

tained in the Trade Expansion Act. There are no reservation procedures provided for in Senate Mondale's bill.

We would urge that if this legislative matter comes before this committee, and we may probably expect that it will eventually, at the very least such further authorization of the President to enter into trade negotiations must contain a reservation provision similar to, or incorporate by reference, those provisions presently existing in the Trade Expansion Act as a very minimum to protect domestic industries.

That concludes my remarks.

(Mr. Solter's prepared statement follows:)

STATEMENT OF MYRON SOLTER, SAFETY PIN AND STRAIGHT PIN DIVISIONS, PIN, CLIP, AND FASTENER ASSOCIATION

Mr. Chairman, members of the Committee—my name is Myron Solter. I am an attorney in Washington, D.C. It is my pleasure to appear before the Committee today on behalf of the Safety Pin and Straight Pin Divisions of the Pin, Clip, and Fastener Association, headquartered in New York. The Association embraces within its membership virtually all production of safety pins and straight pins in the United States. A list of the member firms is appended.

The safety pin and straight pin industries wish to convey to the Committee their most solemn concern over the progressive capture of the market for their products in the United States by foreign competitors, to stress their frustration with the present wholly inadequate remedies against excessive import competition, and to urge the Committee to frame legislation which will afford an equitable balance between the interests of American industry and our foreign trading partners.

The American producers of safety pins and straight pins have witnessed, over the past fifteen years, a steady, irresistible, and irreversible erosion of their market in the United States by imported safety pins and straight pins. As is seen from the appended statistical table, safety pin imports rose from an average of approximately 20 percent of total apparent consumption during the period 1951-1955 to about 35 percent at the present time, despite a suspension of the preferential trade agreement duty rate during the period between 1958 and 1965 by operation of the escape clause. Similarly, straight pins, not having had the benefit of even the limited tariff protection afforded to safety pins, have risen during the same period from an average of about 11 percent to nearly 42 percent of total apparent consumption.

The intrinsic economics of safety pin and straight pin manufacture and marketing offer no escape from the progressive takeover of the market by the foreign producers.

Determined by their use patterns, the market for these products is rather inelastic and tends thus to be static. For example, average annual consumption of safety pins, both domestic and imported, during the period 1951-1955 was 13.8 million gross; during the period 1963-1967, annual consumption averaged only 13.6 million gross. Similarly, annual consumption of straight pins during the period 1951-1955 averaged 3.3 million pounds, while during the period 1963-1967 annual consumption averaged only 3.2 million pounds.

Because of the simplicity of the products, there is virtually no room for superior American technology and know-how to create any further relative cost advantages in manufacture. Because safety pins and straight pins are uniform products, with few quality differences between domestic production and imports and virtually none recognizable by end users, buyers are responsive to very small price changes. Generally speaking, one seller gains business only by a corresponding loss of business to another seller. In competition among domestic producers and distributors, this characteristic of the industry is endurable because all have roughly comparable cost patterns. Imported safety pins and straight pins, however, enjoy always the possibility of significant cost advantages over domestic production, in part because of lower labor costs and in part because of other lower costs, such as materials.

All these factors combine to make the domestic industry hypersensitive to import competition, since in imports there can easily exist sufficient cost ad-