

A closer analysis of the trade further reveals that imports and domestic production are highly differentiated with little direct competition between imports of worsted fabrics from Japan and United States production of worsted fabrics.

Japanese worsted fabrics are high quality, highly-styled, woven of the finest materials in expensive constructions, produced in small runs allowing great style diversification and exclusivity, are in large part of specialty fabrics such as blends with silk or mohair, and are considerably higher in price than practically all domestic production.

Domestically-produced worsteds on the other hand are, for the most part, staple items, capable of mass production and long runs, with relatively automated manufacturing techniques, woven in simple constructions of cheaper and coarser raw materials and yarns, in large part dominated by the utilization of manmade fibers, and sell at prices considerably below imports from Japan.

Imports and domestic production are also highly differentiated in terms of the markets they supply. A very large proportion of imported worsted fabric from Japan is utilized in the quality men's suit market, with a small percentage utilized in sport jackets and only a very minute proportion used for slacks or overcoats.

On the other hand, domestic production predominates in the cheaper suit lines, especially summer suiting, in sport jackets and slacks and practically has the women's wear field entirely to itself.

The pattern of these factors indicates that imported and domestic fabrics are physically different, are moving in different markets, and fulfill different needs commensurate with the manufacturing advantages and capabilities of the domestic and Japanese industries.

The American industry has a strong position and excellent prospects in medium and low-priced worsted fabrics in the expanding market for these kinds of goods. On the other hand, Japan can look forward to continued growth at a moderate rate in quality fabrics which are highly styled to meet increasing consumer demand for quality, as American affluence grows and consumer taste becomes more discriminating and better educated.

Japanese worsteds for export to the United States are woven of the finest Australian wools in the higher grades. Raw wools utilized are predominantly 64's to 70's and finer. These are extremely fine wools and relatively expensive.

The process of manufacturing worsted fabric starts with washing and scouring these materials and then through a process of combing achieving fibers which lie parallel to each other and are of even length. The result of such parallel, even fibers is an intermediate product known as "top." Extreme care must be taken when working with fine materials to produce quality top as opposed to the greater facility in working the fibers when they are of coarser and less expensive grades. On the worsted system (including fibers to be eventually utilized in both weaving and knitting) in the United States, 40% of the raw wool consumed is below 60's with 60% of 60's and finer. However, it is believed that the 66's and finer wools utilized in the American industry on the worsted system are of very small quantities, especially for weaving yarns. Thus, the American industry is utilizing a cheaper material with less difficulties and expense involved in the initial stages of production.

Wool top is then spun into yarn. Here, again, the difficulties and expense in manufacture in working with the finer fibers in the Japanese industry are matched by relative ease of manufacture and less expense in American spinning. Further, double ply yarns (see below) require an additional stage of processing, twisting.

Japanese fabrics are practically all woven in not less than 2/60 x 2/60 construction (metric count). What this means is that the yarn count is at least 60 (an extremely fine yarn), that the yarns are plied (two strands twisted together) and that both the warp and the fill consist of such yarns. This creates a luxurious cloth with an excellent hand, or feel, suitable for top quality garments.

The American industry on the other hand produces very little in 2/60 x 2/60 constructions, and it has only been in the last two or three years following a fashion trend and acceptance created by Japan and other foreign exporters to the United States that the United States industry has begun in a small way to make any top quality constructions. This is limited to one division of one company, the Raeford division of Burlington Industries. As stated in the Daily News Record for October 12, 1967:

"The Raeford division is known to have booked virtually all the business it can take in fabrics composed of yarns in a 2/60s metric count without throwing