UNITED STATES TARIFF COMMISSION

IMPRESSION FABRIC OF MANMADE FIBER FROM JAPAN

Determination of No Injury or Likelihood Thereof in
Investigation No. AA1921-116
Under the Antidumping Act, 1921,
as amended

TC Publication 577
Washington, D. C.
May 1973

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

Address all communications to

United States Tariff Commission

Washington, D.C. 20436

UNITED STATES TARIFF COMMISSION
Washington

[AA1921-116]

May 14, 1973

IMPRESSION FABRIC OF MANMADE FIBER

Determination of No Injury

The Treasury Department advised the Tariff Commission on February 13, 1973, that impression fabric of manmade fiber from Japan is being, or is 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. AA1921-116 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 April 3 and 4, 1973. Notice of the investigation and hearing was published in the Federal Register of March 7, 1973 (38 F.R. 6241).

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 has unanimously determined 1/ that an industry in the United States is not being injured or is not likely to be injured, or is not being prevented from being

---

1/ Commissioner Young did not participate in the decision.

established, by reason of the importation of impression fabric of man-made fiber from Japan, sold, or likely to be sold, at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Statement of Reasons 1/

The Antidumping Act, 1921, as amended, requires that the Tariff Commission find two conditions satisfied before it can make an affirmative determination. 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. Second, such injury, likelihood of injury, or prevention of establishment of an industry 2/ must be by reason of the importation into the United States of the class or kind of foreign merchandise the Secretary of the Treasury has determined is being or is likely to be sold at less than fair value (LTFV). In our judgment neither of the aforementioned conditions are satisfied in the instant case.

In its finished form (i.e., when slit to specific widths and inked) impression fabric of manmade fiber is used in computers, typewriters, and other business machines that print. Impression fabric of manmade fiber made in the United States is nearly always of nylon. It is woven to exacting specifications. Subsequent to weaving, the greige goods are finished (scoured) and then slit to use width before sale to firms that ink the slit goods. Thus the production of impression fabrics in the United States encompasses weaving, finishing, slitting, and inking. None of the inkers--which number over 60--are engaged in the first three phases of manufacture. On the other hand, some 12 firms are engaged in one or more of the first three phases of manufacture; five of these are converters who purchase domestic or imported broad goods either in the greige or finished state, and have the finishing and/or slitting performed on contract and

---

1/ Commissioner Ablondi concurs in the result.
2/ The prevention of establishment of an industry is not at issue in this case.

sell the slit fabric to inkers. By far the bulk of the production is by two concerns which--through manufacture or exclusive contract--retain control of the product through finishing and slitting. The principal inkers to whom the slit fabrics are sold are manufacturers of the business machines in which the inked fabrics are used. Few of the large inkers use imported impression fabrics at all, and none of them use them for more than a small part of their requirements.

Imports of impression fabrics of manmade fiber are obtained almost exclusively from Japan and consist of broad goods (45 inches wide) for slitting in the United States as well as slit fabric ready for use by inkers. In the period covered by the Treasury investigation, from September 1971 through February 1972, there were three Japanese suppliers. One of these encountered commercial difficulties before August 15, 1971, and practically withdrew from the market by the end of the year, before the start of the Treasury investigation on February 24, 1972. The quantity furnished from Japan was already small in relation to U.S. consumption of impression fabric, and with an increase in consumption and the withdrawal of one of the three Japanese suppliers in 1972, it was less than half as large as in 1971.

Because of the difference in delivery time, the difference in the kind of fabric, and the difficulties associated with direct importation, the imported fabric generally commanded a price 10 to 15 percent less than the domestic prior to August 1971. The difference narrowed after August 1971 and it was almost removed on some transactions late in 1972, as the dollar equivalent of the Japanese price increased with the increase in the exchange value of the yen.

The Treasury found that total sales to the United States by the three Japanese suppliers were made at less than home-market value in the 6 months covered by its investigation, from September 1971 to February 1972. The margin below home-market value on the slit fabric from one of the Japanese suppliers was small, and imports from that source continued through March 1973, notwithstanding the suspension of appraisement in November 1972, when liability to antidumping duty would begin. The margin on the fabric from the other supplier, on the other hand, was large, and new orders ceased with the suspension of appraisement, although imports continued into February 1973 in fulfillment of an earlier order.

Sales of domestically manufactured impression fabric to inkers, as reported by slitters and converters, show a strong, if irregular, upward trend. They increased from 19 million square yards in 1968 to 26 million in 1969, declined to 22 million square yards in 1970 and 1971, and increased to 32 million square yards in 1972, when they were three-fourths again as large as in 1968. The interruption of the upward trend is owing less to the increase in imports of impression fabric than to the general decline in business activity in the United States, amplified by the leveling off and decline in sales and rentals of business machines which use inked ribbon.

The demand for impression fabric outran the supply in 1969 and again in 1972, when closing inventory at the weaving mills in relation to sales was the lowest in the 5-year period beginning in 1968 for which the information was obtained. Unfilled orders at the weaving mills in December 1972 were equivalent to 3 months' production. Information supplied to the Commission indicated that large users of the slit fabric continued to receive regular deliveries as before, but small users and those not regularly supplied reported difficulty in placing orders.

Prices for impression fabric are negotiated and differ among customers as well as from one supplier to another. There was apparently a slight increase in prices in 1969, during a shortage of impression fabric, followed by a slight reduction until late 1972, when there was an increase to about the same level as in 1968. The small reduction in prices after 1969 was in response to a slack-demand situation and was accompanied by a reduction of 20 percent in the price of the nylon yarns that the weavers purchase.

Net sales of impression fabric of manmade fiber by weavers and slitters (excluding converters) in the aggregate rose from $19 million in 1968 to $25 million in 1969 and 1970, declined to $22 million in 1971, and rose to $31 million in 1972. The ratio of net operating profits to net sales rose from 9.2 percent in 1968 to 10.8 percent in 1969, declined to 8.2 percent and 5.9 percent in 1970 and 1971, respectively, and rose to 9.6 percent in 1972. In each year such ratio for weavers was substantially higher than for slitters. The favorable operating experience of the two groups combined occurred despite losses reported by two concerns in 1 or 2 years during the period 1968-72.

The strong upward trend in the market for impression fabric obviates the likelihood of injury to an industry in the United States. Moreover, certain provisions of the textile agreement with Japan--the intent of which is to foreclose disruptions in the U.S. market--include impression fabrics of manmade fibers. Of the impression fabric imported, 85 percent (that more than 12 inches wide) is included among the products in category 210 of that agreement, exports of which are to be restricted to 105 percent of the imports to the United States in the most recent 12-month period for which the information is available if they "are increasing so as to cause or threaten to cause disruption in the United States market."

For the foregoing reasons, we have made a negative determination.