

UNITED STATES TARIFF COMMISSION

WOOL AND POLYESTER/WOOL WORSTED
FABRICS FROM JAPAN

Determination of No Injury or Likelihood Thereof in
Investigation No. AA1921-101
Under the Antidumping Act, 1921,
as Amended



TC Publication 523
Washington, D. C.
November 1972

UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION
Washington

November 24, 1972

[AA1921-101]

WOOL AND POLYESTER/WOOL WORSTED FABRICS FROM JAPAN

Determination of No Injury or Likelihood Thereof

The Treasury Department advised the Tariff Commission on August 25, 1972, that wool and polyester/wool worsted fabrics from Japan are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. 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. AA1921-101 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 October 24-27, 1972. Notice of the investigation and hearing was published in the Federal Register of September 1, 1972 (37 F.R. 17876).

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.

On the basis of the investigation, the Commission 1/ has determined that an industry in the United States is not being or is not likely to be injured, or is not prevented from being established, by reason of the importation of wool and polyester/wool worsted fabrics from Japan sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Vice Chairman Parker and Commissioner Young did not participate in the decision.

Statement of Reasons 1/

In this antidumping proceeding involving imports of wool and polyester/wool worsted fabrics from Japan we have made a negative determination.

In making such determination, we have considered the U.S. industry to consist of those facilities in the United States engaged in the production of wool and polyester/wool worsted fabrics. 2/ In recent years such worsted fabrics have been produced by about a dozen firms, four of which accounted for more than 75 percent of total U.S. production in 1971.

Demand for both domestically manufactured and imported wool and polyester/wool worsted fabrics declined substantially from 1969 through the first 6 months of 1972. This decline was attributable at first to a decline in the production of men's suits and later to a shift in consumer preference to double-knit and textured polyester woven fabrics in suits and other men's and boys' outerwear, which constitute 90 percent of the market for worsted fabrics. These conditions in the U.S. marketplace caused a decline in the production of worsted fabrics, which was accompanied by an enormous increase in the production of double-knit and textured polyester woven fabrics, to a great extent by producers of the worsteds themselves.

1/ Commissioner Ablondi concurs in the result.

2/ In the opinion of Commissioner Leonard, there is a question whether the industry, as defined above, should not include facilities used by the same firms in the production of double-knit and textured polyester fabrics, which have largely replaced wool and polyester/wool worsteds in men's and boys' outerwear during the last 2 years.

Imports of wool and polyester/wool worsted fabrics from Japan-- which the Treasury Department found were sold at less than fair value (LTFV) between November 1970 and May 1971--declined at a more rapid rate than did U.S. production. As a proportion of domestic consumption, such imports are at present barely half as large as they were in 1969.

The decline in domestic production of worsted fabrics occurred not only in the production of the higher priced fabrics of plied yarns used primarily in men's suits--like nearly all the LTFV imports--but also in that of fabrics of single and coarser yarns used principally in slacks and sport jackets. Moreover, the loss in sales by the U.S. manufacturers in 1970 and 1971 occurred earliest and with greatest impact among domestic producers of the less expensive worsted fabrics, which were least affected by competition from Japanese imports and were most exposed to replacement by double-knit fabrics.

The Japanese worsted fabrics found to have been sold at LTFV were generally priced well above domestic worsted fabrics, and the differential actually widened between 1969 and July 1972 as the price of the Japanese worsted fabrics increased and the price of the domestic worsted fabrics declined. The decline in the price of the domestic worsteds, moreover, was not confined to those of plied yarns, like the imported fabrics, but occurred in those of single yarns, most of which were sold to different customers and used in different articles of apparel. All of the evidence available to the Commission indicates that the price reduction (or the absence of a price increase) by the U.S. industry

in this period was attributable to the competition of double-knit fabrics and not to the imports from Japan sold at less than fair value.

The decline in the demand for worsted fabrics resulted in the closing of worsted plants and in reduced corporate profits and actual losses. Beginning in the latter half of 1971 there was a strong improvement in the operating experience of leading producers, as a result of their growing shift to double-knits, textured polyester, and other fabrics for which there was an active demand. By the fall of 1972, after more than half of the worsted manufacturing capacity had been dismantled or converted to other use, there was renewed demand for worsteds. The remaining capacity of the largest producer was operating 6 days a week, and prices of domestic worsted fabric for delivery in the 1972-73 season ranged 15 to 35 percent above those in the year before.

Four separate industries are alleged by representatives of domestic producers to be injured by importation from Japan of fabric covered by the Treasury determination. These are the industry producing the fabric itself, that producing the yarn of which the fabric is made, that producing the wool top used in the yarn, and that dyeing the top, yarn, or woven fabric.

On the basis of the facts which have been stated, we conclude that the U.S. industry producing the fabrics is not being, or is not likely to be, injured by reason of imports of wool and polyester/wool worsted fabrics from Japan. We also conclude that the industries serving that industry are not being, or are not likely to be, injured by such imports.

