

BENCHMARKS, INC.

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February 25, 2008

Chairman, Committee for the Implementation
of Textile Agreements
Room 3100
U.S. Department of Commerce
14th St. & Constitution Ave., NW
Washington, DC 20230

Dear Mr. Chairman:

These comments are submitted on behalf of Kaltex Fibers S.A. de C.V. ("Kaltex") in response to the notice published by the Committee for the Implementation of Textile Agreements (CITA) in the *Federal Register* of January 25, 2008 (73 FR 4542) soliciting public comment on a short supply petition concerning a request for modification of the NAFTA rules of origin for warp pile fabric made from solution dyed, wet spun acrylic fiber.

Kaltex strongly opposes the subject petition given its position as the major North American producer of the acrylic fiber alleged to be in short supply. Kaltex has maintained major acrylic fiber manufacturing operations in Mexico since 1985, and recently completed a major expansion of its production facility in Altamira, Tamaulipas.

The subject petition, which was filed by Glen Raven Custom Fabrics, LLC, claims that certain solution dyed, wet spun acrylic fibers, not carded, combed or otherwise processed for spinning, classified under HTS 5503.30, cannot be supplied by the domestic industry in commercial quantities in a timely manner. The petition requests that the NAFTA rule of origin for warp pile fabrics, classified under HTS 5801.35, be modified to allow the use of non-North American acrylic staple fiber.

Kaltex opposes the subject short supply petition because there is ample production capacity in North America to satisfy U.S. demand for the subject acrylic staple fiber as well as other types of acrylic fiber. Kaltex now has on stream an annual production capacity of 100,000 tons of acrylic tow, staple and top, whereas total U.S. demand in 2007 is estimated to have been only 46,500 tons (exclusive of 6,500 tons of carbon fiber precursor and modacrylic fiber).

More specific to the Glen Raven petition, Kaltex has increased its annual capacity for solution dyed, wet spun acrylic fiber to 47,280 tons, far above Glen Raven's requirements and well above estimated total U.S. demand of 12,500 tons in 2007. It is clear that Kaltex has sufficient capacity to meet North American demand for the subject articles. Moreover, as detailed below, Kaltex is able to meet the quality and timeliness requirements of any North American customers.

Kaltex has invested over \$200 million in its acrylic fiber manufacturing operations, including \$40 million of major new investments over the past two years in plant expansion, automation and the adoption of SNIA technology (making Kaltex one of the few companies worldwide that produces acrylic fiber in a continuous mode). The most recent of these investments have been focused on product diversification for higher value-added acrylic fiber markets, including investments of over \$1 million specifically for solution dyed fiber. These aggressive expansion and improvement programs have benefited the 650 workers at the company's manufacturing facility in Altamira as well as the over 3,200 residents of Altamira and neighboring Tampico and Madero in Tamaulipas.

Kaltex initiated production of solution dyed wet spun acrylic fiber in 2006, with that production continuing to increase exponentially on a monthly basis. Kaltex has identified Glen Raven as its priority for the U.S. solution dyed fiber market. After some preliminary discussions that began in 2005, Kaltex and Glen Raven representatives met in October 2007 and, at Glen Raven's request, Kaltex provided samples of the company's solution dyed fiber for full laboratory testing and analysis by Glen Raven.

Kaltex has every reason to believe that the results of those tests, which are anticipated by late March, will be favorable. Previously, Glen Raven had tested fabric samples utilizing three of Kaltex's solution dyed fiber shades on its weatherometer, with all shades passing Glen Raven's UV testing requirements. Glen Raven also reported that spun yarn made with Kaltex's ecru fiber performed well both in terms of Glen Raven's standards and when compared to its existing supplier's product.

In the U.S. market, as indicated, Kaltex has given priority attention to date to working with Glen Raven, the largest U.S. manufacturer of solution dyed acrylic fabrics, although Kaltex will be looking to supply other U.S. companies' solution dyed fiber requirements as well. Meanwhile, Kaltex has begun exporting solution dyed fiber to major customers in other countries, as well as continuing its rapid sales growth in the domestic Mexican market.

Kaltex has experienced no technical or quality problems in meeting customers' demand for solution dyed fiber. Regarding timeliness, Kaltex is able to match a shade within four weeks of receiving the standard, and can deliver a first submit sample 2-4 weeks after customer approval of the matched shade. Overall, Kaltex can deliver solution dyed fiber within 4-6 weeks for the first order and within 2-4 weeks for subsequent orders, and Kaltex has the ability to reduce that timeframe further under a mutually agreed production/order program. Regarding capacity, as detailed above, Kaltex has in place ample capacity to supply the entire U.S. market for solution dyed fiber.

Allowing the use of non-North American solution dyed acrylic fiber in the NAFTA rule of origin for warp pile fabrics as requested by Glen Raven would directly undermine Kaltex's substantial investments and the related employee and community interests. Such an action clearly would be contrary to the NAFTA's objective of promoting manufacturing in North America, with the beneficiaries in this instance consisting of major European suppliers.

Kaltex understands that the closings in recent years of other North American acrylic fiber producers, including Solutia and Cydsa, created some temporary uncertainty among consumers about the availability of acrylic fiber within the region. However, as demonstrated by its major new investments, Kaltex has firmly committed itself to this line of business and to meeting all North American customers' requirements as a reliable supplier over the long term.

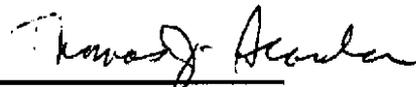
Conclusion

Weakening the NAFTA rules of origin to allow the use of non-North American solution dyed acrylic fiber in NAFTA-qualifying warp pile fabric would have a major adverse impact on Kaltex. Allowing the use of solution dyed acrylic fiber manufactured by major producers in Europe and possibly elsewhere would seriously undermine the competitive position of Kaltex and jeopardize its major recent investment program, which was predicated on a continued adherence to the NAFTA rules of origin by the U.S., Mexican and Canadian governments.

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We appreciate this opportunity to share Kaltex's views on the pending short supply petition with CITA and the Department of Commerce. Please feel free to contact us if you have any questions regarding our position on this matter.

Respectfully submitted,



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KALTEX FIBERS.

February 21, 2008

Chairman, Committee for the Implementation
of Textile Agreements
Room 3100
U.S. Department of Commerce
14th St. & Constitution Ave., NW
Washington, DC 20230

Dear Mr. Chairman:

On behalf of Kaltex Fibers S.A. de C.V. ("Kaltex"), headquartered in Mexico City, Mexico, I hereby certify that Kaltex produces fiber that is the subject of the short supply petition requesting a modification of the NAFTA rules of origin for warp pile fabric made from solution dyed, wet spun acrylic fiber as announced in the notice published by the Committee for the Implementation of Textile Agreements in the *Federal Register* of January 25, 2008. Details concerning Kaltex's production of the subject acrylic staple fiber at our manufacturing facility in Altamira, Tamaulipas, including the quantities that can be supplied and the time necessary to fill an order, as well as information regarding our past production of such fiber, are provided in the accompanying statement.

Sincerely,



Abraham Shabor Saade
General Manager

Kaltex Fibers, S.A. de C.V.