dollars to foreign countries, we would like to bring to your attention a condition which is causing substantial amounts of U.S. Government funds to flow to foreign countries.

We refer to the present tool buying policy which the Bureau of the Budget requires our Government's tool buying agency, the General Services Administration, to follow. Under this policy, only a six percent differential in favor of domestic producers is allowed in contrast to a 50 percent differential in favor of U.S. manufacturers allowed by the Department of Defense. As a result of this inconsistent and unwarranted policy, many foreign producers are, because of their low labor costs, able to obtain numerous large Government tool contracts, which otherwise would be awarded to domestic manufacturers. Due to heavy and increasing demands for tools for the Viet Nam War and the new Korean Emergency, Government procurement of hand tools is increasing substantially.

Listed below are examples of recent large hand tool awards being made by the GSA to foreign countries:

GSA invitation No.	Product	Date of award	Value of award in U.S. dollars	Awarded to—
56385	Wrenches, adjustable	November 1967	$843,750	Japanese manufacturer.
56296	Round nose and lineman's pliers	January 1968	41,640	West German manufacturer.
56191	Engineers wrenches	October 1967	80,912	Do
56346	Pliers and nippers	September 1967	262,000	Italian manufacturer.
56342	Shears and scissors	November 1967	334,576	Do
56343	do	do	252,590	Do.
56534	Axes and hatchets	February 1968	[1] 298,000	West German manufacturer.

[1] Approximate.

Under the circumstances outlined above, we respectfully request and urge that an immediate effort be made to have the tool buying policy of the General Services Administration changed from the present 6% buying differential in favor of domestic tool manufacturers to the 50% buying differential in favor of U.S. producers allowed by the Department of Defense.

We shall appreciate it if you will have this letter entered in the record of Hearings on the President's Balance of Payments Proposals now being conducted by the House Ways and Mean Committee.

This urgent request is respectfully submitted in behalf of our member manufacturers whose names and addresses appear on the attached list.

Yours sincerely,

George P. Byrne, Jr.,
Secretary.

List of Service Tools Manufacturers

A & E Manufacturing Co., Racine, Wisc.
Advertising Metal Display Co., Rem Line Division, Chicago, Ill.
Apco Mossberg Company, Attleboro, Mass.
Apex Machine & Tool Company, Dayton, Ohio.
Armstrong Bros. Tool Co., Chicago, Ill.
Baltimore Tool Works, Baltimore, Md.
Bergman Tool Manufacturing Co., Inc., Buffalo, N.Y.
Boker Manufacturing Company, Subsidiary of New Britain Machine Co., Maplewood, N.J.
The Bridgeport Hardware Mfg. Div., Crescent Niagara Corporation, Bridgeport, Conn.
C & G Wheel Puller Co., Inc., Scio, N.Y.
Cameron Manufacturing Corp., Emporium, Pa.
Channellock, Inc., Meadville, Pa.
Cleco Division, Reed International, Inc., Houston, Tex.
Cornwell Quality Tools Co., Magadore, Ohio.
Crescent Niagara Corporation, Buffalo, N.Y.
Crescent Tool Division, Crescent Niagara Corporation, Jamestown, N.Y.
Diamond Tool & Horseshoe Co., Duluth, Minn.
Dowley Manufacturing, Inc., Spring Harbor, Mich.
C. Drew & Co., Inc., Kingston, Mass.
Duplex Manufacturing Corp., Fort Smith, Ark.
Duro Metal Products Co., Chicago, Ill.
Fairmount Tool & Forging, Div. of Houdaille Industries, Inc., Cleveland, Ohio.
Fleet Tool Corporation, Schiller Park, Ill.