

Australia is the principal overseas supplier of wool tops to the United States and in 1967 supplied 3.84 million lb. valued at US \$4.5 million, some 67% of total imports of wool tops into the United States.

Wool tops production in the United States in the three years 1965-67 averaged 147.7 million lb. per annum. This compares with average production in the three-year period 1958-60 of 114.6 million lb. In 1965-67 wool tops imports by the United States averaged 8.1 million lb. per annum.

It will be seen that wool tops imports amount to a very small proportion of United States' domestic wool tops production—only 5.5% in the last three years. Moreover, both production and imports of wool tops have shown a rising trend in recent years. In addition, we understand that United States' top makers are presently operating at full capacity and that, following a decline in production last year, the long term rising trend in production and demand has resumed and is demonstrated by the figures available to date for 1968.

(First quarter production in 1968 at 36.8 million lb. was 19% above first quarter 1967 production at 30.9 million lb.)

In such a situation there is no substance in any claim that the United States wool tops industry is suffering damage as a result of wool tops imports. On the contrary, it is submitted that imported tops are complementary to the United States' wool tops manufacturing industry. Moreover, it is suggested that because of the special characteristics of the Australian product, which is generally of a quality and type not readily available in the United States, Australian wool tops are fulfilling a specialist requirement of the United States' textile industry.

We submit that wool tops imports are not a threat to the local United States' topmaking industry and that any restrictions on, or added costs to, Australian wool tops, as well as having a detrimental effect on the Australian wool industry, would tend to create a supply vacuum which might well be filled permanently by other fibres, thus running counter to the position of wool in the United States and posing a threat to the interests of the United States wool-growing and wool textile industry.

We believe in the traditional international method of protection through import tariffs, and both the United States and Australian Governments have subscribed to this principle in the General Agreement on Tariffs and Trade. United States producers of wool tops are already well protected by one of the highest tariffs in the world, namely 27.75 cents per lb. plus 6.25 percent ad valorem, representing some 30 percent of the value of the tops.

Whilst it is recognised that part of this tariff is designed to compensate United States' producers for the higher cost of their raw wool, nevertheless, the position compares with duty free entry afforded to wool tops by Britain and Japan (two of the world's largest producers of wool tops) and 3% tariff by the European Economic Community.

Although the United States reduced the level of import tariffs on many textile products in the recently concluded GATT Kennedy Round of Trade Negotiations, no reductions were in fact made in the tariff rates on wool tops.

To conclude, we repeat that, as the value of wool top imports into the United States represents only a very small percentage of the total United States' production of wool tops, we feel the interest of wool in the United States of America would be best served by continuing to regard wool tops as a raw material and therefore not subject to any restrictions in addition to the high import duties they already incur.

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