

Fringe Payments by Type of Payment, Textile Products and Apparel Industry, 1965

	Cents per Hour	Per Cent of Payroll
Total fringe payments	<u>38.7¢</u>	<u>18.9%</u>
Legally required payments (employer's share only)	12.7¢	6.2%
Old Age, Survivors and Disability Insurance	7.0¢	3.4%
Unemployment Compensation	4.1¢	2.0%
Workmen's compensation (including estimated cost for self-insured)	1.4¢	0.7%
State sickness benefits insurance, etc.	0.2¢	0.1%
Pension and other agreed-upon payments (employer's share only)	7.7¢	3.8%
Pension-plan premiums and pension payments not covered by insurance-type plan (net)	2.3¢	1.1%
Life insurance premiums, death benefits, sickness, accident and medical-care insurance premiums, hospitalization insurance, etc. (net)	4.4¢	2.1%
Contributions to privately financed unemployment benefit funds	*	*
Separation or termination pay allowances	0.1¢	0.1%
Discounts on goods and services purchased from company by employees	0.5¢	0.3%
Employee meals furnished by company	*	*
Miscellaneous payments (compensation payments in excess of legal requirements, payments to needy employees, etc.) ..	0.4¢	0.2%
Paid rest periods, lunch periods, wash-up time, travel time, clothes-change time, get-ready time, etc.	4.9¢	2.4%
Payments for time not worked	9.4¢	4.5%
Paid vacations and bonuses in lieu of vacation	5.7¢	2.8%
Payments for holidays not worked	3.3¢	1.6%
Paid sick leave	0.3¢	0.1%
Payments for State or National Guard duty, jury, witness and voting pay allowances, payments for time lost due to death in family or other personal reasons, etc.	0.1¢	*
Other items	4.0¢	2.0%
Profit-sharing payments	2.9¢	1.4%
Christmas or other special bonuses, service awards, suggestion awards, etc.	0.9¢	0.5%
Employee education expenditures (tuition refunds, etc.) ...	*	*
Special wage payments ordered by courts, payments to union stewards, etc.	0.2¢	0.1%

* Less than 0.05¢ or 0.05%

SOURCE: Chamber of Commerce of the United States, Economic Research Department, Fringe Benefits 1965.

Total Employment,
Apparel (knit and woven) Industry, United States

<u>Period</u>	<u>Number</u>
1946	1,309,900
1956	1,314,800
1957	1,293,400
1958	1,252,800
1959	1,308,900
1960	1,308,700
1961	1,287,900
1962	1,337,400
1963	1,345,800
1964	1,363,200
1965	1,421,900
1966	1,464,200
1967	1,447,700
January-March 1967	1,453,300
January-March 1968	1,443,400

NOTE: Products of the Apparel (knit and woven) Industry not covered by the data leather, rubber and plastic gloves, vulcanized rubber garments and garments made from rubberized fabrics produced in the same establishment, surgical corsets produced in establishments primarily engaged in manufacturing surgical and orthopedic appliances, and artificial flowers. Products covered by the data which are not products of the Apparel (knit and woven) Industry are hosiery, knit fabrics, hats, millinery, and fur garments and accessories.

SOURCE: U.S. Department of Labor

Production, Apparel (knit and woven), United States
(in millions of dollars)

<u>Year</u>	<u>In Current Prices</u>	<u>In 1957-59 Prices</u>
1956	\$ 10,055.5	\$ 10,055.5
1957	10,214.1	10,214.1
1958	9,851.3	9,880.9
1959	10,520.9	10,479.0
1960	10,785.4	10,647.0
1961	10,949.4	10,841.0
1962	11,620.1	11,448.5
1963	11,835.6	11,614.9
1964	12,479.3	12,139.4
1965	13,333.0	12,857.3
1966 ^p	13,899.7	13,237.9
1967 ^p	13,868.2	12,973.1

p -- Preliminary estimate

SOURCE: U.S. Bureau of the Census and ILGWU Research Department

Exports, Apparel (knit and woven), United States
(in millions of dollars)

1956	\$ 68.0
1957	71.1
1958	72.1
1959	76.2
1960	87.9
1961	84.1
1962	71.7
1963	76.1
1964	85.6
1965	99.9
1966	111.2
1967	114.7

SOURCE: U.S. Bureau of the Census

Imports for Consumption of Apparel (Knit and Woven), United States
In Market Value in the Foreign Country*
(in millions of dollars)

1956	\$149.5
1957	156.9
1958	181.2
1959	268.8
1960	317.6
1961	296.0
1962	397.4
1963	431.6
1964	493.5
1965	578.2
1966	628.1
1967	687.5

* Exclusive of customs duties, ocean freight and marine insurance.

SOURCE: U.S. Bureau of the Census

Imports for Consumption of Cotton, Wool and Man-Made Fiber
Apparel, United States
(expressed in thousands of pounds equivalent)

Year	Cotton	Wool	Man- Made	Total
1956	32,922	6,759	1,132	40,813
1957	35,453	6,689	1,674	43,816
1958	47,710	6,584	1,979	56,273
1959	74,666	11,863	4,968	91,497
1960	76,289	13,741	5,665	95,695
1961	60,267	13,717	5,033	79,017
1962	91,823	22,790	10,443	125,056
1963	94,204	28,039	12,847	135,090
1964	107,578	28,421	21,842	157,841
1965	119,891	35,443	30,798	186,132
1966	128,782	33,021	38,151	199,954
1967	133,092	30,771	60,884	224,747

SOURCE: U.S. Department of Agriculture

General Imports of Cotton, Wool and Man-Made Apparel, United States
(expressed in millions of square yards equivalent)

<u>Period</u>	<u>Cotton</u>	<u>Wool</u>	<u>Man-Made Fiber</u>	<u>All Fibers</u>
1962	381.8	45.6	48.9	476.3
1963	384.2	54.6	53.7	492.5
1964	414.7	53.9	92.1	560.7
1965	457.1	67.6	159.5	684.1
1966	485.0	62.8	229.5	777.3
1967	475.4	58.9	343.0	877.3
Jan.-Mar. 1967	127.2	6.9	83.4	217.5
Jan.-Mar. 1968	138.8	8.4	98.9	246.1

SOURCE: U.S. Department of Commerce, Office of Textiles

Imports, Domestic Production and Exports, Apparel (knit and woven), United States

Valued in United States Prices

(in millions of 1957-59 dollars)

<u>Year</u>	<u>Imports</u>	<u>Domestic Production</u>	<u>Exports</u>	<u>Imports as Percent of Domestic Production</u>
1956	\$ 403.8	\$10,055.5	\$ 68.0	4.0%
1957	444.3	10,214.1	71.1	4.3
1958	556.0	9,880.9	72.3	5.6
1959	881.1	10,479.0	75.9	8.4
1960	918.7	10,647.0	86.7	8.6
1961	757.9	10,841.0	83.3	7.0
1962	1,191.4	11,448.5	70.7	10.4
1963	1,273.6	11,614.9	74.7	11.0
1964	1,473.7	12,139.4	83.3	12.1
1965	1,779.2	12,857.3	96.3	13.8
1966 ^p	1,892.1	13,237.9	105.9	14.3
1967 ^p	2,025.8	12,973.1	107.3	15.6

p -- Preliminary estimate

SOURCE: I.L.G.W.U. Research Department (based on domestic output and foreign trade data compiled by the U.S. Department of Commerce deflated by wholesale price indexes of the U.S. Bureau of Labor Statistics)

Imports of Apparel (knit and woven) Classified by Country of Origin and Value of Shipments

Annex X

	1956	1966
\$ 1,000 - \$ 24,999	Australia..... Azores..... Bahamas..... Bermuda..... Brit. Honduras..... Canary Islands..... Greece..... Haiti..... Hungary..... Jamaica..... Lebanon..... Malta..... Morocco..... Peru..... South Korea..... Thailand.....	Azores..... Bolivia..... Cameroon..... Ceylon..... Chile..... Dominican Republic..... Ecuador..... East Germany..... Estonia..... Gambia..... Gibraltar..... Honduras..... Hungary..... Indonesia..... Latvia..... Lebanon..... Morocco..... Netherlands Antilles..... New Zealand..... Nigeria..... Panama..... Rhodesia..... Rumania..... South Vietnam..... Syria..... Uruguay..... U.S.S.R..... Zambia.....
\$ 25,000 - \$ 49,999	Argentina..... Cuba.....	Brit. W. Africa..... Columbia..... Gaza Strip..... Guatemala..... Leeward Islands..... Peru.....
\$ 50,000 - \$ 99,999	Denmark..... Guatemala..... Ireland.....	Brazil..... Greece..... Iceland..... South Africa..... Turkey.....
\$ 100,000 - \$ 249,999	Czechoslovakia..... India..... Norway..... Sweden.....	Czechoslovakia..... Haiti..... Thailand..... Trinidad.....
\$ 250,000 - \$ 499,999	Belgium-Luxemburg..... Mexico..... Spain.....	Barbados..... Brit. Honduras..... Poland..... Venezuela.....
\$ 500,000 - \$ 749,000	West Germany.....	Australia.....
\$ 750,000 - \$ 999,999	Canada..... Israel..... Madeira..... Netherlands..... Taiwan.....	Finland..... Malta..... Norway..... Pakistan..... Sweden.....
\$ 1,000,000 - \$ 9,999,999	Austria..... Ecuador..... France..... Hong Kong..... Portugal..... Switzerland.....	Austria..... Belgium-Luxemburg..... Canada..... Denmark..... India..... Ireland..... Israel..... Jamaica..... Macao..... Madeira..... Malaysia..... Mexico..... Nansei-Nanpo..... Netherlands..... Portugal..... Singapore..... Spain..... Switzerland..... Yugoslavia.....
\$ 10,000,000 - \$ 24,999,999	Italy..... Philippines..... United Kingdom.....	France..... South Korea..... Taiwan..... West Germany.....
\$ 25,000,000 - \$ 49,999,999		United Kingdom..... Philippines.....
\$ 50,000,000 - \$ 99,999,999		
\$ 100,000,000 - \$ 199,999,999	Japan.....	Hong Kong..... Italy..... Japan.....

Estimated Average Hourly Earnings, Apparel Industries Abroad
(expressed in United States dollars)

<u>Country</u>	<u>Year</u>	<u>Average Hourly Earnings</u>
Germany	1967	88 ¢
United Kingdom	1967	73 ¢
France	1967	64 ¢
Israel	1967	57 ¢
Ireland	1967	54 ¢
Italy	1966	46 ¢
Austria	1965	42 ¢
Japan	1966	35 ¢
Jamaica	1964	29 ¢
Mexico	1966	26 ¢
Philippines	1963	23 ¢
Hong Kong	1966	20 ¢
Spain	1966	20 ¢
Portugal	1966	17 ¢
Egypt	1964	13 ¢
India	1966	13 ¢
Pakistan	1966	13 ¢
China (Taiwan)	1966	13 ¢
South Korea	1967	8 ¢

NOTE: The figures do not take account of earnings of cottage workers (i.e. industrial home workers). Their numbers, however, are significant in many countries. Their wages are but a fraction of the earnings of apparel factory workers in the same countries.

EXHIBIT 2

INTERNATIONAL LADIES' GARMENT WORKERS' UNION AND AMALGAMATED CLOTHING WORKERS OF AMERICA, AFL-CIO, NEW YORK, N.Y.

A BRIEF APPRAISAL OF THE TARIFF COMMISSION REPORT ON TEXTILES AND APPAREL

Following a request by President Johnson to the United States Tariff Commission to "make a comprehensive investigation of the economic conditions of the United States textile and apparel industries, including the present and future impact of imports upon such industries", the Tariff Commission submitted a two volume report to the President on January 15, 1968. Unfortunately, instead of presenting a comprehensive, unbiased picture of existing conditions and prospective developments, the Commission presented a partisan report, normally not expected from an impartial government agency charged with providing factual information for the President to use in developing policy.

The Tariff Commission's Report is neither balanced nor complete. It distorts past and current developments, both domestic and international, by selective emphasis and the deliberate choice of data. It sidesteps the question of the future impact of imports on the domestic textile and apparel industries and seeks to minimize the impact of imports to date. Moreover, the Report often shows a lack of familiarity with the industries under investigation, and resorts to facile generalization in the total absence of supporting fact. As a result, it contains numerous factual and interpretative errors.

Some of the more serious defects of the Report, each of which can be readily documented, are briefly summarized below.

1. The Commission's Report continually changes the dates used in historical comparisons shifting from dates going back to 1934, to 1958, to 1961, to 1962 and to 1963 as the beginning of time periods, and also varying the terminal dates. At times it completes the period with either 1965, or 1966, even though data for 1967 was available, as is clear from other sections of the Report. Data for 1967 were occasionally used when they suited the Commission's purpose. This shifting of dates permits the Commission to develop arguments of convenience. The statistical results presented in the report are often determined by the choice of the time period rather than by an effort to place events in their proper historical perspective.

2. The Commission chose to include raw fibers used in the manufacture of textiles within the scope of its investigation even though the President requested only an investigation of the textile and apparel industries. This change in the scope of the investigation was then utilized to distort the degree of import penetration for textile and apparel products considered as a totality, to minimize the balance of trade deficit in textiles and apparel, and to confuse the very issues the Commission was asked to investigate.

3. The Commission generally ignores imports as a casual factor in the decline of domestic production. This is done even where imports of a particular item are rising in the face of a decrease in the domestic production of that item.

4. In an effort to deemphasize the impact of imports on domestic markets, the Commission repeatedly stresses that the imports are either not produced in this country in significant quantities, or that they are in some undefined way different from the domestic product, or that they serve needs of the lower income groups of this country that presumably are not met by domestic producers. This is done in generalized form and without documentation. This is the approach of the advocate who generalizes from the hypothetical or highly unusual situation instead of dealing with the available facts. The Commission's contentions are not sustained by the facts.

5. The Commission fails to take proper account of the import developments which led to the adoption of the Short Term and the Long Term International Cotton Textile Arrangements. It thus ignores the parallel between the earlier developments in cotton textile and apparel imports and subsequent developments in textile and apparel imports of other fibers.

6. The Commission fails to assess the Long Term Cotton Textile Arrangement as a practical international instrument which, despite weaknesses, has introduced a degree of orderliness into international trade and, at the same time, permitted a continued expansion of imports.

7. The Commission fails to deal with limitations or contradictions in the statistical data which it utilizes.

8. The data published by the Commission in various sections of its report are at variance with the published figures of the data-collecting departments and agencies of the Federal government, or by other research institutions, and cannot be substantiated.

9. In utilizing Census data, the Commission does not show any awareness of the duplication in the data that arises in the specific industries as a result of intra-industry transactions. Nor does it show any awareness of the effect of such duplication on the changes in the particular industry's unduplicated sales volume to others. Thus, it utilizes the combined figures on the dollar volume of apparel contractors and of their principals for whom contracting costs are a cost of doing business. As a result of the Commission's failure to eliminate this duplication, the data distort the sales performance of the different branches of the industry and the trends of business volume.

10. The Commission's Report often shows no awareness of the difference between data for an industry and data for the principal product of that industry. This misunderstanding leads to confusing statements and invalid explanations and conclusions.

11. In presenting and analyzing import data the Commission resorts to comparisons of product groupings which are not comparable from one time period to another, and fails to call attention to or take account of changes in import classifications which make its comparisons invalid.

12. The Commission relies on its own estimates of import penetration of textile and apparel products in terms of raw fiber weights. It fails to take account of the more sophisticated series maintained on the same basis by the Office of Textiles of the Department of Commerce which has been utilized by the United States Government in international negotiations.

13. The Commission ignores the impact of apparel imports on domestic fabric and yarn producers, and the impact of fabric imports on domestic yarn producers. It thus significantly underestimates the impact of textile and apparel imports.

14. The Commission recognizes that the overall measure of import penetration in fabrics is best measured in terms of square yards rather than by fabric weight. Yet it fails to pursue this principle in measuring import penetration for apparel. Thus, while comparisons of domestic production and of imports for a limited number of apparel products are made in terms of the number of items, the Commission fails to develop a comprehensive measure of overall apparel penetration in terms of physical units. Nor does the Commission use data presented in the course of its hearings which take account of the factors requiring the development of such a measure. The Commission's figures grossly understate the degree to which apparel imports have penetrated the United States market.

15. The Commission's discussion of non-tariff barriers employed by many foreign countries to curtail imports of textiles and apparel, particularly from developing countries, is meager and superficial. It ignores the strong pressures that these barriers create in developing countries and other exporting nations to concentrate their exports in the United States market.

16. The Commission's Report reveals a lack of understanding of the economics and operation of the apparel and textile industries and their problems. It totally ignores the special characteristics of these industries and of their labor force.

17. The Commission's Report emphasizes the increase in the number of larger firms in the apparel industry. It neglects the fact that this industry continues to be a mainstay of small business. As a result, the Commission loses sight of the negative impact of imports on numerous firms in the industry and ignores the national policy of promoting and encouraging small business.

18. The Commission repeatedly assumes, without evidence, that the impact of imports is different on larger and small firms. In the process it neglects serious effects of imports on both large and small firms. It also totally ignores the impact on workers regardless of the size of the company. Even when a large firm is able to switch to the manufacture of other products, the result may still be displacement of those workers affected by imports. When large firms transfer part or all of their production offshore as a result of rising imports, the effect is unemployment for their workers.

19. The Commission's Report shows little understanding of the nature of labor costs. It repeatedly treats changes in hourly earnings of workers as though these were unit labor costs. It fails to recognize that unit labor costs and hourly earnings typically do not move alike.

20. The Commission's Report fails to take account of the ease and rapidity with which countries abroad can create and expand apparel producing capacity for export to the United States. It ignores the ease with which apparel production can be relocated from the United States abroad through the use of the contracting out practices which have long been an integral characteristic of this industry in its domestic operations.

21. The Commission fails to take account of the ease with which importers of apparel shift from one product to another, or from one fiber to another used in the manufacture of a particular product. They thus ignore factors which intensify import penetration and help bypass international arrangements which seek to regulate imports of a single fiber or of specific products.

22. The Commission ignores the ease with which importers shift their purchases from country to country. It thus neglects the facility with which importers bypass restraint levels applicable to any individual country and increase import penetration. It also ignores the resulting build up of overcapacity and overproduction of particular products, and the economic and political repercussions likely to follow.

23. The Commission fails to make any analysis in depth of the multi-fiber character of the apparel industry and its bearing on the industry's present and prospective import problem.

24. With but one exception, the Commissions' Report fails to take account of the testimony presented in the course of its six day hearing. It disregards testimony presented to it even on matters on which there was neither conflict nor disagreement by witnesses with widely different points of view.

LAZARE TEFER,
Director of Research, ILGWU.
 MILTON FRIED,
Director of Research, ACWA.

EXHIBIT 3

IMPORTS OF APPAREL AND TEXTILES

(Report of the committee on resolutions unanimously adopted by the delegates at the convention of the International Ladies' Garment Workers' Union, Atlantic City, N.J., May 28, 1968)

Resolutions 34, 185, 202 and 247 concern problems stemming from the increased imports of wearing apparel and particularly the recent development of contracting for U.S. firms across the border in Mexico.

The growing imports of apparel, and more specifically women's and children's garments, are a serious concern to all of us—industry and labor alike.

Our union's abiding concern with this problem is reflected in the resolutions adopted by our General Executive Board, presentations made by our union before the Tariff Commission, the Trade Information Committee, the Special Representative for Trade Negotiations, Senate and House Committees and the various federal Departments concerned with the problem. It is emphasized in the GEB report as well as in the opening address of President Stulberg at this convention.

At the present time, the United States is a signatory to an international agreement as well as to a number of bilateral agreements with foreign nations regulating imports of cotton garments and other cotton textile products. These agreements are far from perfect. Yet they do check import penetration. No such agreements were concluded for apparel and textiles made of wool and synthetics.

All textile and garment imports must be checked. Apparel shipments from abroad already exceed 14 percent of domestic production. In a competitive industry such as ours, the rapid rise of imports, mostly from the sweatshops of the Far East and elsewhere, does endanger the livelihood of garment workers over here. The situation is further endangered by the increased tendency on the part of profit-hungry unscrupulous domestic bargain hunters to move their own operations abroad and then export garments to the United States. It would be an irony of history if, after eliminating sweatshops in this country, the United States were to permit the erosion of our industry by competition of sweatshops abroad.

The recent developments in Mexico illustrate the growing threat of unrestrained imports. American firms are encouraged by the Mexican government to open plants across the border as well as in the interior of that country on the promise of substantially lower wages than over here. The cut goods sent there are permitted to enter Mexico without customs duties. When finished garments are returned, only fractional duty is paid to the United States on the wages paid in Mexico. This is a threat both to workers in our border region as well as to many others.

There exists a decided need for positive action by our government to solve the problem of textile and apparel imports to this country. We appreciate what has been achieved in cottons, but this is only the first step. Efforts must be multiplied to negotiate satisfactory international agreements to regulate all trade in apparel and textile, irrespective of the fibers from which these are made. If the administration meets with undue resistance from foreign countries, Congress should adopt appropriate measures to safeguard our industry and our jobs.

RESOLUTION NO. 34

Imports

Introduced by the San Francisco Joint Board and Locals 8, 101 and 213.

Wearing apparel is imported in increasing amounts from foreign countries. These products are made under much lower standards than those prevailing in this country. The latest gimmick used by some unscrupulous non-union manufacturers is to carry on some of their production across the border in Mexico at wages as low as \$2.08 a day. This is a serious threat to our continued progress.

Resolved that this convention instruct the incoming GEB to use every possible means to protect our members against the unfair advantages these unscrupulous employers have; and be it further

Resolved that the ILGWU call upon the federal government to take whatever steps are necessary to protect the earnings of American workers against low wage imports from Mexico and elsewhere.

Referred to Committee on Resolutions.

RESOLUTION NO. 185

Imports

Introduced by Los Angeles Dress and Sportswear Joint Board and Locals 84S & D, 96, 97D, 266, 482 and 496.

The production of wearing apparel in foreign countries is in many instances targeted for import to this country. Such imports are produced under working conditions far below our present labor standards. Imports of apparel have increased to the point where they threaten the very structure and existence of vital sections of the garment industry in this country.

Resolved that this convention urge the GEB to take prompt and positive action to offset this increasing danger to our industry and to our members.

Referred to Committee on Resolutions.

RESOLUTION NO. 202

Imports

Introduced by Local 117.

Economic difficulties of the women's apparel industry have been greatly intensified by a growing tide of imports, including those of high fashion garments, from countries where apparel is produced under much lower labor conditions. It is intolerable to expect American workers to compete with such labor.

Resolved that the ILGWU call on the federal government to take such necessary corrective action as to prevent the deterioration of American industry and to save the jobs and earnings of our workers.

Referred to Committee on Resolutions.

RESOLUTION NO. 247

Runaways to Mexico

Introduced by Local 350.

The recent promotion activities by Mexico are encouraging American firms to shift some of their operations from the United States across the border to Mexico. There workers are paid a pittance for the same work that was previously carried out in the U.S. Furthermore, these employers are taking advantage of the existing tariff regulations in order to escape the payment of the full amount of custom

duties on the work done in Mexico. This development threatens employment of garment workers both stateside as well as in Puerto Rico. The situation is also very serious because unemployment in the several regions of the U.S. that border on Mexico and from which work is frequently taken across the border is among the highest in our country.

Resolved that this convention file a protest with the U.S. government and the Congress and urge them to take all necessary action to safeguard jobs of American workers from unfair low-wage competition.

Referred to Committee on Resolutions.

EXHIBIT 4

RESOLUTION ON IMPORTS OF APPAREL

Substitute resolution for resolutions submitted by Capitol District Joint Board and affiliated Locals 71 and 196; Joint Board of Shirt, Leisurewear, Robe, Glove and Rainwear Workers; Southwest Regional Joint Board; Local 147G (Knoxville, Tenn.); Local 609 (Newport, Ky.); Local 948 (Oneida, Tenn.); and Local 966 (Campaign, Tenn.).

Adopted unanimously by the 26th Biennial Convention of the Amalgamated Clothing Workers of America, Miami Beach, Florida, May 31, 1968.

Unfair competition from imported garments, particularly from low wage countries, is a growing danger to the labor standards and jobs of apparel workers in the United States and Canada. Increasingly, developing countries tend to view the creation of an apparel industry for export as a natural stepping stone to industrialization. They are attracted by its modest capital requirements, its simple technology, and the relative ease with which its labor force can be trained. They direct a large proportion of their exports to the United States and Canada because the import practices of these two countries are much more liberal than those of other developed countries, which skillfully use a variety of non-traiff barriers to limit imports of apparel.

The interest of developing countries in increasing apparel exports to the United States and Canada are stimulated and encouraged by domestic chain stores, department stores, mail order houses and large apparel purchasing organizations. They not only place apparel orders abroad, but provide off shore producers with financial assistance, technical guidance, managerial know-how and advice on styling and merchandising. For these domestic entrepreneurs, this is a continuation overseas of their traditional profiteering at home from low wages. For years they have been generating downward pressures on apparel wages and working conditions by playing off one domestic apparel contractor against another and by encouraging the movement of domestic apparel production to firms in anti-union communities. They are now engaged in the same kind of activity abroad, running away from domestic wage levels influenced by collective bargaining and the Fair Labor Standards Act, and playing off contractors in one low-wage country against those in another, with as little concern about the unfair exploitation of workers abroad as they have shown for workers at home.

For the garment workers of the United States and Canada, the import threat is extremely serious. The apparel industry is particularly vulnerable to unfair competition based on low wages. It is an intensely competitive industry in which labor cost represents a large proportion of total cost; capital investment is relatively small; capital equipment is relatively simple, and in which inexperienced workers here and abroad can be brought to the same high levels of proficiency in a comparatively short period of time. Its machinery, its production and merchandising know-how, its size and style standards tend to be rapidly internationalized as a result of the world-wide activities of machinery producers, management consultants and importer interests. Its extreme competitiveness stimulates a continuing quest for greater efficiency and provides an internal discipline to keep prices in line with costs and prevent unwarranted price increases. Garment manufacturers in the United States and Canada, therefore, have little leeway—on the basis of technology, productivity, know-how, quality, style, price, or any other measure of comparative efficiency—for offsetting the overwhelming competitive advantage of the extremely low wages paid abroad. In the absence of mechanisms to regulate international trade in apparel, increasing imports will undermine the domestic industry and erode its jobs.

The displacement of domestic apparel production in the United States by imports from low wage countries would have other serious consequences. Recent

experience with the nation's anti-poverty effort makes clear that, even in periods of high employment and relatively rapid economic growth, providing job opportunities for large numbers of people unable to find work because they lack training, skill and job experience is stubborn and complex. It has become increasingly apparent that to achieve the goal of full employment even a highly industrialized nation such as the United States must be able to generate a broad spectrum of employment possibilities, with large numbers of jobs in the lesser as well as the more highly skilled categories. The garment industry, which provides approximately 1.4 million jobs, is one of the economy's major sources of manufacturing employment which typically does not require persons to have training or experience prior to being hired. Moreover, for a very large proportion of its workers alternative job possibilities are not readily available. To permit apparel imports to undermine this important employment base would only magnify critical domestic problems.

The Amalgamated Clothing Workers has repeatedly called attention to the special character if the apparel import problem and the dangers that it poses. Together with other unions and interested industry groups it played a leading role in the developments which led to the negotiations of Short-Term and Long-Term Cotton Textile Arrangements under which international trade in cotton garments and cotton textiles have been governed since 1961. In spite of shortcomings in the Long-Term Arrangement, the Amalgamated urged its extension from the original expiration date in 1967 to September 30, 1970, and will continue to resist efforts by those outside and inside the government to weaken its administration or dilute the substance of the bilateral agreements covered by it. As a result of the intervention of the Amalgamated, together with other labor and industry spokesmen for the apparel and textile industries "Kennedy Round" tariff cuts in the textile-apparel sector were not as deep as would otherwise have been the case.

Unfortunately, the effectiveness which our government displayed in negotiating and, later, extending the Long-Term Arrangement covering trade in cotton garments and cotton textiles has not been repeated for non-cotton garments and textiles. As a result, a ever growing proportion of apparel imports are garments made of fabric other than cotton. The failure of our government to conclude international agreements covering trade in non-cotton apparel and textiles in the more than six years since the adoption of the special government program for textiles and apparel, and the total lack of progress in this direction in the past two years has been discouraging to proponents of an internal solution and has strengthened sentiment for unilateral action by Congress. The Amalgamated, in keeping with its long tradition of support for reciprocal trade, continues to prefer an international solution to the problem of apparel and textile imports but recognizes that there may be no practical alternative to unilateral legislation if the pursuit of international agreements means further protracted delay. The urgent need is for timely action of one kind or the other by our government to prevent market disruption and insure orderly trade in all apparel and textiles, regardless of fiber.

In calling for specific action to regulate the flow of apparel imports, the Amalgamated is not abandoning its traditional policy of support for the continued expansion of international trade on a reciprocal basis. It is urging, rather, that the overall cause of liberal trade policy will be better served by recognizing that there are key problem areas in the economy that should be dealt with practically in terms of economic, social and political effects. The doctrinaire approach, which lumps together without distinction all requests for safeguards against the consequences of international competition, and sees every situation as a simple choice between free trade and protection, will ultimately weaken the cause it is intended to serve, for it encourages a strengthening of the protectionist alliance and a broadening of its base of public support.

In the case of apparel imports the issue is not that of choosing between free trade and protection, but of weighing the full consequences of permitting the erosion of an important domestic industry which is one of the major sources of a type of employment opportunity the nation urgently requires to achieve its economic, social and political goals. Moreover, the economics of the industry is such that international competition tends to degenerate and to be based ultimately on the maintenance of substandard labor conditions instead of comparative efficiency. Garment imports do not protect the consumer against price gouging, inefficiency or monopoly profit, but turn back the wheel of history in an

attack on the labor standards that responsible apparel unions, like the Amalgamated, have struggled throughout their history to achieve. Apparel imports from low wage countries compete in the markets of the United States and Canada, not on the basis of finer styling, a better product or more imaginative merchandising, but on the basis of their low wages and sweated conditions—their long hours and their homework with its unsanitary conditions, health hazards and exploitation of the young, the aged and the infirm. Here the Amalgamated and its members confront the modern analogue of the unfair competition on the basis of low wages which historically endangered the employment and earnings of apparel workers. Our history is a history of triumph over the evils of the sweatshop at home. We shall not permit those evils to destroy us from abroad.

Resolved, that the 26th Biennial Convention of the Amalgamated Clothing Workers of America, AFL-CIO, CLC:

1. Commends the Administration for:

(a) the account it took of special problems of the domestic apparel industry in negotiating the "Kennedy Round" tariff cuts,

(b) negotiating the three-year extension of the Long-Term Cotton Textile Arrangement;

2. Urges the governments of the United States and Canada to:

(a) take immediate action to insure that international trade in wool and other non-cotton apparel and textiles is regulated by country and category through international agreement or through unilateral legislation,

(b) strictly enforce the existing international agreements governing trade in cotton garments and firmly resist pressures to dilute their effectiveness;

3. Authorizes the General Officers and General Executive Board to:

(a) continue efforts to ensure an understanding by the executive and legislative branches of the government of the seriousness of the problem of imports of apparel and related products,

(b) continue educational activities to acquaint retailers, consumers and the general public with the deplorable wage, working and unsanitary conditions under which most of the imported apparel is produced, and the consequences for apparel workers and the economy as a whole of unfair competition from such imports, and

(c) take such action as they consider necessary to safeguard the interests of Amalgamated members against the dangers of imports.

STATEMENT OF DEANE E. RUSMISSELL, PRESIDENT, WORK GLOVE MANUFACTURERS ASSOCIATION, INC.

This statement is prepared and submitted in behalf of the Work Glove Manufacturers Association, a sixty-five year old trade association composed of 38 leading domestic work glove manufacturers. Not all domestic work glove manufacturers are members of the association, but volume-wise the association members produce approximately 75% of the total volume of work gloves produced in this country.

Our industry is suffering by reason of greatly expanded imports from foreign countries, particularly Hong Kong, Taiwan and Korea and unless some remedial action is taken within the reasonably near future, the domestic work glove industry will vanish from among those industries which have contributed much to the economic growth of our country. But the domestic work glove industry is not an expendable industry.

Let me give some reasons in support of this contention.

During the Korean War, Mr. A. Henry Thurston, Director of the Textile Division of the National Production Authority, prepared a memorandum which referred to *work gloves*. His memorandum was dated July 13, 1951, and it stated, in part, as follows:

"A shortage of work clothing will cause severe dissatisfaction among workers in all branches of the economy. For example, during World War II there were instances of complete work stoppage because of shortages of essential items such as *work gloves*." (Italic added.)

Relative to this matter of essentiality, I would like to refer to a Defense Mobilization Order issued on November 4, 1964 by the Director of the Office of Emergency Planning. The Order first states the policy of the Federal Government on use of resources in the period immediately following a nuclear attack

on the United States, and lists those items essential to national survival in the immediate post-attack period. The Order then lists the activities which are to be accorded priority over all other claims for resources, and the Order also states that "There is no significance in the order of the listing—all are important." One of the activities listed is the "Production and distribution of survival items and provision of services essential to continued survival and rapid recovery."

One of the survival items listed is "gloves and mittens."

In addition, Section III A of Annex 35 of the National Plan of Civil Defense and Defense Mobilization classifies a "work glove" as an "essential survival item."

Accurate import statistics relative to "work gloves", *as such*, are not available because the Bureau of the Census of the Department of Commerce does not classify imports as to end use. However, beginning on September 1, 1963, when new schedules were published relative to the classification of imported goods, a particular classification was included therein entitled:

"Gloves of Horsehide or Cowhide, Other Than Wholly of Leather". Since practically all of the gloves which might be classified under this heading are suitable only for work purposes, the following analysis will pertain to this particular style of glove from the beginning of 1964 through 1966 (1967 production figures are not yet available from the Department of Commerce).

During the year 1964 imports of leather and fabric combination work gloves amounted to 5.8% of domestic production. For the year 1965, imports amounted to 8.9% of domestic production. Then in 1966, imports amounted to 25.6% of domestic production. The question uppermost in one's mind is: "How long does an industry which produces an item which is currently classified as 'an essential survival item' by the Government of the United States have to wait before some relief is available?"

Further, imports during the year 1965 had an average dutiable value of \$8.57 per dozen. In 1966, the average dutiable value of these imports was \$5.62 per dozen. All of this information was obtained from official reports of the Department of Commerce. The average selling price of comparable gloves by two domestic manufacturers during 1965 was \$9.72 per dozen. In 1966, the average selling price of comparable gloves by the two domestic manufacturers was \$11.27 per dozen. So that you may appraise the impact which these imports may have on the domestic industry, the facts indicate that the import price was slightly less than 50% of the domestic price, and that the imports amounted to slightly more than 25% of the domestic production.

Heavy industry, particularly, is dependent upon work glove manufacturers to keep it going. There have been numerous instances in the United States where heavy industries have been threatened with a shutdown because of the lack of available work gloves.

Work gloves are used as a protection against cuts, bruises, lacerations, and—sometimes—loss of fingers. Many man-hours during the year are lost in industry when a worker sustains cuts by not using work gloves.

Industrial studies show that many cuts and lacerations can be avoided by the use of the proper hand protection. This is exemplified by plants supplying work gloves to the workers in the same manner as they supply safety goggles, hard hats, and other items of safety apparel. Numerous union contracts now require hand protection in the form of work gloves to be furnished to the plant personnel at no charge to the worker.

Ninety percent of the work that goes into the making of a work glove is hand labor, performed, usually, by female employees at sewing machines. It is necessary to train a sewing machine operator, who sews and manufactures a work glove, from between six months to one year before she becomes proficient and can operate a sewing machine on a piece rate basis where she will earn her pay. Labor rates paid to these workers manufacturing gloves in the U.S. vary from the present minimum wage to \$2.50 per hour.

If work gloves are allowed to continue to be imported into the United States from low wage rate countries, i.e., ranging from 15 cents per hour in Taiwan to 55 cents per hour in Italy, the manufacturing of work gloves in the United States will become a lost art, as manufacturers cannot continue to pay minimum or higher wage rates and exist in competition with imports from low wage rate countries.

With further reference to "expendable industries", historically the domestic work glove industry has been a low net profit industry. The demand for work gloves is not an elastic one. Consumer demand for work gloves does not increase automatically by reason of any reduction in the price of work gloves.

A recent survey of domestic work glove manufacturers disclosed that net profit, after taxes, amounted to 1.53% of net sales. The survey also disclosed that net profit, after taxes, amounted to 5.31% of tangible net worth. These returns are hardly worth the risks involved in operating a manufacturing company. Government bonds today yield a higher return upon investment, and no risk is involved.

As to the relationship of net profit, after taxes, to sales, the 1.53% of the work glove industry is approximately only 30% of the national average for all manufacturing corporations, as disclosed by a recent release of the Federal Trade Commission. That release, dated April 12, 1968 indicated that the comparable figure for all manufacturing corporations in the U.S. for the fourth quarter of 1967 was 5.2%.

The continuation of existing conditions under which low cost foreign work gloves can be imported into this country will affect the length of our average work week. In other words, growing imports will produce partial unemployment for some people, and will produce complete unemployment for others. This in turn creates the necessity for agencies to retrain these people in new skills, and in many instances, necessitates the uprooting of families from their communities in order to secure other opportunities to utilize their newly learned skills.

One work glove company has factories located in small communities in Alabama, Illinois, Missouri, Tennessee and Texas. Their factory labor force consists largely of female employees. In certain of the communities, other than for employment in the glove factory, employment for women is extremely limited and in some locations nonexistent.

One work glove company alone had a payroll in 1967 in excess of \$5,000,000. Due to the higher minimum wages which became effective in 1968, the payroll will be even greater this year. The elimination of any portion of this payroll will have a material effect upon the communities in which their plants are located—the reduction of buying power will affect local merchants, professional men, and others in the community, to say nothing of the substantial reduction of taxes which would be brought about by the reduction or elimination of wages.

As an example of what in the past has been contributed to a specific community, we refer to a factory in a small Tennessee town. Before the factory was established, *there was no industry in this area employing women*. At an open house at the factory about a year after they had started production, local community leaders advised that they were grateful to the company for raising the economic level of their town. Through the channeling of wages into this community, the employees had first been able to pay their debts which had been accumulating for many years, they were able to provide a much more healthful menu for their children and they improved their individual homes and transportation. We are proud to tell you of these facts, yet at the same time the thought is running through the mind of the manufacturer, "What is the future of these people if their employment is curtailed or terminated because of the unlimited importation of work gloves?"

Although only one company has been used as an example—other work glove manufacturers belonging to our Association could relate similar stories.

This industry is in dire need of some relief. It asks not for sympathy but for some action which will freeze the percentage of the total domestic market available to importers to a figure which will allow both the domestic industry to survive, and at the same time permit foreign producers to participate in any future growth of the domestic market.

This industry does not seek an increase in tariffs upon work gloves because it is convinced that even a 100% increase in such tariffs will not help the domestic industry. The disparity in the selling prices—based principally upon the lower labor costs abroad—makes tariff barriers impractical. Only the imposition of quotas will be of any help to the domestic manufacturers of work gloves.

In using the imposition of quotas, this association does not recommend a "freeze" on total imports for all years to come. This association, instead, recommends that some recent year be adopted as a base year and that future annual imports be limited to the imports of the base year. However, this association

further recommends that whenever the domestic production increases, the base year import limit be increased by the same percentage. Conversely, whenever the domestic production diminishes, the base year import limit shall likewise be diminished by the same percentage. This is our "live and let live" formula.

Because of the inroads already made into the domestic market by foreign produced work gloves, this association feels that it is recommending a liberal solution to the problem (liberal to foreign producers, that is). But if this approach is adopted, the domestic producers will at least know that their domestic market cannot be further deteriorated by low cost foreign produced work gloves.

STATEMENT OF LEONARD E. LEBOEUF, TREASURER AND GENERAL COUNSEL, STEVENS LINEN ASSOCIATES, INC.

I. THIS COMPANY HAS BEEN CONSISTENTLY AFFECTED BY IMPORTS OF TOWELING FABRICS AND TOWEL IMPORTS

Stevens Linen Associates, Inc. is a textile manufacturer located in Dudley, Massachusetts. Linen towels and toweling is a significant portion of its production. We import the raw flax, card it, spin it into yarn and weave it into towels that are either finished or printed in various designs.

We have been through Escape Clause procedures and succeeded in obtaining some relief. That relief was incorporated in the new Tariff Schedules of the United States. Our products are effected by item 356.70 for linen fabric chiefly used for making towels and under item 366.30 for linen towels in the piece with coarse yarn counts. We have therefore lived with the problem of competitive imports since 1956 with ever increasing difficulties. Our items were affected by the Kennedy Round of negotiated concessions.

II. CURRENTLY THIS COMPANY IS BEING ADVERSELY AFFECTED IN ITS TOWEL PRODUCTION BY IRON CURTAIN IMPORTS

Currently our greatest competition is from so-called iron curtain countries. Thus, if linen towel fabrics are imported as fabric, they enter the U.S. under item 356.70. Recent imports of toweling fabric under this item are as follows in pounds for the years indicated :

(Item 356.70)	Poland	Czechoslovakia	Total, all countries
1964.....	179,035	129,532	320,650
1965.....	241,286	94,553	358,723
1966.....	262,137	105,234	370,911
1967, 8 months through Aug. 31.....	78,968	42,951	124,059

It is self-evident that the two countries shown account for the bulk of toweling fabrics.

Of greater alarm to us is the fantastic increase in recent years in the importation of finished towels of coarse yarn counts. These are the ones directly competitive to ours and entering under item 366.30. Thus, we find the following expressed in pounds :

(Item 366.30)	Poland	Czechoslovakia	Total, all countries
1964.....	127,773	72,564	261,075
1965.....	189,631	104,573	345,394
1966.....	267,922	112,857	424,035
1967, 8 months through Aug. 31.....	390,122	110,805	510,666

In other words, Polish imports of towels for the eight months of 1967 more than tripled the entire total of the year 1964 (the year following the new Tariff Schedules).

The result to our company has been stagnation and a gradual dwindling of towel sales in an otherwise rising economy. Thus, net sales of towels and towel-ing for our company reflected in dollars are as follows :

Year :

1964	-----	\$1, 340, 592
1965	-----	1, 444, 441
1966	-----	1, 307, 687
1967	-----	881, 579

We see no future in the towel business, if this continues.

III. THIS COMPANY RECOMMENDS MORE PRACTICAL ANTIDUMPING PROCEDURES BASED ON A PERCENTAGE OF THE DOMESTIC MARKET

We cannot depend on dumping or anti-dumping procedures as legislated. Our competition comes from countries where costs, capital investment, fringe benefits, and the cost pattern normal to the American industrial method, have little or no meaning. Evaluation from any country of origin where capital investment, wages, social welfare, is entirely an outshoot of social ideology, cannot be reasonably equated or measured by our own industrial and marketing yardstick standards.

Under present anti-dumping law, proof is difficult and, in our opinion, almost impossible to obtain in the case of importation from countries such as Poland or Czechoslovakia.

We respectfully submit that anti-dumping legislation must be based on how much of the domestic market is captured over an historical past of five years.

IV. THIS COMPANY RECOMMENDS QUOTAS ON TEXTILE ARTICLES OF NATURAL FIBERS BASED ON A PAST HISTORICAL PERIOD AVERAGE

We are strongly in favor of the principles of import quotas as proposed in the H.R. 11578 bill of July 19, 1967. However, we contend that as meritorious as these principles may be to the domestic industry, it will be of no help to us unless the bill also includes *natural fibers* along with cotton, wool or man-made fibers, since flax, hemp or ramie are such natural fibers; these are the fibers of which coarse towels are usually made.

Such quotas should be based on either the previous year's imports, or even more equitably, an average taken from the previous five years.

FIRST WASHINGTON NET FACTORY, INC.,
Blaine, Wash., May 22, 1968.

Mr. JOHN MARTIN, JR.,
Chief Counsel, Committee on Ways and Means,
Longworth House Office Building,
Washington, D.C.

DEAR SIR: To submit our stand in summary to the Committee regards impor-tation of Japanese netting:

1. Total imports of synthetic netting (mostly Japanese) have increased 65% from 415,876 lb in 1966 to 640,044 lb in 1967.

2. In Japan netting is being produced at a wage level of appr. $\frac{1}{4}$ of ours. In addition, basic raw material for netting (nylon filament) which is made in Japan as well, cost appr. $\frac{1}{3}$ less to Japanese netting manufacturers as does U.S. made nylon to us. (Japanese 840 denier nylon filament, dutiable at 18½%, is offered to us free Seattle, freight and duty paid by seller, at 78¢ p. lb, current price for U.S. nylon is 82¢.

3. Japanese *netting* is therefore sold in USA below our price and to the extent of 65% in 1967 over 1966, after having absorbed freight and import duty with 32½% ad val. plus 25¢ p. lb on synthetic netting.

4. Our manufacturing equipment and process of manufacturing is most advanced and certainly in no way second to Japanese. We compete with any foreign industry, provided the competitor has comparable labor cost, is not subsidized and operates on a comparable tax base.

5. Manufacturing of netting is very labor intense. Knotted netting more so than the knotless variety. This however is irrelevant, since we have to supply what the fishing industry demands and that is about 80 to 90% knotted netting. Even if this would change, it would make no difference in our situation as our Japanese competitors would just follow suit as well.

6. I state that our products are of excellent quality and well regarded. It is well understood however, that the fishing industry and individual fishermen buy at the lowest offer. It is therefore that the Japanese impact has brought about *a falling back in our production of 30% over the first 4 months of 1968*. I now fear that a closing down of our operation will be forced on us soon. I see the same fate in store for all other U.S. netting manufacturers.

7. The question which I submit is not the regrettable loss of income and position for staff and management, but whether it is not a grave mistake to remain without manufacturers of commercial fish netting in the long run. I may mention that a similar situation forced all manufacturers of commercial fish netting in the Dominion of Canada, to close for good in December of 1965.

8. Whether or not the United States netting industry, the only now left on the entire North American Continent, is to be retained, or whether domestic fishermen are soon to become solely dependent on foreign sources of supply, is depending on protection through introduction of Quotas. It will be only a matter of time to see the netting industry fade away and no longer available at times of emergency if no steps are taken soon.

9. I further wish to mention that our equipment can be utilized only for production of commercial fish nets and that no alternatives are open to us.

Sincerely yours,

CARL KORING,
President.

JOHN S. MACRAE & Co.,
Greensboro, N.C., June 6, 1968.

CONGRESSMAN WILBUR MILLS,
Chairman, House Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR MR. CONGRESSMAN: With reference to the hearings in your committee on general trade policy, I would like to suggest that free trade should work both ways. If the opponents of any meaningful restrictions on imports that are hurting our textile industry so badly are really concerned with free trade, they should agree to the lifting of all restrictions against imports of cotton from foreign countries so that at least some raw materials can be obtained at competitive prices. One can imagine the reaction of the Department of Agriculture and farm groups as this would further destroy the cotton growing industry but at least it would be a logical extension of the apparent view of the State Department that we must destroy our own industry to aid "developing nations."

Yours very truly,

JOHN S. MACRAE.

P.S.—I have no objection to this being made a part of the record of your hearings if you would care to.

DEPARTMENT OF STATE,
Washington, D.C., July 2, 1968.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: The Department of State has received from the Japanese Embassy a statement of the views of the Japan Chemical Fibres Association. The Embassy has requested that the statement be transmitted to the Committee on Ways and Means for its consideration for possible inclusion in the record of the current hearings on tariff and trade proposals. In forwarding the statement, the Japanese Embassy said that this transmittal did not imply an official position of the Japanese Government, and the Embassy was not responsible for the contents of the statement.

I am pleased to forward three copies of the enclosed statement for your consideration.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary for Congressional Relations.

STATEMENT OF MICHAEL P. DANIELS, COUNSEL, JAPAN CHEMICAL FIBRES
ASSOCIATION

This statement is filed on behalf of the Japan Chemical Fibres Association of Tokyo, Japan. This Association is composed of manufacturers who account for practically all of the production in Japan of manmade fibers for export. The members of the Association are also concerned with products manufactured of manmade fibers by their customers in Japan for export to the United States.

The Association is opposed to the imposition of quotas on imports of manmade fibers and manmade fiber products into the United States from Japan. The Association is also opposed to an international agreement or any other arrangement which would have the effect of restricting international trade in such fibers and products. This opposition rests upon the fundamental conviction that there is no economic justification for such restrictions. Exports from Japan have not injured or threatened injury to the United States industry producing competitive products nor have such exports occasioned market disruption.

These contentions are fully substantiated by the Report of the United States Tariff Commission on Textiles and Apparel. The inescapable conclusion of this Report is that there has been no injury or threat of injury to the textile and apparel industries taken as a whole and certainly not in the manmade fiber sector. The Japan Chemical Fibres Association submitted a brief in this proceeding and believes that the results represent an objective appraisal of the facts. This Report ordered by the President of the United States and the Chairman of the Ways and Means Committee should be taken as conclusive on the question of import impact.

United States production of manmade fibers and products of manmade fiber has grown at spectacular rates over the last five years. Imports of manmade fiber products have also increased, but at a rate commensurate with the growth in United States production. In the face of the strong performance of the domestic industry, there is not a scintilla of evidence to indicate anything approaching injury let alone "serious injury," which is the internationally-accepted standard for judgment in gauging the impact of imports. Furthermore, imports as a percentage of domestic production or consumption remain at modest levels.

Imports based on the first four months show a downward trend in both 1967 and 1968 from the peak of 1966 when imports were stimulated by conditions of very high demand in the United States.

In the face of the economic facts, substantiated by the Tariff Commission, it is almost incomprehensible that the domestic manmade fiber industry would press demands for extraordinary import controls such as quotas, and even more incomprehensible that credence could be given to such claims and demands in responsible quarters.

A number of distortions have been made of the economic facts:

1. The growth of manmade fiber product imports has been presented in isolation without placing this growth in the perspective of the growth in total demand in the United States for such products and the very high rate of growth of domestic production of such products.
2. The growth in imports of manmade fibers has been presented in isolation from the decline or stagnation in the growth in imports of products of the natural fibers with which manmade fiber products compete.
3. The high level of imports in 1966 occasioned by high levels of demand in the United States in that year has not been qualified by the decline in such imports in 1967 and 1968.

These general points will be expanded upon below.

GROWTH OF THE UNITED STATES INDUSTRY

The growth of the manmade fiber and manmade textile and apparel industries has been of enormous dimensions over the last decade with an accelerated growth over the last several years. The basic reasons for this growth have been:

- (a) an increasing availability of manmade fibers at prices increasingly competitive with natural fibers

(b) a greater reliability both in supply and price since production is not determined by uncertain factors such as the weather as in the case of the natural fibers

(c) aggressive and well-financed promotional campaigns backed by the chemical companies, and the exploitation of trademarks such as Dacron, Orlon, etc.

(d) a greater adaptability of manmade fibers to new processes imparting ease of care features such as permanent press and soil release

(e) a number of technical factors making for ease of handling and greater economy in manufacture such as the ability to operate machinery at greater speeds with less waste.

All available statistical data demonstrate the upward surge in United States production of manmade fibers and products. The use of manmade fibers increased from 21.8% of domestic consumption of all fibers in 1950 to 27.6% in 1960 and 45.4% in 1967 (United States Department of Agriculture, Cotton Situation, March 1968). All forecasts are that the manmade fibers will account for well over 50% of the total consumption of fibers in the 1970's.

Table 1 measures the growth in this sector of the industry.

Manmade fiber productive capacity from 1961 to 1967 increased by 93.1%.

For the same years, manmade fiber production doubled.

Noncellulosic fiber production for the same years tripled.

In terms of mill consumption manmade fibers grew from 2.1 billion pounds in 1961 to 4.2 billion pounds in 1967, an increase of 105.8% with the noncellulosics more than tripling in the same period.

Domestic consumption doubled from 2.0 billion pounds to 4.2 billion pounds.

End use consumption, which measures total utilization in end products grew from 2.1 billion pounds in 1961 to 4.0 billion pounds in 1966, probably doubling the 1961 production in 1967 although figures are not yet available.

Production of manmade fiber spun yarns grew from 241.4 million pounds to 853.9 million pounds, an increase of 253.7% (from 1961 to 1966).

Production of manmade fiber broad woven fabrics grew from 2.4 billion linear yards to 4.2 billion linear yards from 1961 to 1967.

End use consumption for apparel grew from 702 million pounds to 1,303 million pounds from 1961 to 1966.

This is a plentitude of statistics but they all conclusively demonstrate that in every sector of the manmade fiber complex—fibers, yarns, fabrics, and apparel—production and consumption have increased at fantastic rates.

PERFORMANCE IN 1968

Tables 2 and 3 measure the performance of the domestic manmade fiber and fabric industries by the Index of Industrial Production for the years 1961 to 1968. What is striking about these tables is the very large growth in the Indexes for the year 1968. For manmade fiber production, whereas the Index grew by 27 points from 1965 to 1966 and by 13 points from 1966 to 1967, the growth from 1967 to 1968 (April to April) was practically at 100 points, from 252.1 to 351.8. Thus in one year, from 1967 to 1968, the growth in production in manmade fibers was almost equal to the total growth from 1963 to 1967. Production in manmade fiber fabrics shown on Table 3 shows a similar pattern of accelerated growth in 1968. Whereas the Index grew by 23 points from 1965 to 1966 and by 10 points from 1966 to 1967, there has been a 44 point growth from 1967 to 1968 (April to April).

These Indexes show truly remarkable levels of growth well above the growth of the economy as a whole.

A further measurement of growth in 1968 is shown on Table 4, which measures production of manmade fibers in the first quarters of 1966, 1967 and 1968. Although there was no growth in 1967 over 1966, reflecting the general sluggishness in the economy, the growth from 1966 to 1968 (and 1967 to 1968) was by 30.6%. From 1967 to 1968 production of total noncellulosic fibers grew by some 41.7% and from 1966 to 1968 by 50.9%.

Certainly, these figures indicate a present pattern of dynamic growth of the United States industry with no basis upon which to postulate future injury to this industry.

IMPORTS

Imports of fiber manufacturers from Japan grew through 1966. There has, however, since been a significant downturn in imports. Table 5 shows imports for the years 1965, 1966 and 1967. Overall there was a decrease from 1966 to 1967 of some 20.9%. Leaving out the boom year of 1966 where high levels of demand in the United States encouraged importation, the growth in imports of manmade fiber manufacturers grew by 17%.

This growth of 17%, however, must be seen not only in the perspective of growth in domestic production and consumption (see above) but also in the importation of manufacturers of all fibers from Japan. These figures are shown on Table 6, illustrating a decrease in imports of cotton manufactures of 6.8% and of wool manufactures of 1.6%. Taken all together, there was a modest increase of 3% in total importation from Japan from 1965 to 1967 and an actual decline of 14.4% in imports from 1966 to 1967.

Since the Tariff Commission Report conclusively demonstrates that this is an all fiber industry, with manmade fiber substituting for both cotton and wool, the significant figure is not the 17% increase in manmade fiber manufacture imports but the overall increase of 3%.

The trend of imports from Japan of manmade fiber manufactures is clearly down as shown on Table 7 which measures imports for the first quarters of 1966, 1967 and 1968. Total imports from 1966 to 1968 were off by 8.8% and from 1967 to 1968, there was a decline of 5%.

It should be noted that the heavy importation of yarn to meet domestic shortages has somewhat distorted overall performance. Without the yarns the decline in imports would have been greater. Since yarns can only be utilized by the textile industry itself to fill out production, it is difficult to understand why the textile industry should complain of increased yarn importation over these years.

A large portion of imports are not competitive with domestic production. This point is developed at length in the brief filed in the Tariff Commission proceeding which is available to the Ways and Means Committee. There are a number of specialties of Japan being exported to the United States and a substantial proportion of the imports consists of items which it is not economical for the United States to produce.

THE FUTURE

The pattern emerging after the unusual year of 1966 is a vastly increasing United States production and a declining importation from Japan of manmade fiber products. In the face of these trends there is no justification for the fears and anxieties expressed by representatives of the United States industry over the future. Prices in the United States of manmade fibers and products have become highly competitive. The American industry has added capacity at a rapid rate, has vigorously promoted its products and has in particular won acceptance for brand names which are the exclusive property of American manufacturers. We are convinced that the American industry will continue to dominate the American market, a market which will continue to expand. We believe imports from Japan will be confined largely to non-competitive items and to fill in domestic production in periods of high demand and tight supply.

We invite the Ways and Means Committee to take an overall view of the textile and apparel industries and to view the imports of manmade fibers and manmade fiber products in the perspective suggested by this statement.

TABLE 1.—PERFORMANCE OF U.S. MANMADE FIBER AND MANMADE TEXTILE AND APPAREL INDUSTRIES, 1961 AND 1967 COMPARED

	1961	1967	Percent increase
Manmade fibers (million pounds):			
Capacity.....	2,765.0	5,340.0	93.1
Production total.....	1,995.4	4,030.6	101.9
Cellulosic.....	1,095.2	1,388.1	22.2
Noncellulosic.....	750.9	2,333.7	210.8
Glass fiber.....	149.3	308.8	106.8
Mill consumption total.....	2,060.7	4,240.4	105.8
Cellulosic.....	1,155.6	1,520.4	31.6
Noncellulosic.....	757.9	2,417.3	218.9
Glass fiber.....	147.2	302.7	105.6
Domestic consumption.....	1,997.8	4,239.2	112.2
End-use consumption.....	2,105.0	4,044.0	92.1
Manmade fiber spun yards (million pounds):			
Production total.....	631.6	1,465.7	132.1
Cellulosic.....	390.2	1,611.8	56.8
Noncellulosic.....	241.4	1,853.9	253.7
Manmade fiber broad woven fabrics (million linear yards): Production.....	2,373.5	4,213.5	77.5
Manmade fiber end-use consumption for apparel (million pounds): Consumption.....	702.0	1,303.0	85.6

¹ 1966.

Source: Textile Organon, Bureau of the Census.

TABLE 2.—MANMADE FIBERS, INDEX OF INDUSTRIAL PRODUCTION, 1961-68 (NOT SEASONALLY ADJUSTED)
[1957-59=100]

	1961	1962	1963	1964	1965	1966	1967	1968
January.....					219.4	249.8	265.5	337.5
February.....					226.6	258.3	267.6	345.6
March.....					232.5	269.8	258.9	350.5
April.....					233.3	269.0	252.1	351.8
May.....					235.6	269.4	260.5	
June.....					241.5	282.6	268.0	
July.....					237.6	265.6	242.3	
August.....					243.4	265.0	268.1	
September.....					244.9	272.2	291.8	
October.....					238.3	250.2	306.1	
November.....					247.0	260.4	324.4	
December.....					249.9	264.9	333.9	
Year.....	119.8	150.6	170.0	198.2	237.4	264.8	278.3	

Source: Federal Reserve Board.

TABLE 3.—MANMADE FIBER FABRICS, INDEX OF INDUSTRIAL PRODUCTION, 1961-68
(NOT SEASONALLY ADJUSTED)

[1957-59=100]

	1961	1962	1963	1964	1965	1966	1967	1968
January.....					188.3	212.9	210.4	281.3
February.....					193.1	221.4	217.7	261.5
March.....					191.4	218.1	215.8	270.5
April.....					191.1	229.1	222.5	266.9
May.....					198.9	235.8	220.6	
June.....					201.0	226.2	211.7	
July.....					193.1	221.7	210.4	
August.....					196.3	218.4	218.2	
September.....					200.2	212.7	244.1	
October.....					205.9	218.4	261.6	
November.....					210.9	221.9	268.6	
December.....					205.3	215.3	279.5	
Year.....	108.9	131.6	150.5	171.0	198.0	221.0	231.8	

Source: Federal Reserve Board.

TABLE 4.—U.S. PRODUCTION OF MANMADE FIBER, 1ST QUARTER 1966, 1967, AND 1968, COMPARED
[In millions of pounds]

	1st quarter			Percent change		
	1966	1967	1968	1966-67	1967-68	1966-68
Cellulosic yarn and monofilaments.....	201.7	181.3	198.3	-10.1	+9.4	-1.7
Cellulosic staple and tow.....	167.0	155.3	183.3	-7.0	+18.0	+9.8
Total cellulosic.....	368.7	336.6	381.6	-8.7	+13.4	+3.5
Noncellulosic yarn and monofilaments.....	272.1	300.3	377.8	+10.4	+25.8	+38.8
Noncellulosic staple and tow.....	220.8	224.5	365.8	+1.7	+62.9	+65.7
Total noncellulosic.....	492.9	524.8	743.6	+6.5	+41.7	+50.9
Total cellulosic and noncellulosic.....	861.6	861.4	1,125.2	0	+30.6	+30.6

Source: Textile Organon.

TABLE 5.—U.S. IMPORTS OF MANMADE FIBER MANUFACTURES FROM JAPAN, 1965-67
[Thousands of equivalent square yards]

	1965	1966	1967	Percent change	
				1965-1967	1966-1967
Yarn.....	17,194	18,444	15,965	-7.2	-13.5
Fabric.....	175,722	272,069	186,709	+6.3	-31.4
Apparel.....	81,835	116,095	114,833	+40.3	-1.1
Floor coverings and miscellaneous.....	26,291	38,377	34,616	+31.7	-9.8
Total.....	301,042	444,985	352,123	+17.0	-20.9

Source: U.S. Department of Commerce.

TABLE 6.—U.S. GENERAL IMPORTS OF MAJOR TEXTILE FIBER MANUFACTURES FROM JAPAN, 1965-67
[Millions of equivalent square yards]

	Cotton	Wool ¹	Manmade fiber	Total
1965.....	404.2	55.1	301.0	760.3
1966.....	412.0	58.2	445.0	915.2
1967.....	376.7	54.2	352.1	783.0
Change 1965 to 1967:				
Quantity.....	-27.5	-.9	+51.1	+22.7
Percent.....	-6.8	-1.6	+17.0	+3.0
Change, 1966 to 1967:				
Quantity.....	-35.3	-4.0	-92.9	-132.2
Percent.....	-8.6	-6.9	-20.9	-14.4

¹ Excludes floor coverings.

Source: United States Department of Commerce.

TABLE 7.—U.S. IMPORTS OF MANMADE FIBER MANUFACTURES FROM JAPAN, JANUARY-APRIL 1966, 1967, AND 1968
[Thousands of equivalent square yards]

	January through April			Percent change	
	1966	1967	1968	1966 to 1968	1967 to 1968
Yarn.....	4,383	6,531	8,687	+98.2	+33.0
Fabric.....	86,071	66,921	66,619	-22.6	-0.5
Apparel.....	28,667	42,427	35,249	+23.0	-16.9
Floor covering and miscellaneous.....	11,847	9,755	8,756	-26.1	-10.2
Total.....	130,868	125,635	119,311	-8.8	-5.0

Source: U.S. Department of Commerce.

DEPARTMENT OF STATE,
Washington, D.C., June 18, 1968.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: The Department of State has recieved from the Austrailian Embassy a statement of the views of Australian wool tops exporters as they relate to the current public hearings before the Committee on Ways and Means on tariff and trade proposals. The Embassy has requested that the statement be transmitted to the Committee for its consideration for possible inclusion in the record of the hearings.

I am, therefore, pleased to forward three copies of the enclosed statement for your consideration.

Sincerely yours,

H. G. TORBERT, Jr.,
Acting Assistant Secretary for Congressional Relations.

Enclosure.

STATEMENT OF THE AUSTRALIAN WOOL TOPS EXPORTERS

We, the major Australian exporters of wool tops to the United States, wish to express our deep concern at the possibility of any changes which might restrict the free imports of Australian wool tops into the United States of America.

We contend that a wool top is not a "textile article" but is essentially the raw material of the worsted spinning section of the wool textile industry.

Wool tops are merely raw wool, cleansed of all impurities such as vegetable matter, dirt, grease and undesirable short fibres, presented in a form or package suitable for spinning into worsted yarns. Comparable raw materials for other sections of the textile industry are scoured wool for woollen spinning and ginned cotton for cotton spinning, where in both cases the raw fibre is cleansed of impurities in the same way as a wool top.

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.

G. H. MICHELL & SONS (Aust.) LIMITED,
Hindmarsh, South Australia.

JAMES SEYMOUR & Co.,
Williamstown, Victoria.

PORT PHILLIP MILLS PTY. LIMITED,
Footscray, Victoria.

J. W. ALLEN PTY. LIMITED,
Sydney, New South Wales.

DEPARTMENT OF STATE,
Washington, D.C., June 28, 1968.

Mr. JOHN M. MARTIN,
Chief Counsel, Committee on Ways and Means,
House of Representatives.

DEAR MR. MARTIN: The British Embassy, by note No. 169, dated June 28, has requested the Department of State to transmit to the Committee on Ways and Means statements prepared by British manufacturing and trade associations in conjunction with the current hearings on trade policy.

A copy of the British note, as well as copies of the statements, are enclosed for appropriate use by the Committee and other interested parties.

Sincerely yours,

MARTIN Y. HIRABAYASHI,
Chief, Special Trade Activities and Commercial Treaties Division.

Enclosure.

NOTE No. 169

Her Majesty's Embassy for the United Kingdom present their compliments to the Department of State and have the honour to refer to the hearings on trade policy currently being held by the Committee on Ways and Means of the House of Representatives.

A number of British manufacturing and trade associations have prepared statements which are relevant to the subjects under discussion by the Ways and Means Committee; and the Embassy would be grateful if the State Department could facilitate the transmission of these documents to the Committee.

The statements which are enclosed with this Note are:

* * * * *

(b) A joint submission by the Clothing Manufacturers' Federation of Great Britain and the Shirt, Collar and Tie Manufacturers' Federation.

* * * * *

Additional copies of the first two of these submissions are enclosed with a request that they be distributed to members of the Ways and Means Committee and to interested departmental and legislative staffs if the Committee should consider this appropriate.

June 1968

THE CLOTHING MANUFACTURERS' FEDERATION OF GREAT BRITAIN, THE SHIRT,
COLLAR AND TIE MANUFACTURERS' FEDERATION

PUBLIC HEARINGS ON TARIFF AND TRADE PROPOSALS

1. Introduction

This submission to the United States Committee on Ways and Means is by the Clothing Manufacturers' Federation of Great Britain and the Shirt, Collar and Tie Manufacturers' Federation, both of 70 Pall Mall, London, S.W.1. The Federations are the national organisations covering England, Scotland and Wales, representing more than 300 manufacturers of all types of tailored outerwear for men, boys, women and girls, and 100 manufacturers of shirts and pyjamas.

Evidence relating to women's and girls' outerwear has been submitted by the Mantle and Costume Manufacturers' Export Group and the present submission deals with the other garments specified. References to clothing in this submission relate to these garments.

Our submission relates to the proposals relative to imposition of quotas either on an across-the-board basis or on named items or commodities. Specifically our submission relates to any proposal for quotas or other restrictions on the importation into the United States of garments made by members of the above Federations.

The purpose of our submission is to present to the Committee an analysis of the facts in support of our contention that such clothing imported from the U.K. supplements rather than competes with domestic production and that such imports do not damage the domestic industry and benefit domestic interests.

2. Imports from U.K. do not compete with U.S.A. clothing

Clothing imported from Great Britain is to a large extent made in specialty fabrics, in traditional British styling and to high standards of craftsmanship. These garments are different from, and are not competitive with the bulk of garments produced in America for the home market, and in general British clothing sells in the shops in America at higher prices than American garments.

It has not been possible from the statistics available to calculate the average price of U.S. produced garments. It is, however, reported for instance that U.S. cotton/m.m.f. raincoats retail at about \$30.00 to \$40.00 against \$50.00 to \$90.00 for U.K. cotton raincoats and that the great majority of U.S. sports and formal shirts retail below \$7.00 whereas the retail price for U.K. shirts ranges from \$7.00 to \$20.00. We feel sure that the Committee will agree that it is fairly common knowledge that imported U.K. clothing generally sells in the higher price field.

3. Imports from U.K. represent very small proportion of U.S.A. production

Whilst the U.S. production figures of clothing are not strictly comparable with the import figures, as there is a difference in the coverage of the various headings used, a comparison of tables I and II appended indicates that the total of imports of clothing from the U.K. is only a very small percentage of the American production.

For instance, U.S. production of "dress and sports trousers" in 1967 amounted to 133,762,000 whereas imports from the U.K. of "men's and boys' trousers of wool or m.m.f." amounted to only 60,579 which is less than 0.1% of the production figure; and U.S. production of "overcoats and topcoats" in 1967 amounted to 3,812,000 whereas imports from the U.K. of "separate coats (other than suit type) of wool" amounted to 47,002 which is approximately 1.2% of the production figure.

It is recognised that the figures quoted above are not strictly comparable, there being, for instance, some imports from the U.K. of outercoats (other than rainwear) of fabrics other than wool. Adjustments made to take account of this and other factors would not, however, materially affect the thesis that imports of tailored outerwear from U.K. amount to only an insignificant proportion of American domestic production.

Table II shows the main imports from the U.K. and compares these with imports of the garments concerned from all sources. Of these, the only garment of which the U.K. supplies a substantial proportion (22½%) of the total imports are "separate coats (other than suit type) of wool".

4. Development of U.K. trade with U.S.A.

The fluctuations of trade in 1964, 1965, 1966 and 1967 are shown in table III appended from which it is apparent that the trend of the development of trade from the U.K. does not present any potential threat to U.S. producers.

Although the total trade is small, much of it is in the hands of comparatively few firms who have specialised in the market over a long period and have acquired the necessary knowledge and experience to be able to satisfy American requirements. The trade has been built up gradually under great difficulties over many years in accordance with accepted commercial practices. Advertising and merchandising programmes over a long period of time have established the names and reputation of British manufacturers, and it has been only by this careful fostering of the market that the demand for their products has been developed. Trade with the U.S.A. is therefore of major importance to these firms.

5. U.K. manufacturers are subject to competitive disadvantages

In addition to the import duty, goods exported from U.K. have extra costs in postage, freight, packing and insurance, customs clearance charges, etc., to which the American manufacturer is not subjected to the same degree.

Imported goods are subject to delay by customs clearance procedures including the necessity, for tariff purposes, of proving fibre content.

Another factor which operates to the advantage of the local manufacturer is the necessity, because of the time lag caused by these procedures and by shipment from the U.K., to maintain large local stocks of imported goods, so that customers can be readily supplied with the sizes, types and colours, etc., they require. Moreover, if there should be a sudden demand for a particular size, colour or type of garment, replacements often have to be obtained by air in order to keep a balanced stock.

These factors generally result in the application of a higher mark-up on British goods, and the need for larger capital resources.

The American industry is also more advantageously geared to meet local requirements, both as regards sizing and styles. The American size roll, for example, is very different from that of the United Kingdom, which means that garments for America have to be cut separately from any bulk which the manufacturers in Great Britain are producing for the home market.

6. Benefits accruing from imports from U.K.

Imports from the U.K. supplement local production by providing garments which would not otherwise be available to the American consumer. Over the years, the importation of specialty apparel designed and created in the U.K. has furnished the U.S. industry with style and fashion incentives that would otherwise have been lacking. It is reported that American clothing retailers find that British garments tend to make additional rather than alternative sales.

7. Conclusion

In view of:

(a) the fact that U.K. imports do not compete with American bulk production;

(b) the small U.K. share of the American market both compared with domestic producers and other overseas suppliers;

(c) the additional tariff and non-tariff costs borne by U.K. clothing entering the American market;

it is respectfully submitted that imports from the U.K. of clothing covered by this submission are not detrimental to the American domestic industry.

Further, we also submit that such U.K. clothing provides additional sales for the American retailer and promotions which have been an aid to overall clothing sales, and meets a demand by American consumers for specialised products which are not made by American garment manufacturers.

We, therefore, submit that there is no case for further restrictions (fiscal, quantitative or procedural) to be imposed on imports of clothing from the U.K.

Respectfully submitted by The Clothing Manufacturers' Federation of Great Britain, the Shirt, Collar & Tie Manufacturers' Federation, London, S.W.1.

G. W. FRENCH,
Secretary.

JUNE 1968:

STATISTICAL APPENDIX

TABLE I.—U.S. PRODUCTION OF CERTAIN GARMENTS IN 1966 AND 1967¹

	Units cut (in thousands)	
	1966	1967
Men's apparel:		
Suits.....	20,715	18,904
Tailored separate dress and sports coats.....	13,148	12,659
Overcoats and topcoats.....	3,799	3,812
Dress and sports trousers.....	145,673	133,762
Dress and sports shirts (woven).....	333,924	311,820
Work shirts.....	49,152	45,324
		1963
Rainwear and other waterproof outer garments ²		\$202,803,000

¹ Source: Survey of Current Business by U.S. Department of Commerce.

² Source: Census of Manufactures, 1963, U.S. Department of Commerce.

Note: The production of rainwear is not included in the Survey of Current Business. The 1963 Census of Manufactures contains the most recent figures available and these relate to value only.

TABLE II.—1967 IMPORTS INTO THE UNITED STATES OF THE MAIN TYPES OF CLOTHING FROM THE UNITED KINGDOM SHOWN AS A PERCENTAGE OF IMPORTS INTO THE UNITED STATES FROM ALL SOURCES

	(Col. i) Imports from the United Kingdom	(Col. ii) Imports from all sources	Col. (i) as percent of col. (ii)
Men's and boys':			
Wool suits.....	5,642	245,821	2.3
Separate coats (other than suit type) of wool.....	47,002	208,646	22.6
Trousers, etc., of wool or manmade fiber.....	60,579	5,700,337	1.5
Rainwear of cotton.....	37,824	1,135,440	3.3
Woven shirts comprising sport shirts of cotton flannel or cotton, shirts of wool or manmade fiber, dress shirts of poplin broad- cloth or cotton all not knitted.....	76,718	68,280,977	.1
Knitted shirts of manmade fiber.....	4,788	17,221,200	.03
Pajamas and other nightwear of cotton or manmade fiber.....	25,620	6,792,001	.4

Source (cols. i and ii): "U.S. Imports of Merchandise for Consumption, 1967," U.S. Department of Commerce.

TABLE III.—UNITED KINGDOM EXPORTS TO UNITED STATES

	1965	1966	1967
Men's and boys':			
Overcoats of wool or wool mixture.....	29,421	28,822	16,812
Suits complete of wool or wool mixture.....	2,860	4,554	5,774
Coats, waistcoats, trousers, etc., separate.....	£489,096	£517,201	£475,297
Shirts (not knitted).....	109,632	139,800	130,716
Pajamas and other nightwear.....	53,148	43,956	23,472
Rainwear (except plastic):			
Rubberproofed.....	10,366	9,145	3,350
Chemical proofed.....	129,090	95,120	67,168
Other proofings.....	6,879	11,463	8,455

Note: These figures do not include consignments by parcel post. It is estimated, however, that such consignments represent only a very small percentage of the total. There is no reason to believe that this percentage varies greatly from year to year.

Source: H. M. Customs and Excise Department.

DEPARTMENT OF STATE,
Washington, D.C., June 28, 1968.

Mr. JOHN M. MARTIN,
Chief Counsel,
Committee on Ways and Means,
House of Representatives.

DEAR MR. MARTIN: The British Embassy, by note No. 169 dated June 28, has requested the Department of State to transmit to the Committee on Ways and Means statements prepared by British manufacturing and trade associations in conjunction with the current hearings on trade policy.

A copy of the British note, as well as copies of the statements, are enclosed for appropriate use by the Committee and other interested parties.

Sincerely yours,

MARTIN Y. HIRABAYASHI,
Chief, Special Trade Activities and Commercial Treaties Division.

Enclosure.

NOTE No. 169

Her Majesty's Embassy for the United Kingdom present their compliments to the Department of State and have the honour to refer to the hearings on trade policy currently being held by the Committee on Ways and Means of the House of Representatives.

A number of British manufacturing and trade associations have prepared statements which are relevant to the subjects under discussion by the Ways and Means Committee; and the Embassy would be grateful if the State Department could facilitate the transmission of these documents to the Committee.

The statements which are enclosed with this Note are:

(a) A statement by the Mantle and Costume Manufacturers' Export Group

* * * * *

Additional copies of the first two of these submissions are enclosed with a request that they be distributed to members of the Ways and Means Committee and to interested departmental and legislative staffs if the Committee should consider this appropriate.

The Apparel and Fashion Industries Association have indicated that they wish to be associated with the statement submitted on behalf of the Mantle and Costume Manufacturers' Export Group.

STATEMENT SUBMITTED BY THE MANTLE & COSTUME MANUFACTURERS' EXPORT GROUP OF LONDON, ENGLAND, FOR TRANSMISSION BY THE BRITISH EMBASSY, COMMERCIAL DEPARTMENT, WASHINGTON, D.C., TO COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, LONGWORTH HOUSE OFFICE BLDG., WASHINGTON, D.C.

TEXT OF STATEMENT:

(i) Description of Interests Represented by Group—(U.K. Exporting Manufacturers of Women's and Girls' "Heavy" Outerwear).

This is an organisation representing the interests of United Kingdom exporting manufacturers of women's and girls' "heavy" outerwear (overcoats, suits, jackets, skirts, slacks, etc.). The garments they export to the United States market are almost entirely made from fabrics of wool (including of course camel hair, llama, mohair and other fine animal hair) and are chiefly of woven fabric, supplemented by some trade in garments cut out and make-up from knitted wool fabric. Among the Group's members are leading British manufacturers of the above-mentioned descriptions of women's and girls' apparel (particularly of the better grade and classical variety) producing in large modern factories.

(ii) *Purpose of Statement.*—(Opposition to Restriction of Imports from the United Kingdom).

The following Statement is submitted on behalf of this Export Group, through the British Embassy in Washington, to the Committee on Ways and Means, U.S. House of Representatives, for the printed record of the hearing before that Committee on the general subject of the balance of trade between the United States and foreign nations, now commenced.

In formulating this Statement note has been taken of the broad scope of the subjects to be encompassed by the hearing as set out in the Committee's press release of 9th May, 1968, as well as of the contents of the relevant Committee Print, issued by the U.S. Government Printing Office, which includes the draft Bill H.R. 17551. In relation thereto this Group wishes to state that it is satisfied that there can be no question that imports into the United States of the garments on which it is qualified to speak (described in paragraph (i) above) do not, and cannot in the foreseeable future, constitute any threat to the wellbeing of the United States and that there is no justification or necessity for *any* measures designed to restrict such imports. In support of this contention the Group offers the following information and views, which it considers very clearly demonstrate these facts and in the light of which it is hoped and believed that the Ways and Means Committee will report accordingly.

(iii) *Supporting Information and Conclusion.*—

1. *U.S. imports of U.K. women's and girls' outerwear a minute proportion of U.S. domestic production*

(a) In relation to the vast total production of the United States domestic clothing industry, imports from the United Kingdom into the United States of women's and girls' outerwear garments of the kind with which the Group is concerned are infinitesimal. Not only that, such imports are still minute even compared with U.S. production of garments of that particular description and, moreover, in the main such United Kingdom garments are different from and not competitive with the bulk of those produced in the United States.

(b) The imports into the U.S.A. from the United Kingdom of these women's, misses and junior heavy outerwear garments are believed in fact to amount to something in the region of only one-twentieth of one percent compared with the United States National production of such garments.

2. *Supporting statistical appendix*

The Appendix to this statement gives U.S. statistics of domestic production of apparel of the descriptions to which this case relates, together with U.S. statistics of imports of such apparel, on the basis of which the comparison given in Paragraph 1(b) above (indicating the proportion of one-twentieth of one percent) has been calculated.

3. Protection afforded to U.S. domestic industry by factors of grade and cost of imported U.K. Garments

The garments imported from this country under this classification by the United States are traditionally those which typify "classic" British garments, so highly regarded and in demand by women throughout the markets of the world, supplemented by other quality styles featuring the "Young" London look. This British clothing sells in the shops in the United States at prices generally well above those of United States produced garments. Apart from the fact that almost all these British made garments are of high grade fabric and make and are certainly not low priced, as imported goods they are subject, in addition to a substantial import duty, to extra items of cost. It is estimated that the duty, together with freight, insurance, packing and other charges, adds in the region of up to 75/80 percent to the retailers' purchase price. Thus these various factors applicable to the imported product already provide sufficient protection to the U.S. domestic industry.

4. Continuing difficulties for United Kingdom exporter in developing United States export trade

In addition to these obvious handicaps from the point of view of the British exporter, prosecution and development of trade in the United States market by him otherwise continues to be a difficult exercise. It is in fact not one but several markets, each differing from the others climatically, economically and in various other ways and demanding specialist study and experience. Despite the considerable endeavours of the British manufacturers in the field represented by this Group (some of whom have had an established business in the U.S.A. for many years) the barriers to progress presented by all these factors continue to ensure that, although increasing, the values of United Kingdom imports into the U.S.A. can in the foreseeable future only remain minute in comparison to the domestic output in the States.

5. Imports from U.K. benefit U.S. consumer and domestic industry alike

It can be said with confidence that such exports as are achieved from the United Kingdom in these garments can only be to the benefit, not merely of the United States consumers, offering them specialised garments not in competition with domestic products, but of the highly efficient domestic industry to which such imports must give added stimulation.

6. Conclusion—no restrictive measures necessary

It is considered that the foregoing establishes, so far as concerns imports from the United Kingdom of the description of apparel to which it relates, that in fact no action is called for, either in the interests of the United States Textile and Apparel Industries nor in its national interest, to restrict these imports and it is accordingly earnestly hoped that the Committee on Ways and Means will so report.

COMPARISON OF U.S. DOMESTIC PRODUCTION OF WOMEN'S, MISSES' AND JUNIORS' "HEAVY" OUTERWEAR WITH U.S. IMPORTS FROM UNITED KINGDOM OF WOMEN'S, GIRLS', AND INFANTS' GARMENTS OF SIMILAR DESCRIPTION (CALENDAR YEAR 1964)

1. Domestic production of women's, misses', and juniors' heavy outerwear items of clothing: ¹

	<i>Dollars</i>
Suits, coats and skirts.....	\$1, 312, 243, 000
Outerwear ²	713, 106, 000
Girls' and children's coats and suits.....	186, 931, 000
Girls' and children's outerwear ³	373, 118, 000
Total	2, 585, 398, 000

See footnotes at end of table, p. 2742.

2. Imports for consumption from United Kingdom of women's, girls' and infants' heavy outerwear items of clothing:	
Coats, wool or man-made fibers, $\frac{3}{4}$ and longer, women's, girls' and infants', not knitted-----	\$645, 498
Coats, wool, not elsewhere specified, women's, girls', and infants', not ornamented, not knitted-----	493, 992
Skirts, wool or man-made fibers, women's, girls', and infants', not knitted-----	193, 377
Trousers, slacks and outer shorts, wool, women's, girls', infants', not knit, not ornamented-----	43, 362
Total -----	1, 376, 229
3. Ratio of above imports to domestic production percent ($\frac{1}{20}$ of 1 percent approximately)-----	. 053

¹ Source: Annual survey of manufactures (as published in Standard and Poor's "Industry Surveys," Textiles and Apparel, September 1966 (sec. 2), p. T-44, table 20).

² Covers other women's heavy outerwear not separately listed.

³ Covers other girls' and children's heavy outerwear not separately listed.

⁴ Source: F.T. 125, U.S. Imports of Merchandise for Consumption, U.S. Department of Commerce, Bureau of the Census.

DEPARTMENT OF STATE,
Washington, D.C., June 28, 1968.

Mr. JOHN M. MARTIN,
Chief Counsel, Committee on Ways and Means,
House of Representatives.

DEAR MR. MARTIN: The British Embassy, by note No. 169 dated June 28, has requested the Department of State to transmit to the Committee on Ways and Means statements prepared by British manufacturing and trade associations in conjunction with the current hearings on trade policy.

A copy of the British note, as well as copies of the statements, are enclosed for appropriate use by the Committee and other interested parties.

Sincerely yours,

MARTIN Y. HIRABAYASHI,
Chief, Special Trade Activities and Commercial Treaties Division.

NOTE No. 169

Her Majesty's Embassy for the United Kingdom present their compliments to the Department of State and have the honour to refer to the hearings on trade policy currently being held by the Committee on Ways and Means of the House of Representatives.

A number of British manufacturing and trade associations have prepared statements which are relevant to the subject under discussion by the Ways and Means Committee; and the Embassy would be grateful if the State Department could facilitate the transmission of these documents to the Committee.

The statements which are enclosed with this Note are:

* * * * *

(d) A letter addressed to the Chairman of the Committee on Ways and Means incorporating the views of the National Association of Glove Manufacturers.

* * * * *

NATIONAL ASSOCIATION OF GLOVE MANUFACTURERS,
London SE1, 28th. May 1968.

Re Public Hearings on Tariff & Trade Proposals.

CHAIRMAN, COMMITTEE ON WAYS AND MEANS,
U.S. House of Representatives,
1102 Longworth House Office Building,
Washington, D.C.

DEAR SIR: We have to refer to the Notice of Public Hearing sent to us by our Board of Trade,

As an Association of Glove Manufacturers exporting to the United States we submit the following:—

1. Many of the gloves exported by our members are special types of equipment for sports, driving etc., the equivalent of which we believe are quite unobtainable

in the domestic market in America, others are of types not usually supplied by American manufacturers. They offer no threat to the American Industry, in fact, by introducing new types they tend rather to help the American glove sales by increasing the varieties available to the public.

2. Any introduction of increased tariffs or quotas would, we feel, be a retrograde step and would surely destroy the efforts being made towards free trade and at the same time negate the Kennedy Round of talks on tariffs and trade which advocate opposite measures.

3. The British market is open to American manufacturers and we feel that reciprocal trade between our two countries should be encouraged.

Yours faithfully,

E. GREENAWAY, *Secretary.*

STATEMENT OF MICHAEL P. DANIELS, COUNSEL, WOOLENS DIVISION, JAPANESE CHAMBER OF COMMERCE

This statement is submitted on behalf of the Woolens Division of the Japanese Chamber of Commerce of New York, Inc., incorporated in the State of New York. The members of the Woolens Division of the Japanese Chamber of Commerce account for practically all of the woolen and worsted fabrics and yarns imported from Japan.

The Woolens Division is completely opposed to the imposition of quotas on imports of textile and apparel products, particularly on imports of woolen and worsted fabrics and yarns. Such restriction is not justified by objective analysis of the performance of the competitive United States industry and the impact of imports upon this industry. This is clearly supported by the Report of the United States Tariff Commission on Textiles and Apparel, which was instituted at the request of the President and by the Honorable Wilbur D. Mills, Chairman of this Committee.

In making its claims for import protection in this field, the domestic industry has indulged itself in one principal distortion: they have completely left out of their analysis production in the United States of worsted fabrics in chief weight of manmade fibers. The domestic industry has turned increasingly to such chiefly manmade fiber fabrics and enjoys almost a monopoly in this field. Production of these fabrics has been increasing substantially. Rather, the domestic industry has pointed only to a decline in the production of chiefly wool fabrics and represented that this decline is due to import competition. The truth is that worsted fabrics chiefly of wool and worsted fabrics chiefly of manmade fiber blended with wool are completely competitive and are by and large produced in the same mills. Although precise statistics are unavailable, all evidence points to the conclusion that production of all worsted cloth in the United States, both chiefly wool and chiefly manmade, has increased substantially.

The Tariff Commission in its Report stated:

"The domestic output of woven wool fabrics has, however, also been materially affected by the significantly greater popularity of blended woven fabrics, made in the same plants as all-wool fabrics particularly for use in lightweight summer suiting and slacks."

The Commission discussed a number of products for which domestic production has declined including wool fabric. It stated:

"For the most part, the failure of output for such products to expand appears attributable chiefly to changes either in fashion or style, to technology, or both. In relatively few instances do imports appear to have been a major factor."

Certainly this is proper perspective.

As a matter of fact, total imports of woolen and worsted fabrics has declined over the last several years (see Table 1). From a height of 84.9 million yards in 1965, total imports declined to 67.1 million yards in 1966 and 60.6 million yards in 1967. Imports from Japan during this period have been relatively stable, declining from 40.1 million yards in 1965 to 37.7 million yards in 1966. Imports in 1967 of 38.7 million yards were only one million yards above the 1966 level and below the 1965 import performance.

Figures for total imports in the first three months of 1968 indicate a slight increase over the same period in 1966 (see Table 2). Imports from Japan for this period in 1968 are above 1967 levels but somewhat below 1966 performance.

Certainly the import record has been one of decline (or relative stability, given the cyclical nature of the market) but definitely not a pattern of rapidly increasing imports such as to justify demands for import protection.

A closer analysis of the trade further reveals that imports and domestic production are highly differentiated with little direct competition between imports of worsted fabrics from Japan and United States production of worsted fabrics.

Japanese worsted fabrics are high quality, highly-styled, woven of the finest materials in expensive constructions, produced in small runs allowing great style diversification and exclusivity, are in large part of specialty fabrics such as blends with silk or mohair, and are considerably higher in price than practically all domestic production.

Domestically-produced worsteds on the other hand are, for the most part, staple items, capable of mass production and long runs, with relatively automated manufacturing techniques, woven in simple constructions of cheaper and coarser raw materials and yarns, in large part dominated by the utilization of manmade fibers, and sell at prices considerably below imports from Japan.

Imports and domestic production are also highly differentiated in terms of the markets they supply. A very large proportion of imported worsted fabric from Japan is utilized in the quality men's suit market, with a small percentage utilized in sport jackets and only a very minute proportion used for slacks or overcoats.

On the other hand, domestic production predominates in the cheaper suit lines, especially summer suiting, in sport jackets and slacks and practically has the women's wear field entirely to itself.

The pattern of these factors indicates that imported and domestic fabrics are physically different, are moving in different markets, and fulfill different needs commensurate with the manufacturing advantages and capabilities of the domestic and Japanese industries.

The American industry has a strong position and excellent prospects in medium and low-priced worsted fabrics in the expanding market for these kinds of goods. On the other hand, Japan can look forward to continued growth at a moderate rate in quality fabrics which are highly styled to meet increasing consumer demand for quality, as American affluence grows and consumer taste becomes more discriminating and better educated.

Japanese worsteds for export to the United States are woven of the finest Australian wools in the higher grades. Raw wools utilized are predominantly 64's to 70's and finer. These are extremely fine wools and relatively expensive.

The process of manufacturing worsted fabric starts with washing and scouring these materials and then through a process of combing achieving fibers which lie parallel to each other and are of even length. The result of such parallel, even fibers is an intermediate product known as "top." Extreme care must be taken when working with fine materials to produce quality top as opposed to the greater facility in working the fibers when they are of coarser and less expensive grades. On the worsted system (including fibers to be eventually utilized in both weaving and knitting) in the United States, 40% of the raw wool consumed is below 60's with 60% of 60's and finer. However, it is believed that the 66's and finer wools utilized in the American industry on the worsted system are of very small quantities, especially for weaving yarns. Thus, the American industry is utilizing a cheaper material with less difficulties and expense involved in the initial stages of production.

Wool top is then spun into yarn. Here, again, the difficulties and expense in manufacture in working with the finer fibers in the Japanese industry are matched by relative ease of manufacture and less expense in American spinning. Further, double ply yarns (see below) require an additional stage of processing, twisting.

Japanese fabrics are practically all woven in not less than 2/60 x 2/60 construction (metric count). What this means is that the yarn count is at least 60 (an extremely fine yarn), that the yarns are plied (two strands twisted together) and that both the warp and the fill consist of such yarns. This creates a luxurious cloth with an excellent hand, or feel, suitable for top quality garments.

The American industry on the other hand produces very little in 2/60 x 2/60 constructions, and it has only been in the last two or three years following a fashion trend and acceptance created by Japan and other foreign exporters to the United States that the United States industry has begun in a small way to make any top quality constructions. This is limited to one division of one company, the Raeford division of Burlington Industries. As stated in the Daily News Record for October 12, 1967:

"The Raeford division is known to have booked virtually all the business it can take in fabrics composed of yarns in a 2/60s metric count without throwing

its ratio of spinning to weaving out of balance. Raeford is the only domestic mill producing any volume in this fine yarn count."

For the most part, United States production consists of single yarns, that is, one strand, not two as in the plied yarns, in both the warp and fill, or in single yarn in the warp and plied yarn in the fill. Yarn counts are lower than the 60's (metric) and higher utilized by the Japanese industry, with 30's Bradford (about 34's metric) predominating in the United States. These constructions are cheaper, coarser and although serviceable and widely accepted in the mass market, they are unacceptable for fashion or quality fabrics. These fabrics can, however, be mass produced with fewer production difficulties, fewer problems of mending and burling, on machinery run at relatively high speeds, and with fewer workers necessary to tend the looms.

They are produced in the United States in extremely long runs of staple items, with a minimum production run of about 40 pieces (one piece equals 70 to 80 linear yards); whereas in Japan, runs can be in as small as four pieces and usually are produced in quantities substantially less than 40 pieces.

Shorter runs and smaller minimum orders in the case of Japanese cloth mean the ability to create style diversification; whereas uniqueness, the hallmark of fashion, cannot be offered or will not be offered by an American industry seeking to maximize efficiency of production. Even with the move to more highly-styled fabrics by a small part of the United States industry, long runs and minimum orders of 40 pieces are still insisted upon, which largely dissipates the advantages of styled goods.

Domestic and Japanese cloths are also differentiated by specialty. A very large proportion of Japanese exports of worsted cloth to the United States are silk-worsted blends with 90% wool/10% silk composition predominating. These fabrics, which for the last three or four years have been the biggest selling item in men's clothing, cannot be produced by the American industry. Nobody else in the world has developed the technical know-how which exists in Japan for working with silk-worsted fabrics. Although attempts have been made, it simply cannot be produced in the United States or elsewhere. The problems of mending and burling are difficult. It is a burdensome, troublesome fabric to make. American mills, interested in long runs of simple staple cloth without production problems, simply will not, and probably cannot, manufacture this cloth.

In 1967 total worsted exports from Japan were 26.1 million linear yards. Of this 16.2 million worsteds other than silk blends, with silk blends accounting for 9.9 million square yards. Thus, the silk blends, a unique specialty of Japan; accounted for some 38% of total imports of worsteds from Japan. This has also been the fast growing item in the worsted trade from Japan and has accounted for a large part of the growth over the long run.

What all of these factors embody is the concept of style. Imports from Japan, highly designed and highly styled have revolutionized the men's clothing business. Before the imports, men were wearing plain serges, gabardines and flannels in solid colors. Japanese fabrics and fabrics from other exporting nations have lent color, lustre, and design to the men's suit field. This style impact has in the last two years stimulated the domestic industry into making style innovations of its own by the fabrication of cheaper imitations of quality Japanese fabric, such as the blends of worsted polyester and silk or blends of polyester, worsted and mohair in an attempt to achieve the lustrous look innovated by imports from Japan of silk worsted and mohair worsted fabrics. Such American imitations have found their way into lower end garments and light weight garments for summer. Imports from Japan have stimulated United States production of quality fabrics and the cheaper imitations of the lustre fabrics, which are doing quite well. According to the Daily News Record of November 13, 1967:

"Domestic mills have met the challenge of tough competition from fancy styling in Japanese worsted fabric lines.

"The American clothing industry is the beneficiary and has shown its appreciation in dollars and cents by booking most of these mills up to next May.

"Clothing producers are buying more domestic fabrics and fewer imports. It's a fancy season and the decline is in the staple Japanese worsted sharkskins which are no longer the fashion focus.

"Manufacturers want luster in fancies. Accordingly, they continue to buy Japanese worsted and silk blends and are also buying a new domestic lustrous Dacron/worsted blend using a triangular-formed Dacron now available for the first time in fall weight goods.

"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.

The stability of imports and indications that domestic worsted production is booming certainly provide no justification for the imposition of import quotas. In a field dominated by style and fashion, such as the worsted field, quotas would play havoc with commerce. It is important to note that quotas would affect not only importers of cloth from Japan but would seriously impair production and employment by American clothing manufacturers, would hobble American retailers in their effort to supply quality and style to meet their customers' demands, and that the real burden would fall upon the American consumer.

The facts as developed by the United States Tariff Commission in its report provide no justification for import quotas. On the contrary, all available evidence indicates that imports and domestic production are moving in different markets in a complimentary rather than a competitive relationship.

For these reasons, we respectfully urge the Committee to reject the demands being pressed upon it for import quotas.

TABLE 1.—U.S. IMPORTS FOR CONSUMPTION OF APPAREL FABRICS, PRINCIPALLY WOOL, REPROCESSED WOOL, OR REUSED WOOL BY WEIGHT,¹ 1965-67

[In thousands of square yards]

	1965	1966	1967
Japan.....	40,380	37,749	38,746
United Kingdom.....	13,160	9,685	8,089
Italy.....	26,251	14,710	8,403
Korea.....	1,587	1,489	2,160
Other.....	3,545	3,430	3,201
Total.....	84,923	67,063	60,598

¹ Includes apparel fabric from Italy in chief weight of wool but in chief value of other fibers. See footnote 1 to table B-3-9, U.S. Tariff Commission report on textiles and apparel.

Source: U.S. Tariff Commission.

TABLE 2.—U.S. IMPORTS OF WOOLEN AND WORSTED FABRICS¹

[In thousands of square yards]

	1966	January-March 1967	1968
Japan.....	11,709	9,111	11,884
United Kingdom.....	2,973	2,380	3,015
Italy.....	990	710	705
Others.....	1,463	1,396	1,803
Total.....	17,135	13,597	17,407

¹ In chief value wool.

Source: U.S. Tariff Commission.

STATEMENT OF CLINTON M. HESTER, ATTORNEY, ON BEHALF OF MORRIS FISHMAN & SONS

Morris Fishman & Sons, Philadelphia, Pa., is an old Philadelphia Corporation engaged in the business of "Wool Pullers".

The business of Wool Pullers is buying woolled sheepskins after the lambs have been slaughtered for food, removing the wool by means of a chemical process, sorting the wool into its different grades for woollen and worsted purposes, and pickling the remaining skin for tanning into leather.

Because of the tariff the company has for many years been unable to buy foreign sheepskins which were once a large part of its business and that of other wool pullers in the United States many of which have been forced out of business.

Until 1948, a large percentage of volume of the business of Morris Fishman & Sons was in foreign sheepskins. Until that time the company imported sheepskins from Australia, New Zealand, South America and South Africa. In 1948 the

Marshall Plan went into effect and the company found that it was impossible to compete with France and Italy which went into the same foreign markets and purchased sheepskins for pulling in their own countries. In the early 50's the company was able to import occasional lots of sheepskins for pulling purposes, only because of foreign country exporters requiring dollars. However, this has not been the case since 1954.

There has been a steadily declining production of sheepskins in this country. Major producers have been going out of business and growers are finding it very difficult to obtain the necessary labor to care for their flocks. This, of course, has created a condition where there are not enough sheepskins to meet demand.

The United States is aware of the necessity of importing sheepskins because in the recent tariff reductions woolled sheepskins are included, but the insignificant reduction in tariff allowed woolled sheepskins is not sufficient to make it possible to import this commodity into the United States.

An example of the impossibility of importing foreign sheepskins because of the duty on sheepskins occurred within the past few days when Morris Fishman & Sons was in foreign sheepskins. Until that time the company imported sheepskins had not had to pay the duty it would have been possible for the company to buy the lot.

For the reasons stated, Morris Fishman & Sons, respectfully urges the House Ways and Means Committee to recommend to the Congress legislation which will eliminate the import duty on foreign sheepskins.

Morris Fishman & Sons makes its request of the House Ways and Means Committee to enable it and other wool pullers to import raw materials so that American labor can have the opportunity of employment to produce end products which are most necessary not only to our ever expanding civilian population, but also to the National Defense of this country.

(Whereupon, at 7:10 p.m., the committee adjourned, to reconvene at 10 a.m., Friday, June 21, 1968.)

