

UNITED STATES TARIFF COMMISSION

FISH NETS AND NETTING OF MANMADE FIBERS FROM JAPAN

Determinations
in Investigation No. AA1921-85
Under the Antidumping Act, 1921, as Amended



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UNITED STATES TARIFF COMMISSION

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[AA1921-85]

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Determinations

On January 18, 1972, the Tariff Commission received advice from the Treasury Department that fish nets and netting of manmade fibers from Japan are being, and are likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. ^{1/} In accordance with the requirements of section 201(a) of the Antidumping Act (19 U.S.C. 160(a)), the Tariff Commission instituted investigation No. AA1921-85 to determine whether an industry in the United States is being, or is likely to be injured, or is prevented from being established by reason of the importation of such merchandise into the United States.

A public hearing was held on February 29 and March 1, 1972. Notice of the investigation and hearing was published in the Federal Register of January 27, 1972 (37 F.R. 1277).

In arriving at a determination in this case, the Commission gave due consideration to all written submissions from interested parties, evidence adduced at the hearing, and all factual information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

^{1/} Notice of the Treasury Department's determination of sales at less than fair value, and the reasons therefor was published in the Federal Register of Jan. 19, 1972 (37 F.R. 815).

On the basis of the investigation, the Commission has determined by a vote of 4 to 2 that an industry in the United States is being injured by reason of the importation of fish netting of manmade fibers from Japan that is being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. 1/ The Commission unanimously determined that an industry in the United States is not being nor is likely to be injured, nor is prevented from being established, by reason of the importation of fish nets of manmade fibers that are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Statement of Reasons for Affirmative Determination of
Chairman Bedell, Vice Chairman Parker, and
Commissioner Moore 2/

The Department of the Treasury advised the Tariff Commission on January 18, 1972, that manmade-fiber fish nets and netting from Japan are being or are likely to be sold in the United States at less than fair value. Under the Antidumping Act of 1921, as amended, this determination is conclusive. Accordingly, the only issue considered herein is whether the sales at less than fair value of such articles are injuring or are likely to injure an industry in the United States, or are preventing an industry from being established.

1/ Chairman Bedell, Vice Chairman Parker, and Commissioners Sutton and Moore determined in the affirmative.

2/ Commissioner Sutton concurs in the result.

In our opinion an industry in the United States is being injured by reason of the importation of manmade-fiber fish netting from Japan that is being sold at less than fair value (LTFV) within the meaning of the Antidumping Act. Since imports of fish nets are negligible and we have no evidence that imports are likely to increase, at this time, we believe that no U.S. industry is being, or is likely to be injured, by reason of the importation of manmade-fiber fish nets sold at LTFV.

Fish netting is made in an almost infinite number of descriptions depending principally on the combination of specifications relating to yarn size, number of plies, mesh size, and the kind of knot. Fish nets are made by cutting and piecing netting (usually of several different specifications) and then adding some combination of such items as floats, sinkers, twines, and ropes, depending on the use and type of fish to be caught. Very few nets are made by netting producers. Most nets are assembled by distributors or net shop operators; some are assembled by large fishing fleets.

The injured industry

In making our determination, we have considered the injured industry to consist of those facilities in the United States involved in the production of manmade-fiber fish netting. Fish netting is currently being produced in the United States by approximately a dozen firms, all of which either produce or have the capabilities to produce the same specifications of fish netting as those imported from Japan, which were sold at LTFV.

Market penetration

The Treasury Department's investigation of exports from Japan during the period October 1, 1969, through September 30, 1970, showed that a high percentage of U.S. imports of Japanese manmade-fiber fish netting were sold at LTFV. We find that the price advantage afforded by such sales in the United States at LTFV enabled Japanese exporters of manmade-fiber fish netting to make severe inroads into an exceptionally stable market. During the last 7 years the U.S. market fluctuated only from 3.0 million to 3.2 million pounds a year. Thus, aided by the LTFV sales, the total U.S. imports of manmade-fiber fish netting from Japan increased steadily from 7.5 percent of the U.S. apparent consumption of fish netting in 1964 to 29 percent in 1971.

Total U.S. imports of manmade-fiber fish netting increased from 153,000 pounds in 1964 to 942,000 pounds in 1971. On the other hand, domestic production of manmade-fiber fish netting increased from 1,809,000 pounds in 1964 to 2,344,000 pounds in 1966 and then declined without interruption to 1,832,000 pounds in 1971.

We believe that the capture of 29 percent of the U.S. market for fish netting by Japanese imports was made possible by the practice of Japanese exporters selling manmade-fiber fish netting at LTFV in the United States.

Lost sales and price depression

The Commission's investigation shows that prices in the U.S. market of Japanese manmade-fiber fish netting are significantly

lower than the corresponding prices of domestic manmade-fiber fish netting. These lower prices have resulted in loss of sales by the U.S. industry. Indeed, with respect to one popular type of netting, the imports from Japan have captured almost the entire U.S. market. To a lesser extent, there were losses of sales for other types of netting. In addition, the substantial market penetration has also resulted in marked depression or suppression of the prices of netting produced by the U.S. industry. Although the margins of dumping are a relatively small part of the margins of underselling by the Japanese, they are quite significant in the resulting displacement of the domestic product and the adverse price effects in the U.S. market.

On the basis of the foregoing, we believe that the LTFV imports have clearly contributed in substantial measure to loss of sales by the U.S. industry and a depression of its prices which occurred during a period of generally rising production costs. The extent and margin of dumping employed by Japanese exporters are significant factors in the penetration of the U.S. market, loss of sales by the U.S. industry, and the depression of domestic prices. The Japanese exporters could not but have recognized dumping as necessary to obtain sales. It is not reasonable that they would dump and accept a lower price without need.

Conclusion

In our judgment, imports of manmade-fiber fish netting from Japan which, according to the Department of Treasury, are being sold at less than fair value have contributed to both a marked decline in

prices of domestic netting in the U.S. market, and a substantial loss in sales by the U.S. industry. Accordingly, we have determined that an industry in the United States is being injured by reason of such LTFV imports.

Statement of Reasons for Negative Determination of
Commissioners Leonard and Young

The Antidumping Act, 1921, as amended, requires that the Tariff Commission find two conditions satisfied before an affirmative determination can be made.

First, there must be injury, or likelihood of injury, to an industry in the United States, or an industry in the United States must be prevented from being established. The quantum or description of injury is not disclosed in the statute.

And second, such injury (or likelihood of injury or prevention of establishment) must be "by reason of" the importation into the United States of the class or kind of foreign merchandise the Secretary of the Treasury determined is being or is likely to be sold at less than fair value.

If either condition is not satisfied, a negative determination must be made. In the instant investigation, we find the second condition described above is not satisfied and therefore a negative determination is required.

The industries

We find that two industries are involved in this case. One consists of the facilities in the United States (which are owned by about a dozen firms) for the production of fish netting and the other consists of the facilities in the United States (which are owned by many enterprises) for the production of fish nets.

Sales at LTFV

The Commission has little guidance in this investigation respecting the extent or severity of sales at less than fair value (LTFV) of fish nets and netting of manmade fiber from Japan. The small sample of Japanese exports examined by the Treasury Department during its investigation did not include any sales of double-knot salmon gill netting, the predominant type of fish netting shipped from Japan to the United States. Information available to the Commission indicates that such netting has probably accounted for upwards of half of U.S. imports from Japan in recent years. The absence of fair value computations by Treasury with respect to such a dominant portion of the imports makes it difficult for us to determine whether there is injury to a domestic industry because of price discrimination (sales at LTFV).

It appears also that the Treasury did not investigate any sales of fish nets by Japan to the United States to determine whether they were made at less than fair value. Shipments from Japan to the United States of fish nets, however, are known to be very small.

Fish netting

In recent years U.S. imports of fish netting from Japan, nearly all netting of manmade fiber, have increased materially, and have supplied an increasing share of the U.S. market. There is, however, little evidence either that the increased imports and rising market penetration have been by reason of the importation of fish netting to the United States at less than fair value or that the fish netting

sold at less than fair value has adversely affected prices and profits of a domestic industry.

With an important exception that we note later, Japanese fish netting has undersold domestic fish netting in the U.S. market. The price data available to the Commission suggest that the margin of underselling generally has been substantial, and typically has been several times the amount by which the price of netting sold for export to the United States was less than the price of netting in the Japanese home market (the LTFV margin). For a given specification of manmade-fiber fish netting, for example, the price of the Japanese product in the U.S. market was 45 cents below the price of the domestic product, whereas the Japanese netting had been sold for export to the United States at only 6 cents per pound below the price in the Japanese home market. Under these circumstances, the increased imports and evident market penetration, even if a substantial part of imports from Japan were sold at LTFV, could scarcely be ascribed to the existence of LTFV sales.

The prices received by domestic producers for fish netting in recent years have not followed a common trend; some prices have increased, some have declined, and some have remained unchanged. On the average, however, such prices have been almost stable over the past 3 years. To the extent prices of individual specifications of fish netting can be traced, the prices of domestic netting of those specifications which the Treasury found had been sold by Japan at less than fair value have been stronger than those of other specifications of Japanese netting. For example, the prices of domestic netting of specifications found by Treasury to have been sold at LTFV were, on the average, unchanged from

the beginning of 1969 to the end of 1971. However, the prices examined relating to domestic netting of specifications not included in Treasury's sample of LTFV sales declined by 4 percent during that period. We find little evidence here of price depression by reason of importation of Japanese netting sold at less than fair value.

As noted above, double-knot salmon gill netting constitutes by far the most important type of fish netting of manmade fiber imported into the United States from Japan. Such netting accounts for about half of the imports of fish netting from Japan. Double-knot salmon gill netting of 6- or 7-filament nylon yarn was initially developed by the Japanese. The Japanese for some time have supplied a large part of the U.S. market for such netting; currently imports from Japan supply four-fifths of the annual consumption of such netting used by the U.S. salmon fishery. According to information obtained in the investigation, the Japanese product is of distinctly higher quality than that produced domestically; the knots of the Japanese netting slip less and the dyeing is superior. Largely because of its superior physical characteristics, the Japanese product has dominated the U.S. market for such netting. Thus, based on the information available, the market penetration achieved by imports of double-knot salmon gill netting from Japan could not reasonably be attributed to sales of Japanese netting at less than fair value. The price of Japanese double-knot salmon gill netting, moreover, has risen appreciably in the last 3 years, while the prices of the similar domestic netting have also increased, although to a lesser degree. Beginning in 1970 (for some

specifications) and continuing into 1971, such Japanese netting was sold in the United States market at prices higher than those of the domestic product. Thus, even if it were assumed that double-knot salmon gill netting was being sold by Japan at less than fair value, there would be no evidence of adverse price effects on the domestic producers.

Fish nets

The Treasury Department's determination of sales at less than fair value applied to fish nets (as well as fish netting) of manmade fibers from Japan. As noted earlier, the Treasury did not examine any sales of fish nets by Japan to the United States to determine whether they were made at less than fair value, and U.S. imports of such nets from Japan have been very small.

Fish nets are produced in the United States chiefly by a large number of "net shops" located in or near the home ports of the fishermen they serve and by distributors of fish netting. Most are custom-made--the size and shape of the net, specifications of netting, and types of sinkers, twines, and ropes (which are a part of fish nets) varying according to the desires of each fisherman. In large part because of the custom-made nature of many nets, there have been few imports of commercial fishing nets into the United States, and there is little likelihood that extensive trade would develop. Accordingly, we have no evidence that a domestic industry is being, or is likely to be injured by reason of LTFV imports of fish nets of manmade fibers from Japan.

Conclusion

In view of the considerations set forth above, we have concluded that no industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of fish nets and netting of manmade fibers from Japan sold in the United States at less than fair value.