and one which was agreed to by the domestic industry, American importers and foreign exporters is that these are all-fiber industries. Distinctions based upon fibers are misleading and are not representative of the true picture.

Table 11 shows an increase from 1965 to 1967 of 17 percent in manmade fiber products. However, it also shows that in the same period cotton imports declined by 6.8 percent and wool imports declined by 1.6 percent resulting in a total increase of only 3 percent. Given the all-fiber nature of the industry, it is the total figure which is significant.

The table shows imports from Japan of all manufactures in millions of equivalent square yards. There is an increase in total imports from 1965 to 1966, which was a year of extremely high demand. The United States industry, in all sectors, also had unprecedented increases in production in 1966. The table also shows a precipitous drop in imports from 1966 to 1967, a year in which the United States industry in most sectors maintained about the same levels of production as in 1966.

On an overall basis imports from 1966 to 1967 declined by 14.4 percent. Measuring from 1965 to 1967 (so as to avoid the distortions introduced by the high demand conditions of 1966) imports from Japan showed a very small increase: 3.0 percent.

There may be some increase in total imports in 1968 but domestic industry production, sales and profit all should be considerably above 1967 levels as well.

There have been complaints of imports in particular segments. In the case of wool textiles, imports from Japan have been declining for two consecutive years. Indications based upon forward orders are that 1968 will be at about the 1966 level.

At the same time the trade press reports that the domestic worsted mills are booming, with orders booked well in advance, and indications that an extremely tight supply situation is developing.

In the worsted trade Japan is marketing very high quality fabrics which have their own markets and do not compete to any appreciable extent with the worsted cloth produced in the United States. A major part of worsted imports from Japan has been silk worsted blends, a specialty which simply cannot be duplicated in the United States.

Without doubt the Japanese worsteds, along with British and Italian worsteds, have a large share of the business in fabrics for men's suits in the more expensive lines. On the other hand, the domestic industry is practically without competition in its principal line, cheaper worsteds for low cost suits, slacks and casual clothes, fields which are growing more rapidly than the suit market.

In the manmade fiber field much of the imports consist of specialties which are also not produced in the United States, such as rayon crepes, habutai and bemfany fabrics of rayon with about 40 denier yarn counts. There are also non-competitive imports of fancy weave fabrics of rayon and acetate including brocades and other fancies. There are many other examples of non-competitive imports from Japan in the manmade fiber field. It has been estimated that about 25 percent of manmade fiber fabric imports from Japan were non-competitive, although it is very difficult to make precise estimates.

The drop in imports of manmade fiber products as shown on the table was about 21 percent from 1966 to 1967.

Given the strong record of the United States industry through 1966 and the complete recovery in 1968 from the general economic dullness of 1967, it appears to us that quotas on textiles are entirely inappropriate. We understand that other witnesses before this committee will go into the textile and apparel fields in greater depth and will point out the detrimental consequences of the adoption of such restrictions.

Electronics

The plea for quota restrictions on imports of electronic products clearly comes from only a segment of one of the United States most sophisticated, specialized, world-wide industries. The United States is a substantial net exporter of electronic products and has investments, joint ventures and licensing agreements throughout the free world.

This is preeminently an industry where the theory of comparative advantage is carried out in practice. The United States exports products where it has a technological lead, e.g., computers, and imports less sophisticated electronic products.

Even in the consumer product segment of the industry in its operations in the U.S. market, you find U.S. companies specializing in higher priced items