

"Though there have been year-to-year fluctuations in the intervening period, U.S. consumption has changed very little. Prices for domestic pins, too, are now basically the same as they were in 1956, although there have been several increases and decreases. The ratio of imports to apparent domestic consumption also has held fairly steady, averaging about 25 percent. The price spread between the imported and domestic articles, although narrower on most categories of pins than before the duty increase, has been roughly maintained in recent years . . . Hence we are here considering a small, highly concentrated, static, low-capital industry producing a high-volume, low-price standard item which can be readily imported." *Safety Pins*, Report to the President on Investigation No. TEA-IA-6, TC Publication 155, May, 1965, p. 5.

The basis of that equilibrium was destroyed by the President's restoration of the 22½ percent rate in January, 1966.

In the case of straight pins, there has not been even that limited period of relative equilibrium. The trend of straight pin imports over the past 18 years has been steadily upward, while the trend of domestic sales has been steadily downward.

Accordingly, the American safety pin and straight pin industries are being pushed inexorably toward a point in the near future at which it will no longer be feasible as a matter of reasonable business management to continue these lines of manufacturing in the United States. Henceforward, the total American market will have to be supplied by imports—*unless* there is created an adequate protective remedy.

Mandatory import quotas as a solution

A number of bills have been introduced in both houses of the Congress which would impose mandatory import quotas on specific, named products. Two bills, H.R. 16936 by Mr. Herlong and H.R. 17674 by Mr. Collier, would impose import quotas on any imported product when imports should attain certain percentage relationships to domestic consumption.

All of these bills have the object of assuring imports access to, and a fair share of, the United States market, with what constitutes a fair share determined by the pattern of trade over the past 8 years in the case of H.R. 16936 and the past 3 years under H.R. 17674.

The safety pin and straight pin industries believe that such mandatory import quota legislation is desirable and generally support these two bills. However, we would suggest two changes in H.R. 16936 and one change in H.R. 17674.

Because imports of safety pins and straight pins had already developed relatively high levels by the time of the base years selected for these two bills, the ceiling or restraint levels do little more than assure these two industries of survival. Neither bill affords a means of recapturing markets lost in the past.

H.R. 16936 would limit straight pin imports to about 38 percent of total apparent consumption, which represents a slight roll-back from the level attained in 1967.

However, under this bill safety pins would not be entitled to any protection at all, because, fortuitously, safety pin imports during the base year 1960 represented a considerably higher percentage of apparent consumption than in either the immediately preceding or succeeding years.

The selection of one year, alone, as the base point could produce anomalous results. We therefore suggest that it would better serve the intended purpose of this legislation to bracket 1960 as the reference point by providing that the base year for the purposes of section 5 of the bill shall be the calendar year 1960, or the annual average of the years 1958-1962, whichever should be the lower.

Even this broadening of the base period, however, would still leave safety pins not covered. We therefore further suggest that the words "but not more than 15 percentum" be omitted from section 5(b) of the bill. That change would make safety pins eligible for a ceiling at least equal to the import level of the most recent year, which level in 1967 was about 35 percent of total apparent consumption.

A second difficulty occurs to us with respect to both H.R. 16936 and 17674—these bills are non-selective, would doubtless be considered by most other countries to violate the United States' obligations under the General Agreement on Tariffs and Trade, and might very well provoke the retaliation which has already been threatened.

It would thus be desirable to include in this legislation an antiretaliation device, by providing for a further lowering of import ceilings in the way of counter-retaliation in the event of a retaliatory reduction by any affected country