles and installed newer production technologies,⁹ to some effect.

China's large fabric-weaving industry reportedly was beset in 2003 by low fabric quality and limited fabric variety, design, and innovation.¹⁰ China has been the world's largest purchaser of new weaving equipment in recent years, accounting for 72 percent of world shipments of new shuttleless looms in 2002 and 71 percent in 2003.¹¹ Yet, as of early 2003, shuttleless looms represented only about 20 percent of China's installed weaving capacity and one-third of the installed looms in the cotton sector.¹² Moreover, capacity utilization rates at that time reportedly averaged a low 30 percent in the

⁹ Representatives of the Chinese State Economic and Trade Commission, interview by USITC staff, Beijing, February 16, 2003, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7; U.S. Department of State telegram 3981, "China's Textile Industry After Quotas," prepared by U.S. Embassy, Beijing, April 30, 2002, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7.

¹⁰ Representatives of the Chinese Cotton Textile Association, interview by USITC staff, Beijing, February 19, 2003, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7.

¹¹ ITMF, *International Textile Machinery Shipment Statistics*, vol. 25/2002, and selected back issues, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7; "China Is Still the Largest Buyer of Textile Machinery of the World in 2003," found at <u>http://www.chinatex.com/txt/a-13.txt</u> (accessed February 16, 2005).

¹² CNTIC, "Outlines of the Textile Industry in China," p. 20, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication (continued...)

⁶ Statistic Center of China Textile Industry Council, found at <u>http://www.chinatex.com/txt/c6.txt</u> (accessed February 16, 2005).

⁷ CNTIC, "Outlines of the Textile Industry in China" (briefing paper prepared for USITC staff), February 19, 2003, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-6.

⁸ U.S. Department of State telegram 2711, "SOE Reform: China Textile Industry Leads the Way!?" prepared by U.S. Embassy, Beijing, March 24, 2000, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7; Zhiming Zhang, "Textiles and Apparel in China: Competitive Threat or Investment Opportunity?" *Textile Outlook International* (United Kingdom: Textiles Intelligence Ltd.), September-October 2002, p. 92, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7.

cotton weaving segment.¹³ Domestic interested parties reported that manufacturers still use primarily ring spinning machines to take full advantage of their abundant supply of cheap labor. Reportedly, these ring spinning machines are capable of producing virtually any blend of greige polyester/cotton printcloth of chief weight cotton.¹⁴

ANTIDUMPING DUTY ORDERS IN THIRD COUNTRIES

There are no known antidumping duty orders on greige polyester/cotton printcloth of chief weight cotton in countries other than the United States.

 $^{^{12}}$ (...continued)

^{3671,} January 2004, p. E-7; representatives of the Chinese Cotton Textile Association, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7.

¹³ Representatives of the Chinese Cotton Textile Association, as cited in *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332-448, USITC Publication 3671, January 2004, p. E-7.

¹⁴ Domestic interested parties' posthearing brief, pp. 11-12.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

Transportation Costs

The difference between the customs value (the f.o.b. value at the foreign port) and the c.i.f. value, which also includes charges for insurance and freight, is an indication of the costs that Chinese exporters of greige polyester/cotton printcloth of chief weight cotton pay to access the U.S. market. Charges for insurance and freight were equivalent to approximately 5.1 percent of the customs value of unbleached printcloth imported from China in 2004.¹

Three U.S. producers of greige polyester/cotton printcloth reported that U.S. inland transportation costs account for, on average, 3.5 percent of the total delivered costs of greige polyester/cotton printcloth. *** reported that the purchaser makes the transportation arrangements, and *** reported that it makes the arrangements to ship greige polyester/cotton printcloth to its customers. Producers reported that ***, ***, and *** percent of their sales occur, respectively, within 100 miles of their storage or production facility, from 101 to 1,000 miles, and over 1,000 miles. Importers did not respond to this question.

Exchange Rates

The Chinese government intervenes in international financial markets to maintain the value of its currency and has fixed its value at approximately 8.3 yuan per dollar since 1994. A couple of producers cited the exchange rate as a factor affecting the demand for U.S.-produced greige polyester/cotton printcloth. For example, *** stated that pegging the Chinese currency to the U.S. dollar is, in effect, an indirect subsidy that decreases the competitiveness of the U.S. product with subject imports from China.

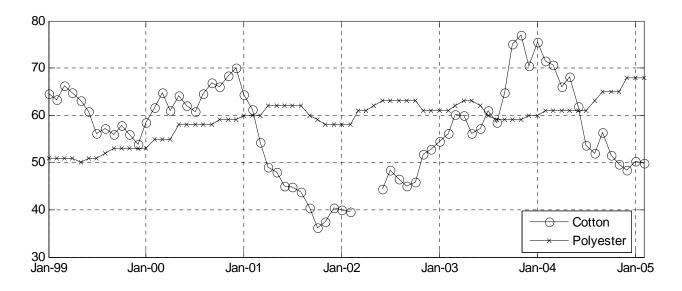
Raw Material Costs

Producers were asked to report the extent that changes in the prices of raw materials affected their selling price of greige polyester/cotton printcloth. *** reported that raw materials are the main cost component and that changes in prices of raw materials immediately affect production costs. Nevertheless, *** reported that they are unable to pass on changes in raw material costs and that demand factors determine the price of greige polyester/cotton printcloth because purchasers have other options. Cotton and polyester fiber are the main raw material inputs.² Cotton prices have been more volatile than polyester prices (figure V-1). Cotton prices have been lower than polyester prices since June 2004; polyester prices have risen irregularly since January 1999.

¹ This figure was estimated from official Commerce data for HTS statistical reporting number 5210.11.6060. Although this is a "basket" category that also includes other products, staff still believe that it is indicative of freight costs to the U.S. market for greige polyester/cotton printcloth.

² Energy costs are another important component.

Figure V-1 Fiber prices (in cents per pound) for mill-delivered cotton and polyester staple, by months, January 1999-February 2005



Note:-No prices were reported for cotton from March to May of 2002.

Source: "Cotton and Wool Outlook," Economic Research Service, USDA, various issues between March 1999 and March 2005.

Staff examined the correlation between U.S. producers' reported prices for greige polyester printcloth not of chief weight cotton ("GPPN")³ and mill-delivered cotton and polyester staple.⁴ There was a weak relationship between the prices of GPPN and mill-delivered cotton, but there was no relationship between the prices of GPPN and mill-delivered polyester staple.⁵

Domestic interested parties stated that the price of polyester fiber will likely continue to exceed the price of cotton fiber.⁶ Mount Vernon anticipates that prices of polyester fiber will continue to increase and that cotton prices will decline.⁷

(continued...)

³ This is pricing product 4, which is described in more detail later in this section. It was the only pricing product for which a full series of data were presented from the first quarter of 1999 to the fourth quarter of 2004.

⁴ Staff constructed quarterly data series for mill-delivered cotton (actual) and polyester staple (actual) to match the time frame for GPPN. The base data are monthly series reported in "Cotton and Wool Outlook," Economic Research Service, USDA, various issues between March 1999 and March 2005.

⁵ The correlation coefficient between GPPN and mill-delivered cotton was 0.53, and it was significantly different from 0. The correlation coefficient between GPPN and mill-delivered polyester staple was -0.087, and it was not significantly different from 0 at traditional levels of confidence.

⁶ Domestic interested parties' posthearing brief, p. 5.

⁷ Domestic interested parties' posthearing brief, Answers to Commission Questions, p. 9. However, exhibit 7 of the posthearing brief shows cotton prices rising, and footnote 37 reports that the Food and Agricultural Policy Research Institute predicts a 1 percent increase in domestic farm prices for cotton during April 2005 to May 2006. Goldman Sachs (Reuters, March 31, 2005, 10:39 AM ET) increased its "super-spike" high for crude oil to \$105 a

Types of Greige Polyester/Cotton Printcloth, Prices of Substitutes, and Price Leaders

Purchasers were asked to compare 50/50 greige polyester/cotton printcloth with greige polyester/cotton printcloth of chief weight cotton. *** reported that the prices of these types of printcloth depend upon the relative prices of polyester and cotton fibers. *** reported that prices are market driven and that there is no difference between prices of 50/50 greige polyester/cotton printcloth and greige polyester/cotton printcloth of chief weight cotton. Three purchasers reported that changes in the prices of potential substitutes had not affected the price of greige polyester/cotton printcloth, and two purchasers reported that they had affected the prices. ***, which answered affirmatively, reported that greige polyester/cotton printcloth is a commodity that has various possible substitutes that can affect its price, although the price of substitutes is usually not an issue. *** alleged that importers manipulate blend levels to manage quota restrictions, which has kept pressure on the prices of U.S.-produced greige polyester/cotton printcloth.

The Commission asked purchasers to identify any firms they considered to be price leaders in the greige polyester/cotton printcloth market since 1983. *** reported that there were no price leaders. *** reported that Greenwood Mills was a price leader for 50/50 domestic blends and that China was a price leader for "55/45" printcloth. *** alleged that W. Gamby and Co. (***) and Alice were price leaders. *** alleged that Alice and Mount Vernon were price leaders.

PRICING PRACTICES

Producers reported negotiating prices for individual transactions and for multiple shipments. They, allegedly, did not offer discounts. Four purchasers reported that purchasing greige polyester/cotton printcloth usually involves negotiations between the supplier and purchaser, and one purchaser (***) reported that purchases did not usually involve such negotiations. *** stated that the seller has an asking price and that the buyer makes an offer and that negotiation takes place to settle terms of payment, price, delivery, etc. *** stated that suppliers typically provide competing prices because the market price is fairly well known, although purchasers may counter with their own prices in the negotiating process.

Producers reported that there were no contracts for multiple deliveries longer than 12 months. Producers reported that from 3 to 30 percent of their sales in 2004 were spot sales and that from 70 to 97 percent were short-term contracts. *** reported that the average duration of these short-term contracts was three months, and *** reported that these contracts last from 3 to 6 months. These contracts fix both price and quantity; price is not renegotiated during the contract period; and contracts do not usually have a meet-or-release provision.

*** reported their typical sales terms as being net 30 days, and *** reported requiring the net amount in 10 days. All producers reported quoting prices on the basis of f.o.b. their warehouses.

The Commission asked purchasers to report how often they purchase greige polyester/cotton printcloth that is offered at the lowest price. Four purchasers reported that they usually make purchases at the lowest price, and one purchaser (***) reported that it sometimes purchases at the lowest price. Purchasers were asked to report how frequently the price of greige polyester/cotton printcloth changes. *** reported that the price could change at any time; *** reported that it occasionally changed; and *** reported that it changed quarterly.

 $^{^{7}}$ (...continued)

barrel. Goldman Sachs also raised its forecasts of crude oil prices on the New York Mercantile Exchange for 2005 and 2006 to \$50 and \$55, respectively, which were up from \$41 and \$40.

PRICE DATA

The Commission asked U.S. producers and importers of greige polyester/cotton printcloth to report the total quantity and f.o.b. value of greige polyester/cotton printcloth shipped to unrelated customers in the U.S. market. Quarterly data were requested from the first quarter of 1999 to the fourth quarter of 2004. U.S. producers were asked to report data for the following four products:

Product 1.–106" 78x60, polyester/cotton printcloth (with 35's yarn in the wrap and the filling), of chief weight cotton;

Product 2.–64" 78x54, polyester/cotton printcloth (with 35's yarn in the wrap and the filling), of chief weight cotton;

Product 3.–106" 78x60, greige polyester/cotton printcloth (with 35's yarn in the wrap and the filling), not of chief weight cotton; and

Product 4.–64" 78x54, greige polyester/cotton printcloth (with 35's yarn in the wrap and the filling), not of chief weight cotton.

Importers were similarly asked to report data for products 1 and 2, but not for products 3 and 4 because these two latter products, which are not of chief weight cotton, are not within the scope of the investigation.

U.S. producers Alice, Hamrick, and Mount Vernon reported pricing data; there were no importer pricing data. No data were reported for products 1, 2, and 3.⁸ Data for product 4, which is not of chief weight cotton, were provided and totaled *** million square yards for the six years. Thus, the only reported data were for product 4 (table V-1 and figure V-2). After being stable during 1999, prices for this product fell during 2000 and 2001 and had decreased by *** percent by the fourth quarter of 2001; since then, prices rose by *** percent by the fourth quarter of 2004.

No direct price comparisons are possible without data on subject imports. However, the Commission did ask purchasers if prices of U.S.-produced greige polyester/cotton printcloth and the similar subject imported product had changed since 1983. Three purchasers reported that prices of greige polyester/cotton printcloth from both sources had changed by the same amount. Two purchasers reported that the price of U.S.-produced greige polyester/cotton printcloth had changed relative to the price of the similar product from China. Those reporting that relative changes had occurred stated that the price of U.S.-produced greige polyester/cotton printcloth is now relatively higher.

⁸ The prehearing report contained data from *** for product 3 sold during 2004, but it was discovered *** that these data represented export sales to Mexico, so these data are not included in this report.

Table V-1

Greige polyester/cotton printcloth not of chief weight cotton: Weighted-average f.o.b. prices and quantities of domestic product 4, by quarters, first quarter 1999-fourth quarter 2004

* * * * * * *

Figure V-2

Greige polyester/cotton printcloth not of chief weight cotton: Weighted-average f.o.b. prices (in dollars per thousand square yards) of U.S.-produced 64" 78x54, greige polyester/cotton printcloth not of chief weight cotton (product 4)

* * * * * * *

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

INTERNATIONAL TRADE COMMISSION

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

Greige Polyester/Cotton Printcloth From China

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on greige polyester/cotton printcloth from China.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (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. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is April 20, 2004. Comments on the adequacy of responses may be filed with the Commission by May 14, 2004. For further information

¹No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 04–5–083, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

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).

DATES: Effective March 1, 2004.

FOR FURTHER INFORMATION CONTACT: Megan Spellacy (202–205–3190) or Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearingimpaired 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). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at http://edis.usitc.gov.

SUPPLEMENTARY INFORMATION:

Background.—On September 16, 1983, the Department of Commerce issued an antidumping duty order on imports of greige polyester/cotton printcloth from China (48 FR 41614). Following five-year reviews by Commerce and the Commission, effective April 26, 1999, Commerce issued a continuation of the antidumping duty order on imports of greige polyester/cotton printcloth from China (64 FR 42661, August 5, 1999). The Commission is now conducting a second review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to this review:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The Subject Country in this review is China.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination, the Commission defined the Domestic Like Product as greige polyester/cotton printcloth in chief value of cotton. In its expedited fiveyear review determination, the Commission defined the Domestic Like Product as the same as Commerce's scope, *i.e.*, greige polyester/cotton printcloth of chief weight cotton.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the Domestic Industry as all domestic producers of greige polyester/cotton printcloth in chief value of cotton. In its expedited five-year review determination, the Commission defined the Domestic Industry as all domestic producers of greige polyester/cotton printcloth of chief weight cotton.

(5) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the review and public service list.—Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the Federal Register. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the Federal Register. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is April 20, 2004. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is May 14, 2004. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the

requirements of sections 201.6 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's 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 APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

Information to Be Provided in Response to This Notice of Institution: As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and Email address of the certifying official.

(2) A statement indicating whether your firmentity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a unionworker group or tradebusiness association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firmentity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the Domestic Industry in general andor your firmentity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries after 1997.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2003 (report quantity data in square yards and value data in U.S. dollars, f.o.b. plant). If you are a union/ worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/ which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2003 (report quantity data in square yards and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s') imports; (b) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2003 (report quantity data in square yards and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country after 1997, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject

Country, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission. Issued: February 23, 2004.

Marilyn R. Abbott,

 $Secretary \ to \ the \ Commission.$ [FR Doc. 04-4499 Filed 2-27-04; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–101 (Second Review)]

Greige Polyester Cotton Printcloth From China

AGENCY: International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on greige polyester cotton printcloth from China.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty order on greige polvester cotton printcloth from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. 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).

EFFECTIVE DATE: June 4, 2004.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202) 205-3193, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearingimpaired 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). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at http://edis.usitc.gov.

SUPPLEMENTARY INFORMATION: On June 4, 2004, the Commission determined that it should proceed to a full review in the

subject five-year review pursuant to section 751(c)(5) of the Act.¹ The Commission found that the domestic interested party group response to its notice of institution (69 FR 9640, March 1, 2004) was adequate and that the respondent interested party group response was inadequate. The Commission also found that other circumstances warranted conducting a full review. 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.

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: June 10, 2004.

Marilyn R. Abbott,

Secretary to the Commission. [FR Doc. 04–13550 Filed 6–15–04; 8:45 am] BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration [A–570–101]

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

AGENCY: Import Administration, International Trade Administration, Department of Commerce. ACTION: Notice of final results of the second expedited sunset review of antidumping duty order on Greige Polyester Cotton Printcloth from the People's Republic of China.

SUMMARY: On March 1, 2004, the Department of Commerce ("the Department") published the notice of initiation of the second sunset review of the antidumping duty order on Greige Polyester Cotton Printcloth from the People's Republic of China pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). *See Initiation of Five Year ("Sunset") Reviews*, 69 FR 9585 (March 1, 2004). Because the Department did not receive any response from respondent interested parties, we determined to conduct an expedited (120-day) sunset review. *See* 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of this review, we find that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the levels listed below in the section entitled "Final Results of Review."

EFFECTIVE DATE: July 6, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary E. Sadler, Esq., Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Room 2837, Washington, DC 20230; telephone: (202) 482–4340.

SUPPLEMENTARY INFORMATION:

Background

On March 1, 2004, the Department published the notice of initiation of the second sunset review of the antidumping duty order on greige polyester cotton printcloth from the People's Republic of China pursuant to section 751(c) of the Act.¹ The Department received the Notice of Intent to Participate on behalf of Alice Manufacturing Company, Inc. and Mount Vernon Mills, Inc., the domestic interested parties, within the deadline specified in section 351.218(d)(1)(i) of the Department's Regulations ("Sunset Regulations"). The domestic interested parties claimed interested party status under section 771(9)(C) of the Act, as domestic producers of greige polyester cotton printcloth. We received complete substantive responses from all domestic interested parties within the 30-day deadline specified in the Sunset **Regulations under section** 351.218(d)(3)(i). We received nothing from respondent interested parties. As a result, pursuant to section 751(c)(5)(A)of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of this finding.

Scope of Review

The scope remains unchanged from the Final Results of Expedited Sunset Review; Greige Polyester Cotton Printcloth from the People's Republic of China, 64 FR 13399 (March 18, 1999). 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,² 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 varn number 43 to 68,³ weighing not more than 6 ounces per square vard, 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.

Analysis of Comments Received

All issues raised in this case are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to Jeffrey A. May, Acting Assistant Secretary for Import Administration, dated June 29, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the finding were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in room B-099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn*, under the heading "July 2004." The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty finding on Greige Polyester Cotton Printcloth from the People's Republic from China would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Export-	Weighted-average					
ers/Producers	margin percent					
China-wide	22.4					

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

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 29, 2004.

Jeffrey A. May,

Acting Assistant Secretary for Import Administration.

[FR Doc. 04–15229 Filed 7–2–04; 8:45 am] BILLING CODE 3510–DS–P

¹ Initiation of Five-Year (Sunset) Reviews, 69 FR 9585 (March 1, 2004).

² 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.

³ 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 and Border Protection ("Customs") officials, Customs 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.

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–101 (Second Review)]

Greige Polyester/Cotton Printcloth From China

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (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. 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). 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).

EFFECTIVE DATE: August 25, 2004. FOR FURTHER INFORMATION CONTACT: George Deyman (202-205-3197), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearingimpaired 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). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at http://edis.usitc.gov.

SUPPLEMENTARY INFORMATION:

Background. On June 4, 2004, the Commission determined that

circumstances warranted a full review pursuant to section 751(c)(5) of the Act in the subject five-year review (69 FR 33661, June 16, 2004). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the review and public service list. Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list. Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report. The prehearing staff report in the review will be placed in the nonpublic record on March 11, 2005, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on March 31, 2005, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before March 21, 2005. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing.

All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on March 24, 2005, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions. Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules: the deadline for filing is March 22, 2005. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is April 11, 2005; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before April 11, 2005. On May 3, 2005, the Commission will make available to parties all information on which they ĥave not had an opportunity to comment. Parties may submit final comments on this information on or before May 5, 2005, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the Commission's 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. **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: August 26, 2004.

Marilyn R. Abbott,

Secretary to the Commission. [FR Doc. 04–19918 Filed 8–31–04; 8:45 am] BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–101 (Second Review)]

Greige Polyester/Cotton Printcloth From China

AGENCY: United States International Trade Commission. **ACTION:** Revised schedule for the subject review.

EFFECTIVE DATE: January 28, 2005. FOR FURTHER INFORMATION CONTACT: Gail Burns (202–205–2501), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearingimpaired 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*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: Effective August 25, 2004, the Commission established a schedule for the conduct of the subject review (69 FR 53465, September 1, 2004). As a result of a scheduling conflict, however, the Commission is revising its schedule; the Commission's hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on April 1, 2005. The Commission's original schedule is otherwise unchanged. No party has objected to the Commission's schedule, as revised.

For further information concerning this review see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: January 31, 2005. By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission. [FR Doc. 05–2150 Filed 2–3–05; 8:45 am] BILLING CODE 7020–02–P Commission's schedule in this review is otherwise unchanged. No party has objected to the Commission's schedule, as revised.

For further information concerning this review, see the Commission's notices cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission. Issued: March 3, 2005.

Marilyn R. Abbott,

Secretary to the Commission. [FR Doc. 05–4571 Filed 3–8–05; 8:45 am] BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–101 (Second Review)]

Greige Polyester/Cotton Printcloth From China

AGENCY: International Trade Commission.

ACTION: Revised schedule for the subject review.

EFFECTIVE DATE: March 1, 2005.

FOR FURTHER INFORMATION CONTACT: Gail Burns (202) 205-2501, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearingimpaired 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). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at http://edis.usitc.gov.

SUPPLEMENTARY INFORMATION: On August 25, 2004, the Commission established a schedule for the conduct of the subject review (69 FR 53465, September 1, 2004), and revised its schedule on January 28, 2005 (70 FR 6036, February 4, 2005). The Commission is again revising its schedule; the Commission's hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on April 5, 2005, and the deadline for filing posthearing briefs is April 12, 2005. The

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

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

On June 4, 2004, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c).¹

The Commission received a single response from two domestic producers, Alice Manufacturing Co., Inc. ("Alice Manufacturing") and Mount Vernon Mills, Inc. ("Mount Vernon Mills") (collectively, "domestic producers") to its Notice of Institution. The Commission determined that the domestic producer responses were individually adequate. The Commission also determined that the responses were an adequate domestic interested party group response because the two producers account for a significant share of domestic production of a domestic like product referenced in the Commission's Notice of Institution, 69 Fed. Reg. 9640, 9641 (Mar. 1, 2004), namely greige polyester/cotton printcloth in chief value of cotton. The Commission did not receive a response from any respondent interested party. Consequently, the Commission determined that the response was inadequate.

The Commission found that domestic like product issues and changes in the conditions of competition for the industry warranted conducting a full review. The domestic producers advocate that the Commission define the domestic like product to be greige polyester/cotton printcloth in chief *value* of cotton, as the Commission had defined it in the original determination, but not as the Commission had defined the domestic like product definition in the first review reflected a change in Commerce's definition of the merchandise subject to investigation. The Commission found that the urging by the domestic producers to alter the like product definition in the first review warranted re-examining the domestic like product definition. The Commission further found that changes in the conditions of competition for the domestic industry warranted conducting a full review. For example, the domestic producers reported that 300 domestic mills producing greige/polyester cotton printcloth have closed over the past five years.

Therefore, the Commission did not exercise its discretion to conduct an expedited review, but instead determined to conduct a full review. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (http://www.usitc.gov).

¹Commissioner Miller is not participating in this second five-year review.

APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject:	Greige Polyester/Cotton Printcloth from China							
Inv. No.:	731-TA-101 (Second Review)							
Date and Time:	April 5, 2005 - 9:30 a.m.							

A session was held in connection with this investigation in the Main Hearing Room, 500 E Street, SW, Washington, DC.

In Support of the Continuation of <u>the Antidumping Duty Order:</u>

Wilmer Cutler Pickering Hale and Dorr LLP Washington, DC <u>on behalf of</u>

Alice Manufacturing Company, Inc. ("Alice Manufacturing") Mount Vernon Mills, Inc. ("Mount Vernon Mills")

Robert C. Cassidy, Jr.–OF COUNSEL **Leonard M. Shambon**

APPENDIX C

SUMMARY DATA

Table C-1

Greige polyester/cotton printcloth of chief weight cotton: Summary data concerning the U.S. market, 1999-2004

(Quantity=1,000 square yards, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per square yard; period changes=percent, except where noted)

(1000)	square yards, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per Reported data							Period changes						
	4000				0000			1000 0000						
Item	1999	2000	2001	2002	2003	2004	1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004		
U.S. consumption quantity: Amount	***	***	***	***	***	***	***	***	***	***	***	***		
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***		
Importers' share (1):	***	***	***	***	***	***								
China	***	***	***	***	***	***	***	***	***	***	***	***		
Other sources	***	***	***	***	***	***	***	***	***	***	***	***		
Total imports	***	***	***	***	***	***	***	***	***	***	***	***		
U.S. consumption value:	***	***	***	***	***	***	***	***	***	***	***	***		
Amount	***	***	***	***	***	***	***	***	***	***	***	***		
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***		
China	***	***	***	***	***	***	***	***	***	***	***	***		
Other sources	***	***	***	***	***	***	***	***	***	***	***	***		
U.S. imports from: China:														
Quantity	387	0	0	3,788	1,283	3,147	713.2	-100.0	(2)	(2)	-66.1	145.4		
Value	152	0	0	945	414	1,262	729.9	-100.0	(2)	(2)	-56.2	204.6		
Unit value	\$0.39	(2)	(2)	\$0.25	\$0.32	\$0.40	2.0	(2)	(2)	(2)	29.5	24.1		
Ending inventory quantity Other sources:	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)		
Quantity	48,477	22,624	25,358	56,364	38,074	26,004	-46.4	-53.3	12.1	122.3	-32.5	-31.7		
Value	14,457	6,780	6,926	17,011	11,760	8,631	-40.3	-53.1	2.1	145.6	-30.9	-26.6		
Unit value	\$0.30 0	\$0.30 0	\$0.27 0	\$0.30 0	\$0.31 0	\$0.33 0	11.3 (2)	0.5 (2)	-8.9 (2)	10.5 (2)	2.3 (2)	7.5 (2)		
All sources: Quantity	48,864	22,624	25,358	60,152	39,356	29,151	-40.3	-53.7	12.1	137.2	-34.6	-25.9		
Value	14,609	6,780	6,926	17,956	12,174	9,893	-32.3	-53.6	2.1	159.3	-32.2	-18.7		
Unit value	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.34	13.5	0.2	-8.9	9.3	3.6	9.7		
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)		
U.S. producers':														
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***		
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***		
Capacity utilization (1) U.S. shipments:	***	***	***	***	***	***	***	***	***	***	***	***		
Quantity	***	***	***	***	***	***	***	***	***	***	***	***		
Value	***	***	***	***	***	***	***	***	***	***	***	***		
Unit value Export shipments:	***	***	***	***	***	***	***	***	***	***	***	***		
Quantity	***	***	***	***	***	***	***	***	***	***	***	***		
Value	***	***	***	***	***	***	***	***	***	***	***	***		
Unit value	***	***	***	***	***	***	***	***	***	***	***	***		
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***		
Inventories/total shipments (1) Production workers	***	***	***	***	***	***	***	***	***	***	***	***		
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***		
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***		
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***		
Productivity (square yards/hour) Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***		
Net sales:				***			***	***		***				
Quantity	***	***	***	***	***	***	***	***	***	***	***	***		
Value	***	***	***	***	***	***	***	***	***	***	***	***		
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***		
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***		
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***		
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***		
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***		
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***		
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***		
Unit operating income or (loss) . COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***		
Operating income or (loss)/														

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2 All greige polyester/cotton printcloth: Summary data concerning the U.S. market, 1999-2004

(Quantity=1,000 square yards, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per square yard; period changes=percent, except where noted)

(duantij=1, ovo square yards, value=1, ovo dolats, unit values, unit abor costs, and unit expenses are per square yard, period charges-percent, except where noted) Reported data Period charges											,	
Item	1999	2000	2001	2002	2003	2004	1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
U.S. consumption quantity:												
Amount	524,844	596,032	590,631	627,839	434,058	370,824	-29.3	13.6	-0.9	6.3	-30.9	-14.6
Producers' share (1)	86.9	91.0	90.7	85.1	85.6	84.8	-2.2	4.1	-0.3	-5.6	0.5	-0.8
Importers' share (1):												
China (chief weight cotton)	0.1	0.0	0.0	0.6	0.3	0.8	0.8	-0.1	0.0	0.6	-0.3	0.6
China (all other)	1.0	2.9	3.1	4.1	3.6	5.9	4.9	1.8	0.3	1.0	-0.5	2.3
Total	1.1	2.9	3.1	4.7	3.9	6.8	5.6	1.8	0.3	1.6	-0.9	2.9
Other sources	12.0	6.1	6.2	10.2	10.6	8.5	-3.5	-5.8	0.0	4.0	0.4	-2.1
Total imports	13.1	9.0	9.3	14.9	14.4	15.2	2.2	-4.1	0.3	5.6	-0.5	8.0
U.S. consumption value:												
Amount	198,612	237,201	229,183	235,159	159,868	130,295	-34.4	19.4	-3.4	2.6	-32.0	-18.5
Producers' share (1)	89.6	93.2	93.7	89.0	88.1	86.1	-3.5	3.5	0.5	-4.7	-0.8	-2.0
Importers' share (1):												
China (chief weight cotton)	0.1	0.0	0.0	0.4	0.3	1.0	0.9	-0.1	0.0	0.4	-0.1	0.7
China (all other)	0.9	2.2	2.0	2.5	2.7	4.8	3.9	1.3	-0.2	0.5	0.2	2.2
Total	1.0	2.2	2.0	2.9	2.9	5.8	4.8	1.2	-0.2	0.9	0.1	2.9
Other sources	9.4	4.6	4.3	8.2	9.0	8.1	-1.3	-4.8	-0.3	3.9	0.8	-0.9
Total imports	10.4	6.8	6.3	11.0	11.9	13.9	3.5	-3.5	-0.5	4.7	0.8	2.0
U.S. imports from:												
China (chief weight cotton):												
Quantity	387	0	0	3,788	1,283	3,147	713.2	-100.0	(2)	(2)	-66.1	145.4
Value	152	0	0	945	414	1,262	729.9	-100.0	(2)	(2)	-56.2	204.6
Unit value	\$0.39	(2)	(2)	\$0.25	\$0.32	\$0.40	2.0	(2)	(2)	(2)	29.5	24.1
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
China (all other):												
Quantity	5,468	17,132	18,493	25,981	15,598	21,938	301.2	213.3	7.9	40.5	-40.0	40.7
Value	1,856	5,261	4,583	5,797	4,265	6,291	238.9	183.4	-12.9	26.5	-26.4	47.5
Unit value	\$0.34	\$0.31	\$0.25	\$0.22	\$0.27	\$0.29	-15.5	-9.5	-19.3	-10.0	22.5	4.9
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
China (total):	E 955	17 100	19 402	20.760	16 990	25.096	228.4	102.6	7.0	61.0	40.0	40.0
Quantity	5,855 2,008	17,132	18,493	29,769	16,880	25,086	328.4 276.1	192.6 162.0	7.9 -12.9	61.0 47.1	-43.3 -30.6	48.6 61.4
Value		5,261	4,583	6,742	4,679	7,553						
Unit value	\$0.34	\$0.31	\$0.25	\$0.23	\$0.28	\$0.30	-12.2	-10.5	-19.3	-8.6	22.4	8.6
Ending inventory quantity Other sources:	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Quantity	62,740	36,499	36,337	63,974	45,829	31,363	-50.0	-41.8	-0.4	76.1	-28.4	-31.6
Value	18,599	10,940	9,869	19,225	14,333	10,512	-43.5	-41.2	-9.8	94.8	-25.4	-26.7
	\$0.30	\$0.30	\$0.27	\$0.30	\$0.31	\$0.34	-43.3	-41.2	-9.4	10.6	-23.4	-20.7
Unit value	\$0.30 0	φ0.30 0	\$0.27 0	\$0.30 0	۵U.31 0	\$0.34 0	(2)	(2)				(2)
Ending inventory quantity All sources:	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Quantity	68,595	53,631	54,830	93,743	62,709	56,449	-17.7	-21.8	2.2	71.0	-33.1	-10.0
Value	20,608	16,202	14,452	25,968	19,012	18,064	-12.3	-21.4	-10.8	79.7	-26.8	-5.0
Unit value	\$0.30	\$0.30	\$0.26	\$0.28	\$0.30	\$0.32	6.5	0.6	-12.8	5.1	9.4	5.6
Ending inventory quantity	φ0.50 0	ф0.00 0	0.20	0.20	φ0.00 0	0.02	(2)	(2)	(2)	(2)	(2)	(2)
U.C. and the second												
U.S. producers':	740 707	000 070	050 750	0.40.070	704 040	040.050	40.4	0.7		44.0	00.0	
Average capacity quantity	743,797	808,370	852,759	948,276	701,910	643,952	-13.4	8.7	5.5	11.2	-26.0	-8.3
Production quantity	480,488	533,636	557,892	572,381	384,093	293,923	-38.8	11.1	4.5	2.6	-32.9	-23.5
Capacity utilization (1) U.S. shipments:	64.6	66.0	65.4	60.4	54.7	45.6	-19.0	1.4	-0.6	-5.1	-5.6	-9.1
Quantity	456,249	542,401	535,801	534,096	371,349	314,375	-31.1	18.9	-1.2	-0.3	-30.5	-15.3
Value	178,004	220,999	214,731	209,191	140,856	112,231	-37.0	24.2	-2.8	-2.6	-32.7	-20.3
Unit value	\$0.39	\$0.41	\$0.40	\$0.39	\$0.38	\$0.36	-8.5	4.4	-1.6	-2.3	-3.2	-5.9
Export shipments:												
Quantity		***	***	***	•••	***	***	***	***	***	***	•••
Value		***	***	***	•••	***		***	***	***	***	•••
Unit value		***	***	***	•••	***		***	***	***	***	***
Ending inventory quantity	73,997	62,830	83,855	108,661	105,623	66,506	-10.1	-15.1	33.5	29.6	-2.8	-37.0
Inventories/total shipments (1) .	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	2,687	2,932	2,919	2,719	1,817	1,776	-33.9	9.1	-0.4	-6.9	-33.2	-2.3
Hours worked (1,000s)	5,119	5,650	5,382	5,470	3,682	3,481	-32.0	10.4	-4.7	1.6	-32.7	-5.5
Wages paid (\$1,000s)	56,657	64,847	62,993	66,541	44,801	37,473	-33.9	14.5	-2.9	5.6	-32.7	-16.4
Hourly wages	\$11.07	\$11.48	\$11.70	\$12.16	\$12.17	\$10.77	-2.7	3.7	2.0	3.9	0.0	-11.5
Productivity (square yards/hour)	93.9	94.4	103.7	104.6	104.3	84.4	-10.0	0.6	9.8	0.9	-0.3	-19.1
Unit labor costs	\$0.12	\$0.12	\$0.11	\$0.12	\$0.12	\$0.13	8.1	3.1	-7.1	3.0	0.3	9.3
Net sales:	,	,	,	,	,	÷9				2.0	2.0	5.0
Quantity	472,480	562,987	528,656	545,658	404,835	330,987	-29.9	19.2	-6.1	3.2	-25.8	-18.2
Value	200,266	231,550	215,135	214,547	156,818	119,869	-40.1	15.6	-7.1	-0.3	-26.9	-23.6
Unit value	\$0.42	\$0.41	\$0.41	\$0.39	\$0.39	\$0.36	-14.6	-3.0	-1.1	-3.4	-1.5	-6.5
Cost of goods sold (COGS)	170,966	204,310	203,012	200,116	151,432	119,649	-30.0	19.5	-0.6	-1.4	-24.3	-21.0
Gross profit or (loss)	29,300	27,240	12,123	14,431	5,386	220	-99.2	-7.0	-55.5	19.0	-62.7	-95.9
SG&A expenses	12,536	13,609	12,211	11,124	6,316	3,779	-69.9	8.6	-10.3	-8.9	-43.2	-40.2
Operating income or (loss)	16,764	13,631	(88)	3,307	(930)	(3,559)	(3)	-18.7	(3)	(3)	(3)	-282.7
Capital expenditures (4)	9,470	5,512	3,132	3,327	2,213	260	-97.3	-41.8	-43.2	6.2	-33.5	-88.3
Unit COGS	\$0.36	\$0.36	\$0.38	\$0.37	\$0.37	\$0.36	-0.1	0.3	5.8	-4.5	2.0	-3.4
Unit SG&A expenses	\$0.03	\$0.02	\$0.02	\$0.02	\$0.02	\$0.01	-57.0	-8.9	-4.4	-4.5	-23.5	-26.8
Unit operating income or (loss) .	\$0.03	\$0.02	(\$0.02)	\$0.02	(\$0.02)	(\$0.01)	-37.0	-31.8	(3)	(3)	(3)	-20.0
COGS/sales (1)	\$0.04 85.4	\$0.02 88.2	(\$0.00) 94.4	93.3	(\$0.00) 96.6	(\$0.01) 99.8	(3)	-31.8	(3)	-1.1	(3)	-306.1
Operating income or (loss)/	00.4	00.2	34.4	55.5	30.0	55.0	14.4	2.9	0.1	-1.1	5.5	3.0
	0 4	5.9	(0.0)	4 5	(0.6)	(2.0)	44.0		-5.9	1.0	-2.1	
sales (1)	8.4	5.9	(0.0)	1.5	(0.6)	(3.0)	-11.3	-2.5	-5.9	1.6	-2.1	-2.4

(1) "Reported data" are in percent and "period changes" are in percentage points.
 (2) Not applicable.
 (3) Capital expenditures represent data reported for 50/50 greige polyester/cotton printcloth.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

U.S. PRODUCERS', U.S. IMPORTERS', AND U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of greige polyester/cotton printcloth in the future if the antidumping duty order were to be revoked. (Question II-4) Their responses were as follows:

Alice Manufacturing Company, Inc.

***1

Dan River, Inc.

Hamrick Mills

Mount Vernon Mills, Inc.

Springs Industries, Inc.

U.S. producers were asked to describe the significance of the existing antidumping duty order covering greige polyester/cotton printcloth from China in terms of its effect on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenses, and asset values. (Question II-14) Their responses were as follows:

Alice Manufacturing Company, Inc.

Dan River, Inc.

Hamrick Mills

¹ ***.

Mount Vernon Mills, Inc.

Springs Industries, Inc.

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, or employment relating to the production of greige polyester/cotton printcloth in the future if the antidumping duty order were to be revoked. (Question II-15) Their responses were as follows:

Alice Manufacturing Company, Inc.

***2

Dan River, Inc.

Hamrick Mills

Mount Vernon Mills, Inc.

Springs Industries, Inc.

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of greige polyester/cotton printcloth in the future if the antidumping duty order were to be revoked. (Question II-4) Their responses were as follows:

* * * * * * *

² Ibid.

U.S. importers were asked to describe the significance of the existing antidumping duty order covering greige polyester/cotton printcloth from China in terms of its effect on their imports, U.S. shipments of imports, and inventories. (Question II-8) Their responses were as follows:

* * * * * * *

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of greige polyester/cotton printcloth in the future if the antidumping duty order were to be revoked. (Question II-9) Their responses were as follows:

* * * * * * *

U.S. PURCHASERS' COMMENTS REGARDING THE LIKELY EFFECTS OF REVOCATION OF THE ANTIDUMPING DUTY ORDER

U.S. purchasers were asked what would be the likely effects of any revocation of the antidumping duty order on (1) the future activities of their firm and (2) the U.S. market as a whole. (Question II-35) Responses received were as follows:

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