

*B. Import values for our major Swiss competitor Miniaturekugallager, A. G., Biel, Switzerland (RMB)*

Our estimate of RMB imports is based on one well-known fact—the number of employees. We have assumed that RMB's production capability is in proportion to the number of their employees and, furthermore, that their total production has been divided into three equal market areas; (1) Exports to the United States, (2) Exports to Western Europe and (3) Exports to the Iron Curtain.

It should be noted that Swiss companies are not obliged to honor the U.S. "positive" list—RMB, to the best of our knowledge, is the only producer outside of the Iron Curtain that is in a position to export critical items of this nature to the U.S.S.R.

To arrive at RMB's total production, we have used the number of employees attributed to this concern by Dun and Bradstreet. This number is compared to NMB's known employees and production capabilities as cited in the "Oriental Economist." We have divided the resulting RMB production values by three to arrive at calendar 1967 imports to the United States. The years 1964 through 1966 have been calculated using 1967 as a base, on the basis of total Swiss bearing imports—as now gathered by U.S. customs (dollars and pounds). Our values agree with other reports on RMB that our field salesmen have acquired.

As Exhibit No. 2, we show known NMB imports to the United States as opposed to our best estimate of Swiss imports. It will be noted that Swiss imports show a gradual rise as opposed to the dramatic rise of Japanese imports at a time when U.S. production capacity was overstrained and a sellers market, regardless of source, existed. We could speculate that the division of RMB's output over world markets placed our Swiss competitor in a position where his production "split" was carefully considered and well regulated.

*C. Import values for our major German competitor Kugelfischer Georg Schafer and Company*

Another foreign competitor is Kugelfischer Georg Schafer and Company, Schweinfurt/Main, Germany. Miniature bearings manufactured in its Canadian plant have been noted in increasing numbers by our field sales organization. Kugelfischer import figures have been obtained from estimates within the trade, and are included under "Other Imports."

*D. Total U.S. imports of miniature precision bearings*

Table I below shows the size of miniature bearing imports over the last four years and compares them against U.S. production.

TABLE 1

| Year      | U.S.<br>production<br>category I, II <sup>1</sup> | NMB<br>imports <sup>1</sup> | RMB<br>imports <sup>1</sup> | Other<br>imports <sup>1</sup> | U.S.<br>consumption <sup>1</sup> | U.S. percent<br>share |
|-----------|---------------------------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------------|-----------------------|
| 1964..... | 7.0                                               | 1.0                         | 1.7                         | 0.3                           | 10.0                             | 70                    |
| 1965..... | 9.9                                               | 1.4                         | 2.7                         | .4                            | 14.4                             | 69                    |
| 1966..... | 11.9                                              | 3.8                         | 3.7                         | .7                            | 20.1                             | 59                    |
| 1967..... | 11.5                                              | 6.1                         | 4.0                         | 1.0                           | 22.6                             | 51                    |

<sup>1</sup> Millions of units.

The last two columns of this table should be of considerable interest to the Committee. Note the decreasing share of total consumption held by U.S. manufacturers.

The full impact of this data can best be realized through Exhibit No. 3. We have plotted total U.S. consumption, U.S. production, and total imports—note that while consumption has increased markedly over the last four years, U.S. production has decreased while imports show a continuing growth.

The implications of Exhibit No. 1 should be considered together with those of Exhibit No. 3. The conclusion is clear:

- (1) *Our defense effort is now dependent on foreign bearings.*
- (2) *U.S. production capability is being allowed to wither.*