

in matters concerning a threat to the national security. The Department of Commerce deems antifriction bearings to be of such great defense significance that the Business Defense Services Administration requires domestic producers to report in detail on their output. We submit that if foreign suppliers wish to sell in our market, they too, at a minimum, should furnish the same information.

FUTURE OF EXPORT MARKETS

Notwithstanding tariff concessions by foreign countries which have been customers for U.S.-produced bearings, the unmistakable trend is a decline in exports and an increase in imports. It is true that total exports exceed total imports; however, imports are growing much more rapidly than exports and the domestic industry predicts that by 1970 imports will exceed exports.

SUMMARY

1. AFBMA appeared before the Tariff Commission and the Trade Information Committee in 1964 and at that time pointed out that the antifriction bearing industry was vital to the United States, that imports of ball and roller bearings were rapidly increasing in volume and could be expected to increase even at the existing duty rates, that any cut in duty rates would have a serious impact on the industry and, therefore, on the national security of the United States.

Apparently, our negotiators chose to disregard the then identifiable serious invasion of the domestic market by imports and agreed to duty concessions of 50 percent, the maximum allowed under the delegated authority of the Trade Expansion Act.

The further increase in imports predicted in 1964 has occurred, a 138 percent jump in the next 3 years. Lower duty rates effective January 1, 1968, will no doubt attract even larger increases.

2. Exports of antifriction bearings will shrink in future years. Factors causing shrinkage are beyond control of the industry and are not likely to be affected by any tariff concessions of any foreign country. The trade deficit now existent as to ball bearings will spread to the whole industry, further compounding our balance-of-payments deficit.

3. The U.S. Government should immediately expend every effort to measure the import impact on the various segments of the domestic industry. At least imports should be reported in the same detail as the Government requires of American manufacturers.

4. We hope that Congress, as a result of these hearings, will assume its responsibility to establish a foreign trade policy able to cope with the modern developments of trading blocs, sophisticated nontariff barriers and international exchange, and balance-of-payments problems. A fundamental change in basic U.S. law pertaining to tariff negotiations and tariff adjustment is imperative.

We believe the domestic bearing industry is as entitled to a place in the U.S. market as are imports. Some mechanism must be devised to permit a fair and orderly division.

(Mr. Shallow's prepared statement and appendixes follow:)