

While available data shows that imports have reached 13.66% of the domestic market, such imports are composed mostly of the high production item 2" and smaller. If the percentage of imports were calculated on the basis of this category of sizes the percentage would be even higher.

Foreign producers concentrate on the size range of fittings which are mass produced. They do not adequately supply the user with odd sizes and patterns which because of lesser demand are made in small quantities. These service items builders must have and consequently the U.S. manufacturer must carry the burden of supplying them, often at disproportionately high cost.

Since U.S. producers cannot compete successfully in our domestic market with the labor cost advantages held by foreign producers, it is obvious that export markets have been far beyond our reach.

CAUSE OF INDUSTRY PLIGHT

Pursuant to provisions of the 1948 GATT Agreement, the tariff rate on malleable iron pipe fittings was reduced as of January 1, 1948 to 22½% from a previous 45% ad valorem. As a result imports rose from insignificant quantities to a percentage detrimental to the American market. At the Kennedy Round of GATT negotiations the tariff was again reduced to 11% ad valorem. This foreshadowing further injury to the American industry.

In spite of the industry's constant improvements in equipment and extensive use of mechanization, not less than 50% of the total cost content of malleable iron pipe fittings is labor or labor related costs. The high labor content is due to the inherent production processes required in manufacturing this product.

Notwithstanding domestic production efficiency it will be evident that the disparity in labor costs between domestic and foreign producers cannot be overcome.

The basic rate paid by U.S. domestic producers of malleable iron pipe fittings average approximately \$2.90 per hour, plus fringe benefits which amount to over an additional 70 cents per hour.

SOURCE OF IMPORTS AND PRICES

Due to more modern facilities and to employee training, productivity in Japan compares favorably with that in the United States. Since 1956 over 95% of foreign imports came from Japan, according to figures compiled by the bureau of the Census. The Fittings are well distributed throughout the United States markets as they are imported through over twenty ports of entry surrounding the entire country; East Coast, West Coast, St. Lawrence and Great Lakes, Gulf Coast, Puerto Rico and Hawaii.

The average value per pound declared by importer at port of entry (C.I.F. prices) for Japanese malleable iron pipe fittings as taken from data available through the U.S. Customs Offices have been as follows:

<i>Period:</i>	<i>Japanese value per pound</i>	<i>Period:</i>	<i>Japanese value per pound</i>
1957 -----	19.4	1963 -----	19.1
1958 -----	18.5	1964 -----	18.5
1959 -----	19.2	1965 -----	19.3
1960 -----	19.6	1966 -----	19.5
1961 -----	19.4	1967 -----	20.1
1962 -----	19.2		

After importers add distribution costs and profit margins these imported fittings can still be sold in the domestic market at prices far below prices realized by domestic producers.

Imports from the European Continent have not been significant as the so-called malleable iron pipe fitting produced there is to an entirely different specification from the U.S. fittings. On the other hand, as noted above, the Japanese fittings are the same as U.S. fittings.

REQUEST FOR ORDERLY FOREIGN TRADE LEGISLATION

It is respectfully urged that action presently be taken which would result in a healthy American market for malleable iron pipe fittings (USTS 610.7400 and 610.7000).