Alfred Herbert Ltd. has revitalized its U.S. selling organization. The company reportedly has coast-to-coast distribution, has factory-trained servicemen stationed with each of its U.S. distributors and carries a large inventory of parts in this country.

Wickman Machine Tool Co. Ltd., which maintains an engineering and sales office in this country, has sought U.S. business aggressively. Recently its U.S. subsidiary, Wickman Machine Tools Overseas Ltd., decided to build a permanent showroom in the Chicago area, as has Associated British Machine Tool Makers Ltd. ABMTB is an export sales company formed by a group of non-competing British builders and is roughly similar to our Webb-Pomerene associations such as AMERTOOL and AMTEA in the U.S. machine tool industry.

The British once sold only standard general purpose machine tools in the United States. Recently, however, they have begun to sell more sophisticated machine tools here, such as a $300,000 crankshaft grinder, claimed to be the world's largest, to a U.S. corporation and a $120,000 center lathe to the same firm. The British now design new machine tools specifically for the U.S. market. An example is the Marwin numerically-controlled high-speed routing machine. Marwin received an order for 46 of these machines from a large U.S. defense contractor for delivery to its own plants and the plants of subcontractors.

Many German machine tool companies sell in the U.S. through an exclusive nationwide distributor, who in turn appoints his own network of sales agents. Kurt Orban Company, Inc., Jersey City, New Jersey, is the exclusive American distributor for a number of German builders. Orban is reported to maintain a sizeable stock of replacement parts and has a staff of factory-trained servicemen who help install and service machines for U.S. customers.

A few German builders have their own sales companies. American Schiess of South Bend, Indiana, is the U.S. engineering, sales and service organization for marketing the machine tools of the Schiess Company, one of Germany's largest machine tool builders, which makes a wide range of machines, including horizontal milling and boring machines and vertical turret lathes.

Reinhard Bohle has a Detroit based company, Reinhard Bohle Machine Tools, Inc., selling its profile milling machines to the U.S. aircraft industry. Stoffel-Fortuna, Inc., Tuckahoe, New York, is the U.S. sales agency for Fortuna grinding machines and the grinding machines of several other German builders.

Some German builders sell through American distributors who handle machine tools produced in other countries as well. Cosa Corporation, of New York, is one of these companies, being the sales representative for such German machines as Weiler lathes, Staehely and Koepfer gear hobbing machines and Steckel milling and boring machines.

IV. CAUSES OF THE IMPORT PROBLEM

The primary reason that imports are overtaking exports and at the same time occupying an ever-growing share of domestic consumption is the cost advantages enjoyed by foreign sellers that enable them, generally speaking, to quote their products at from 25% to 40% below the price of comparable domestically-produced machine tools. Machine tools are a high labor content product, and the principal cost advantage enjoyed by foreign competition is the significantly lower labor rates that prevail abroad.

Appendix E to this Statement sets forth a series of U.S.-foreign price comparisons that illustrates the competitive advantage that flows from foreign builders' lower labor costs. One comparison, for example, shows that while a U.S.-made Universal turret lathe with a 2½" bar capacity and motor and starter is quoted by its manufacturer at $21,095, a competitive Japanese product seels here for $13,400, or at 36.5% less.

Another comparison shows a U.S.-built plain knee and column milling machine, 5,350 pounds, 5½ H.P., selling at $17,250, while a competitive German machine sells here for $13,200, or 23.5% less.

Another shows a U.S.-built milling machine, weight 8,150 pounds, 10-3 H.P., selling at $23,980, while a competitive Spanish-built machine sells here for $10,970, or 54.3% less.