

# **STAINLESS STEEL WIRE CLOTH FROM JAPAN**

**Determination of the Commission in  
Investigation No. 731-TA-190  
(Preliminary) Under the Tariff Act  
of 1930, Together With the  
Information Obtained in the  
Investigation**

**USITC PUBLICATION 1552**

**JULY 1984**



# UNITED STATES INTERNATIONAL TRADE COMMISSION

## COMMISSIONERS

**Paula Stern, Chairwoman**

**Susan W. Liebeler, Vice Chairman**

**Alfred E. Eckes**

**Seeley G. Lodwick**

**David B. Rohr**

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 731-TA-190 (Preliminary), Stainless Steel  
Wire Cloth from Japan

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured 3/ by reason of imports from Japan of cloth, gauze, fabric, screen, netting, and fencing of stainless steel wire, provided for in items 642.52, 642.64, and 642.74 of the Tariff Schedules of the United States (TSUS), which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On June 1, 1984, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of the American Wire Cloth Institute alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Japan of the subject merchandise which are allegedly being sold at LTFV. Accordingly, the Commission instituted a preliminary investigation under section 733(a) of the Tariff Act of 1930, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

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

2/ Vice Chairman Liebelier and Commissioner Rohr dissenting.

3/ Chairwoman Stern determines that there is a reasonable indication of material injury or threat of material injury.

Notice of the institution of the Commission's investigation and of the public conference 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, D.C., and by publishing the notice in the Federal Register on June 13, 1984 (49 F.R. 24460). The conference was held in Washington, D.C. on June 22, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRWOMAN PAULA STERN, COMMISSIONER ALFRED E. ECKES, AND  
COMMISSIONER SEELEY G. LODWICK

On the basis of the record in investigation No. 731-TA-190 (Preliminary), we determine that there is a reasonable indication of material injury 1/ to an industry in the United States by reason of imports of stainless steel wire cloth from Japan which are alleged to be sold at less than fair value ("LTFV"). This decision was based upon our finding that the U.S. stainless steel wire cloth industry is experiencing injury, that imports from Japan continue to dominate a large share of the U.S. market, and that imports from Japan are priced substantially lower than comparable U.S. stainless steel wire cloth.

The domestic industry

The domestic industry against which the impact of the alleged LTFV imports is to be measured is defined as--

the domestic producers as a whole of the like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.

19 U.S.C. § 1677(4)(A).

"Like product" is in turn defined 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.

19 U.S.C. § 1677(10).

The imported article which is the subject of this investigation is stainless steel wire cloth. Wire cloth is a metal fabric which is woven from

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1/ Chairwoman Stern determines that there is a reasonable indication of material injury or threat of material injury.

wire in essentially the same way that textiles are woven. 2/ There are hundreds of uses for wire cloth, such as the sifting, sizing, straining, filtering, separating, or grading of materials such as abrasives, chemicals, food, petroleum, and related products. 3/ Stainless steel wire cloth is the most commonly demanded wire cloth, due to the physical strength, abrasion and chemical resistance, and the price of stainless steel wire. 4/

Stainless steel wire cloth can be classified based upon characteristics, such as the size of the mesh, 5/ the diameter of the wire, and the type of weave. 6/ Generally, wire cloth can be divided by mesh size into three general categories: coarse, 7/ medium, 8/ and fine. 9/ Each of these mesh categories can be further classified by the diameter of the wire used into

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2/ Report of the Commission ("Report") at A-2.

3/ Id.

4/ Id.

5/ Mesh size refers to the number of parallel wires per lineal inch. The fewer wires per lineal inch, the coarser the cloth. Mesh size may vary from 2-inch mesh to 300 mesh or more. Id. at A-3.

6/ The basic weaves which are used for wire cloth are plain, twill-weave, intercrimped, lock crimp, and flattop. Petitioners maintain this case is primarily concerned with plain weave cloth. Petition at 6.

7/ There is no consensus regarding the appropriate dividing lines between any of the categories of wire--coarse, medium or fine. Report at A-3. The Tariff Schedules of the United States ("TSUS") define coarse as having "not more than 30 wires per lineal inch." Gerard Daniel, respondent, argues that coarse should be defined as wire mesh having between one wire every four inches and 12 wires every one inch. Tr. at 145. Petitioner has not provided any specific dividing lines, but stated that the TSUS divisions are not appropriate. Petitioners' Posthearing Brief at 2.

8/ There is no consensus on the definition of medium wire. Report at A-3 and Petitioners' Posthearing Brief at 2. The TSUS defines it as mesh having between 30 and 90 wires per lineal inch. Gerard Daniel, respondent, argues that it should be defined to include wire mesh with between either 12 or 20 and 100 wires per lineal inch. Cf. Tr. at 123 with Tr. at 145 and Gerard Daniel & Co., Inc. Posthearing Brief at 6.

9/ There is no consensus on the definition of fine wire. Report at A-3 and Petitioners' Posthearing Brief at 2. The TSUS defines it as mesh which is over 90 wires per lineal inch. Respondents, Gerard Daniel and Tetco, argue that it should be defined as wire mesh finer than 100 wires per lineal inch. Tr. at 87 and 122-123.



"market grade" (the most commonly used wire diameters), "mill" or "bolting grade" (finer wire than market grade), or "heavy-duty grade" (coarser wire than market grade). Both the imported stainless steel wire cloth and that produced domestically are found in each of the coarse, medium, and fine-mesh categories. 10/ The record indicates that there are imports and domestic production of the market, mill, and heavy-duty grades as well. 11/

Some of these mesh and wire-weight subcategories of wire cloth may have special characteristics and uses. 12/ However, based upon the best information now available, it is very difficult to draw clear dividing lines within the broad spectrum of product sizes, meshes, and wire specifications and to identify separate categories characterized by distinct characteristics and uses. Accordingly, for purposes of this preliminary determination, we find there is one like product--all stainless steel wire cloth--and one domestic industry consisting of all of the domestic producers of stainless steel wire cloth. 13/ 14/ 15/

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10/ Report at A-20-21.

11/ For heavy-duty grade, see Id. at Tables 12-13. For others, see Id. at A-21, Purchaser No. 6, questionnaire responses for 4 x 4 (.063), and Tr. at 35, 36-37, 47, 69 and 74. Respondents argue that various subcategories are separate like products or that there is no head-to-head competition between imports and certain of these subcategories. In any final investigation, we urge that the parties support Commission efforts to collect data that would better clarify these issues.

12/ For example, coarse heavy-duty wire cloth is used in mining operations to sift large objects. In contrast, the lightest, fine mesh cloth is used for very specialized applications in the electronic and chemical industries. Gerard Daniel Brief at 6.

13/ However, our finding of one "like product" in this preliminary determination does not preclude a finding of more than one like product in a final investigation.

Footnotes 14/ and 15/ continued on next page

### Condition of the Industry

The U.S. stainless steel wire cloth industry showed unmistakable signs of injury in the period under investigation. Production declined 40 percent 16/ between 1981 and 1983. Domestic shipments decreased 34 percent in that period. Employment of workers producing stainless steel wire cloth dropped 25.8 percent. Capacity utilization, already quite low in 1981, trended downward. 17/ Furthermore, financial data indicate a sharp decline in sales and operating profits between 1981 and 1983. 18/

The deteriorating health of the industry occurred as apparent domestic consumption of stainless steel wire cloth declined sharply. In 1981, 38 million square feet were consumed, but the figure for 1983 was only 22 million

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Footnotes 14/ and 15/ continued from previous page

14/ In this preliminary investigation, the domestic producers have not been able to segregate data on profitability by size of mesh, and most are not able to break out profitability data for stainless steel wire cloth from aggregate data for all wire cloth. As a consequence, even if we found several like products, we would have to utilize the "product lines" approach, 19 U.S.C. § 1677(4)(D), which permits us to examine the production of the narrowest group or range of products, which includes the like product, for which necessary data can be provided. See *Certain Steel Valves and Certain Parts Therefor from Japan*, inv. No. 731-TA-145 (Preliminary), USITC Pub. 1446 at 9 (1983).

15/ Respondents allege that petitioners lack standing as an interested party because they do not represent a majority of domestic production, as provided in 19 U.S.C. § 1677(4)(A). Although the substantive issue is one that the Department of Commerce determines, we note that petitioners accounted for approximately 63 percent of domestic production of stainless steel wire cloth in 1983. Report at A-6.

16/ Id. at A-8.

17/ Capacity to produce stainless steel wire cloth is very difficult to measure since looms used to produce it may also be used to produce other kinds of wire cloth. Id. at A-9. In addition, the time required to set up a production run can be considerable. Therefore, we focus only on the general trend.

18/ The aggregate data for stainless steel wire cloth production show a substantial decline in sales and a sharp drop in operating income between 1981 and 1983. (The exact figures are confidential.) Only three firms (accounting for about 33 percent of production) were able to provide separate profitability data for stainless steel wire cloth production. However, the data for nine firms (accounting for 69 percent of domestic production), who reported on the basis of all wire cloth operations, indicate a similar trend.

square feet--a drop of 43 percent. 19/ However, the first quarter of 1984 saw a sharp turnaround in consumption, as it increased 42 percent when compared to the first quarter of 1983. 20/

This turnaround in consumption was accompanied by certain changes in the performance of the stainless steel wire cloth industry. Comparing first quarter data for 1983 and 1984, we find production went up 2 percent, and domestic shipments increased by 10.2 percent. 21/ The operating income margins of the three firms reporting stainless wire cloth financial data rose, but only slightly, from a net loss in the first quarter of 1983 to a minimal profit in the first quarter of 1984. 22/ In addition, employment suffered a 27.9 percent decrease. 23/ Therefore, we find on the basis of the information available, that the industry continues to experience problems despite increased demand for its product.

#### Material injury by reason of allegedly LTFV imports from Japan

In this preliminary investigation, we must determine if there is a reasonable indication that imports from Japan are causing material injury or threat thereof to a domestic industry. "Material injury" is defined by the statute as "not inconsequential, immaterial, or unimportant." 24/

#### Volume of Imports

As domestic consumption decreased during the 1981-83 period, imports from Japan also declined, both absolutely and as a share of domestic consumption. However, Japan's share of the overall market was sizeable throughout the

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19/ Id. at A-6.

20/ Id.

21/ Id. at A-9-10.

22/ Id. at A-16.

23/ Id. at A-12.

24/ 19 U.S.C. § 1677(7)(A).

1981-83 period, ranging from 66.6 percent to 71.3 percent. 25/ Since they are a major presence in the market, any significant underselling of comparable domestic products by imports from Japan will obviously have a significant effect on the market. In addition, during the 1981-83 period, Commission data show that an increasing percentage of total imports from Japan is in coarse-mesh wire cloth, the market segment in which domestic production is concentrated. 26/ 27/

#### Effect of Imports

The petitioners maintain that as a result of at least a decade of import competition in the "market" grades, they have attempted to carve out a market niche to satisfy demand for specialty grades or special orders. 28/ However, they claim that imports from Japan have begun to pose competition in the specialty grade area as well. 29/ They also argue that they need to be able to sell a certain amount of market grade material in addition to the specialty grades in order to lower fixed costs by increasing the volume of production. 30/

The respondents do not dispute that prices of the imports are lower, but claim that there is no significant head-to-head competition between the domestically produced product and imports from Japan. 31/ They argue that the price disparity is caused by the higher costs of the domestic producers,

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25/ Report at A-22.

26/ Id. at Table 10.

27/ Chairwoman Stern notes that in the coarse mesh subcategory, the ratio of imports from Japan to apparent consumption increased from 64.5 percent in 1979 to 68.0 percent in 1983. Petition, Exhibit 14.

28/ See, e.g., Tr. at 47 and 73.

29/ See, e.g., Tr. at 47.

30/ See, e.g., Tr. at 44, 48-49, and 51.

31/ See, e.g., Tr. at 113.

attributable, in major part, to the cost of stainless steel wire, which has increased due to the effects of the Trigger Price Mechanism and the current stainless steel quota. 32/ 33/ These issues will be explored further in any final investigation. However, the information currently on the record reasonably supports the petitioners' position.

First, there is a reasonable indication that imports from Japan compete head-to-head to some extent with the domestically produced product. The price series for two specifications contained in the report indicate that there is direct competition between imports and domestically produced wire cloth for certain identical types of stainless steel wire cloth. 34/ Moreover, these specifications are for heavy-duty coarse wire cloth in the 8 and 12 mesh categories, examples of the nonmarket grades for which respondents claim there is no direct competition from imports from Japan. Furthermore, purchasers indicated that imports from Japan compete directly against comparable domestically produced wire mesh in these as well as other categories. 35/ 36/

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32/ See, e.g., Post Conference Brief of Tetko, Inc. at 22-25.

33/ The respondents also argue that the domestic producers themselves account for a significant percentage of imports. An estimated 11 percent of total imports were imported by domestic producers in 1983. It is not clear from the current record to what extent these imports merely round-out product lines, and to what extent they actually compete with producer/importer's own domestically produced products. In addition, some producers, though not importers themselves, are related to importers. The information currently in the record did not enable us to qualitatively assess the nature and competitive significance of the domestic producers' importing activities. We will explore these issues further in any final investigation.

34/ In addition, price data were obtained from both importers and domestic producers on another specification (4 x 4 (.063 inch diameter)), making a total of three out of fourteen categories identified in the questionnaire.

35/ Price comparisons between the domestic product and Japanese imports were particularly hard to obtain in this investigation; and the Commission will require much more information in this area and further evidence of direct competition in any final investigation.

Footnote 36/ continued on next page

Second, the prices of Japanese imports, based upon the data obtained by the Commission, are substantially lower than prices of comparable U.S. stainless steel wire cloth. The price series contained in the report indicate that the imports are underselling comparable specifications of domestic product by substantial margins--in some cases domestic prices are ten times higher. 37/ In addition, the prices of imported cloth from Japan given in the price series have declined during 1981-83. 38/ Also, the unit value of Japanese imports declined 29.2 percent between 1981 and 1983, and 4.4 percent in the first quarter 1983-84 comparison. 39/

Complicating this price analysis is the fact that volume is a very important element in the pricing of this product. The imports from Japan in our price series reflect sales of large volumes, whereas the domestic producers' prices reflect much smaller quantities. Respondents argue that this indicates that the domestic producers do not compete in the same markets as the imports. Petitioners argue that they cannot compete for large volume sales due to the lower price of the Japanese product, and are therefore limited largely to special-order sales of small quantities. However, both

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Footnote 36/ continued from previous page

36/ Chairwoman Stern reiterates that she based her determination on the evidence currently in the record. The current record does not allow us to fully evaluate the extent of direct competition. Since the market in this case is complicated, it is not apparent that any failure to develop more extensive information in this preliminary investigation was solely or largely due to the failure of the domestic industry to provide data obtainable by it, or to cooperate in the investigation. Thus, she does not believe that petitioners have failed in their burden of showing a reasonable indication of material injury. However, she cautions that in any final investigation, she will require a stronger showing of direct competition, or more evidence as to why such a showing is not possible or not applicable.

37/ Report at Tables 12-13.

38/ Id.

39/ Id. The decline in unit values is not conclusive evidence of price reductions because it could reflect other factors such as a shift into lower-priced product categories. We will explore this issue further in any final investigation.

domestic producers and importers agree that because production of wire mesh entails high fixed costs, there is a direct relationship between the volume of orders and price.

Thus, if domestic sales increased, production volumes would lower unit costs and therefore, price. For this reason, we find that volume disparity does not necessarily weaken the petitioners' argument. Rather, it is plausible that these substantial price and volume disparities support the claim of injury due to import competition.

Finally, the petitioners have alleged many instances of lost sales and lost revenues for both market and nonmarket grades. 40/ Few of these could be confirmed by Commission staff in the brief time permitted for a preliminary investigation. However, some of the buyers surveyed admitted making their purchase decisions on the basis of price and indicated that imports from Japan are cheaper than the domestic product. 41/

### Conclusion

Japanese imports command a continued dominant share of the U.S. stainless steel wire cloth market. The Commission has found that there is evidence of some head-to-head competition with domestic producers and that imports from Japan have undersold certain domestic products by substantial margins. Therefore, based on the information currently available, we find that there is a reasonable indication of material injury occurred by reason of alleged LTFV imports from Japan. 42/

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40/ Petition, Exhibit 12 and questionnaire responses.

41/ Report at A-27-28.

42/ Chairwoman Stern has determined that there is a reasonable indication of threat of material injury as well because there are indications that competition posed by imports from Japan appears to be increasing in the "under 30 mesh" and in the "heavy duty" under 30 mesh submarkets, those that until recently apparently have been considered market niches occupied by domestic producers.





## VIEWS OF VICE CHAIRMAN SUSAN W. LIEBELER

I am unable to find a reasonable indication of material injury or threat of material injury to an industry in the United States by reason of imports of stainless steel wire cloth from Japan which are alleged to be sold at less than fair value ("LTFV"). Accordingly, I cannot join the majority in its affirmative determination in this preliminary investigation.

I am fully aware of the fact that a preliminary determination must be based on the best information available to the Commission at the time the determination is made. 1/ However, this does not allow the Commission to make an affirmative decision merely upon a supposition that some now unknown information may be unearthed in a final investigation. There must be some positive reason for finding a reasonable indication of material injury by reason of the subject imports on the basis of the record at hand. 2/

The Trade Agreements Act of 1979 altered the law with respect to preliminary determinations. Under the prior law, 3/ if the Secretary of the Treasury concluded that there was substantial doubt whether an industry was being or was likely to be injured by reason of LTFV merchandise, then the ITC was given 30 days in which to determine whether there was no reasonable indication of injury. Under that framework, if the ITC decision was affirmative, the Treasury investigation was terminated. Under the present

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1/ 19 U.S.C. § 1673b.

2/ In a preliminary determination, the Commission must conduct a "thorough" investigation. Budd Co., Ry. Division v. United States, 507 F. Supp. 997, 1000-01 (Ct. Int'l Trade 1980). I am convinced a thorough investigation was carried out by the Commission. I emphasize that our decision of this case is based not on a lack of information, but on a lack of information showing a reasonable indication of material injury.

3/ See S. Rep. No. 249, 96th Cong., 1st Sess. 63 (1979).

law, the ITC must make a negative preliminary determination unless it finds a reasonable indication of material injury or threat thereof.

I am not persuaded that the threshold showing for an affirmative preliminary determination has been made in this case. The Senate Report on the Trade Agreements Act states that, in a preliminary determination, "[t]he burden of proof . . . would be on the petitioner." 4/ In Budd Company, Railway Div. v. United States, 5/ the court referred to the reference to burden of proof as "oblique." However, the court also pointed out that,

Whatever significance the foregoing statement should receive, it is manifest that the term "burden of proof" used in an investigative proceeding does not have the same meaning as when used in an adjudicatory proceeding. Clearly, in the latter instance the bearer of this burden would have a more extensive means of obtaining information to satisfy that burden. 6/

I recognize that the burden cannot be allocated in this proceeding as it would be in an adjudicative proceeding. This is clear, since the Commission itself is charged with undertaking a thorough investigation. Though the burden of a thorough investigation falls to the Commission, the petitioner is not relieved of the consequences of a thorough preliminary investigation that yields no information indicating a reasonable indication of material injury.

I cannot accept an affirmative finding in this case because there is no indication of a causal link between the condition of the industry and the alleged LTFV imports. In the first place, "despite numerous discussions with the staff, U.S. producers were not able to identify any standard, high

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4/ S. Rep. No. 249, 96th Cong., 1st Sess. 66 (1979).

5/ 507 F. Supp. 997 (Ct Int'l Trade 1980).

6/ Id. at 1003.

volume items in which they consistently compete with Japanese imports. 7/ Secondly, imports of stainless steel wire cloth from Japan have decreased steadily, from 27 million square feet valued at \$24 million in 1981, to 14.5 million square feet valued at \$9 million in 1983. 8/ Moreover, I find no possibility of "clear and imminent threat" to the industry.

With regard to pricing, it is difficult to make satisfactory comparisons of price due to, among other factors, the major importance of quantity discounts. It is substantially more expensive to produce limited quantities of a particular size of cloth than to weave large quantities. This is borne out by comparisons which indicate that high volume imports from Japan sometimes have been priced at one-tenth of the U.S. price for similar cloth. 9/ As shown in Table 14 of the Commission's Report, where U.S. producers are able to sell a large volume of cloth, the price per square foot is apparently much less. Because of these volume discounts, it is not meaningful to compare prices without knowing the quantity of cloth being sold.

The staff was unable to determine the appropriate like product in this case because it could not find head-to-head competition in stainless steel wire cloth between domestic producers and Japanese imports. Further, in some lost sales allegations, 10/ the imported cloth was in fact imported and sold by the domestic producer who alleged the lost sale.

There may be unanswered questions. However, the staff has asked the questions. The petitioners have simply been unable to answer them. In such a situation, one does not go forward. The statute specifically provides that,

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7/ Report of the Commission ("Report") at A-21.

8/ Id. at Table 8.

9/ Id. at Table 12, 13.

10/ See Petition, Exhibit 11.

where the Commission cannot find a reasonable indication of material injury or threat of material injury, the investigation must be terminated. Furthermore, continuing an investigation does have a cost. Trade is disrupted. If the Commerce Department finds preliminary dumping margins, there will be a suspension of liquidation of entries of merchandise and importers must post a cash deposit, bond or other security. 11/

The Commission cannot take lightly the determination in a preliminary investigation. I am unable to find the required reasonable indication of material injury or threat of material injury by reason of the alleged LTFV imports.

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11/ 19 U.S.C. § 1673b(d).

## VIEWS OF COMMISSIONER DAVID B. ROHR

I am unable to find a reasonable indication of material injury or threat of material injury to an industry in the United States by reason of imports of stainless steel wire cloth from Japan which are alleged to be sold at less than fair value ("LTFV"). Accordingly, I cannot join my colleagues in their affirmative determination in this preliminary investigation.

Requirements for a preliminary decision

A preliminary determination must be based on the best information available to the Commission at the time the determination is made. 1/ However, the requirement that the decision be based on the "best" information available does not allow the Commission to make an affirmative decision merely upon a supposition that some now unknown information may be unearthed in a final investigation. Arguments made by the petitioner must be consistent with available facts; they must also be supported by them.

The Trade Agreements Act of 1979 ("TAA") clearly intended the Commission to reach an affirmative preliminary determination only when its investigation reveals positive reasons for finding "reasonable indication." Under prior law, 2/ the ITC was to determine whether there was no reasonable indication of injury. The enactment of section 733 of the Act changed the prior law by requiring the ITC to find, for each case, whether "reasonable indication" exists of injury or threat, and cause. Article 5(b) of the Revised GATT

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1/ 19 U.S.C. § 1673(a). In a preliminary determination, the Commission must conduct a "thorough" investigation. *Budd Co., Ry. Division v. United States* 507 F. Supp. 997, 1000-01 (Ct. Int'l Trade 1980). I am convinced a thorough investigation was carried out by the Commission. I emphasize that my decision of this case is based not on a lack of information, but on a lack of information showing a reasonable indication of material injury.

2/ See S. Rep. No. 249, 96th Cong., 1st Sess. 63 (1979).

Antidumping Code contains a requirement that, before an antidumping investigation is initiated, there must be some consideration of whether injury exists. The ITC preliminary determination implements that requirement for the United States. 3/

I am not persuaded that the threshold showing for an affirmative preliminary determination has been made. I recognize that the burden of proof cannot be allocated in this proceeding as it would be in an adjudicative proceeding. This is clear, since the Commission itself is charged with undertaking a thorough investigation. Nevertheless, though the burden of a thorough investigation falls to the Commission, the petitioner is not relieved of the consequences of a thorough preliminary investigation that yields no information indicating a reasonable indication of material injury caused by imports. Such is the case in this investigation.

#### Industry definition

I concur with the majority finding of a single domestic industry for the purpose of this preliminary investigation. While available data on production methods, product end-uses and market pricing suggest the possible existence of two or more separate markets, the data are insufficient to allow such a finding. In practical terms, the narrowest industry definition for which sufficient data are available is that of a single set of producers of stainless steel wire cloth.

#### Material injury

Based on the limited information available to the Commission, evidence of long-term injury to the industry is mixed. Sales and income figures for the

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3/ 19 U.S.C. 1673b(a).

three reporting stainless steel wire cloth operations fell sharply between 1981 and 1982, but fell less sharply in 1983 and rose in the first quarter of 1984. 4/ Trend patterns clearly match the collapse of the 1981 oil drilling boom and the course of the recent economic cycles. In addition, while employment has declined, both productivity and wages are up in 1983 and in the first quarter of 1984. 5/ Nevertheless, arguments suggest the possibility of material injury. I therefore concur with my colleagues that there is a reasonable indication of material injury.

Material injury by reason of allegedly LTFV imports from Japan

Despite the possibility of material injury, I cannot make an affirmative finding because there is no reasonable indication of a causal link between the condition of the industry and the alleged LTFV imports. 6/ First, imports of stainless steel wire cloth from Japan have decreased steadily in value and quantity terms, from 27 million square feet valued at \$24 million in 1981, to 14.5 million square feet valued at \$9 million in 1983. 7/ In addition, the import penetration ratio for these imports declined from 71.3 percent in 1981 to 66.6 percent in 1983. 8/ The volume declines, furthermore, were spread broadly over the three size classifications for which data are available. U.S. producers' market share rose from 8.8 to 9.2 percent over the period. Hence, these data do not indicate that Japanese imports may have caused injury to the U.S. industry.

Second, "despite numerous discussions with the staff, U.S. producers were not able to identify any standard, high volume items in which they

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4/ Report of the Commission ("Report") at A-16, Table 6.

5/ Id. at Table 3.

6/ Id. at A-21.

7/ Id. at Table 8.

8/ Id. at Table 11.

consistently compete with Japanese imports." Staff were also unable to find instances of head-to-head competition between domestic producers and Japanese imports, or to find any method allowing comparison of pricing data for dissimilar shipments. Further, in some lost sales allegations, 9/ the imported cloth was in fact imported and sold by the domestic producer who alleges the lost sale.

With U.S. producers apparently now specializing in the production of coarse cloths for specialty purposes, in small volumes, lack of comparable price data precludes establishment of a causal link between Japanese imports and injury to the U.S. industry. For example, quantity discounts play an important role in this industry due to the large fixed costs of production. According to the best available information, imports from Japan sometimes have been priced at one-tenth of the U.S. price for similar cloth. 10/ However, as shown in Table 14 of the Commission's Report, where U.S. producers sell large lots of cloth, the price per square foot is apparently much less. It is not meaningful to compare prices without knowing the quantity of cloth being sold.

#### Threat of injury

I find no possibility of "real or imminent threat" to the industry. In particular, there is no suggestion in our investigation of increasing imports of allegedly subsidized goods; growth in production capacity among Japanese stainless steel wire cloth producers; or unavailability of other export markets to Japanese firms. Imports from Japan have declined in volume, and relative to domestic consumption. The proportion of Japanese exports arriving in the market has declined from 86.3 percent in 1981 to 71.9 percent in 1983.

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9/ See Petition, Exhibit 12.

10/ Report at Table 12-13.



Finally, the Japanese Wire Cloth Weavers Association claims that Japanese producers continue to have no excess capacity, while importers' ratio of inventories to imports has declined since peaking in 1982.

Nor do price margins appear imminently threatened. The cost of goods sold as a proportion of sales revenue increased only slightly, and erratically, in 1981-83. Although economies of scale are important to competitiveness in this industry, it appears that the effect so far on the three reporting stainless steel wire cloth operations is not material.

#### Conclusion

In particular, the best available information does not suggest in any way that allegedly subsidized imports are the cause of material injury to the industry. Nor is there indication of threat. The threshold for reaching an affirmative determination at this stage of investigation is low, but it has clearly not been met in this instance.

Accordingly, on the basis of the best available information, I do not find a reasonable indication of material injury or threat of material injury by reason of the alleged LTFV imports from Japan.



## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On May 31, 1984, the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) received a petition from counsel on behalf of the American Wire Cloth Institute, 1/ a trade association composed of manufacturers and weavers of wire cloth, alleging that stainless steel wire cloth from Japan, provided for in items 642.52, 642.64, and 642.74 of the Tariff Schedules of the United States (TSUS), is being sold in the United States at less than fair value (LTFV). The Commission therefore instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports. The statute directs that the Commission make its determination within 45 days after its receipt of the petition or, in this case, by July 16, 1984.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on June 13, 1984 (49 F.R. 24460). 2/ The public conference was held in Washington, D.C., on June 22, 1983. 3/ The briefing and vote in this investigation was held on Tuesday, July 10, 1984.

## Previous Investigation

On January 24, 1958 (23 F.R. 622), the U.S. Tariff Commission instituted investigation No. 66 under section 7 of the Trade Agreements Extension Act of 1951 to determine whether fine-mesh 4/ wire cloth 5/ was, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

On July 14, 1958, the Commission, by a vote of 3 to 2, terminated the investigation without findings on the merits. In the majority opinion the Commission concluded:

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1/ The petition was not filed in proper form with the Commission until June 1, 1984.

2/ A copy of the Commission's notice of institution is presented in app. A. A copy of Commerce's notice of initiation is also presented in app. A.

3/ A list of witnesses appearing at the conference is presented in app. B.

4/ Fine mesh was defined as mesh finer than 90 wires to the lineal inch in warp or filling.

5/ This investigation covered stainless steel wire cloth as well as wire cloth produced from other metals.

(1) That it is not practicable to "distinguish or separate" the operations of the producing organizations involving fine-mesh wire cloth from the operations of such organizations involving other products, and as a result the Commission cannot obtain adequate information to enable it to treat the production of fine-mesh wire cloth as a separate industry;

(2) That some of the applicants, including one of the largest producers, have not cooperated adequately in the investigation.

#### Nature and Extent of Alleged Sales at LTFV

The petition alleges that stainless steel wire cloth from Japan is being sold in the United States at LTFV. The petitioner calculated LTFV margins for six representative cloth sizes by comparing constructed values with U.S. prices. Constructed values were calculated from published data and petitioners' knowledge of the wire cloth industry. The U.S. prices were determined from actual sales of Japanese stainless steel wire cloth to U.S. purchasers using the Japanese f.a.s. price. Alleged LTFV margins for the six cloth sizes range from 35 to 109 percent and average 75 percent. 1/

#### The Product

##### Description and uses

Wire cloth is a metal fabric which is woven from wire. 2/ There are hundreds of uses for wire cloth, such as the sifting, sizing, straining, filtering, separating or grading of materials such as abrasives, chemicals, food, petroleum, and related products. Wire cloth may also be used as a protective enclosure for animals, fans, and machinery, or for insect screening. 3/ A number of metals may be used to produce wire cloth, including stainless steel, carbon steel, monel, brass, copper, and nickel. The requirements of the end use determine the type of metal that is used. Stainless steel is the most commonly demanded metal because of its physical strength, abrasion and chemical resistance, and price. 4/

The imported product covered by this investigation is plain weave stainless steel wire cloth that is generally manufactured with type 304 stainless steel wire in mesh sizes generally ranging from 20 to 100. 5/

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1/ Alleged LTFV margins, by cloth sizes, are presented on p. 13 of the Antidumping Petition of the American Wire Cloth Institute.

2/ The manufacturing process is discussed in the following section of this report.

3/ Wire cloth for insect screening is woven from either metal (aluminum or low-grade carbon steel) or fiberglass. Although the looms which are used to produce this product are basically the same as those used to produce stainless steel wire cloth, no U.S. producers of stainless steel wire cloth produce insect screening. Likewise, producers of insect screening do not produce stainless steel wire cloth.

4/ Transcript of the conference, p. 25.

5/ Antidumping Petition of the American Wire Cloth Institute, p. 6.

The size of the openings in wire cloth depends upon the requirements of the end use. For example, cloth used to separate rocks from sand need not be as tightly woven as that used to remove ultrafine particles from liquid mixtures. The size of the individual openings in wire cloth and, collaterally, the total open area per square foot, are determined by the mesh size, wire diameter, and the type of weave.

Mesh size refers to the number of parallel wires per lineal inch and may vary from 2-inch mesh (1 wire every 2 inches), for the coarser types of wire cloth, to 300 mesh (300 wires per inch), or more, for the finer types. Although mesh sizes may be generally characterized as "coarse," "medium," and "fine," there appears to be no consensus among importers, domestic producers, or end users regarding the parameters of each group. The TSUS separates stainless steel wire cloth into three size groups: cloth having not more than 30 wires per lineal inch, cloth having between 30 and 90 wires per lineal inch, and cloth having 90 wires or more per lineal inch. 1/

The diameter of the wire used to weave cloth is determined by the engineering specifications of the customer's application. The most common wire diameters used for each mesh size are listed in American Society for Testing & Materials (ASTM) specifications and are known as market grade. Wires which are finer than market grade are known as mill or bolting grade, and coarser wires are known as heavy-duty grade.

The basic weaves used for wire cloth, as specified by the ASTM (ASTM E437), are plain, twill weave, intercrimped, 2/ lock crimp, and flattop. Plain weave (considered to be the standard weave) and twill weave are similar in design and are generally woven on the same weaving machines at sizes 10 mesh or finer. 3/ Intercrimped and lock crimped wire cloth are considered to be specialty products, woven from heavy or coarse wire. These types of wire cloth are considered by industry sources to be basically immune from import competition. 4/ Flattop weave wire cloth is crimped on the underside to obtain an exceptionally smooth surface. This specialized weave accounts for a small segment of the domestic market and reportedly encounters little competition from imports. An illustration of these weaves is provided in figure 1. Although some weaves may be interchangeable in certain applications, most are designed to rigid specifications to satisfy a particular end use.

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1/ At the conference, Gerard Daniel, a large importer, defined coarse mesh as that below 12 mesh, medium mesh as 12 to 100 mesh, and fine mesh as over 100 mesh. Transcript of the conference, p. 145. Counsel for the petitioner states that there is no clear dividing line between categories of mesh sizes and that the TSUS categories are not appropriate. Posthearing Statement of Petitioner American Wire Cloth Institute, p. 2.

2/ Crimps are impressions formed at points where wires intersect and are designed to hold the wires securely in place.

3/ Plain weave allows a straight flow-through of material and is the type most commonly used. Over 90 percent of both U.S. production and imports of stainless steel wire cloth are plain weave.

4/ Conversation between \* \* \* and James Brandon, Commission's staff, June 19, 1984.

### Manufacturing process

The technique of weaving stainless steel wire cloth is fundamentally the same as that used in the textile industry to weave cloth. In the manufacturing process, two systems of parallel wires are fed into large weaving machines called looms, within which the wires interlace at right angles. The lengthwise wires are called warp wires, and the crosswise wires are referred to as fill or shoot wires. As the warp wires are manipulated, they separate into layers, creating openings called sheds. The fill or shoot wires are directed through the sheds and are forced into place by a reed which has a backward and forward motion. The wires are spaced to various mesh sizes by a heddle according to prearranged plans or designs. After weaving, wire cloth is generally rolled into coils that are 1,000 feet in length by 48 inches wide. Sections may be cut from these rolls for shipment to fabricators or for fabrication within the weaving establishment. The most popular weaving machines used in the United States are Jäger looms, which are capable of producing both fine mesh and coarse mesh wire cloth at speeds of up to 80 picks per minute.

As mentioned, stainless steel wire is the raw material used to produce stainless steel wire cloth. 1/ Stainless steel wire is the only imported steel product currently covered by the Trigger-Price Mechanism (TPM). The TPM, which became effective on December 6, 1977, was designed to monitor import prices on steel mill products. Production costs of steel mill products in Japan, deemed to be the most efficient producer in the world, formed the basis of the trigger prices. Under the TPM, imports priced below trigger prices are considered potential sales at LTFV and can trigger the initiation of an antidumping investigation by Commerce. The TPM was suspended on all products in March 1980 in response to the filing of antidumping petitions by U.S. Steel Corp. The Commerce Department reinstated the TPM in October 1980 and suspended it once again in January 1982 on all steel mill products except stainless steel wire.

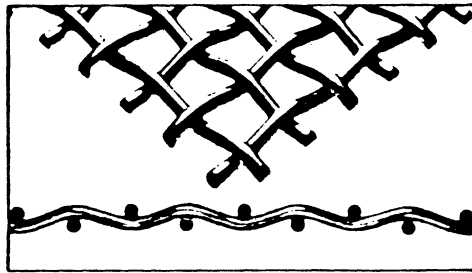
U.S. producers have stated that under the TPM, component wire costs alone exceed the price of imported stainless steel wire cloth from Japan, 2/ and they have provided calculations in the petition to support this statement. No countries besides the United States are known to have a TPM-type restriction on imports of stainless steel wire.

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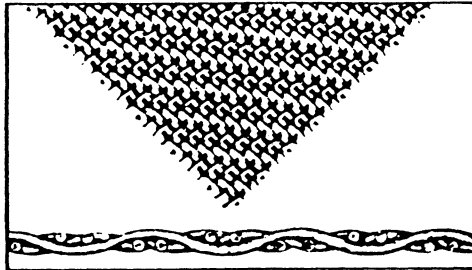
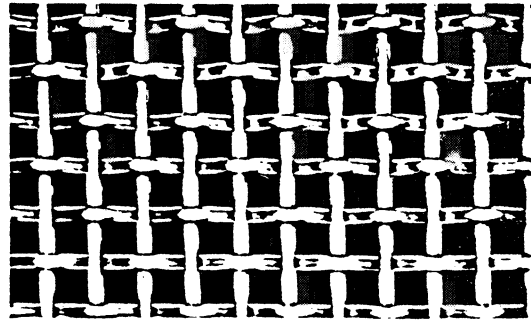
1/ A U.S. producer testified that the cost of wire accounts for an estimated 80 percent of the selling price of stainless steel wire cloth. Transcript of the conference, p. 33.

2/ Ibid, pp. 33 and 35-38.

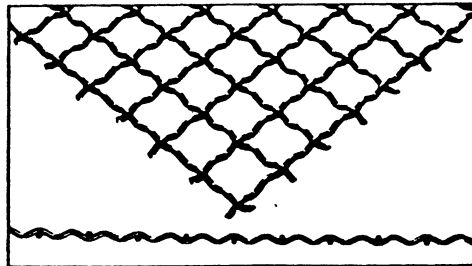
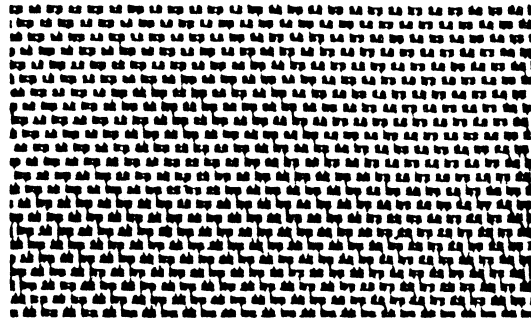
Figure 1.--Basic weaves used in the manufacture of stainless steel wire cloth.



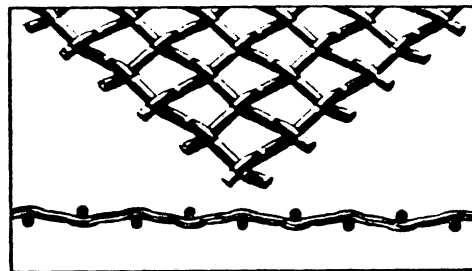
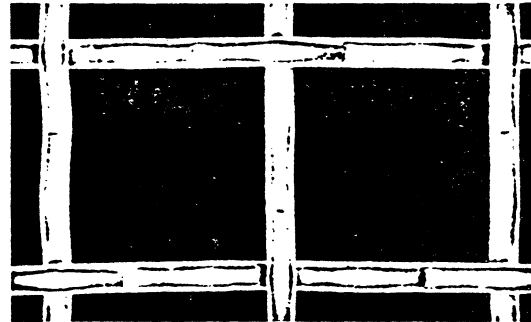
Plain or Double Crimped



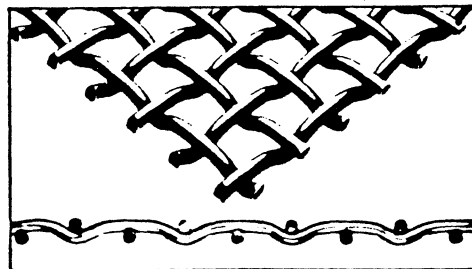
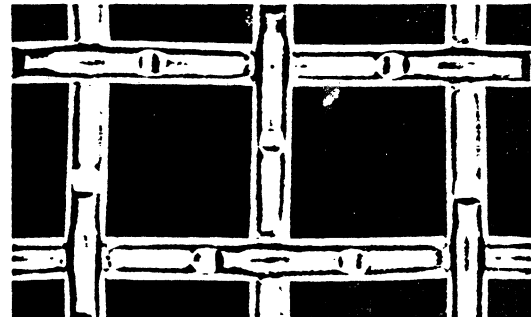
Twilled Weave



Double Intermediate Crimp



Lock Crimp



Smooth Top



A-5

Source: Sales brochure of Cambridge Wire Cloth Company.

### U.S. tariff treatment

U.S. imports of stainless steel wire cloth are classified under TSUS items 642.50, 642.52, 642.62, 642.64, and 642.74. 1/ Imports from Japan and all other countries receiving the column 1 rate of duty 2/ are dutiable at rates ranging from 5.9 percent ad valorem to 10.1 percent ad valorem, depending on mesh size and value per square foot. 3/ These rates are scheduled for staged rate reductions through 1987, when they will reach final rates ranging from 4.9 to 7.2 percent ad valorem.

### U.S. Market and Channels of Distribution

#### Apparent U.S. consumption

The demand for stainless steel wire cloth is derived, in large part, from the level of output in those industries which consume this product. In years when there is a downturn in manufacturing segments of the economy, the demand for stainless steel wire cloth also decreases, both in the replacement market and in the new application area. Conversely, when economic activity increases, this upturn is passed through to the stainless steel wire cloth industry.

Apparent U.S. consumption of stainless steel wire cloth declined steadily from 38 million square feet in 1981 to 22 million square feet in 1983, or by 43 percent. Consumption then increased by 42 percent during January-March 1983 to January-March 1984, from 5 million to 7 million square feet (table 1).

#### U.S. producers

There are approximately 30 producers of stainless steel wire cloth in the United States, 8 of which are members of the American Wire Cloth Institute (AWCI). These eight member firms together account for an estimated 63 percent of domestic stainless steel wire cloth production. 4/

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1/ The petition does not cover items 642.50 and 642.62, which cover low-valued imports of the sizes specified in items 642.52 and 642.64, respectively.

2/ The rates of duty in col. 1 are most-favored-nation rates and are applicable to imported products from all countries except those communist countries and areas enumerated in general headnote 3(f) of the Tariff Schedules of the United States Annotated (TSUSA).

3/ A copy of the applicable sections of the TSUSA is included in app. C.

4/ On June 14, 1983, the Commission received a letter from counsel for Gerard Daniel & Co., Inc., the major importer from Japan, with an attached list of 15 stainless steel wire cloth producers that were not included in the petition filed by the AWCI. The letter contended that the combined sales of these 15 producers in 1983 approximately equaled those of the AWCI members in the same year. The staff sent questionnaires to five of these companies which were alleged by counsel to have the largest estimated annual production and contacted the remainder by telephone. According to questionnaire responses and information obtained by telephone, members of the AWCI and the producers identified by counsel for Gerard Daniel account for about 63 and 28 percent, respectively, of total production of stainless steel wire cloth.



Table 1.--Stainless steel wire cloth: Domestic shipments, exports, imports, and apparent consumption, 1981-83, January-March 1983, and January-March 1984

(In thousands of square feet)					
Period	: Domestic : :shipments 1/:	: Exports 1/ : :	: Imports : :	:Apparent con- : sumption 1/	
1981-----	3,156	140	34,948	38,104	
1982-----	2,244	108	24,370	26,614	
1983-----	2,075	47	19,717	21,792	
January-March--					
1983-----	490	10	4,591	5,081	
1984-----	540	14	6,661	7,201	

1/ Data are understated, as several known producers together accounting for an estimated 10 percent of U.S. production did not respond to the Commission's questionnaires.

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

Producers which provided data in response to the Commission's questionnaire, the location of their wire-weaving facilities, and the share of estimated 1983 U.S. production accounted for by each are presented in the following tabulation:

<u>Producer</u>	<u>Location</u>	<u>Share of 1983 U.S. production 1/</u>
Belleville Wire Cloth Co., Inc-----	Belleville, N.J.	***
Cambridge Wire Cloth Co-----	Cambridge, Md.	***
City Wire Cloth, Inc-----	Paramount, Calif.	***
Cleveland Wire Cloth & Mfg. Co-----	Cleveland, Ohio	***
Durex Products, Inc-----	Luck, Wis.	***
	Centuria, Wis.	
Ludlow-Saylor-----	St. Louis, Mo.	***
	Industry, Calif.	
National-Standard Co-----	Corbin, Ky.	***
Newark Wire Cloth Co-----	Newark, N.J.	***
Unique Wire Weaving Co., Inc-----	Hillside, N.J.	***
W. S. Tyler, Inc-----	Mentor, Ohio	***
	Salisbury, N.C.	
Weave Alloy Products Co-----	Sterling Heights, Mich.	***
Total, all above-----		86.6

1/ Total 1983 U.S. production is estimated to be 2.4 million square feet.

Most producers, regardless of size, further process or fabricate wire cloth into many diverse wire cloth products. To assist in fabrication, these producers maintain metalworking equipment for shearing, forming, extruding, welding, soldering, and other fabricating services.

The majority of the major producers are also importers of stainless steel wire cloth. Officials of two of the largest companies, Ludlow-Saylor and Cambridge Wire, stated at the public conference that they were importing for three basic reasons: to remain competitive, to meet customers' price requirements, and to maintain a customer base. Mr. Beyer of Unique Wire Weaving Co. stated that his company does not import because they have no control over quality or delivery. 1/

#### U.S. importers

There are about 30 importers of stainless steel wire cloth. Whereas some importers are trading companies for foreign affiliates and maintain no warehousing facilities, others such as Gerard Daniel & Co., Inc., a major importer accounting for an estimated 50 percent of total imports from Japan, stock a complete line of merchandise for distribution throughout the country. Gerard Daniel & Co., Inc., also owns City Wire Cloth, a U.S. producer of stainless steel wire cloth. Some importers also maintain facilities to fabricate wire cloth into a wide range of industrial products.

#### Foreign producers

According to domestic industry sources there are approximately 300 producers of wire cloth in Japan with manufacturing facilities located principally in Osaka. 2/ Although the majority of these producers are small family-owned enterprises, 100 are substantial wire cloth weavers and together account for the bulk of the stainless steel wire cloth exported to the United States. The manufacturing technology in Japan is believed to be comparable with that used in the United States; however, their weaving looms are reportedly smaller and faster due to production runs of mostly fine mesh wire cloth. 3/

### The Question of Alleged Material Injury

#### U.S. production

Production data were reported by 11 U.S. producers which together accounted for an estimated 87 percent of U.S. stainless steel wire cloth production in 1983. Production declined steadily from 3.4 million square feet in 1981 to 2.1 million square feet in 1983, or by 40 percent, as shown in the following tabulation:

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1/ Transcript of the conference, pp. 37-42.

2/ Conversation between \* \* \* and James Brandon, Commission staff, \* \* \*, 1984.

3/ Data on production of stainless steel wire cloth in Japan, as reported by certain members of the Japanese Wire Weavers Association, are presented in A-8 exhibit 7 to the Posthearing Brief on behalf of Gerard Daniel & Co., Inc.

<u>Period</u>	<u>Production</u> <u>(1,000 square feet)</u>
1981-----	3,446
1982-----	2,327
1983-----	2,078
January-March--	
1983-----	550
1984-----	560

This trend reversed in January-March 1984, when production rose by 2 percent from January-March 1983 levels.

#### U.S. capacity and capacity utilization

It is very difficult to determine practical U.S. capacity to produce stainless steel wire cloth, since looms which are used to produce this cloth are also used to produce cloth of other metals. <sup>1/</sup> Additionally, setup times for looms can be considerable, depending on the type of weave and mesh of the cloth to be produced, and production times vary significantly. Given these factors, the following capacity data, provided by 11 firms together which accounted for an estimated 87 percent of U.S. stainless steel wire cloth production in 1983, should be viewed with extreme caution (table 2). The actual capacity and capacity utilization data contained in the table are not as meaningful as the trends they exhibit, which show a drop in utilization during 1981-83, and then a slight utilization increase in January-March 1984 from January-March 1983 levels, due in part to the reduction of capacity. Commission staff field work and interviews reveal a significant amount of idle capacity in this industry.

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<sup>1/</sup> The producers' questionnaires sent in connection with the investigation asked producers to report production of both stainless steel wire cloth and all other wire cloth which was produced on the looms used to produce stainless steel wire cloth for the periods 1981-83, January-March 1983, and January-March 1984. Although the responses were not complete, it appears that stainless steel wire cloth accounted for less than 50 percent of the products produced on these looms (by square footage) during the period covered by the questionnaires.

Table 2.--Stainless steel wire cloth: U.S. production, end-of-period capacity, and capacity utilization, 1981-83, January-March 1983, and January-March 1984

Period	Production	Capacity <sup>1/</sup>	Capacity utilization
	-----1,000 square feet-----		Percent
1981-----	3,446	17,906	19.2
1982-----	2,327	14,974	15.5
1983-----	2,078	22,008	9.4
January-March--			
1983-----	550	6,467	8.5
1984-----	560	5,815	9.6

<sup>1/</sup> End of period. The bases used by firms for computing capacity differed significantly.

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

#### Domestic shipments

Domestic shipments of stainless steel wire cloth declined steadily from 3.2 million square feet, valued at \$12.3 million, in 1981 to 2.1 million square feet, valued at \$8.9 million, in 1983. Shipments then increased from 490,000 square feet, valued at \$2.1 million, in January-March 1983 to 540,000 square feet, valued at \$1.8 million, in January-March 1984.

Period	Quantity	Value
	1,000 square feet	1,000 dollars
1981-----	3,156	12,347
1982-----	2,244	10,008
1983-----	2,074	8,864
January-March--		
1983-----	490	2,137
1984-----	540	1,809

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

U.S. exports

Exports of stainless steel wire cloth have been small, accounting for less than 3 percent of total shipments in recent periods. <sup>1/</sup> Export data are presented in table 1 of this report. U.S. export markets include Mexico and Canada.

U.S. inventories

End-of-period inventories of 10 U.S. producers, accounting for 85 percent of U.S. production in 1983, remained at 1.1 million square feet in 1980 and 1983 after rising slightly to 1.2 million square feet in 1981 and 1982. Inventories then declined from 1.2 million square feet in January-March 1983 to 1.0 million square feet in January-March 1984.

<u>End of period</u>	<u>Inventory</u> <u>(1,000 square feet)</u>
1980-----	1,099
1981-----	1,188
1982-----	1,168
1983-----	1,081
January-March--	
1983-----	1,153
1984-----	1,038

Employment and wages

The number of employees producing stainless steel wire cloth in 10 firms, accounting for 80 percent of U.S. production in 1983, dropped steadily from 124 in 1981 to 92 in 1983, and declined further from 86 in January-March 1983 to 62 in January-March 1984 (table 3). During this period, aggregate hours worked, wages paid, and total compensation paid also dropped. However, total compensation paid, when measured on an hourly basis, rose from \$8.16 in 1981 to \$9.11 in 1983, or by 12 percent. Productivity declined from 12.6 square feet per hour in 1981 to 11.1 square feet per hour in 1983 but then increased from 12.3 square feet per hour in January-March 1983 to 16.7 square feet per hour in January-March 1984.

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<sup>1/</sup> At the conference, a domestic producer stated that export markets were limited due to competition from Japanese stainless steel wire cloth. Transcript of the conference, pp. 31 and 32.

Table 3.--Stainless steel wire cloth: Employment, hours worked, wages paid, total compensation paid, and productivity, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March--	
				1983	1984
Employees producing stain- less steel wire cloth					
number--	124	117	92	86	62
Hours worked-----thousand--	223	197	164	40	30
Wages paid----1,000 dollars--	1,614	1,539	1,340	314	246
Total compensation paid					
do----	1,819	1,714	1,494	357	281
Total compensation paid					
per hour-----	\$8.16	\$8.70	\$9.11	\$8.93	\$9.37
Productivity---square feet					
per hour--	12.6	10.4	11.1	12.3	16.7

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

Eleven firms responded to a question concerning whether their workers producing stainless steel wire cloth are represented by a union. These responses are compiled below.

<u>Firm</u>	<u>Union representing workers producing stainless steel wire cloth</u>
Ludlow-Saylor-----	United Steelworkers of America
National Standard Co-----	Do.
Newark Wire Cloth Co-----	Do.
Cambridge Wire Cloth Co-----	Do.
W. S. Tyler-----	International Association of Bridge, Structural, & Orna- mental Iron Workers
Cleveland Wire Cloth Mfg. Co ---	International Molders Union
Belleville Wire Cloth Co , Inc-----	None
Unique Wire Weaving Co , Inc----	Do.
Durex Products, Inc-----	Do.
Weave Alloy Products Co-----	Do.
City Wire Cloth, Inc-----	Do.

#### Financial experience of U.S. producers

Nine U.S. producers of stainless steel wire cloth, accounting for 69 percent of estimated U.S. production in 1983, furnished usable income-and-loss

data for both their overall establishment operations and their operations producing wire cloth. 1/ All nine of these firms produce several types of wire cloth products using the same machinery on which stainless steel wire cloth is woven. As a result, only three of the nine firms were able to supply usable income-and-loss data relative to their stainless steel wire cloth operations. 2/ These three firms together accounted for about \* \* \* percent of total U.S. production of stainless steel wire cloth in 1983.

Overall establishment operations.---The income-and-loss experience of nine U.S. producers on the overall operations of their establishments within which stainless steel wire cloth is produced is presented in table 4 for 1981-83, interim 1983, and interim 1984. Net sales of all products declined annually from \$101 million to \$76 million, or by 25 percent, during 1981-83. Net sales totaled \$24.5 million during the interim period ended March 31, 1984, compared with \$22.8 million for the corresponding period of 1983.

Operating income also declined annually during 1981-83, from \$10.6 million, or 10.5 percent of net sales, to \$3.6 million, or 4.7 percent of net sales. Operating income rose to \$1.9 million, or 7.8 percent of net sales, during interim 1984, compared with \$1.1 million, or 4.9 percent of net sales, for the corresponding period of 1983. One firm sustained an operating loss in 1982; four firms sustained operating losses in 1983; and two firms sustained operating losses during interim 1984 compared with five firms for the corresponding period of 1983.

Operations producing wire cloth.---The income-and-loss experience of nine U.S. producers on their total wire cloth operations is shown in table 5. Net sales of all types of wire cloth declined annually from \$61 million to \$44 million, or by 28 percent, during 1981-83.

Total net sales amounted to \$14.9 million during interim 1984 compared with \$14.5 million for the corresponding period of 1983. Net sales of stainless steel wire cloth also declined annually during 1981-83. Such sales fell from \$11.9 million to \$8.1 million, or by 32 percent, during this period. Stainless steel wire cloth net sales during interim 1984 were \$45,000 greater than those during interim 1983.

Operating income fell sharply from \$6.0 million, or 9.8 percent of net sales, in 1981 to \$721,000, or 1.6 percent of net sales, in 1983. Operating income rose to \$729,000, or 4.9 percent of net sales, during interim 1984, compared with operating income of \$498,000, or 3.4 percent of net sales, for the corresponding period of 1983. One firm sustained an operating loss in 1981, two firms sustained operating losses in 1982, and five firms did so in both 1983 and interim 1984.

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1/ The firms are National Standard, W. S. Tyler, the Cleveland Wire Cloth & Manufacturing Co., Unique Wire Weaving, Durex Products, Newark Wire Cloth, Cambridge Wire Cloth Co., Belleville, and Ludlow-Saylor.

2/ \* \* \*.

Table 4.--Income-and-loss experience of 9 U.S. producers on the overall operations of their establishments within which stainless steel wire cloth is produced, 1981-83, interim period ended Mar. 31, 1983, and interim period ended Mar. 31, 1984 1/

Item	1981	1982	1983	Interim period ended Mar. 31--	
				1983	1984
Net sales-----1,000 dollars--	101,389	79,980	76,006	22,761	24,521
Cost of goods sold-----do----	71,414	55,956	54,665	16,671	17,638
Gross income-----do-----	29,975	24,024	21,341	6,090	6,883
General, selling, and administrative expenses					
do-----	19,340	18,726	17,770	4,972	4,969
Operating income-----do-----	10,635	5,298	3,571	1,118	1,914
Depreciation and amortization expense-----do-----	2,016	2,292	2,523	677	681
Cash flow from operations					
do-----	12,651	7,590	6,094	1,795	2,595
Ratio to net sales of--					
Gross income-----percent--	29.6	30.0	28.1	26.8	28.1
Operating income-----do-----	10.5	6.6	4.7	4.9	7.8
Cost of goods sold-----do-----	70.4	70.0	71.9	73.3	71.9
General, selling, and administrative expenses					
do-----	19.1	23.4	23.4	21.9	20.3
Number of firms sustaining operating losses-----	-	1	4	5	2

1/ The accounting year of 1 firm ended on June 30, that of another firm ended on September 30, and that of an additional firm ended on October 31. The accounting years of the other 6 firms ended on Dec. 31.

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

Operations producing stainless steel wire cloth.---The income-and-loss experience of three U.S. producers on their operations producing stainless steel wire cloth are shown in table 6 for 1981-83, interim 1983, and interim 1984. Net sales of stainless steel wire cloth declined yearly from \* \* \* million to \* \* \* million, or by \* \* \* percent, during 1981-83. Net sales totaled \* \* \* during interim 1984 compared with \* \* \* for the corresponding period of 1983.

Operating income dropped by \* \* \* percent during 1981-83, from \* \* \* or \* \* \* percent of net sales, in 1981 to \* \* \* or \* \* \* percent of net sales, in 1983. The three firms reported an operating income of \* \* \* or \* \* \* percent of net sales, during interim 1984 compared with a loss of \* \* \* or \* \* \* percent of net sales, during the corresponding period of 1983. \* \* \*.



Table 5.--Income-and-loss experience of 9 U.S. producers on their operations producing wire cloth, 1981-83, interim period ended Mar. 31, 1983, and interim period ended Mar. 31, 1984 <sup>1/</sup>

Item	1981	1982	1983	Interim period ended Mar. 31--	
				1983	1984
Net sales:					
Stainless steel wire					
cloth-----1,000 dollars--	11,946	9,960	8,132	2,196	2,241
Other wire cloth-----do----	49,186	37,384	35,941	12,282	12,623
Total net sales-----do----	61,132	47,344	44,073	14,478	14,864
Cost of goods sold-----do----	44,632	35,807	34,361	11,308	11,554
Gross income-----do----	16,500	11,537	9,712	3,170	3,310
General, selling, and administrative expenses					
1,000 dollars--	10,500	9,623	8,991	2,672	2,581
Operating income-----	6,000	1,914	721	498	729
Depreciation and amortization expense-----do----	1,384	1,519	1,519	467	458
Cash flow from operations					
1,000 dollars--	7,384	3,433	2,240	965	1,187
Ratio to net sales of--					
Gross income-----percent--	27.0	24.4	22.0	21.9	22.3
Operating income-----do----	9.8	4.1	1.6	3.4	4.9
Cost of goods sold-----do----	73.0	75.6	78.0	78.1	77.7
General, selling, and administrative expenses					
percent--	17.2	20.3	20.4	18.5	17.4
Sales of stainless steel wire cloth-----percent--	19.5	21.0	18.5	15.2	15.1
Number of firms sustaining operating losses-----	1	2	5	5	5

<sup>1/</sup> The accounting year of 1 firm ended on June 30, that of another firm ended on September 30, and that of an additional firm ended on October 31. The accounting years of the other 6 firms ended on Dec. 31.

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

Cash flow from operations ranged downward from \* \* \* in 1981 to \* \* \* in 1983. Cash flow from operations was \* \* \* during interim 1984 compared with \* \* \* for the corresponding period of 1983.

Table 6.--Income-and-loss experience of 3 U.S. producers on their operations producing stainless steel wire cloth, 1981-83, interim period ended Mar. 31, 1983, and interim period ended Mar. 31, 1984 1/

Item	1981	1982	1983	Interim period ended March 31--	
				1983	1984
Net sales-----1,000 dollars--:	***	***	***	***	***
Cost of goods sold-----do-----:	***	***	***	***	***
Gross income-----do-----:	***	***	***	***	***
General, selling, and administrative expenses					
1,000 dollars--:	***	***	***	***	***
Operating income or (loss)					
1,000 dollars--:	***	***	***	***	***
Depreciation and amortization expense-----do-----:	***	***	***	***	***
Cash flow from operations					
1,000 dollars--:	***	***	***	***	***
Ratio to net sales of--					
Gross income-----percent--:	***	***	***	***	***
Operating income-----do-----:	***	***	***	***	***
Cost of goods sold---do-----:	***	***	***	***	***
General, selling, and administrative expenses					
percent--:	***	***	***	***	***
Number of firms sustaining operating losses-----:	***	***	***	***	***

1/ The accounting year of 1 firm ended on \* \* \*, and the accounting year of the other 2 firms ended on \* \* \*.

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

Investment in productive facilities and capital expenditures.--U.S. producers' investment in productive facilities employed in the production of all products for the establishments within which stainless steel wire cloth is produced is shown in table 7 for 1981-83, and as of March 31, 1983, and March 31, 1984. The cost of such facilities rose in each of the reporting periods, from \$44.4 million to \$48.8 million. The book value of these facilities ranged downward from \$18.6 million in 1982 to \$17.6 million as of March 31, 1984.

Table 7.--Investment in U.S. productive facilities and capital expenditures for all products in establishments producing stainless steel wire cloth, 1981-83, as of Mar. 31, 1983, and as of Mar. 31, 1984

(In thousands of dollars)						
Item	1981	1982	1983	As of Mar. 31--		
				1983	1984	
Investment in productive facilities:						
Original cost-----	44,395	47,096	48,207	47,830		48,786
Book value-----	17,982	18,597	17,674	18,050		17,586
Capital expenditures:						
Land-----	2	3	24	-		-
Buildings-----	556	491	10	3		28
Machinery and equipment----	2,951	2,449	1,586	376		611
Total-----	3,509	2,943	1,620	379		639

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

Capital expenditures declined from \$3.5 million in 1981 to \$1.6 million in 1983. Such expenditures totaled \$639,000 during January-March 1984 compared with \$379,000 for the corresponding period of 1983. Machinery and equipment purchases accounted for the bulk of the capital expenditures.

#### The Question of a Reasonable Indication of Threat of Material Injury

Available data concerning production and capacity of stainless steel wire cloth for Japan are presented in the "Foreign producers" section of this report. Data regarding imports from Japan are presented in the "U.S. imports" section, which follows.

Three importers, accounting for \* \* \* percent of U.S. imports from Japan, provided usable data regarding their imports and end-of-period inventories. <sup>1/</sup> The ratio of these firms' inventories to imports rose from \* \* \* percent in 1981 to \* \* \* percent in 1983, as shown in the following tabulation:

<sup>1/</sup> These firms are \* \* \*.

<u>End of Period</u>	<u>Ratio of inventories to imports from Japan (percent)</u>
1981-----	***
1982-----	***
1983-----	***
January-March--	
1983-----	*** <u>1/</u>
1984-----	*** <u>1/</u>

1/ \* \* \* did not provide inventory data and is not included.

**The Question of the Causal Relationship Between Alleged  
Material Injury and Alleged LTFV Imports from Japan**

**U.S. imports**

Imports of stainless steel wire cloth from Japan decreased steadily from 27 million square feet, valued at \$24 million, in 1981 to 15 million square feet, valued at \$9 million, in 1983 (table 8). Imports from Japan totaled 5 million square feet, valued at \$3 million, in January-March 1984, representing an increase from 3 million square feet, valued at \$2 million, in January-March 1983.

U.S. producers of stainless steel wire cloth also import the product from Japan. Seven U.S. producers, accounting for 52 percent of estimated U.S. production in 1983, reported data on their imports. The following tabulation shows the share of total imports from Japan accounted for by direct imports 1/ by these U.S. producers:

<u>Period</u>	<u>Ratio of imports from Japan by U.S. producers to total U.S. imports from Japan (percent)</u>
1981-----	11.2
1982-----	9.4
1983-----	11.0
January-March--	
1983-----	12.6
1984-----	6.9

Imports of stainless steel wire cloth from all sources 2/ followed the same trend as that exhibited by imports from Japan, decreasing from 35 million square feet in 1981 to 20 million square feet in 1983 and then increasing from 5 million square feet in January-March 1983 to 7 million square feet in January-March 1984. As a share of total imports, those from Japan declined

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1/ \* \* \*.

2/ Stainless steel wire cloth was imported from 17 different countries in 1983.

Table 8.--Stainless steel wire cloth: U.S. imports for consumption, 1/ by sources, 1981-83, January-March 1983, and January-March 1984

Source	1981	1982	1983	January-March--	
				1983	1984
Quantity (1,000 square feet)					
Japan-----	27,167	18,189	14,514	3,406	4,710
West Germany-----	4,684	3,688	3,083	675	1,190
Switzerland-----	1,210	1,084	1,089	176	361
Netherlands-----	436	365	615	228	98
All other-----	1,451	1,044	416	106	302
Total-----	34,948	24,370	19,717	4,591	6,661
Value (1,000 dollars)					
Japan-----	24,123	13,896	9,084	2,314	3,059
West Germany-----	7,457	5,861	4,507	982	1,751
Switzerland-----	2,758	2,398	2,444	348	801
Netherlands-----	603	389	383	128	75
All other-----	2,214	1,251	698	214	297
Total-----	37,155	23,795	17,116	3,986	5,983
Unit value (per square foot)					
Japan-----	\$ .89	\$ .76	\$ .63	\$ .68	\$ .65
West Germany-----	1.59	1.59	1.46	1.46	1.47
Switzerland-----	2.28	2.21	2.24	1.99	2.22
Netherlands-----	1.38	1.07	.62	.56	.77
All other-----	1.53	1.20	1.68	2.02	.98
Average-----	1.06	.98	.87	.87	.90

1/ TSUS items 642.50, 642.52, 642.62, 642.64, and 642.74. Imports under items 642.50 and 642.62 account for 1 percent or less of each total shown.

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

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

steadily from 78 percent in 1981 to 71 percent in January-March 1984, still maintaining Japan's longstanding position as the dominant foreign source for stainless steel wire cloth (table 9).

Table 9.--Stainless steel wire cloth: U.S. imports for consumption from Japan, imports from all other sources, and total imports, 1964-83

Year	Imports from--			Ratio of imports from Japan to total imports
	Japan	All other sources	Total	
	1,000 square feet			Percent
1964	1,281	1,868	3,149	40.7
1965	2,588	2,427	5,015	51.6
1966	2,849	3,145	5,994	47.5
1967	3,601	2,927	6,528	55.2
1968	4,487	2,893	7,380	60.8
1969	5,920	2,728	8,648	68.5
1970	6,768	3,277	10,045	67.4
1971	7,519	3,345	10,864	69.2
1972	9,410	4,009	13,419	70.1
1973	12,217	6,922	19,139	63.8
1974	14,975	5,449	20,424	73.3
1975	9,991	4,064	14,055	71.1
1976	7,213	9,020	16,233	44.4
1977	14,953	6,017	20,970	71.3
1978	18,138	6,047	24,185	75.0
1979	19,034	6,435	25,469	74.7
1980	21,789	6,540	28,329	76.9
1981	27,167	7,781	34,948	77.7
1982	18,189	6,181	24,370	74.6
1983	14,514	5,203	19,717	73.6

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

The distribution of imports from Japan, by mesh sizes, is shown in table 10. <sup>1/</sup> Medium mesh was the largest single category of imports from Japan in 1981; however, coarse mesh has been the largest single category since that time.

<sup>1/</sup> Although the Commission's questionnaires did not ask for data by mesh size, data provided by the AWCI regarding institute members' sales of stainless steel wire cloth reveal that during 1977-82, the portion of such sales in the 30-mesh-and-coarser range varied from \* \* \*. Data compiled from letter from AWCI to Kenneth Mason, Secretary, U.S. International Trade Commission, June 14, 1983.

Table 10.--Percentage distribution of U.S. imports of stainless steel wire cloth from Japan, by mesh sizes, 1981-83, January-March 1983, and January-March 1984

(In percent)						
Item	1981	1982	1983	January-March--		
				1983	1984	
Meshes not finer than 30 <u>1</u> /----	34.8	40.6	40.9	44.0	41.8	
Meshes finer than 30 but not finer than 90 <u>2</u> /-----	44.5	36.3	40.4	32.2	39.8	
Meshes finer than 90 <u>3</u> /-----	20.7	23.1	18.7	23.8	18.4	

1/ TSUS items 642.50 and 642.52.

2/ TSUS items 642.62 and 642.64.

3/ TSUS item 642.74.

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

#### Market penetration

Imports of stainless steel wire cloth from Japan, as a share of apparent U.S. consumption, declined steadily from 71.3 percent in 1981 to 66.6 percent in 1983 (table 11). This trend continued in January-March 1984, when the share held by imports from Japan was 65.4 percent compared with 67.0 percent in January-March 1983.

#### Prices

Developing data for price comparisons between domestically produced and imported stainless steel wire cloth was complicated by the fact that this product is available under a wide range of specifications. Because of the varied needs of different customers, no single market grade (standard) item accounts for a significant share of total industry sales. At the same time, much of the domestic industry sales consist of special orders in which prices are determined by bid competition. Therefore, despite numerous discussions with the Commission staff, U.S. producers were not able to identify any standard high-volume items in which they consistently compete with Japanese imports.

Because of these problems, producers and importers were given a choice of items on which they were asked to provide price information. On the basis of information provided in the petition, and discussions with U.S. producers, a list of 14 items with differing specifications was developed for inclusion in the questionnaires. Producers and importers were asked to provide quarterly prices for the period January 1982-March 1984 on 3 out of the 14 items on which they had the most complete price information. Nine U.S. producers and

Table 11.--Stainless steel wire cloth: Imports from Japan and apparent U.S. consumption, 1981-83, January-March 1983, and January-March 1984

Period	Imports from Japan	Apparent consumption 1/	Ratio of imports from Japan to apparent consumption 2/
	-----1,000 square feet-----		Percent
1981-----	27,167	38,104	71.3
1982-----	18,189	26,614	68.3
1983-----	14,514	21,792	66.6
January-March--			
1983-----	3,406	5,081	67.0
1984-----	4,710	7,201	65.4

1/ Slightly understated.

2/ Slightly overstated.

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

seven importers furnished varying amounts of price data. 1/ In general, the items selected by the importers tended to have finer mesh sizes than those items selected by U.S. producers. In a few cases, producers and importers provided prices on identical items.

However, even in these instances, satisfactory comparisons between domestic and import prices were not possible, because quantity discounts are much more important in the case of stainless steel wire cloth than they are for most manufactured goods. Conversations with both producers and importers indicated that the fixed costs associated with the production of any given specification of metal wire cloth are substantial, since several days of set up time are required to adjust the machinery to produce a particular mesh. Because of these high start up costs, the overall unit costs---and prices charged---for small production runs tend to be high. However, for longer runs, these unit costs and prices tend to be lower, since the fixed costs are spread over more units of output. In addition, the stainless steel wire that is purchased for use in making stainless steel wire cloth is also subject to quantity discounts. Thus, the unit costs of small quantities of wire needed for small production runs are much greater than the unit costs of large quantities that are needed in large runs.

1/ Only two U.S. producers and three importers were able to provide delivered prices. However, the data indicate that transportation costs typically account for less than 5 percent of the delivered price, and are a relatively unimportant factor with respect to competition between imports and domestically produced stainless steel wire cloth.



The importance of volume levels on prices is illustrated by the data in tables 12 and 13, which present quarterly weighted average prices and quantities shipped for 20 x 20 mesh cloth with 0.020-inch diameter wire, and for 8 x 8 mesh cloth with 0.032 inch diameter wire. Quarterly shipments by U.S. producers of these products have consistently been very small. In the case of the 20 x 20 mesh cloth, they ranged from a high of only \* \* \* square feet in \* \* \* to a low of just \* \* \* square feet in \* \* \* (table 12). During the 2-year period, U.S. prices ranged from about \* \* \* per square foot to nearly \* \* \*. In contrast, shipments of imports from Japan were far greater than the U.S. levels in all quarters, and the prices of these imports consistently amounted to only a small fraction of the U.S. prices. <sup>1/</sup> During the 2-year period, quarterly shipments of imports ranged between \* \* \* and \* \* \* square feet. Prices declined from \* \* \* per square foot during \* \* \* to \* \* \* in \* \* \* and remained near that level during \* \* \* before increasing slightly to \* \* \* in \* \* \*.

The data in table 13, which show prices and shipments of 8 x 8 mesh cloth, are similar to the data in table 12. Domestic shipments of wire cloth are consistently much smaller than shipments of the equivalent Japanese product, and U.S. prices are consistently several times higher than the price of Japanese imports.

In cases where U.S. producers are able to sell significant quantities of wire cloth of a given mesh size, their prices are substantially lower. Prices charged by \* \* \* and levels of shipments of two high-volume items marketed by this producer are presented in table 14. Quarterly shipments of the 60 x 40 mesh wire cloth shown under item 1 have consistently been large throughout the 2-year period, ranging from about \* \* \* square feet in \* \* \* to about \* \* \* square feet in \* \* \*. Prices, which declined from a high of \* \* \* per square foot in \* \* \* to \* \* \* in \* \* \* have consistently been far lower than prices of the domestic items that are presented in tables 12 and 13. Price and quantity data for 40 x 40 mesh wire cloth, shown under item 2, offer further evidence that U.S. producers are able to offer significantly lower prices when production runs and levels of shipments are large. However, prices of the items shown in table 14 could not be compared with prices of imports, since none of the importers provided price data on wire cloth items meeting these specifications.

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<sup>1/</sup> Because of the very unusual results of these price comparisons, the staff contacted the producer and one of the importers who had provided the data.  
\* \* \*.

Table 12.--Stainless steel wire cloth: Prices charged by domestic producers and importers on sales of 20 x 20 mesh cloth with 0.020-inch diameter wire, 1/ by quarters, January 1982-March 1984

Period	Domestic		Imported from Japan	
	Quantity	Price	Quantity	Price
	<u>Square</u> <u>feet</u>	<u>Per square</u> <u>foot</u>	<u>Square</u> <u>feet</u>	<u>Per square</u> <u>foot</u>
1982:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1983:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1984:				
January-March-----	***	***	***	***

1/ All prices are reported on a delivered basis.

2/ No domestic shipments occurred during this period.

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

Table 13.--Stainless steel wire cloth: Prices charged by domestic producers and importers on sales of 8 x 8 mesh cloth with 0.032-inch diameter wire, 1/ by quarters, January 1982-March 1984

Period	Domestic		Imported from Japan	
	Quantity	Price	Quantity	Price
	Shipments		Shipments	
	Square feet	Per square foot	Square feet	Per square foot
1982:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1983:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1984:				
January-March-----	***	***	***	***

1/ All prices are reported on a delivered basis.

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

Table 14.--Stainless steel wire cloth: Prices charged by a single U.S. producer on sales of selected items of stainless steel wire cloth, by quarters, January 1982-March 1984

Period	Item 1 <u>1/</u>		Item 2/ <u></u>	
	Quantity	Price	Quantity	Price
	<u>Square</u> <u>feet</u>	<u>Per square</u> <u>foot</u>	<u>Square</u> <u>feet</u>	<u>Per square</u> <u>foot</u>
1982:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1983:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	***	***
October-December-----	***	***	***	***
1984:				
January-March-----	***	***	***	***

1/ The item consists of 60 x 40 mesh wire cloth with a 0.009-inch diameter wire.

2/ The item consists of a 40 x 40 mesh wire cloth with a 0.0085-diameter wire.

3/ No shipments occurred in this quarter.

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

Lost sales

Six U.S. producers provided a total of 68 specific allegations of sales lost to imports from Japan in response to the lost sales question in the Commission's questionnaire. The combined amount of these allegations was an estimated 494,501 square feet, valued at \$709,651, as shown in the following tabulation:

<u>Firm</u>	<u>Number of allegations</u>	<u>Quantity (square feet)</u>	<u>Value</u>
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
<b>Total-----</b>	<b>68</b>	<b>494,501</b>	<b>\$709,651</b>

As time constraints did not allow the Commission staff to investigate all allegations, a sample was conducted. The results of this sample are presented below:

\*       \*       \*       \*       \*       \*       \*

Lost revenues

Five U.S. producers provided a total of 26 specific allegations of revenues lost to imports from Japan in response to the lost revenues question in the Commission's questionnaire. 1/ The combined value of these allegations was an estimated \$96,316, as shown in the following tabulation:

<u>Firm</u>	<u>Number of allegations</u>	<u>Quantity (square feet)</u>	<u>Lost revenues</u>
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
*** -----	***	***	***
Total-----	26	173,046	\$96,316

As time constraints did not allow the Commission staff to investigate all allegations, a sample was conducted. The results of this sample are presented below.

\*       \*       \*       \*       \*       \*       \*

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1/ Allegations were also received from \* \* \*, \* \* \*, and \* \* \*. However, these allegations were not provided in the form requested, and could not be used to compute lost revenue data.

**APPENDIX A**  
**FEDERAL REGISTER NOTICES**

642.50, 642.52, 642.62, 642.64, and 642.74 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

**FOR FURTHER INFORMATION CONTACT:** Mr. David Coombs, telephone 202-523-1376, Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436.

**SUPPLEMENTARY INFORMATION:**

**Background**

This investigation is being instituted in response to a petition filed on June 1, 1984, by counsel on behalf of the American Wire Cloth Institute. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by July 16, 1984 (19 CFR 207.17).

**Participation**

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the *Federal Register*. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

**Service of Documents.**

The Secretary will compile a service list from the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigation. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

**Written Submissions**

Any person may submit to the Commission on or before June 26, 1984, a written statement of information pertinent to the subject matter of this

investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

**Conference**

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on June 22, 1984, in the Hearing Room of the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the staff investigator, Mr. David Coombs (202-523-1376) not later than June 19, 1984, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

**Public Inspection**

A copy of the petition and all written submissions, except for confidential business data, will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201). Further information concerning the conduct of the conference will be provided by Mr. Coombs.

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: June 4, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-15894 Filed 6-12-84; 8:45 am]

BILLING CODE 7020-02-M

A-30

[Investigation No. 731-TA-190  
(Preliminary)]

**Stainless Steel Wire Cloth From Japan**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of a preliminary antidumping investigation and scheduling of a conference to be held in connection with the investigation.

**EFFECTIVE DATE:** June 1, 1984.

**SUMMARY:** The United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of cloth, gauze, fabric, screen, netting, and fencing of stainless steel wire, provided in items



merchandise are materially injuring, or threatening to materially injure, a U.S. industry. If our investigation proceeds normally, the ITC will make its preliminary determination on or before July 16, 1984, and we will make ours on or before November 7, 1984.

**EFFECTIVE DATE:** June 25, 1984.

**FOR FURTHER INFORMATION CONTACT:**

Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-5288.

**SUPPLEMENTARY INFORMATION:**

**Petition**

On May 31, 1984, we received a petition filed in proper form from counsel for the American Wire Cloth Institute (AWCI), on behalf of the U.S. industry producing stainless steel woven wire cloth. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or threatening to materially injure, a U.S. industry. Petitioner calculates United States price based on the F.A.S. prices for imports of several representative mesh sizes of the subject merchandise (derived from offer sheets, price quotations, and published price lists). Since the petitioner was unable to secure home market or third country prices for the merchandise subject to this investigation, AWCI based foreign market value on cost estimates from the U.S. Department of Commerce first-quarter 1984 trigger prices for stainless steel wire, Bank of Japan statistics of average Japanese industrial wage rates, and United States producers' costs for indirect labor and factory overhead adjusted for known cost differences in Japan. Using this comparison, petitioner showed dumping margins of approximately 35.4 to 108.8 percent.

**Initiation of Investigation**

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegation of sales at less than fair value. We have

examined the petition on stainless steel woven wire cloth and we have found that the petition meets those requirements. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether stainless steel woven wire cloth from Japan is being, or is likely to be, sold at less than fair value in the United States. If our investigation proceeds normally, the ITC will make its preliminary determination by July 16, 1984, and we will make ours on or before November 7, 1984.

**Scope of Investigation**

The merchandise covered by this investigation is "Stainless Steel Woven Wire Cloth", provided for in items 642.5200, 642.6400 and 642.7400 of the Tariff Schedules of the United States, Annotated. For a further description of this product, see the Appendix of this notice.

**Notification to ITC**

Section 732(d) of the Act requires us to notify the U.S. International Trade Commission of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and non-confidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

**Preliminary Determination by ITC**

The ITC will determine by July 16, 1984, whether there is a reasonable indication that imports of stainless steel woven wire cloth from Japan are materially injuring, or threatening to materially injure, a U.S. industry. If that determination is negative, the investigation will terminate; otherwise, the investigation will proceed according to the statutory procedures.

Dated: June 19, 1984.

Alan F. Holmer,  
Deputy Assistant Secretary for Import Administration.

**Appendix—Description of Products**

For purposes of this investigation: the term "stainless steel woven wire cloth" covers stainless steel woven wire cloth, whether in rolls, in endless bands, or in lengths, not cut to shape; woven of simple warp and weft construction with (1) meshes not finer than 30 wires to the lineal inch in warp or filling, valued over 7.5 cents per square foot, (2) with meshes finer than 30 but not finer than 90

[A-588-403]

**Stainless Steel Woven Wire Cloth From Japan; Initiation of Antidumping Investigation**

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping investigation to determine whether stainless steel woven wire cloth from Japan is being, or is likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of the

wires to the lineal inch in warp or filling.  
valued over 21.25 cents per square foot, or (3)  
with meshes finer than 90 wires to the lineal  
inch in warp or filling; as currently provided  
for in items 642.5200, 642.6400 and 642.7400 of  
the TSUSA. Stainless steel gauze, fabric,  
screen, netting or fencing are not covered by  
this investigation.

[FR Doc. 84-18860 Filed 6-22-84; 8:45 am]

BILLING CODE 3510-D6-M

**APPENDIX B**

**WITNESSES APPEARING AT THE CONFERENCE**

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CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-190 (Preliminary)

STAINLESS STEEL WIRE CLOTH FROM JAPAN

Those listed below appeared as witnesses at the United States International Commission's conference held in connection with the subject investigation on June 22, 1984, in room 117 of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the petition

Thorp, Reed & Armstrong—Counsel  
Washington, D.C.  
on behalf of

The American Wire Cloth Institute  
Peter M. Miranda, Executive Director

Cambridge Wire Cloth Co.  
Theodore Dragich, Vice President  
Garland W. Jones, Jr., Vice President - Marketing and Sales

Ludlow-Saylor, Inc.  
David W. Owens, Vice President - Operations

W. S. Tyler, Inc.  
Raymond N. DuBois, Vice President - Sales and Marketing

Unique Wire Weaving Co.  
Howard H. Beyer, President

Roger M. Golden)  
Preston T. Scott)—OF COUNSEL

In opposition to the petition

Barnes, Richardson, & Colburn—Counsel  
Washington, D.C.  
on behalf of

Tetko, Inc.

Earl Fugett, Vice President - Industrial Division

Gunter von Conrad)  
Matthew McGrath)—OF COUNSEL

Edward E. Martin—Martin Associates

In opposition to the petition

Sharretts, Paley, Carter & Blauvelt, P.C.—Counsel  
New York, N.Y.  
on behalf of

Gerard Daniel & Co., Inc.  
Gerard Daniel, President  
Ruth Daniel, Executive Vice President  
Charles Milmoe, Vice President

Gail T. Cumins—OF COUNSEL



**APPENDIX C**

**EXCERPTS FROM THE TARIFF SCHEDULES OF  
THE UNITED STATES ANNOTATED**

## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1984)

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SCHEDULE 6. - METALS AND METAL PRODUCTS  
Part 3. - Metal Products

6 - 3 - B

642.25 - 642.60

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Cylinder wires, suitable for use in paper-making machines (whether or not parts of, or fitted or attached to, such machines), and woven-wire cloth suitable for use in the manufacture of Fourdrinier wires or cylinder wires suitable for use in paper-making machines:				
A	642.25	00	Having more than 55 meshes per lineal inch in warp or filling.....	Sq. ft.v Lb.	15.6% ad val.	10% ad val.	75% ad val.
A	642.27	00	Other.....	Sq. ft.v Lb.	11.4% ad val.	7.8% ad val.	50% ad val.
			Fourdrinier wires, seamed or not seamed, suitable for use in papermaking machines (whether or not parts of, or fitted or attached to, such machines):				
A	642.31	00	Of plastics.....	Sq. ft.v Lb.	15.6% ad val.	10% ad val.	75% ad val.
			Other:				
	642.33	00	With 240 or more wires to the linear inch.....	Sq. ft.v Lb.	Free		75% ad val.
A	642.34	00	Other.....	Sq. ft.v Lb.	15.6% ad val.	12% ad val.	75% ad val.
	642.35		Galvanized wire fencing wholly of round iron or steel wire measuring not over 0.20 inch and not under 0.075 inch in diameter, whether or not such wire is covered with plastics.....		0.1c per lb.		0.5c per lb.
			Chain-link fencing:				
		10	Plastic covered.....	Lb.			
		30	Other.....	Lb.			
			Other:				
		60	Welded.....	Lb.			
		70	Other.....	Lb.			
			Cloth, gauze, fabric, screen, netting, and fencing, all the foregoing not specially provided for, of wire, whether in rolls, in endless bands, or in lengths, and whether or not cut to shape:				
			Not cut to shape:				
			Woven (but of other than simple warp and weft construction) and composed wholly or in substantial part of wire measuring under 0.075 inch in maximum cross-sectional dimension:				
A	642.45	00	Coated with metal before weaving.....	Sq. ft.v Lb.	7.7% ad val.	6% ad val.	50% ad val.
A	642.47	00	Coated with metal after weaving.....	Sq. ft.v Lb.	8.8% ad val.	6.6% ad val.	60% ad val.
			Woven (of simple warp and weft construction):				
			With meshes not finer than 30 wires to the lineal inch in warp or filling:				
			Of stainless steel:				
A	642.50	00	Valued not over 7.5 cents per square foot.....	Sq. ft.v Lb.	6.7% ad val.	5.4% ad val.	28% ad val.
A	642.52	00	Valued over 7.5 cents per square foot.....	Sq. ft.v Lb.	5.9% ad val.	4.9% ad val.	35% ad val.
			Of copper:				
A	642.54	00	Valued not over 7.5 cents per square foot.....	Sq. ft.v Lb.	5.3% ad val.		19.5% ad val.
A	642.56	00	Valued over 7.5 cents per square foot.....	Sq. ft.v Lb.	4.6% ad val.	4% ad val.	28% ad val.
			Other:				
A	642.58	00	Valued not over 7.5 cents per square foot.....	Sq. ft.v Lb.	5.3% ad val.	4.5% ad val.	18% ad val.
A	642.60	00	Valued over 7.5 cents per square foot.....	Sq. ft.v Lb.	4.2% ad val.	3.7% ad val.	25% ad val.

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Note: For explanation of the symbol "A" or "A\*" in the column entitled "GSP", see general headnote 3(c).



## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1984)

SCHEDULE 6. - METALS AND METAL PRODUCTS  
Part 3. - Metal Products

Page 6-77

6 - 3 - B  
642.62 - 642.88

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Cloth, gauze, fabric, screen, netting, and fencing, all the foregoing, etc. (con.): Not cut to shape (con.): Woven (of simple warp and weft construction) (con.): With meshes finer than 30 but not finer than 90 wires to the lineal inch in warp or filling: Of stainless steel: Valued not over 21.25 cents per square foot.....	Sq. ft.v Lb.	5.9% ad val.	4.9% ad val.	31% ad val.
A	642.62	00					
A	642.64	00	Valued over 21.25 cents per square foot.....	Sq. ft..	5.9% ad val.	4.9% ad val.	50% ad val.
A	642.66	00	Of copper: Valued not over 21.25 cents per square foot.....	Sq. ft.v Lb.	4.5% ad val.	3.9% ad val.	25% ad val.
A	642.68	00	Valued over 21.25 cents per square foot.....	Sq. ft.v Lb.	4.6% ad val.	4% ad val.	43% ad val.
A	642.70	00	Other: Valued not over 21.25 cents per square foot.....	Sq. ft.v Lb.	5.5% ad val.	4.6% ad val.	27.5% ad val.
A	642.72	00	Valued over 21.25 cents per square foot.....	Sq. ft.v Lb.	4.2% ad val.	3.7% ad val.	40% ad val.
A	642.74	00	With meshes finer than 90 wires to the lineal inch in warp or filling: Of stainless steel.....	Sq. ft.v Lb.	10.1% ad val.	7.2% ad val.	60% ad val.



