CERTAIN SILICA FILAMENT FABRIC FROM JAPAN

Determination of the Commission in Investigation No. 731-TA-355 (Final) Under the Tariff Act of 1930, Together With the Information Obtained In the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

CONTENTS

Tables

CONTENTS

Tables—Continued

CONTENTS

Tables—Continued

CONTENTS

Tables—Continued

Note.—Information that would reveal confidential operations of individual firms may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigation No. 731-TA-355 (Final)

CERTAIN SILICA FILAMENT FABRIC FROM JAPAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission unanimously determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured by reason of imports from Japan of woven fabrics, of glass (silica filaments), whether or not colored, containing not over 17 percent of wool by weight, provided for in items 338.25 and 338.27 of the Tariff Schedules of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

The Commission also unanimously determines, pursuant to section 735(b)(4)(A) of the Act (19 U.S.C. § 1673(b)(4)(A)), that the material injury is not by reason of massive imports of silica filament fabric from Japan over a relatively short period to an extent that it is necessary that the duty provided for in section 731 of the act be imposed retroactively on those imports in order to prevent such injury from recurring.

Background

The Commission instituted this investigation effective May 13, 1987, following a preliminary determination by the Department of Commerce that imports of amorphous silica filament fabric from Japan were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigation and of a public hearing to

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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)).

be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 11, 1987 (52 F.R. 22398). The hearing was held in Washington, DC, on August 5, 1987, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that an industry in the United States is materially injured by reason of imports of certain commercial grade silica filament fabric from Japan that were sold at less than fair value (LTFV). We further determine that critical circumstances do not exist in this case. Our determination on material injury is based, inter alia, on the declining financial performance of the domestic industry, significant import market penetration ratios, and the adverse impact of imports on prices for the domestic product.

Like Product

The imported product that is the subject of this investigation is commercial grade amorphous silica filament fabric, [1/] a woven textile composed of numerous fine, discrete silica strands and containing a minimum of 96 percent silica. It has industrial applications as insulation and heat resistance material. The domestic producers manufacture aerospace and controlled-shrinkage grade silica filament fabric, in addition to the commercial grade fabric. [2/] The sole importer in this investigation,

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1/ The "article subject to an investigation" is defined by the scope of the Department of Commerce's (Commerce) investigation. Commerce has defined the scope of this investigation as "commercial grade woven fabric of glass (silica filaments), whether or not colored, containing not over 17 percent of wool by weight." 52 Fed. Reg. 28033 (1987).

2/ The aerospace and controlled-shrinkage grade will hereinafter be referred to as the aerospace grade. Commercial grade fabric represented a substantial majority of the total market. Report of the Commission (Report) at A-11, Table 3. The two domestic producers of commercial grade fabric are the Haveg Division of Ametek, Inc. (Haveg), and HITCO.

Sandtex Corporation, sells only the commercial grade.

In general, both grades of silica filament fabric possess some similar characteristics, such as thermal survivability, low thermal conductivity, and chemical non-reactivity. [4/] Moreover, both grades receive the critical leaching treatment in the initial part of the manufacturing process. [5/]

However, the grades are distinguishable by differences in the type of the fiberglass precursor (raw material) used and by their residual areal shrinkage and degree of chemical purity. The fiberglass raw material used to make commercial grade fabric cannot be used to make aerospace grade fabric. [6/] Further, while all raw material undergoes the leaching process, the temperature and acid concentration at which the material is submerged, the length of the bath, and other manufacturing parameters depend on the grade of

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3/ Sandtex imported its first significant shipment of the subject products from Japan in December 1983. Id. at A-7-A-8. Imported commercial grade fabric is usually 36 inches wide and comes in two weights, light and heavy. Heavyweight fabric, which is twice the weight of lightweight, requires a thicker fiberglass raw material, takes somewhat longer to produce, and has greater insulation ability. However, both weights are produced from the same raw material, undergo the same production process, and are put to similar uses. None of the parties argued that heavyweight and lightweight commercial fabric constitute separate like products, and we find no reason to treat them as such. Id. at A-3.

4/ Id. at A-3-A-4.

5/ Id. at A-4-A-5. Leaching involves submerging the fiberglass raw material in a bath of hydrochloric acid to purify it by chemically removing many of its non-silica, low-melt elements, thereby increasing the silica content of the raw material.

6/ Id. at A-4.

silica fabric desired. [7/] For the aerospace grade, in particular, close monitoring of the raw material throughout all stages of manufacture is essential in order to produce a fabric with higher silica content. [8/]

In addition to variations in the leaching process, the remainder of the proprietary production processes also differ between the commercial and aerospace grades. [9/] The distinct heat treatments for commercial and aerospace grades make these two products different in three major respects: their residual shrinkage rate, minimum silica content, and strength and abrasion resistance. [10/]

The differences in the manufacturing process and resulting differences in characteristics determine the fabrics' particular end uses. Commercial grade fabrics are sold to customers who use them primarily as covers for ducting and pipes, as shields against sparks and molten metal splash, as insulation blankets in heat-treating and high-temperature processing operations, and as refractory lining and furnace curtains. [11/] Aerospace grade fabrics are sold to firms that impregnate the fabric with resins and then resell it either in bulk or in custom-cut pieces to other companies that use the material to fabricate aerospace parts. [12/]

7/ Id. at A-4-A-5.

8/ Id.

9/ Id. at A-4-A-5.

10/ Id. at A-3-A-4.

11/ Id. at A-3. Different topical coatings may be applied to commercial grade fabric depending on a customer's requirements. Id. at A-4.

12/ Id. at A-4. The controlled shrinkage fabric is sold to non-aerospace customers who require low residual shrinkability but who can also do without the abrasion resistance, strength, and ease of handling offered by the commercial grade product. Id.

In addition to having distinct uses, the commercial and aerospace grades of silica filament fabrics are distributed through separate channels. 13/

In the preliminary investigation, we determined that the differences in characteristics and uses between the commercial grade and aerospace grade required that the "like product" 14/ include only the commercial grade product. No new information has been produced in this final investigation that persuades us to change this determination. Accordingly, we conclude that there is one like product, commercial grade silica filament fabric.

Domestic Industry

Having determined that there is a single like product, we determine that there is a single domestic industry consisting of the two domestic producers of commercial grade silica filament fabric. The two domestic producers are: Haveg of Wilmington, Delaware, and HITCO of Newport Beach, California.

Condition of the domestic industry

In determining the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, and financial performance. 15/

13/ Id. at A-6-A-7.

14/ "Industry" is "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." Section 771(4)(A) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(A). "Like product" is "a product which is like, or in the absence of like, most similar in characteristics and uses with, the articles subject to" this investigation. 19 U.S.C. § 1677(10).

15/ 19 U.S.C. § 1677(7)(C)(iii).

The volume of apparent U.S. consumption of commercial grade silica filament fabric increased from 1984 to 1985, and remained level in 1986. [16/] Domestic production of this fabric declined throughout the period of investigation, [17/] as did capacity utilization, [18/] domestic shipments, [19/] and the number of workers and the hours worked by production workers. [20/]

The financial data show declining profitability for U.S. producers throughout the period of investigation. Aggregate sales, aggregate operating income, and the operating income margin fell steadily. [21/]

On the basis of the record, we determine that the domestic commercial grade amorphous silica filament fabric industry is currently experiencing material injury. [22/]

16/ Report at A-10-A-13, Table 3. Since there are only two U.S. producers of commercial grade silica fabric, virtually all the domestic industry data are confidential. Therefore much of the discussion of the condition of the domestic industry is, of necessity, general. Consumption for January-March 1987 could not be compared to the corresponding period in 1986 since Sandtex Corp. did not provide a complete questionnaire response to the Commissions' inquiry.

17/ Id. at A-14.

18/ Id. at A-14-A-15.

19/ Id. at A-15.

20/ Id. at A-17-A-18, Table 14.

21/ Id. at A-18-A-19.

22/ Vice Chairman Brunsdale notes that the industry was experiencing some difficulties during the period of investigation and concludes for purposes of this investigation that the industry was suffering material injury.

Material injury by reason of LTFV imports

When determining whether the domestic industry has suffered material injury by reason of LTFV imports, the Commission is required to consider, among other factors, the volume of imports of the merchandise under investigation and the effect of such imports on prices in the United States for the like product and on the relevant domestic industry. 23/

The volume of U.S. consumption of commercial grade silica filament fabric increased in 1984-85 and remained level in 1986. In the same period, the domestic producers' market share declined each year, 24/ as imports from Japan increased dramatically. 25/ The expansion in Japan's market share was equally dramatic. 26/

The pricing data reveal a broad pattern of underselling by the imported product in every market channel in which pricing comparisons with the domestic product were possible. 27/ 28/ Further, those who bought the imported

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23/ 19 U.S.C. § 1677(7)(B).

24/ Report at A-25-A-26, Table 22.

25/ Id. at A-23-A-24. The imported product ceased entering the United States in February 1987, and Sandtex has informed the Commission that it no longer receives supplies of imported commercial grade silica fabric. Id. at A-7-A-8.

26/ Id. at A-25.

27/ See generally id. at A-25-A-35. Sporadic instances of overselling by imports exist. Id.

28/ Vice Chairman Brunsdale takes careful note of the "underselling" evidence gathered in this investigation but does not find it persuasive on whether dumped imports are a cause of material injury. For example, with

(Footnote continued on next page)

product attribute their purchases to lower prices. 29/

The primary method of marketing silica fabric in the United States is competitive bidding for volume sales to large end-users, such as electric utilities or shipyards. Contracts awarded in such bid competition are typically either spot sales or long-term supply contracts. 30/ Price data indicate that the success of Sandtex in the spot and long-term contract markets is almost entirely attributable to underbidding of domestic producers by Sandtex. 31/

Accordingly, we determine the domestic industry producing commercial grade silica fabric is materially injured by reason of LTFV imports from Japan. 32/

(Footnote continued from previous page)
respect to the evidence on competitive bidding (Tables 23 and 24), the record indicates that the domestic firms were the successful bidders on certain contracts while the importer was successful on others. Moreover, the experience shown regarding the particular collection of transactions reported in this case — though they are relatively large contracts — does not allow us to draw reliable inferences about the effect of dumped imports on the domestic industry as a whole. To do that, it is necessary to study market totals directly and examine how the domestic industry's total shipments and revenue have been affected by dumped imports.

29/ Report at A-25-A-35.

30/ Id. at A-26-A-27. Secondary channels of distribution include sales through independent distributors and sales to original equipment manufacturers.

31/ Id. at A-27-A-29.

32/ Vice Chairman Brunsdale notes that the final dumping margin in this case is 193.94 percent. This is an extremely high margin—high enough so that it can be expected to give the imported product a substantial initial price advantage in the market. The Vice Chairman believes that the magnitude of the dumping margin is one factor, among others, that should be considered in determining whether unfairly traded imports are a cause of material injury.

Critical Circumstances

On July 27, 1987, the Department of Commerce determined that critical circumstances exist with regard to imports of commercial grade silica filament fabric from Japan. 33/ Given an affirmative finding in a final investigation, the Commission is required to determine whether "the material injury is by reason of massive imports to an extent that, in order to prevent such material injury from recurring, it is necessary to impose [antidumping duties] retroactively on these imports." 34/ We will apply this provision in the manner provided by the Court of International Trade (CIT) in ICC Industries, Inc. v. United States, 632 F. Supp. 35 (CIT 1986) and subsequently affirmed by the U.S. Court of Appeals for the Federal Circuit. 35/ The CIT stated that:

> Massive imports which arrive during the investigation and are found by the Commerce Department to have a history of

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33/ 52 Fed. Reg. 28033 (July 27, 1987). Section 735(a)(3) requires Commerce to make a final determination with respect to critical circumstances if its final LTFV determination is affirmative. 19 U.S.C. § 1675 (a)(3). The statute requires Commerce to determine whether:

> (A)(i) there is a history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of the investigation, or
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> (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than fair value; and
>
> (B) there have been massive imports of the class or kind of merchandise which is the subject of the investigation over a relatively short period.

34/ 19 U.S.C. § 1673d(b)(4)(A).

35/ ICC Industries, Inc. v. United States, 812 F.2d 694 (Fed. Cir. 1987).

> dumping or to be knowingly bought at less that fair value do not have to be the subject of a separate injury analysis. Their injurious effect, coming on top of previous importations found to be injurious, may be easily and legitimately inferred. As to them, the requirement of additional findings is not meant to complicate the Commission's analysis of causation, but merely to require the Commission to determine whether the extent of massive imports will carry the injury already found to have occurred, beyond its normal duration unless retroactive duties are imposed. 36/

An affirmative critical circumstances determination is a finding that, in the absence of retroactive relief, the massive imports that occurred after the case was filed but before Commerce made its preliminary determination will prolong, or cause a recurrence of, material injury to the domestic industry. 37/ The purpose of the provision is to provide relief from massive imports that occur immediately before the suspension of liquidation and to deter importers from attempting to circumvent the antidumping laws by

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36/ 632 F. Supp. 35, 41. In affirming the Commission's critical circumstances determination, the CIT did not discuss the factors other than the volume of imports that the Commission might use to analyze whether retroactive dumping duties will prevent continuing or recurring material injury. The Court also did not discuss the other factors that were specifically addressed by the Commission's Opinion and Additional Views in Potassium Permanganate from The People's Republic of China, Inv. No. 731-TA-125 (Final), USITC Pub. No. 1480 (Jan. 1984).

37/ 632 F. Supp. at 40. There the court said:

> In the opinion of the Court, where a finding has been made that imports priced at less than fair value are being knowingly entered in massive quantities during an investigation, the ITC is not required by law or considerations of fairness to isolate the massive quantities and make them the separate subject of an injury determination. In those circumstances it is sufficient if the ITC concentrates on the capacity of the massive imports to render ineffectual the normal imposition of duties (prospective from the date of publication of the preliminary determination) and thereby bring about a recurrence of the material injury primarily caused by normal levels of importation.

making massive shipments immediately after an antidumping petition has been filed. 38/

In order to determine whether an affirmative critical circumstances determination is justified in this case, we examined the volume of imports entering the United States from November 1986 through April 1987, the period from the initiation of the investigation to the preliminary affirmative determination by Commerce. The available data establish that imports of commercial grade silica fabric declined during the relevant period. 39/ While the imports increased sevenfold between 1984 and 1985 and about 30 percent in 1986, they decreased by 50 percent in January-March 1987 compared with January-March 1986. 40/ 41/ The imported product ceased entering the United States in February 1987, and Sandtex has informed the Commission that it no longer receives supplies of imported commercial grade silica fabric. Sandtex's selling operations ceased with the discontinuation of imports in February. Sandtex is currently attempting to obtain financing to start a new

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38/ H.R. Rep. No. 317, 96th Cong., 1st Sess. 63 (1979). The provision is designed to provide prompt relief to domestic industries suffering from large volumes of, or a surge over a short period of, imports and to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by the Authority.

39/ Report at A-2, A-24, Table 20. Because the data are confidential we are able to discuss the basis for our negative critical circumstances determination in general terms only.

40/ Id.

41/ Id. at A-24.

domestic manufacturing plant. 42/ For all of these reasons, we find that critical circumstances do not exist in this case.

42/ Id. at A-7-A-8.

ADDITIONAL VIEWS OF CHAIRMAN LIEBELER

Certain Silica Filament Fabric from Japan
Inv. No. 731-TA-355(Final)
September 9, 1987

I determine that an industry in the United States is materially injured by reason of imports of certain silica filament fabric from Japan which is allegedly being sold at less than fair value.[1]

I concur with the majority in their definitions of the like product and the domestic industry, and their discussion of the condition of the industry and critical circumstances. Because my views on causation differ from those of the majority, I offer these additional views.

Material Injury by Reason of Imports

In order for a domestic industry to prevail in a final investigation, the Commission must determine that

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[1] Since there is an established domestic industry producing certain silica filament fabric, material retardation was not an issue in these investigations and will not be discussed further.

the dumped or subsidized imports cause or threaten to cause material injury to the domestic industry producing the like product. Only if the Commission finds both injury and causation, will it make an affirmative determination in the investigation.

Before analyzing the data, however, the first question is whether the statute is clear or whether one must resort to the legislative history in order to interpret the relevant sections of the import relief law. In general, the accepted rule of statutory construction is that a statute, clear and unambiguous on its face, need not and cannot be interpreted using secondary sources. Only statutes that are of doubtful meaning are subject to such statutory interpretation.[2]

The statutory language on causation, "by reason of," lends itself to no easy interpretation, and has been the subject of much debate by past and present commissioners. Clearly, well-informed persons may differ as to the interpretation of the causation section of Title VII.

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[2] C. Sands, Sutherland Statutory Construction § 45.02 (4th ed., 1985.). Therefore, the legislative history becomes helpful in interpreting Title VII.

The ambiguity arises in part because it is clear that the presence in the United States of additional foreign supply will always make the domestic industry worse off. Any time a foreign producer exports products to the United States, the increase in supply, ceteris paribus, must result in a lower price of the product than would otherwise prevail. If a downward effect on price, accompanied by a Department of Commerce dumping or subsidy finding and a Commission finding that financial indicators were down were all that were required for an affirmative determination, there would be no need to inquire further into causation.

But the legislative history shows that the mere presence of LTFV imports is not sufficient to establish causation. In the legislative history to the Trade Agreements Acts of 1979, Congress stated:

> [T]he ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports.[3]

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[3] Report on the Trade Agreements Act of 1979, S. Rep. No. 249, 96th Cong. 1st Sess. 75 (1979).

The Finance Committee emphasized the need for an exhaustive causation analysis, stating, "the Commission must satisfy itself that, in light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury."[4]

The Senate Finance Committee acknowledged that the causation analysis would not be easy: "The determination of the ITC with respect to causation, is under current law, and will be, under section 735, complex and difficult, and is a matter for the judgment of the ITC."[5] Since the domestic industry is no doubt worse off by the presence of any imports (whether LTFV or fairly traded) and Congress has directed that this is not enough upon which to base an affirmative determination, the Commission must delve further to find what condition Congress has attempted to remedy.

In the legislative history to the 1974 Act, the Senate Finance Committee stated:

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[4] Id.

[5] Id.

> This Act is not a 'protectionist' statute designed to bar or restrict U.S. imports; rather, it is a statute designed to free U.S. imports from unfair price discrimination practices. * * * The Antidumping Act is designed to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry.[6]

Thus, the focus of the analysis must be on what constitutes unfair price discrimination and what harm results therefrom:

> [T]he Antidumping Act does not proscribe transactions which involve selling an imported product at a price which is not lower than that needed to make the product competitive in the U.S. market, even though the price of the imported product is lower than its home market price.[7]

This "complex and difficult" judgment by the Commission is aided greatly by the use of economic and financial analysis. One of the most important assumptions of traditional microeconomic theory is that firms attempt

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[6] Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

[7] Id.

to maximize profits.[8] Congress was obviously familiar with the economist's tools: "[I]mporters as prudent businessmen dealing fairly would be interested in maximizing profits by selling at prices as high as the U.S. market would bear."[9]

An assertion of unfair price discrimination should be accompanied by a factual record that can support such a conclusion. In accord with economic theory and the legislative history, foreign firms should be presumed to behave rationally. Therefore, if the factual setting in which the unfair imports occur does not support any gain to be had by unfair price discrimination, it is reasonable to conclude that any injury or threat of injury to the domestic industry is not "by reason of" such imports.

In many cases unfair price discrimination by a competitor would be irrational. In general, it is not rational to charge a price below that necessary to sell

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8 See, e.g., P. Samuelson & W. Nordhaus, Economics 42-45 (12th ed. 1985); W. Nicholson, Intermediate Microeconomics and Its Application 7 (3d ed. 1983).

9 Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

one's product. In certain circumstances, a firm may try to capture a sufficient market share to be able to raise its price in the future. To move from a position where the firm has no market power to a position where the firm has such power, the firm may lower its price below that which is necessary to meet competition. It is this condition which Congress must have meant when it charged us "to discourage and prevent foreign suppliers from using unfair price discrimination practices to the detriment of a United States industry."[10]

In Certain Red Raspberries from Canada, I set forth a framework for examining what factual setting would merit an affirmative finding under the law interpreted in light of the legislative history discussed above.[11]

> The stronger the evidence of the following . . . the more likely that an affirmative determination will be made: (1) large and increasing market share, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers

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10 Trade Reform Act of 1974, S. Rep. 1298, 93rd Cong. 2d Sess. 179.

11 Inv. No. 731-TA-196 (Final), USITC Pub. 1680, at 11-19 (1985) (Additional Views of Vice Chairman Liebeler).

to entry to other foreign producers (low elasticity of supply of other imports).[12]

The statute requires the Commission to examine the volume of imports, the effect of imports on prices, and the general impact of imports on domestic producers.[13] The legislative history provides some guidance for applying these criteria. The factors incorporate both the statutory criteria and the guidance provided by the legislative history. Each of these factors is evaluated in turn.

Causation analysis

Examining import penetration is important because unfair price discrimination has as its goal, and cannot take place in the absence of, market power. Imports subject to investigation have increased dramatically over the past three years. Moreover, while import penetration was virtually non-existent in 1983, it has increased sharply and continuously to represent, on a quantity

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12 Id. at 16.

13 19 U.S.C. § 1677(7)(B)-(C) (1980 & cum. supp. 1985).

basis, over 50% of apparent U.S. consumption during the first quarter of 1987.[14] Thus, imports represent a large and increasing market share. This factor is consistent with an affirmative determination.

The second factor is a high margin of dumping or subsidy. The higher the margin, ceteris paribus, the more likely it is that the product is being sold below the competitive price[15] and the more likely it is that the domestic producers will be adversely affected. In these investigations, the Department of Commerce has found a dumping margin of 193.94 percent.[16] This margin is high and is consistent with an affirmative determination.

The third factor is the homogeneity of the products. The more homogeneous the products, the greater will be the effect of any allegedly unfair practice on domestic producers. Although there are signficant differences

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14 Report at A-25-26. The exact market share figures are confidential. I note that the trend in import penetration is the same whether measured on a quantity or value basis.

15 See text accompanying note 8, supra.

16 Report at A-2.

between grades of fabric,[17] As noted above, I concur with my fellow Commissioners that the like product is commercial grade fabric. The record does not indicate that imports of commercial grade fabric differ from the like product. This factor is thus consistent with an affirmative determination.

As to the fourth factor, evidence of declining domestic prices, ceteris paribus, might indicate that domestic producers were lowering their prices to maintain market share. Prices for the domestic product have been erratic[18] and inconclusive.

The fifth factor is foreign supply elasticity (barriers to entry). If there is low foreign elasticity of supply (or barriers to entry) it is more likely that a producer can gain market power. There have been no imports of silica filament from other countries during the

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17 Report at A-3-4.

18 Report at Tables 33-36. Precise data regarding prices are confidential.

period of investigation.[19] Moreover, there appears to be only one other producer of the product under investigation, a small producer in the United Kingdom.[20] Therefore, this factor is not inconsistent with an affirmative determination.

These factors must be weighed in each case to reach a sound determination. Although the pricing data is inconclusive, market share and penetration, the LTFV margin, product homogeneity, and foreign supply elasticity all weigh in favor of an affirmative determination in this case.

Conclusion

Therefore, I determine that an industry in the United States is materially injured by reason of imports of certain silica filament fabric from Japan which the Department of Commerce has determined are being sold at less than fair value.

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19 Report at A-24.

20 Id. at n.1.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On October 27, 1986, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel representing Haveg Division, Ametek, Inc., of Wilmington, DE, (Haveg) and HITCO of Newport Beach, CA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports from Japan of certain commercial grade amorphous silica filament fabric that are being, or are likely to be, sold in the United States at less than fair value (LTFV).

In its preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), instituted on October 27, 1986, the Commission determined (52 F.R. 870, Jan. 9, 1987) that there is a reasonable indication that an industry in the United States is materially injured by reason of such imports. 1/

Following an affirmative preliminary determination by Commerce, effective May 13, 1987, the Commission instituted investigation No. 731-TA-355 (Final), and held a public hearing on August 5, 1987, 2/ pursuant to section 735(b) of the act (19 U.S.C. 1673(b)), to determine whether an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Japan of woven fabrics, of glass (silica filaments), whether or not colored, containing not over 17 percent of wool by weight, provided for in items 338.25 and 338.27 of the Tariff Schedules of the United States (TSUS). Notice of the institution of the Commission's investigation and of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register on June 11, 1987 (52 F.R. 22398). 3/

On July 27, 1987, Commerce made a final determination that certain commercial grade woven fabrics of glass (silica filaments), whether or not colored, containing not over 7 percent of wool by weight, are being sold in the United States at LTFV (52 F.R. 28033, July 27, 1987.) 3/

The Commission's briefing and vote on this investigation was held on September 3, 1987, and the Commission's determination was transmitted to the Secretary of Commerce on September 9, 1987.

Commercial grade amorphous silica filament fabric has not been the subject of any previous statutory investigation by the Commission.

1/ Certain Silica Filament Fabric from Japan, Investigation No. 731-TA-355, USITC Publication 1922, December 1986.
2/ A list of witnesses appearing at the public hearing is presented in app. A.
3/ A copy of the notice is presented in app. B.

Nature and Extent of the LTFV Sales

Commerce made fair-value comparisons on sales of the subject commercial grade silica filament fabric sold from November 1, 1985, through October 31, 1986. The comparisons were based on United States price and foreign-market value.

Commerce based the U.S. price on the purchase price paid by the unrelated purchaser in the United States, Sandtex Corp., which purchased the subject fabric prior to the date of importation from the manufacturer/exporter in Japan, Nippon Muki. The sales-related documentation was handled by an agent, Hitachi Chemical Co. America, Ltd. (HCA), which is *** Nippon Muki. HCA is the importer of record of the subject imports. Commerce calculated the foreign-market value on the basis of data provided by Nippon Muki on sales in the Japanese home market. On the basis of these calculations Commerce established an LTFV margin of 193.94 percent (52 F.R. 28033, July 27, 1987). 1/

Commerce also determined that critical circumstances exist within the meaning of section 735 of the act. In order to make such a determination Commerce examined whether there was a history of dumping or whether Sandtex Corp. knew or should have known of LTFV sales and whether there have been massive imports over a relatively short period.

Commerce found that the level of preliminary margins calculated indicated imputed knowledge on the part of the importer. To review levels of imports during the prefiling and postfiling period, Commerce used monthly import statistics and the data gathered by the Commission during its preliminary investigation.

In the Commission's final investigation, HCA provided the data for Nippon Muki's exports of the subject product to the United States on a quarterly basis preceding and following the filing of the petition, 2/ as shown in the following tabulation:

Period	Quantity (1,000 pounds)	Value (1,000 dollars)
November 1985-January 1986.....	***	***
February-April 1986.....	***	***
May-July 1986.....	***	***
August-October 1986.....	***	***
November 1986-January 1987.....	***	***
February-April 1987.....	***	***

1/ A copy of the notice is presented in app. B. Commerce established a preliminary LTFV margin of 193.94 percent on May 6, 1987. On May 26, 1987, Nippon Muki notified Commerce that it had withdrawn from further participation in this investigation. Commerce found the data provided by Nippon Muki in the preliminary investigation more adverse than those provided by the petitioners; hence, Commerce used Nippon Muki's data in its final determination of the LTFV margin.

2/ The petition was filed on Oct. 27, 1986; the preliminary LTFV determination was made on May 6, 1987.

The Product

Description and uses

Commercial grade silica filament fabric is a woven textile product composed of numerous fine, discrete silica strands. The product contains a minimum of 96 percent silica, which is in the "amorphous," or noncrystalline, state.

The silica fabric possesses a combination of chemical and physical properties, including thermal survivability, low thermal conductivity, chemical nonreactivity, flexibility, strength, abrasion resistance, and ease of handling. These properties make it useful in a number of industrial applications, especially to insulate and resist extreme heat.

The thermal insulation characteristics of this fabric cover a wide range of temperatures. Specifically, the silica fabric is capable of withstanding heat up to 1,850° F. without sacrificing any of its other properties and will remain in usable cloth form up to approximately 2,500° F., albeit with some loss of flexibility. The fabric will continue to provide some protection up to its melting point of 3,100° F.

Silica fabric is manufactured in two weights, lightweight (18 ounces per square yard) and heavyweight (36 ounces per square yard). There are also a number of topical coatings that may be requested by the customer to enhance the product's characteristics for some specialized uses. These coatings include neoprene or silicone for water repellency and greater abrasion resistance, chrome compounds to maintain flexibility at particularly high temperatures, and aluminizing to increase heat reflectivity. Silica fabric is made predominantly in 36-inch widths, although the imported fabric is also offered in 24- and 48-inch widths. 1/

Commercial grade silica fabric is used to insulate and to resist extreme heat so as to conserve energy and protect people, materials, and machinery from potential injury or damage. Some specific applications of this fabric are as shields for ducting and pipes, as protection from sparks and molten metal splash, as insulating blankets in heat-treating and high-temperature processing operations, and as refractory lining and furnace curtains.

The two domestic producers manufacture aerospace and controlled-shrinkage grade silica filament fabric in addition to the commercial grade fabric. Although the aerospace and controlled-shrinkage products share some properties and production processes with the commercial grade fabric, there are three key differences between the two grades. First, the aerospace and controlled-shrinkage products have a very low residual areal shrinkage of 2 percent or less, compared with 14-to 16-percent residual shrinkage in the commercial grade product.

1/ Over 99 percent of the silica fabric sold in the United States is 36 inches in width.

Second, the aerospace and controlled-shrinkage products have a minimum silica content of 98 percent versus the minimum 96 percent in the commercial grade fabric. The higher silica content is specified by the aerospace customers because it is believed to enable the end product to maintain its structural integrity over a longer period of time. In addition, the higher silica content increases the chemical purity of the fabric, restoring some of the interlaminar strength lost in the shrinking process.

Third, the aerospace and controlled-shrinkage fabrics are weaker and less abrasion resistant than the commercial grade product. This is due both to the shrinking process, which substantially weakens the fabric by exposing it to extremely high temperatures, and to the elimination of the hydrocarbon finishing, which preserves the fabric's purity. In general, no coatings are used on the aerospace and controlled-shrinkage fabrics, although in a very few instances the controlled-shrinkage fabric is impregnated with chromia to restore some flexibility. The special production processes and tolerances for the aerospace product make it more costly to produce and thus more expensive.

The aerospace product is sold to firms that coat or impregnate the fabric with resins and then resell it in bulk or in custom-cut pieces to other companies that use the material to fabricate aerospace parts, such as rocket nozzles or heat shields in reentry vehicles. The controlled-shrinkage fabric is sold to nonaerospace customers that require low residual shrinkability but who can also do without the abrasion resistance, strength, and ease of handling offered by the commercial grade product. Specifically, this fabric might be used to drape over forging furnaces to maintain heat. In most cases, the controlled-shrinkage product is fabric that was produced for aerospace applications but did not meet the tolerance levels specified by aerospace customers. The resulting fabric is thus sold under the controlled-shrinkage designation. Hereafter in this report, the term "aerospace grade" silica fabric is used as a collective term to mean the aerospace and controlled-
shrinkage fabrics.

Manufacturing process

Silica fabrics are all produced from a woven, electrical-grade fiberglass containing approximately 50 percent silicon dioxide. The exact manufacturing process and construction of the fiberglass precursor, however, is determined by the type of silica fabric for which it will be used. Generally, the fiberglass material used for the commercial grade product cannot be used for the aerospace fabric. For the aerospace product, close control of the raw material from the initial stage of filament manufacture is essential in order to determine the correct time, temperature, and acid levels that must be maintained during the critical leaching process.

The technology applied in the production of silica fabric is similar throughout the industry; however, the actual manufacturing processes differ slightly between the two domestic producers. HITCO processes its fabrics using ***.

Next, ***

* * * * * * *

* * * * * * *

Haveg's production process is ***.

At this point, ***.

* * * * * * *

Substitute products

Asbestos, fiberglass, Kevlar, and alumina silicate fabrics are possible substitutes for commercial grade silica fabric, but none of these offers at a comparable cost the combination of characteristics that silica fabric possesses.

Asbestos offers optimal thermal resistance and insulating properties at approximately one-half the cost of silica fabric. As such, asbestos has in the past supplied a very broad market as a low-cost, high-performance heat resistor and insulator. However, it is a carcinogenic product subject to severe legislative, corporate, and public restraints on its use. The asbestos replacement market is now divided along the temperature range once served by asbestos among a number of heat-resisting products, including fiberglass and silica fabric.

Fiberglass, which is also roughly one-half the cost of silica fabric, provides thermal resistance and low conductivity but has a melting point of 1,100° F. compared with silica fabric's capacity to protect against direct heat and remain in usable cloth form up to 2,500° F. Similarly, Kevlar is not usable in applications where temperatures exceed 1,000° F.

Alumina silicate fabric, which is constructed by twisting short silicate fibers around a core of fiberglass, cotton, or wire and weaving them into cloth form, is limited by the properties of the core material. Thus, fiberglass-core alumina silicate fabrics will melt at 1,200° to 1,300° F. Wire-core alumina silicate fabric will withstand heat up to the low 2,000° F. range. They are approximately twice as expensive as commercial grade silica fabric. Alumina silicate filaments are less flexible because of the unique core construction.

3M Co. produces a material called Nextel which, like commercial grade silica fabric, is made of continuous filaments. It maintains strength and flexibility up to 2,000° F. but has a cost factor many times that of silica fabric. Ceramic fiber fabrics have an even higher heat tolerance but, like Nextel, are more costly than silica fabric.

Petitioners argued that there are no substitute products for silica fabric. Respondent argued that fiberglass is a substitute product that has

been purchased on several occasions in place of silica fabric. 1/ Purchasers contacted by the Commission's staff in connection with lost sales allegations agreed that domestic and imported silica fabric are direct substitutes; further, these purchasers did not consider other products as substitutes for silica fabric for the same application and temperature range. 2/

U.S. tariff treatment

Imports of the silica fabric covered by this investigation are classified in items 338.25 and 338.27 of the TSUS. 3/ The current column 1 or most-favored-nation duty rates are 8.3 and 11.1 percent ad valorem, respectively. The column 2 rates of duty, applicable to imports from those Communist countries and areas specified in general headnote 3(d) of the TSUS, are 50 and 60 percent ad valorem, respectively.

Preferential treatment of imports under TSUS items 338.25 and 338.27 is not provided for developing countries under the Generalized System of Preferences or under the Caribbean Basin Economic Recovery Act. Imports under these TSUS items are eligible for reduced rates of 5 and 6.7 percent ad valorem, respectively, if they are the product of Israel.

U.S. Producers

Two firms manufacture commercial grade silica fabric in the United States. The firms, their plant locations and production in 1985 and 1986 are shown in the following tabulation (in thousands of pounds):

1/ Transcript of the conference, pp. 128-132. Respondent argued that fiberglass is used by two shipyards (Bath Ironworks and Ingalls Shipyards) for the same applications that other shipyards (e.g., Newport News, Todd, and Bethlehem) use silica fabric. Mr. Forest of Bath Ironworks, whose contract for silica fabric is supplied by the respondent, explained that Bath uses both fiberglass and silica fabric, depending on the specific application. Fiberglass is used as a consumable item, particularly as welding blankets and protective garments that don't face extreme levels of heat over a sustained period of time. Silica fabric is used in higher temperature applications where the material must stay in place over time, such as covering high-temperature pipes. (Telephone conversation between Dave Faust, welding engineer, Bath Ironworks, and Jennifer Hinshaw of the Commission's staff, Nov. 25, 1986).

2/ Telephone conversations between Howard Gooley and purchasers. Following the conference, the respondent submitted voluminous promotional information on nonasbestos textile materials available as an alternative to silica fabric. Staff reviewed this information and found that one product, WELDFLEX, appears to offer characteristics similar to those of silica fabric, including heat resistance to 2,750° F. WELDFLEX is a blend of aramids, such as Kevlar, wrapped around a fiberglass core. This product costs approximately 20 to 35 percent more than silica fabric. None of the purchasers responding to the Commission's questionnaire in the final investigation identified WELDFLEX as a potential substitute for silica fabric.

3/ Both TSUS classifications include products other than commercial grade silica fabric.

Firm	Plant location	Production 1985	Production 1986
Haveg	Wilmington, DE	***	***
HITCO	Newport Beach, CA	***	***
Total		***	***

Haveg is a division of Ametek, Inc., a diversified company. Haveg produces both commercial grade and aerospace grade silica fabrics for sale in the United States and abroad. The firm began producing silica fabric in 1959, at first exclusively for aerospace applications. In about 1975, Haveg undertook to broaden the market for silica fabric by modifying the product for use in industrial heat shielding and insulating applications. 1/ Haveg markets its commercial grade fabric through original-equipment manufacturers (OEM's), distributors, and bid sales. Its aerospace fabric is marketed almost exclusively through direct sales to companies that impregnate the fabric with resins for future resale to aerospace firms.

HITCO was a wholly owned subsidiary of Owens-Corning Fiberglass Corp. until January 26, 1987, when it was sold to British Petroleum Advanced Materials, Inc. HITCO reported that the production of silica fabric has not been impacted by the change in ownership. Like Haveg, HITCO produces both commercial grade and aerospace grade silica fabrics. Like Haveg, HITCO initially produced silica fabric only for the aerospace industry. In the mid-1960's, HITCO developed a commercial grade silica fabric for sale to a broad range of industrial end users. In order to serve the commercial grade and aerospace markets more effectively, HITCO reorganized its marketing operations into separate entities in 1974 and established separate channels of distribution for the commercial and aerospace products. 2/

U.S. Importer

All silica fabric from Japan was imported into the United States by Hitachi Chemical Co. America, Ltd., of New York (HCA), a wholly owned subsidiary of Hitachi Chemical Co., Ltd., of Tokyo, Japan. The fabric was loaded from ships onto trains at west coast harbors and transported by HCA to Chicago, IL, where it was entered through U.S. Customs by HCA. The imported silica fabric was sold by HCA on a delivered basis and shipped to Sandtex Corp. of Incline Village, NV, the exclusive first-level U.S. distributor during the period of investigation. The president of Sandtex Corp. negotiated an exclusive marketing agreement for silica fabric with HCA in the fall of 1983. The first substantial shipment to the United States of silica fabric,

1/ The applications now served by commercial grade silica fabric were formerly served mostly by asbestos-based materials.
2/ Transcript of the conference, p. 19.

which is produced in Japan by Nippon Muki Co., Ltd., 1/ arrived in December 1983. Sandtex sold only commercial grade silica fabric; it did not sell aerospace grade silica fabric. 2/

Sandtex was incorporated in 1984. Its business began with two large end-user customers, Newport News Shipbuilding (Norfolk, VA) and Bechtel Corp. (for projects in New York State). Sandtex selected Richmond, VA, and Syracuse, NY, as warehousing/inventory sites to provide timely delivery for its first two large customers and leased space in public warehouses to store its inventory of silica fabric. In the ensuing years, Sandtex increased its sales and customer base as described in other sections of this report. By November 1986, Sandtex employed four full-time and two part-time employees. 3/

According to the General Manager of HCA, ***. 4/

With the discontinuation of HCA shipments, which Sandtex characterizes as a "breach by Hitachi of its contract with Sandtex," Sandtex's selling operations ceased. Office equipment and records are apparently being moved from Sandtex's previous Nevada headquarters to a new location in southern California. Sandtex reports that its employees have been laid off with the exception of its president, Mr. Teague, who, according to himself, is currently attempting to obtain financing (about $5 million) for starting a new domestic manufacturing plant. To this end he is reportedly contacting retired employees of HITCO to explore their interest in employment and/or participation in the venture. In addition, Mr. Teague, on August 4, 1987, stated to HITCO representatives that he already has $3.7 million dollars for the plant. However, when asked about the available capital at the Commission's hearing, on August 5, Mr. Teague testified that the HITCO representatives misunderstood him ***.

There are no known new importers or master distributors of the Japanese product at this time. The two U.S. producers confirmed that after the first quarter of 1987 the withdrawal of the Japanese product was apparent. Newport News Shipbuilding (Norfolk, VA) has issued a Request for Quotation (RFQ) for 30,000 square yards of silica fabric that was an emergency purchase by Newport News as a result of the unavailability of the Japanese product from Sandtex Corp., with which Newport News had a long-term contact. Newport News has also issued an RFQ for a long-term contract (approximately $3.75 million), apparently to replace the Sandtex long-term contract. Another Sandtex customer, ***, was also expected to issue an RFQ. 5/ The U.S. producers reportedly have received inquiries not only from end-user customers of Sandtex, but from its distributor customers, as well.

1/ Hitachi of Japan, the parent of HCA, *** percent of Nippon Muki.
2/ Sandtex's counsel informed the Commission staff in the preliminary investigation that its first sale of lightweight controlled-shrinkage aerospace grade silica fabric in the United States was *** pounds in 1984 (*** percent of Sandtex's total 1984 sales), but no more controlled-shrinkage or aerospace grade fabric was imported or sold by Sandtex during the remainder of 1984, 1985, 1986, or 1987. During the final investigation Sandtex did not argue that it participates in the aerospace-grade silica fabric market.
3/ All full-time employees were members of the family of the president of Sandtex.
4/ Telephone conversations between T. Hamajima of HCA and S. Vastagh of the Commission's staff on August 6, and 8, 1987.
5/ ***.

The Market

Channels of distribution

Table 1 shows the percentage distribution of U.S. producers' and Sandtex's shipments of silica fabric by types of customers. In 1984-85, the U.S. producers sold *** percent of their products directly to end users and *** percent through distributors; these ratios changed to *** and *** percent, respectively, in 1986. Sandtex's sales were ***. A trend of increasing sales of the imported product through distributors became apparent during January-September 1986, when Sandtex's share of sales to end users *** percent, with the balance being sold to distributors. Sandtex's goal was to further increase its sales through distributors. 1/

Table 1
Silica fabric: Percentage distribution of U.S. producers' shipments and shipments of imports from Japan, by types of customers, 1984, 1985, 1986, and January-March 1987

(In percent of pounds sold)

Item	1984	1985	1986	Jan.-Mar. 1987
Commercial grade silica fabric:				
Domestic product sold to—				
End users	***	***	***	***
Distributors	***	***	***	***
Total	***	***	***	***
Imported from Japan and sold to—				
End users	***	***	***	***
Distributors	***	***	***	***
Total	***	***	***	***
Aerospace grade silica fabric:				
Domestic product sold to—				
End users	***	***	***	***
Distributors	***	***	***	***
Total	***	***	***	***

1/ January-September only.

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

1/ Respondent's postconference brief, pp. 20-23.

Table 2 shows the quantity distribution of shipments of commercial grade silica fabric. Respondent argued that it increased sales in the distributor market by finding new uses for the product. 1/ The data in table 2 show that although the quantity of shipments to distributors by U.S. producers declined and shipments of the imported product increased, the total purchases by distributors remained level at around *** pounds during 1984-85 and probably 2/ declined somewhat in 1986. The January-March 1987 combined sales to distributors were at a *** pounds annualized level. Total shipments to end users increased in 1985 and probably 2/ remained at that level in 1986. The January-March 1987 shipments to end users were at a *** pounds annualized level.

Table 2
Commercial grade silica fabric: U.S. producers' shipments and shipments of imports from Japan, by types of customers, 1984, 1985, 1986, and January-March 1987

(In thousands of pounds)

Item	1984	1985	1986	Jan.-Mar. 1987
Sold to distributors:				
Domestic product	***	***	***	***
Imported product	***	***	***	***
Total	***	***	***	***
Sold to end users:				
Domestic product	***	***	***	***
Imported product	***	***	***	***
Total	***	***	***	***

1/ Only January-September for the imported product.

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

U.S. consumption

Apparent U.S. consumption of commercial grade silica filament fabric increased from *** million pounds in 1984 to *** million pounds in 1985, or by *** percent (table 3). Consumption in 1986 remained level at *** million pounds and in January-March 1987, consumption was *** pounds. The first quarter 1987 consumption, if annualized, would indicate consumption of *** million pounds for 1987, representing a *** percent decline from that in 1986. The data shown represent 100 percent of the U.S. industry. Combined consumption of aerospace and commercial grade fabric followed a trend similar to that of the commercial grade product.

1/ Transcript of the conference, p. 111, and respondent's postconference brief, p. 21.
2/ Importer's data for October-December 1986 are not available.

Table 3
Silica fabric: U.S. producers' domestic shipments, importer's shipments, and apparent consumption, by grades, 1984-86, January-March 1986, and January-March 1987

Period	Producers' domestic shipments	Importer's shipments	Consumption	Ratio to consumption of— Producers' shipments	Ratio to consumption of— Imports
	1,000 pounds			Percent	
Commercial grade:					
1984	***	***	***	***	***
1985	***	***	***	***	***
1986	***	1/ ***	***	***	***
January-March—					
1986	***	2/	2/	2/	2/
1987	***	1/ ***	***	***	***
Aerospace grade:					
1984	***	***	***	***	***
1985	***	***	***	***	***
1986	***	***	***	***	***
January-March—					
1986	***	***	***	***	***
1987	***	***	***	***	***
Total:					
1984	***	***	***	***	***
1985	***	***	***	***	***
1986	***	1/ ***	***	***	***
January-March—					
1986	***	2/	2/	2/	2/
1987	***	***	***	***	***
	1,000 dollars			Percent	
Commercial grade:					
1984	***	***	***	***	***
1985	***	***	***	***	***
1986	***	1/ ***	***	***	***
January-March—					
1986	***	2/	2/	2/	2/
1987	***	1/ ***	***	***	***

See footnotes at the end of the table on the following page.

Table 3—Continued
Silica fabric: U.S. producers' domestic shipments, importer's shipments, and apparent consumption, by grades, 1984-86, January-March 1986, and January-March 1987

Item	Producers' domestic shipments	Importer's shipments	Consumption	Ratio to consumption of—Producers' shipments	Ratio to consumption of—Imports
	1,000 dollars			Percent	
Aerospace grade:					
1984	***	***	***	***	***
1985	***	***	***	***	***
1986	***	***	***	***	***
January-March—					
1986	***	***	***	***	***
1987	***	***	***	***	***
Total:					
1984	***	***	***	***	***
1985	***	***	***	***	***
1986	***	1/ ***	***	***	***
January-March—					
1986	***	2/	2/	2/	2/
1987	***	1/ ***	***	***	***

1/ Calculated from data received from HCA and from estimates provided by Sandtex.
2/ Not available; the necessary data were not received from Sandtex Corp.

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

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

According to the petitioners, the silica fabric market is mature and no major changes in overall consumption have occurred or are expected to occur; military ship construction remained unchanged and the petrochemical industry's slump bottomed out during 1983. 1/ However, the respondent argued that the overall market declined by more than 0.5 million pounds between 1983 and 1984 and was expected to decline further because of a drastic reduction in powerplant and ship construction. 2/ As shown in table 3, consumption increased from 1984 to 1985 by *** percent.

1/ Transcript of the conference, pp. 68-71, and petitioners' postconference brief, pp. 14 and 15.
2/ Transcript of the conference, p. 100, and respondent's postconference brief, pp. 17-20.

The Commission collected data on direct shipments by Haveg, HITCO, and Sandtex of commercial grade silica fabric to the major consuming industries. Data were requested on such shipments to the power industry, 1/ shipbuilding and repair industry, 2/ steel and aluminum industries, mining and petrochemical industries, and military uses (excluding shipbuilding). Most sales to the shipbuilding industry and approximately 75 percent of the sales to the power industry are made directly by the three vendors. 3/ Sales to the other user industry groups cited are lower in volume and their consumption of silica fabric is less concentrated; hence, sales are made primarily through distributors. Therefore, the data collected from the three primary vendors are not indicative of consumption by those three user industries.

Total shipments to the power industry in 1984 by U.S. producers and Sandtex were *** square yards (*** percent of total industry shipments); they remained relatively level at *** square yards in 1985 (*** percent of total shipments). Shipments to the shipbuilding industry increased sharply from *** square yards in 1984 (*** percent of total shipments) to *** square yards (*** percent of total shipments) in 1985, or by *** percent. Shipments of commercial grade silica fabric by the U.S. producers and Sandtex to the power and shipbuilding industries are shown in the following tabulation (in thousands of square yards):

Item	1984	1985	1986
Shipments to power industry:			
Domestic producers	***	***	***
Sandtex	***	***	1/ ***
Total	***	***	1/ ***
Shipments to shipbuilding industry:			
Domestic producers	***	***	***
Sandtex	***	***	1/ ***
Total	***	***	1/ ***

1/ Only January-September for the imported product.

Consideration of Alleged Material Injury to an Industry in the United States

Data for the interim periods January-March 1986 and January-March 1987 were gathered by the Commission's questionnaires and are presented in the report. Subsequently, certain updated data for the interim periods January-June were also received; such updated data are presented in the statistical tables of appendix D. The comparison of the data for the January-March interim periods shows similar trends to those shown by the comparison of the January-June interim periods.

1/ Nuclear and conventional powerplant construction and maintenance combined.
2/ Military and commercial combined.
3/ In addition to the three primary vendors, distributors also participate in the bid competition for sales to the power industry users of silica fabric.

U.S. production, capacity, and capacity utilization

Commercial grade silica fabric.—U.S. production of commercial grade silica fabric decreased from *** million pounds in 1984 to *** million pounds in 1985, or by *** percent, and then dropped further to *** million pounds in 1986, or by *** percent compared with that in 1985 and a decrease of *** percent compared with that in 1984. During January–March 1987, production was *** pounds, representing a decline of *** percent compared with that in the corresponding period of 1986 (table 4).

Table 4
Commercial grade silica fabric: U.S. production, capacity, and capacity utilization, by firms, 1984–86, January–March 1986, and January–March 1987

* * * * * * *

Practical annual capacity of the U.S. producers *** during the period under investigation. 1/ Capacity utilization by U.S. producers ***.

Aerospace grade silica fabric.—U.S. production, capacity, and capacity utilization for aerospace grade silica fabric are shown in table 5. Production was *** pounds in 1984, ***. Production during January–March 1987 *** with that in the corresponding period of 1986. ***. Capacity and capacity utilization of the U.S. industry ***. Production capacity for aerospace grade silica fabric is *** percent of the combined capacity to produce both commercial and aerospace grade silica fabric. In 1984, the quantity of aerospace grade represented *** percent of the aggregate U.S. production of silica fabric. ***.

Table 5
Aerospace grade silica fabric: U.S. production, capacity, and capacity utilization, by firms, 1984–86, January–March 1986, and January–March 1987

* * * * * * *

Combined production and capacity utilization data for commercial and aerospace grade silica fabric (table 6) show similar trends as the separate data for the commercial grade fabric.

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably attained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

Table 6
Silica fabric: U.S. production, capacity, and capacity utilization, by firms, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

U.S. producers' domestic shipments

Domestic shipments of commercial grade silica fabric by U.S. producers decreased from *** million pounds in 1984 to *** million pounds in 1985, or by *** percent, and then further decreased to *** million pounds in 1986, or by a total of *** percent compared with shipments in 1985 and *** percent from shipments in 1984. Producers' shipments during January-March 1987, at *** pounds, were *** the *** pounds shipped during January-March 1986 (table 7). The value of such shipments was *** million in 1984 and *** million in 1985, representing a decrease of *** percent, and *** million in 1986, representing a decrease of *** percent compared with that in 1985 and a total decrease of *** percent from the value of shipments in 1984.

Table 7
Silica fabric: U.S. producers' domestic shipments, by grades and by firms, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

Aerospace grade silica fabric shipments ***. U.S. producers' domestic shipments of aerospace grade silica fabric during January-March 1987 *** during January-March 1986.

Data on the combined shipments of commercial and aerospace grade silica fabric show the same trend as shipments of commercial grade silica fabric, both in quantity and in value. Commercial grade silica fabric, by quantity, represented *** percent of the total domestic silica fabric shipments in 1984, *** percent in 1985, and *** percent in 1986, with aerospace grade accounting for the balance. In terms of the value of domestic shipments, the commercial grade silica fabric's share was *** percent in 1984, *** percent in 1985, and *** percent in 1986.

Shipments of the lightweight and heavyweight fabric are shown separately in tables 8 and 9, respectively. U.S. producers shipped *** square yards (or *** percent) *** lightweight fabric in 1985 than in 1984 and *** square yards (or *** percent) *** in 1986 than in 1985. In January-March 1987 the shipments were *** square yards *** the corresponding period in 1986. Shipments of the imported lightweight fabric *** during 1984-85 (table 8). Shipments of heavyweight commercial grade silica fabric by domestic producers *** during 1984-86, *** percent. Shipments of imported heavyweight fabric *** during 1984-85 (table 9).

Unit values of shipments *** during 1984-85.

Table 8
Lightweight commercial grade silica fabric: Domestic shipments by U.S. producers Haveg and HITCO, and by the importer Sandtex, by firms and by types, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

Table 9
Heavyweight commercial grade silica fabric: Domestic shipments by U.S. producers, Haveg and HITCO, and by the importer Sandtex, by firms, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

U.S. exports

U.S. exports of commercial grade silica fabric *** percent in 1985 and *** percent in 1986; *** in January-March 1987 by *** percent compared with those in the corresponding period in 1986. Exports of commercial grade silica fabric accounted for *** percent of total shipments during 1984-86; *** percent (table 10). The unit values of export shipments of the U.S. producers are ***. The principal export markets are ***.

Table 10
Commercial grade silica fabric: U.S. exports of U.S.-produced merchandise, by firms, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

*** exports of aerospace grade silica fabric during the period under investigation, as shown in table 11; they represented *** percent of the U.S. producers' total shipments of such fabric during 1984-86 and *** percent during January-March 1987.

Table 11
Aerospace grade silica fabric: U.S. exports of U.S.-produced merchandise, by firms, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

U.S. producers' inventories

U.S. producers' end-of-year inventories of commercial grade silica fabric were *** pounds in 1984, *** percent greater than beginning-year inventories in 1984. This increase coincided with the drop in domestic consumption during 1984. Production was adjusted to reduce inventories to *** pounds in 1985, and to *** pounds in 1986. 1/

The ratio of end-of-period inventories to domestic shipments during the period was *** percent on Dec. 31, 1984, *** percent in 1985, and *** percent in 1986; the ratios of inventories on March 31 to previous calendar years' shipments were *** percent in 1986 and *** percent in 1987 (table 12). Inventories of aerospace grade silica fabric are shown in table 13.

Table 12
Commercial grade silica fabric: U.S. producers' inventories, by firms, as of Dec. 31 of 1984-86, and Mar. 31 of 1986-87

* * * * * * *

Table 13
Aerospace grade silica fabric: U.S. producers' inventories, by firms, as of Dec. 31 of 1984-86, and Mar. 31 of 1986-87

* * * * * * *

Employment and productivity

The number of workers producing commercial grade silica fabric in U.S. plants declined from *** in 1984 to *** in 1985 or by *** percent and then fell to *** in 1986, or by *** percent. Hours worked by production workers averaged *** in 1986. Average hourly *** percent (table 14).

Average hourly total compensation (which includes fringe benefits) *** percent (table 14). Workers at both firms that produce the subject product are represented by unions. 2/

1/ Inventories on Jan. 1, 1984 were *** pounds; shipments were *** million pounds in 1983, and *** million pounds in 1984. The decrease in apparent consumption accounted for *** percent of the *** percent drop in shipments, while increasing imports accounted for the remaining *** percent.
2/ Glass, Pottery, Plastics, and Allied Workers International Union (HITCO) and United Textile Workers Union (Haveg).

Table 14
Commercial grade silica fabric: Number of production and related workers, hours worked by such workers, hourly wages paid and total hourly compensation per worker, and production per hour worked, by firms, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

U.S. producers were asked to report any material reductions in the number of production and related workers producing commercial grade silica fabric. ***, as shown in the following tabulation:

Firm and date of layoff	Number of workers affected	Duration of reduction	Reason for reduction

* * * * * * *

*** employment in the production of commercial grade fabric ***.

Financial experience of U.S. producers

Both domestic producers of commercial grade silica filament fabric furnished usable income-and-loss data on (a) their operations in producing such merchandise, (b) their operations in producing aerospace and controlled-shrinkage grade silica filament fabric, and (c) the overall operations of their establishments in which commercial grade and aerospace grade silica filament fabric are produced. Each maintains production cost data for its commercial grade silica fabric separately from aerospace grade silica fabric and separately from other products. Accordingly, the data reported for each of the silica fabric products represents actual production costs with allocated general and administrative expenses from the producers' respective accounting records.

Operations producing commercial grade silica fabric.--Aggregate net sales of the two producers declined steadily from *** percent (table 15). During the interim periods ended March 31, sales *** in 1987. Aggregate operating *** in 1986. The operating *** were *** percent during 1984-86, respectively. Although operating ***, the operating ***, respectively. Operating ***.

Table 15
Commercial grade silica fabric: Income-and-loss experience of U.S. producers on their operations producing such fabric, by firms, accounting years 1984-86 and interim periods ended March 31, 1986, and March 31, 1987

* * * * * * *

Operations producing aerospace grade silica fabric.--Income-and-loss data of the two U.S. producers on their operations producing aerospace and controlled-shrinkage grade silica filament fabric are presented in table 16 and their combined operations in producing both commercial grade and aerospace/controlled-shrinkage grade are shown in table 17. A comparison of operating income or loss margins on their operations in manufacturing each grade of silica fabric and their combined operations in producing both grades is shown in the following tabulation (in percent):

Firm and grade	1984	1985	1986	Interim period 1986	Interim period 1987
Haveg:					
Commercial grade.....	***	***	***	***	***
Aerospace grade.....	***	***	***	***	***
Combined operations...	***	***	***	***	***
HITCO:					
Commercial grade.....	***	***	***	***	***
Aerospace grade.....	***	***	***	***	***
Combined operations...	***	***	***	***	***

* * * * * * *

Table 16
Aerospace grade silica fabric: Income-and-loss experience of U.S. producers on their operations producing such fabric, by firms, accounting years 1984-86 and interim periods ended March 31, 1986, and March 31, 1987

* * * * * * *

Table 17
Commercial and aerospace grade silica fabric: Income-and-loss experience of U.S. producers on their operations producing such fabric, by firms, accounting years 1984-86 and interim periods ended March 31, 1986, and March 31, 1987

* * * * * * *

1/ Not within the scope of the investigation but produced in the same plant.

Overall establishment operations.—Income-and-loss data of the two producers on their overall establishment operations are presented in table 18. *** HITCO's sales of carbon cloth 1/ for the space shuttle program. Approximately *** percent of HITCO's 1984-86 sales were accounted for by carbon cloth, and the operating *** on such business was *** percent, compared with HITCO's operating *** of *** percent for ***.

Table 18
Income-and-loss experience of U.S. producers on the overall operations of their establishments within which silica fabric is produced, by firms, accounting years 1984-86 and interim periods ended March 31, 1986, and March 31, 1987

* * * * * * *

Capital expenditures, research and development expenses, and value of property, plant, and equipment.—Capital expenditures by Haveg and HITCO for facilities used in the production of all establishment products and in the production of silica fabric are presented in table 19. The table also shows their investment in productive facilities in which silica fabric is produced. Research and development expenses on silica fabric reported by the two producers are shown in the following tabulation (in thousands of dollars):

* * * * * * *

Table 19
Silica fabric: U.S. producers' capital expenditures and end-of-period value of their investment in property, plant, and equipment, by firms, accounting years 1984-86 and interim periods ended March 31, 1986, and March 31, 1987

* * * * * * *

Capital and investment.—The producers were asked to describe any actual or potential negative effects of imports of commercial grade silica filament fabric from Japan on their firm's growth, investment, and ability to raise capital. Their replies are included in appendix C.

Consideration of the Question of Threat of Material Injury

In its examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the subject imports, the rate of increase

in U.S. market penetration by such imports, the rate of increase of imports held in inventory in the United States, the capacity of producers in the exporting country to generate exports (including the existence of under-utilized capacity and the availability of export markets other than the United States), the potential for product shifting by the foreign manufacturers, and the price-depressing or price suppressing effect of the subject imports on domestic prices. Information on the nature of LTFV sales is presented in the section of the report entitled "Nature and Extent of the LTFV Sales," and discussions of rates of increase in imports and their U.S. market penetration, as well as available information on their prices, are presented in the section of the report entitled "Consideration of the causal relationship between the LTFV imports and the alleged injury." Available information on inventories of silica fabric from Japan and the ability of the foreign producers to generate exports, as well as the potential for product shifting, is presented in the following sections.

U.S. inventories of commercial grade silica fabric from Japan

Imports of commercial grade silica fabric from Japan began to enter the United States in late 1983. Sandtex Corp., the sole first-level marketer of the Japanese commercial grade silica fabric in the United States, and HCA, the sole importer, reported inventories as shown in the following tabulation (in thousands of pounds):

Period	Inventories of imported silica fabric (1,000 pounds)	Percentage change of levels of inventories	Share of shipments (percent)
As of—			
Dec. 31—			
1984.....	***		***
1985.....	***	***	***
1986..... 1/	***	***	***
Mar. 31—			
1986.....	***		2/
1987..... 1/	***	2/	1/ ***

1/ Calculated from data received from HCA and from estimates provided by Sandtex.
2/ Not available; the necessary data were not received from Sandtex Corp.

Inventories *** from *** pounds at the end of 1984 to *** pounds by December 31, 1985, or by *** percent. Calculated inventories on December 31, 1986, *** to *** pounds or by *** percent *** of the previous year. Sandtex sold its inventory following the ceasing of shipments by HCA as discussed in the U.S. importer section of this report. The *** pounds of imported product in inventory on March 31, 1987, was held by HCA; this is the last shipment of silica fabric to have arrived in the United States from Japan and was not shipped to Sandtex.

Sandtex's inventories were kept in public warehouses near key purchasers in Syracuse, NY, and Richmond, VA. Sandtex's strategy was ***. 1/ The data shown in the above tabulation also indicate that ***.

Capacity of producers in Japan to generate exports

The petitioners and counsel for the U.S. importer identified one firm that produces commercial grade silica fabric in Japan for export to the United States, Nippon Muki Co., Ltd. Commerce has queried only Nippon Muki in its investigation. Nippon Muki is the only Japanese producer exporting the subject product to the United States.

The Commission sought information on all Japanese companies producing silica fabric. The Ceramics and Construction Materials Division, Consumer Goods Industries Bureau, MITI, has stated that it has just begun to look at this industry and has limited statistics available. These data were provided through the U.S. Department of State.

The limited data provided by MITI are shown in the following tabulation (in square yards): 2/

Firm	Exports to the United States May-October 1986	Shipments in Japan May-October 1986
Nippon Muki	***	***
Arisawa Seisakusho	***	***
Nichias	***	***
Total	***	***

MITI listed three Japanese companies making domestic shipments of the subject products in 1986: Nippon Muki, Arisawa, and Nichias. A spokesman for Hitachi, however, believes that only Nippon Muki produces the subject product and that Arisawa and Nichias produce a different product. Petitioners do not have information on the products or the capacities of Arisawa and Nichias either. Both MITI and Nippon Muki stated to U.S. Embassy personnel that only Nippon Muki exported to the United States in the past; however, the company has no intention to export there again in the near future. A U.S. Embassy telegram informed the Commission that under such circumstances the U.S. Embassy is unable to collect the data on capacity, production, and shipments of the Japanese industry requested by the Commission.

The Commission also asked and received from HCA data on Nippon Muki's production, capacity, and shipments of the commercial silica filament fabric, which are shown in the following tabulation (in square yards:)

1/ Sandtex's questionnaire response.
2/ Report from U.S. Embassy, Tokyo, Aug. 12, 1987, telegram No. 14312.

Item	1984	1985	1986	January-March-- 1986	1987
Capacity	***	***	***	***	***
Percent change		***	***		***
Production	***	***	***	***	***
Sales in Japan	***	***	***	***	***
Exports to U.S.	***	***	***	***	***
Exports to ***	***	***	***	***	***
Exports to ***	***	***	***	***	***
Calculated inventories and sales to other markets	***	***	***	***	***

Counsel for HCA stated that Nippon Muki's capacity ***. The Japanese producer anticipates growth of the Japanese market. For example, customers in Japan are asking for silica to be used as a shield in kerosene heaters. The replacement of asbestos-based materials is also anticipated in Japan. According to counsel, Nippon Muki is producing both commercial grade silica fabric and aerospace grade silica fabric but could not provide data on the production of the aerospace grade fabric.

Nippon Muki's capacity to produce commercial grade silica fabric was *** pounds as of December 31, 1984, equivalent to *** percent of the U.S. industry's total capacity to produce the same product. Nippon Muki's capacity *** pounds, or by *** percent, by December 31, 1985, which was equivalent to *** percent of the U.S. industry's capacity. In 1986, Nippon Muki's capacity *** to *** pounds, or by *** percent, which was equivalent to *** percent of the U.S. industry's capacity. Nippon Muki's capacity *** in January-March 1987 from that of January-March 1986 at *** pounds, equivalent to *** percent of total U.S. capacity to produce the same product. 1/

If Arisawa and Nichias are producing the subject product, the total capacity of the Japanese industry is, obviously, larger than that of Nippon Muki's. If the Japanese industry that produces the subject product consists of only Nippon Muki, then the total Japanese capacity is shown in the tabulation above.

Consideration of the Causal Relationship Between the LTFV Imports and the Alleged Injury

U.S. imports

U.S. imports of silica fabric are not reported separately in official statistics of the U.S. Department of Commerce. Such imports are reported under

1/ The Commission requested the data on Nippon Muki's capacity in terms of pounds in order to compare the foreign producer's capacity with that of the U.S. industry. HCA provided the data in square meters; they were converted to pounds based on ratios calculated from data on invoices submitted by HCA representing exports to the United States during February 1986-January 1987.

TSUS items 338.25 and 338.27, which also include other glass fiber fabrics used in the apparel industry and which are not covered by the investigation. 1/

The petitioners and the respondent both testified that there are no imports of silica fabric from any country other than Japan and that there was no company other than Sandtex that handled the imported Japanese silica fabric. 2/ There is virtually no aerospace grade silica fabric imported into the United States. The quantity and value of imports of commercial grade silica fabric are shown in table 20. 3/

Table 20
Commercial grade silica fabric: U.S. imports for consumption from Japan, 1984-86, January-March 1986, and January-March 1987

Item	1984	1985	1986	Jan.-March- 1986	1987
Quantity.....1,000 pounds..	***	***	***	***	***
Percentage change.....	***	***	***	***	***
Value.....1,000 dollars..	***	***	***	***	***
Percentage change.....	***	***	***	***	***

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

Imports of commercial grade silica fabric from Japan were *** pounds in 1984, *** pounds in 1985, and *** pounds in 1986. The quantity of imports *** percent in January-March 1987 compared with those of January-March 1986. The value of imports was *** in 1984, *** in 1985, and *** in 1986. The January-March 1987 imports were valued at *** percent from *** million in the corresponding period of 1986.

The imports arrive by ship to west coast ports for transport by train to Chicago; they are then entered through U.S. customs and sold to Sandtex Corp., with the exception of the last shipment, which was kept by HCA.

U.S. importer's shipments

Shipments of commercial grade silica fabric imported from Japan *** pounds in 1984, the first year of shipments, to *** in 1985 and *** pounds during 1986. The January-March 1987 shipments were *** pounds, as shown in the following tabulation:

1/ During the period under investigation, the bulk of the imports under these provisions consisted of products that are not covered by this investigation.
2/ The parties in this investigation are aware of only one other foreign producer of the product under investigation; that firm is in the United Kingdom.
3/ Hitachi Chemical reported no imports of aerospace grade silica fabric; Sandtex reported *** pounds imported in *** and none since.

	Quantity (1,000 pounds)	Percentage change of quantity	Value (1,000 dollars)	Percentage change of value
1984.....	***		***	
1985.....	***	***	***	***
1986.....	1/***	***	***	***
Jan.-Mar.—				
1986.....	2/		2/	
1987.....	1/***	2/	***	***

1/ Calculated from data received from HCA and from estimates provided by Sandtex.
2/ Not available; the necessary data were not received from Sandtex Corp.

Shipments of the imported product by weights and widths are shown in table 21. Shipments of imported 36-inch lightweight silica fabric *** percent. Shipments of imported 36-inch heavyweight silica fabric *** percent. Shipments of other than 36-inch imported silica fabric represented *** percent of the total shipments of lightweight silica fabric and *** percent of the total shipments of heavyweight silica fabric in 1984, the first year of Sandtex's operation. The comparable shares were *** percent for lightweight and *** percent for heavyweight fabric in 1985, and *** and *** percent, respectively, during January-September 1986.

Table 21
Commercial grade silica fabric: U.S. importer's domestic shipments, by weights and widths, 1984-85, January-September 1985, and January-September 1986

* * * * * * *

U.S. market penetration

Market penetration by imports of commercial grade silica fabric from Japan, which first entered the United States in December 1983, increased *** percent by quantity and *** percent by value of consumption in 1984 to *** percent by value of consumption in 1985 and to *** percent by value in 1986. No data are available for January-March 1986; the penetration for January-March 1987 is *** percent by value. The penetration of the total silica fabric market is similar in trend to that of the commercial grade silica fabric market (table 22).

Prices

Sales prices are analyzed in the sections of the report entitled "Bid Competition" and "Prices to Distributors".

Table 22
Silica fabric: U.S. producers' and importer's shipments, apparent consumption, and market penetration, by grades, 1984-86, January-March 1986, and January-March 1987

* * * * * * *

Marketing methods.—Domestic and imported silica filament fabric are marketed through three channels of distribution. The major marketing arena is bid competition for volume sales to large end users such as electric utilities or shipyards. A network of independent distributors constitutes a second but overlapping channel of distribution. Direct sales by producers to OEM's, although very small in total volume (*** percent of all shipments), are a third channel of distribution.

The bid process involves price quotes made by selected competing vendors in response to requests for quotes (RFQ's) solicited by the end user. Awards to supply a specified quantity are made to the low bidder. Public power entities such as the Tennessee Valley Authority have an open bidding process with the results of the bidding process sent to all bidders. Investor-owned utilities generally do not make all bids public, and losing bidders often may not know the winning quote or the bidder's identity. Bid competition may be direct between the U.S. producers, Haveg and HITCO, or between one or both of those U.S. producers and Sandtex, the vendor of the imported Japanese fabric. In other instances, the bid competition may involve distributors of the domestic or imported product quoting against each other or against a direct U.S. producer or Sandtex. 1/

RFQ's to supply a specified quantity of silica filament fabric for immediate or one-time-only delivery are, at times, written invitations or, at other times, solicited by phone. These awards generally are made by purchase orders. Awards to supply an end user's fabric requirements for a specified time—usually a year or at times as long as 2 years—are made by contract for anticipated volume requirements to be delivered "as scheduled" or "as needed." Some large end users satisfy their requirements by frequent RFQ's and issuance of purchase orders. Others use the long-term contract to ensure supply at an agreed price. Contracts or repeat purchase orders issued by electric utilities generally are associated with specific new nuclear or fossil fuel plant projects.

Haveg's distributor network consists of about *** distributors with roughly *** selling locations and accounts for *** percent of its total sales volume. These are *** distributors. They include ***. Until recent months, distributor sales (and sales to OEM's) were made from ***. The traditional distributor discount is *** percent. A distributor of domestic fabric is ***.

1/ There have been instances in which distributors initially bidding have been bypassed by a domestic producer in order to better compete against a direct quote by Sandtex on the imported product (Transcript of the Conference, p. 63).

Sandtex utilizes a network of *** or more distributors with ***. Most of these are *** distributors. Sandtex ***. Sandtex ***.

Bid competition.—In order to analyze the competitive position of the various suppliers of domestic and imported silica filament fabric, the two domestic producers and Sandtex were asked to provide data on bids made on the 10 to 13 largest volume purchase order or contract awards to supply commercial grade silica filament fabric for (a) one-time-only delivery and (b) long-term contract. Such data were requested for 1984, 1985, 1986, and January-June 1987. These data are organized by respondent firm in tables 23 and 24 to show the aggregate quantity of the bids made and the total quantity of bids won, by firm, as a result of those bids. 1/ The data also show bids lost by each domestic firm to Sandtex or to a competing domestic firm. Bids lost to Sandtex and the competing domestic producer are shown as a percentage of total quantity bid.

Table 23
Commercial grade silica filament fabric: Total potential sales volume of projects bid on by domestic and import suppliers for one-time delivery, and the number of bids won and lost, by quantity and percent, 1984, 1985, 1986, and Jan. 1 -June 15, 1987

* * * * * * *

Table 24
Commercial grade silica filament fabric: Total potential sales volume of projects bid on by domestic and import suppliers for long-term contract, and the number of bids won and lost, 1984, 1985, 1986, and Jan. 1-June 15, 1987

* * * * * * *

1/ Quantity data collected on awards, by firm, are not directly comparable to annual shipments to end users because deliveries under long-term contract awards do not track calendar years. Such a comparison is useful, however, as a measure of the degree to which analysis of awards won and lost, competing prices, and margins (based on the sample data collected), accurately reflect the competitive conditions in the overall market. Data received on awards to Haveg as a percentage of Haveg's annual shipments to end users amounted to *** percent in 1984, *** percent in 1985, and *** percent in 1986. For HITCO, the percentages are *** in 1984, *** in 1985, and *** in 1986. For Sandtex the figures are *** percent in 1984, *** percent in 1985, and *** percent in 1986. Sandtex first entered the market in 1984 and ***.

The analysis of bid data will focus first on the aggregate picture of bids won and lost, by firm, for one-time-only sales (table 23), and then for long-term contract awards (table 24). Next, a comparison of competing price quotes will be presented for specific single-order awards to Sandtex (table 25). Finally, long-term contract awards to Sandtex will be examined individually in terms of competing price quotes.

One-time-only sales.--Awards for one-time-only sales by Haveg show that the share of bids won in terms of quantity (aggregate linear yards) *** *** year during 1984-86, but *** in January-June 1987 (table 23). In 1984, Haveg reported lost bids on *** linear yards of fabric, or *** percent of the *** linear yards bid on overall. Haveg lost *** linear yards of possible sales volume in 1985, or *** percent of the aggregate volume on which it bid. During 1986, Haveg lost bids on an aggregate volume of *** linear yards, or *** percent of the total potential sales volume on which it bid. During January 1-June 15, 1987, Haveg bid for *** linear yards of possible sales volume. Lost volume to either HITCO or Sandtex *** totaled *** linear yards, or *** percent of the total for which Haveg bid.

In each time period, a part of Haveg's lost volume was won by Sandtex and a part was won by HITCO. Sandtex's share of Haveg's potential aggregate linear yards of sales volume increased from ***. The bids reported lost by HITCO ***.

Awards listed by Sandtex for one-time-only sales show that ***. 1/

Long-term contracts.--Haveg's percentage share of the potential yards of (long-term contract) sales volume on which it bid ***.

Sandtex won ***.

HITCO won ***.

* * * * * * *

Single order awards won by Sandtex.--This section and the following section analyze, case by case, the bid competition of awards won by Sandtex that are shown in summary form in tables 23 and 24. Questionnaire responses listing the largest volume RFQ's bid on to supply silica fabric for one-time-only delivery yielded *** awards to Sandtex on which price quotes could be compared (table 25). ***.

* * * * * * *

1/ Sandtex did not supply full-year data for 1986 or data for January-June 15, 1987.

Table 25
Commercial grade silica filament fabric: Purchase orders for one-time delivery awarded to Sandtex, quantity, winning bid, unit price, range of competing domestic bids, and range of Sandtex margin of underselling, by awarding firms, 1984, 1985, 1986, and January 1-June 15, 1987

* * * * * * *

Long-term contract awards won by Sandtex.--Questionnaire responses listing the largest volume RFQ's bid on to supply silica fabric on long-term contract yielded *** awards to Sandtex on which price quotes could be compared (table 26).

* * * * * * *

*** price comparisons of long-term contract awards to Sandtex were possible for 1985. ***.

* * * * * * *

Table 26
Commercial grade silica filament fabric: Contracts for long-term supply awarded to Sandtex, quantity, winning bid, unit price, range of competing domestic bids, and range of Sandtex margin of underselling, by awarding firms, 1984, 1985, 1986, and Jan. 1-June 15, 1987

* * * * * * *

Prices to distributors.--Both the U.S. producers and Sandtex, the vendor of silica fabric imported from Japan, provided data on their prices to distributors for lightweight and heavyweight silica fabric. The data received span the period January 1984-June 15, 1987, and reflect the prices received for the three largest quarterly shipments of each of the above representative silica fabric products. 1/ Tables 27 through 30 present weighted averages of

1/ As a percent share of total shipments to distributors, the questionnaire responses for largest sales provide quantity coverage, by firm, as follows, Haveg: 1984-*** percent, 1985-*** percent, 1986-*** percent; HITCO: 1984-*** percent, 1985-*** percent, 1986-*** percent; Sandtex: 1984-*** percent, 1985-*** percent, 1986-*** percent.

each U.S. producer's price data and the weighted-average price of the fabric imported from Japan. These quarterly comparisons are the basis for calculations of margins by which the Japanese silica fabric undersold (or oversold) the U.S. fabric.

Trends in prices.—Prices of lightweight silica fabric sold to distributors ***.

Table 27
Lightweight silica fabric: Weighted-average prices for sales of the U.S. product by Haveg and of the imported Japanese product by Sandtex to distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1984-June 15, 1987

* * * * * * *

Table 28
Lightweight silica fabric: Weighted-average prices for sales of the U.S. product by HITCO and of the imported Japanese product by Sandtex to distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1984-June 15, 1987

* * * * * * *

Table 29
Heavyweight silica fabric: Weighted-average prices for sales of the U.S. product by Haveg and of the imported Japanese product by Sandtex to distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1984-June 15, 1987

* * * * * * *

Table 30
Heavyweight silica fabric: Weighted-average prices for sales of the U.S. product by HITCO and of the imported Japanese product by Sandtex to distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1984-June 15, 1987

* * * * * * *

* * * * * * *

***. Data on prices of imported Japanese fabric in January-June 1987 were not provided by Sandtex.

Prices of heavyweight fabric sold to distributors ***.

* * * * * * *

The trend of prices for heavyweight Japanese fabric sold by Sandtex to distributors reflects a pattern that ***. Prices of Japanese fabric in January-June 1987 were not provided by Sandtex.

Margins of underselling.--Quarterly comparisons of the weighted-average selling prices of each U.S. producer with those of Sandtex are the basis for analyzing margins of underselling or (overselling). These comparisons reveal a broad pattern of underselling by the imported product, although scattered instances of overselling appear.

* * * * * * *

Purchase prices.-- The Commission also collected data by questionnaire from purchasers. Questionnaires were sent to 34 end users and to 65 distributors. End users included shipyards and public utilities and the latters' construction agents for specific nuclear and fossil fuel construction projects. Multiple questionnaires went to certain public utilities and construction companies involved in more than one project, for example, ***. Distributors included firms that not only accounted for more than 60 percent of aggregate shipments to this channel by each producer and by the importer, but also, together, provided broad geographical coverage of the U.S. market. Seventeen end users responded to the Commission's questionnaire with useable data on bid competition awards and winning price quotes. Twenty-four distributors supplied usable purchase price data.

End user's purchase prices.--The Commission asked end users to supply data on bids made in response to RFQ's for one-time delivery for the four largest awards made in each of the years 1985 and 1986 and for January-June 1987, and for the same competing bid and award data covering the four largest awards made during that time period for long-term contracts to supply silica filament fabric. 1/ Tables 31 and 32 present these data by

---

1/ As a share share of total annual purchases by end-users, the purchasers' questionnaire responses provide quantity coverage as follows: domestic product: 1984-*** percent, 1985-*** percent, 1986-*** percent; imported Sandtex product: 1984-*** percent, 1985-*** percent, 1986-*** percent.

respondent firm in order to compare competing bids on purchase orders awarded to Sandtex for one-time delivery and on contracts for long-term supply.

Data on purchase orders awarded to Sandtex for one-time delivery of silica filament fabric provide ***.

Table 31
Commercial grade silica filament fabric: Purchase orders for one-time delivery awarded by end-users to Sandtex, quantity, winning bid, unit price, range of competing domestic bids, and range of Sandtex margin of underselling, by awarding firms, 1985, 1986, and January-June 1987

* * * * * * *

Table 32
Commercial grade silica filament fabric: Contracts for long-term supply awarded by end-users to Sandtex, quantity, winning bid, unit price, range of competing domestic bids, and range of Sandtex margin of underselling, by awarding firms, 1985, 1986, and January-June 1987

* * * * * * *

* * * * * * *

Comparisons of competing bids for eight different contracts for long-term supply were possible from purchasers' questionnaire responses (table 32). ***.

* * * * * * *

Distributors' purchase prices.--Distributors were asked to provide purchase price data for the largest purchase of commercial grade lightweight and of heavyweight fabric, respectively, in each quarter of the period January 1985-June 1987. 1/ Twenty-four firms responded with useable data. Tables 33 through 36 present weighted-averages of Haveg and HITCO prices and weighted-average prices of the silica filament fabric imported from Japan. These quarterly prices are the basis for calculations of margins of underselling or overselling by the Japanese product.

1/ As a percent share of total annual purchases by distributors, the questionnaire responses provide quantity coverage, by firm, as follows, Haveg: 1984-*** percent, 1985-*** percent, 1986-*** percent; HITCO: 1984-*** percent, 1985-*** percent, 1986-*** percent; Sandtex: 1984-***, 1985-*** percent, 1986-*** percent.

Table 33
Lightweight silica fabric: Weighted-average prices for purchases of the U.S. product from Haveg and of the imported Japanese product from Sandtex by distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1985-June 15, 1987

* * * * * * *

Table 34
Lightweight silica fabric: Weighted-average prices for purchases of the U.S. product from HITCO and of the imported Japanese product from Sandtex by distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1985-June 15, 1987

* * * * * * *

Table 35
Heavyweight silica fabric: Weighted-average prices for purchases of the U.S. product from Haveg and of the imported Japanese product from Sandtex by distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1985-June 15, 1987

* * * * * * *

Table 36
Heavyweight silica fabric: Weighted-average prices for purchases of the U.S. product from HITCO and of the imported Japanese product from Sandtex by distributors, indexes of those prices, and average margins by which imports from Japan undersold or oversold the U.S.-produced fabric, by quarters, January 1985-June 15, 1987

* * * * * * *

Trends in prices.--Prices of lightweight fabric sold to distributors ***.

* * * * * * *

* * * * * * *

Prices of heavyweight fabric sold to distributors ***.

* * * * * * *

* * * * * * *

Margins of underselling.--Quarterly comparisons of the weighted-average prices of each domestic producer's silica filament fabric purchased by distributors with those of Sandtex are the basis for analyzing margins of underselling or (overselling). These data reflect a pattern, almost entirely, of underselling.

* * * * * * *

Lost sales

U.S. producers in their petition listed *** alleged lost sales 1/ that involved *** different user projects. In terms of quantity, they represented an alleged lost volume of *** linear yards in 1984, *** linear yards in 1985, and *** linear yards during the period January 1-October 6, 1986. The overall volume of alleged lost sales amounted to *** linear yards of silica fabric, an estimated *** yards and *** yards of which was to be delivered under long-term contract in 1987 and 1988, respectively. The Commission staff investigated 28 alleged lost sales involving nine firms and *** linear yards of silica fabric. (A confidential discussion of each allegation follows.)

* * * * * * *

1/ These instances of alleged lost sales were compiled from a confidential survey conducted by Economic Consulting Services, Inc. Haveg and HITCO also reported these lost sales in their questionnaire response.

Purchasers canvassed during the investigation of lost sales were in agreement that the domestic products and the imported silica fabric are direct substitutes. No other products are considered as substitutes by these purchasers. They also were unanimous in stating that price is the key determinant in awarding a long-term contract or a purchase order for a one-time-only delivery of silica fabric.

Lost revenues

Haveg listed *** instances of alleged lost revenue as a result of price reductions on sales of silica filament fabric in competition with competing product imported from Japan. These examples involved *** different purchasers. The aggregate volume associated with these instances of alleged lost revenue amounted to *** linear yards of lightweight silica fabric and *** linear yards of heavyweight silica fabric. Haveg did not provide data on initial rejected quotations. Rather, Haveg explained the basis for quoting reduced prices in terms of the known competitive situation with respect to each opportunity to quote as it related to such factors as the known or suspected presence of Sandtex as a competitor, the level of prior bids by Sandtex that won awards, knowledge that Sandtex was bidding direct rather than through a distributor, information from distributors as to the known Sandtex price to beat, etc. It should be noted that in bid competition it is the exception rather than the rule for a supplier to have the opportunity to revise a bid in response to formal solicitations from public utilities or their construction agents.

* * * * * * *

HITCO listed *** instances of alleged lost revenue that involved *** different purchasing firms. In aggregate, these sales amounted to *** linear yards of silica filament fabric and spanned a period from 1984 through 1986. Individual sales, in quantity terms, ranged from *** yards to *** yards. (A confidential discussion of each allegation follows.)

* * * * * * *

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1984-June 1987 the quarterly nominal value of the Japanese yen advanced sharply by 61.6 percent against the U.S. dollar (table 37). 1/ After adjustment for differences in relative inflation rates over the 14-quarter period for which data were collected, the real value of Japan's currency appreciated only 40.4 percent relative to the dollar—significantly less than the apparent appreciation of 61.6 percent represented by the nominal Japanese exchange rate.

1/ International Financial Statistics, June 1987.

Table 37
U.S.-Japanese exchange rates: Nominal-exchange-rate equivalents of the Japanese yen in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and Japan, 1/ indexed by quarters, January 1984-June 1987

(January-March 1984=100)

Period	U.S. producer price index	Japanese producer price index	Nominal-exchange-rate index	Real-exchange-rate index 2/
			——US dollars per yen——	
1984:				
January-March.....	100.0	100.0	100.0	100.0
April-June.....	100.7	99.9	100.6	99.8
July-September.....	100.4	100.7	94.9	95.1
October-December....	100.2	100.4	93.9	94.1
1985:				
January-March.....	100.0	100.8	89.7	90.4
April-June.....	100.1	100.1	92.1	92.1
July-September.....	99.4	99.0	96.8	96.4
October-December....	100.0	96.7	111.6	107.9
1986:				
January-March.....	98.5	94.4	123.0	117.8
April-June.....	96.6	90.4	135.8	127.1
July-September.....	96.2	87.9	148.3	135.6
October-December....	96.5	86.6	144.1	129.2
1987:				
January-March.....	97.7	86.2	150.8	132.9
April-June 3/.....	98.7	85.8	161.6	140.4

1/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.
2/ The indexed real exchange rate represents the nominal exchange rate adjusted for the relative economic movement of each currency as measured here by the Producer Price Index in the United States and Japan. Producer prices in the United States decreased by 1.3 percent during January 1984-June 1987 compared with a 14.2-percent decrease in Japanese prices during the period under investigation.
3/ Data are derived from exchange-rate and Producer Price Indexes reported for April only.

Source: International Monetary Fund, International Financial Statistics, June 1987.

APPENDIX A

LIST OF WITNESSES APPEARING AT THE PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

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

Subject	:	Certain Silica Filament Fabric from Japan
Inv. Nos.	:	731-TA-355 (Final)
Date and time	:	August 5, 1987 - 9:30 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of antidumping duties:

Stroock & Stroock & Lavan
Washington, D.C.
on behalf of

HITCO, Newport Beach, California

Robert Portik, Vice President, HITCO Materials Division

Ametek, Inc., (Haveg Division), Wilmington, Delaware

H. Dudley Barton, Vice President

Economic Consulting Services, Inc., Washington, D.C.

Mark W. Love, Vice President

Kenneth Button, Ph.D., Chief Economist

Matthew H. McCarthy-OF COUNSEL

In opposition to the imposition of antidumping duties:

Law Offices of
Robert N. Richards
on behalf of

Sandtex Corporation

Gary R. Toague, President

Richard Saffadi, Consultant

Robert N. Richards- OF COUNSEL

APPENDIX B

FEDERAL REGISTER NOTICES

International Trade Administration

[A-588-607]

Final Determination of Sales at Less Than Fair Value:, Amophous Silica Filament Fabric From Japan

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

ACTION: Notice.

SUMMARY: We have determined that amorphous silica filament fabric from Japan is being, or is likely to be, sold in the United States at less than fair value and have notified the U.S. International Trade Commission (ITC) of our determination.

EFFECTIVE DATE: July 27, 1987.

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, DC 20230, (202) 377-5288.

SUPPLEMENTARY INFORMATION:

Final Determination:

We have determined that amorphous silica filament fabric from Japan is being, or is likely to be, sold in the United States at less than fair value as provided in section 735(a) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)). The period of investigation was November 1, 1985 through October 31, 1986. The margin found for the company investigated is listed in the "Suspension of Liquidation" section of this notice.

Case History

On May 6, 1987, we made an affirmative prelminary determination (52 FR 17997, May 13, 1987). Since then, the following event has occurred: On May 26, 1987, we received notice that the respondent had withdrawn from further participation in the investigation.

Scope of Investigation

The product covered by this investigation is certain commercial grade woven fabric, of glass (silica filaments), whether or not colored, containing not over 17 percent of wool by weight, as currently provided for in items 338.2500 and 338.2700 of the

Tariff Schedules of the United States Annotated (TSUSA).

Fair Value Comparisons

After our preliminary determinaton, we were unable to verify the respondent's response to our questionnarie because of the respondent's withdrawal from our investigation. The Act requires, in the absence of verified information, that the "best information available" be used in our final determination. In light of the respondent's withdrawal from the investigation, we sought the best information availble that would reflect appropriate adverse assumptions. That information would generally be information drawn from the petition. However, after reviewing petitioner's data, we determined that respondent's data as contained in its response would be more adverse than use of information from the petition. We have, therefore, for purposes of our final determination used the same information from the respondent and the same methodology as employed in our preliminary determination.

United States Price

As provided in section 772(b) of the Act, we based the United States price on purchase price. We made deductions from the c.i.f. duty paid, delivered, packed prices for ocean freight, marine insurance, brokerage and handling, U.S. inland freight, U.S. duty and foreign inland freight.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we based the foreign market value on sales in the same market. We made adjustments, where appropriate, for differences in credit costs and for differences in the physical characteristics of the merchandise, in accordance with § 353.15 and 353.16 of the Commerce Regulations.

Pursuant to § 353.56 of the Commerce regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

Final Affirmative Determination of Critical Circumstances

To determine whether critical circumstances exist, section 735 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(3)) requires that we examine whether:

(A)(i) there is a history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of the investigation, or

(ii) the person by whom, or for whose account, the merchandise was imported knew or should have known, that the exporter was selling the merchandise which is the subject of the investigation at less than fair value; and

(B) these have been massive imports of the class or kind of merchandise which is the subject of the investigation over a relatively short period.

A review of all available data shows no history of dumping in the United States or elsewhere.

In determining whether the importers knew, or should have known, that the exporter was selling the merchandise at less than fair value, we find that the level of margins calculated indicate imputed knowledge on the part of the importer.

In determining whether imports have been massive over a relatively short period, we analyzed recent Department of Commerce IM-146 trade statistics on imports of this merchandise for equal periods immediately preceeding and following the filing of the petition from May 1986 through February 1987. Although these statistics include merchandise other than that under investigation, they are the only relevant publicly available statistics. These statistics showed a significant increase in imports in the post-filing period over the pre-filing period. Further, information submitted to the International Trade Commission, which is limited to the product under investigation, indicates significant increases in market penetration in 1986 compared to 1985. Since imports of the merchandise did not begin until 1983, we have not included the start up years of 1983 and 1984 in our import pattern analysis.

For the above reasons, we determine that "critical circumstances" exist with respect to imports of amorphous silica filament fabric from Japan.

Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation of all entries of amorphous silica filament fabric from Japan that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The U.S. Customs Service shall continue to require a cash deposit or the posting of a bond on all entries equal to the estimated average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below.

Since we have made a final affirmative critical circumstances determination, we are continuing the retroactive suspension of liquidation ordered by our May 13, 1987, preliminary affirmative critical circumstances determination. The effective date for the suspension of liquidation of this investigation is February 12, 1987, ninety days prior to the date of publication of our preliminary affirmative determination of sales at less than fair value.

This suspension of liquidation will remain in effect until further notice. The margins are as follows:

Manufacturers/producers/exporters	Average margin percentage (in percent)
Nippon Muki	193.94
All others	193.94

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on amorphous silica filament fabric from Japan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

July 20, 1987.

[FR Doc. 87-16987 Filed 7-24-87; 8:45 am]

BILLING CODE 3510-DS-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-355 (Final)]

Certain Silica Filament Fabric From Japan

AGENCY: International Trade Commission.

ACTION: Institution of a final antidumping investigation and scheduling of a hearing to be held in connection with the investigation.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-355 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether 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 woven fabrics, of glass (silica filaments), whether or not colored, containing not over 17 percent of wool by weight, provided for in items 338.25 and 338.27 of the Tariff Schedules of the United States, that have been found by the Department of Commerce, in a preliminary determination to be sold in the United States at less than fair value (LTFV). Unless the investigation is extended, Commerce will make its final LTFV determination on or before July 20, 1987 and the Commission will make its final injury determination by September 9, 1987 (see sections 735(a) and 735(b) of the act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: May 13, 1987.

FOR FURTHER INFORMATION CONTACT: Stephen A. Vastagh (202-523-0283), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-523-0161.

SUPPLEMENTARY INFORMATION:

Background.

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain silica filament fabric from Japan are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigation was requested in a petition filed on October 27, 1986, by counsel on behalf of Ametek, Inc. (Haveg Division), of Wilmington, DE, and HITCO of Newport Beach, CA. In response to that petition the Commission conducted a preliminary antidumping investigation and, on the basis of information developed during the course of that investigation, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise.

Participation in the investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) 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 will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff report

A public version of the prehearing staff report in this investigation will be placed in the public record on July 21, 1987, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on August 5, 1987, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Requests to appear at the hearings should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on July 29, 1987. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on July 31, 1987, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is July 31, 1987.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with

§ 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on August 12, 1987. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before August 12, 1987.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). 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 th Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be sumitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6).

Authority: This investigation is being conducted by under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: June 5, 1987.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 87-13271 Filed 6-10-87; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

U.S. PRODUCERS STATEMENTS ON CAPITAL AND INVESTMENT

Capital and investment

The producers were asked to describe any actual or potential negative effects of imports of commercial grade silica filament fabric from Japan on their firm's growth, investment, and ability to raise capital. Their replies were as follows:

Haveg.—"***."

HITCO.—"***."

APPENDIX D

STATISTICAL TABLES

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