

## I. INJURIOUS COMPETITION FROM ABROAD

1. *Import increases.*—Sprocket chain imported into the United States, other than chain classified as a component of some particular type of machine or device (such as agricultural machinery), is classified under one of three TSUS classifications—TSUS 652.12 (chain for the transmission of power of not over 2-inch pitch and containing more than 3 parts per pitch—valued under 40 cents per pound); TSUS 652.15 (chain of the same description but valued at 40 cents or more per pound); and TSUS 652.18 (other chain for the transmission of power). Since 1930, the applicable rates of duty in all these classifications have been steadily lowered. Beginning from a 40% ad valorem duty under the Tariff Act of 1930 the duty on 652.12 chain was reduced to 25% in 1939 and, under the Kennedy Round GATT negotiations, will ultimately be reduced to 12½%. Beginning from the original 40% level the duty on 652.15 chain has been reduced in steps and under the Kennedy Round concessions will be lowered to 6%. Likewise the duty on 652.18 chain will be reduced to 6%.

Under these continually-decreasing tariffs, imports of sprocket chain, the great bulk of it roller chain, have soared. For example, as appears from Table I below, and from Figure 1 on the following page, the dollar value of imports in 1966 had in only five years increased nearly \$4.5 million, or to 249% of their 1961 level. There was a slight falling off in 1967 but the basic upward trend can be seen in figures for the first five months of 1968. On the basis of these figures we believe 1968 imports of sprocket chain will be approximately \$8.5 million or about 290% of 1961 imports.

TABLE I.—ANNUAL IMPORTS OF CHAIN UNDER TSUS ITEMS 652.12, 652.15, AND 652.18—ALL COUNTRIES

|                         | Value of<br>imports | Percent of<br>1961 level |
|-------------------------|---------------------|--------------------------|
| 1961.....               | \$2,955,000         | 100                      |
| 1962.....               | 3,375,000           | 114                      |
| 1963.....               | 3,696,000           | 125                      |
| 1964.....               | 5,234,000           | 177                      |
| 1965.....               | 6,483,000           | 219                      |
| 1966.....               | 7,383,000           | 249                      |
| 1967.....               | 7,146,000           | 242                      |
| 1968 <sup>1</sup> ..... | 8,535,000           | 289                      |

<sup>1</sup> Estimated figures, based on actual figures for 1st 5 months.