

"The desire for luster is moving these blends into the fall season much more extensively. Buyers for some of the bigger clothing makers say they have bought far more than formerly as a result of this development by Burlington's Pacific Mills Division."

Japanese fabrics are preponderantly used in the production of men's suits for the fall season with the remainder utilized in fabrics for sport coats and expensive slacks with a small portion for spring and summer seasons.

The American industry has made much of the concentration of Japanese fabrics in the men's suit field with misleading statistics capitalizing upon an unjustified segmentation. Japanese worsted fabrics are primarily for men's suits because high quality is demanded. On the other hand, American production completely dominates (1) the production of summer suits with the polyester worsted blends, (2) the field of slacks where solid colors easy to produce predominate, and (3) in the sport jacket field where closeness to the market in point of time is a distinct advantage. What is significant is that these fields, especially slacks and sport coats are rapidly expanding segments of the garment industry; whereas the production of suits has been rather static in the postwar years. This reflects the movement in the United States to more casual wear.

Styles in summer suit fabric have tended to be rather simple. There is some small demand at present for highly styled and specialty summer weight fabrics which Japan can supply, but most of the market is for plainer fabrics. Furthermore, the American fabric producers have behind them the huge promotional campaigns for the branded manmade fibers such as Dacron; whereas the Japanese brand names for polyester and acrylic have not been promoted to any large extent in this market, making it difficult for them to compete.

It is in the field of blends with manmade fibers that the American industry has had its greatest growth. It is not only in the polyester worsted blends but in such combinations as polyester acrylic, polyester rayon in heavier constructions, wool and acrylic blends and in other blends utilizing manmade fiber that the American industry has seen growth. Production of fabrics utilizing manmade fibers is commensurate with the production techniques and styling of American fabric since machines can be run at faster speeds with less breakage utilizing the manmade rather than the natural fibers. The resulting fabrics are more suitable for the medium and low quality fabrics in which the American industry has its greatest strength. Even if Japan, at some time in the future, turned increasingly to the manmade fibers, it is believed that quality and style differentiation would remain.

There is great uncertainty in today's market for fabric because of what is apparently a fashion turnaround. Neither fabric makers nor clothing manufacturers are certain of what the trend will be. This is not only in tailoring but in fabric as well.

The American industry is now turning more to highly-styled fabrics, and, as indicated in the Daily News Record story quoted above, is doing quite well. How resultant style trends will favor Japan or the American industry is not yet clear. It does appear certain, however, that both industries will do well in their respective specialties: highly-styled fabrics for Japan and mass-produced items for the United States.

Finally, Japanese worsted fabrics sell at prices well above those for United States worsted fabrics. In the fall market for 1968, silk-worsted are selling at wholesale in the United States at between \$4.35 and \$4.65. Prices for other goods range from about \$4.05 up to \$4.50. There may be a few isolated sales at slightly below \$4, but practically all worsteds from Japan are selling in the indicated price ranges.

American worsteds sell, for the most part, from \$2.80 to around \$3.40. This range represents an estimated 90 to 95% of domestic production. The more highly-styled mentioned previously are reportedly selling at about \$3.80 to \$3.85 in the market, still substantially below Japanese prices.

Of course, the price differential reflects the factors discussed above, making for low quality fabrics produced by the American industry and high quality by Japan.

It is believed that the factors discussed above, making for differentiations between Japanese and American worsted cloth are the key to any discussion of impact of imports. We believe that the products of the two countries are almost completely noncompetitive in the very direct sense although there is probably some indirect competition.