

1. FOREWORD AND INTRODUCTION

It is our understanding that the Trade Information Committee is interested in obtaining industry views which will help it to develop an administrative position for U. S. trade policy.

It is the intent of this statement to bring to the Committee's attention a suggestion towards future policy which we hope will transcend our industry's self-interest or any stigma of economic protectionism.

The Anti-Friction Bearing Manufacturers Association (AFBMA) feels that there should be sufficient safe-guards to insure that foreign trade policy does not act to deplete an industry on which this country's defense is based.

It is the further intent of this statement to demonstrate that present foreign trade policy does not provide such safe-guards and that, indeed, a vital industry, upon which this country's defense is based, is now in the process of depletion.

II. THE ANTI-FRICTION BEARING MANUFACTURERS ASSOCIATION

The AFBMA is a national association comprised of companies who account for more than 80% of this nation's output of anti-friction bearings. A list of the Association's membership is attached as Appendix A. This industry currently produces approximately \$1.2 billion of anti-friction bearings, with a work force of more than 60,000. It is universally acknowledged that every mechanical device that rolls, flies or floats, is dependent upon an anti-friction bearing for its proper function. In this sense, the well-being of this country is substantially more dependent upon a healthy anti-friction bearing industry than the relatively small dollar volume and the relatively small number of employees might suggest.

III. THE DEPENDENCE OF OUR DEFENSE EFFORT ON THE ANTI-FRICTION BEARING

The role of anti-friction bearings in our national defense effort is easily demonstrable. Without such bearings, airplanes would not be able to fly to their target, missiles would be unguided, and communications would flounder. It is safe to say that the defense capability of this country would not only be crippled, but would be ruined without a viable bearing industry.

Further government recognition of the importance of anti-friction bearings is to be noted in the "Proposed Shipment of Ball Bearing Production Machinery to the U. S. S. R., U. S. Senate Committee on the Judiciary, Senate Internal Security Sub-Committee, First Session 1961." It was established during these hearings that the export of ball bearing production machinery would give the U. S. S. R. a capability in the ball bearing field that would pose a serious military threat to the United States. On the basis of these hearings, export licenses for this equipment were cancelled upon the recommendation of the Department of Defense.

For further substantiation, we show plots of total sales of anti-friction ball bearings against military aircraft orders (industry sales data from the AFBMA statistics, aircraft procurement figures from Aviation Week, March 18, 1968). It is significant that the shipments of anti-friction bearings are closely related to the rise and fall of aircraft procurement.

IV. THE RISE OF BEARING IMPORTS

It is estimated that at the present time approximately 13% of the ball bearings used in this country are of foreign manufacture. Data available to the domestic industry shows that imports of all bearings are increasing year by year. The volume doubles every two to three years. Imported bearings, primarily from Germany and Japan, are now an essential defense commodity in the United States.

Of particular concern is the fact that imports are centralized primarily in the high volume production areas which call for minimum of customer contact and engineering service on the part of the vendor. The effect of imports on U. S. bearing manufacturers is marked, in the sense that foreign producers are taking away the "bread and butter" production from the industry and gradually leaving it with low volume, highly specialized items requiring a maximum engineering effort and customer contact. These two factors, when taken together, leave the AFBMA membership in a position where its volume is declining and its production capability is, of necessity, being allowed to stagnate.

The threat of foreign imports to our industry is extremely serious. More to the point insofar as the TIC

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