STATEMENT OF GEORGE P. BYRNE, JR., SECRETARY AND LEGAL COUNSEL, SERVICE TOOLS INSTITUTE

This statement is submitted to the Ways and Means Committee on behalf of 60 domestic manufacturers of Mechanics' Hand Service Tools. The Service Tools Institute, principal trade association of Mechanics' Hand Tool manufacturers, located at 331 Madison Avenue, New York, N.Y. 10017, was organized in 1935. A list of members is attached in a Directory. The Institute has submitted statements on behalf of the Industry to the Trade Information Committee in 1953, 1958 and 1962 concerning the Industry's opposition to reductions in duty rates on hand tools at the GATT tariff negotiations following those years. In every instance, duties on hand tools have been reduced, and in the recent Kennedy Round of tariff cutting, all principal hand tool items were scheduled for reduction by 50 percent over the next four years, with the exception of slip joint pliers.

In 1967, one-third of all pliers sold in the USA were manufactured by foreign producers—all of whom have much lower material and labor costs than U.S. manufacturers. Since 1964, imported pliers increased +91%, while domestic sales increased only +35%. The attached exhibits and charts tell *only part* of the full story of the harmful impact on the domestic Mechanics' Hand Service Tools Industry.

87% of the pliers type tools produced in the USA are made in the following cities:

Los Angeles, Calif.	Defiance, Ohio
Newark, N.J.	Orangeburg, S.C.
Chicago, Ill.	Jamestown, N.Y.
Duluth, Minn.	Meadville, Pa.

Since plier manufacturing involves much hand labor requiring long training periods, domestic plier manufacturers are hopelessly out of competition with imports because the industry's average hourly pay in the first quarter of 1968= $3.051 per hour.

This industry has appealed to the U.S. Tariff Commission and other Government Agencies for relief with no results.

Ruthless competition from importer speculators has resulted in the following deceptive practices affecting American consumers.

1. Some imported pliers are repackaged with plastic "see through" sealed wrappers on cardboard display cards—having the foreign country of origin name reversed on the tool so it cannot be seen.
2. These prepackaged pliers have a fallacious "list" price shown. The retailer indicates his "cut" price on a space specially provided for on the wrapper.
3. This prepackaging means that the consumer cannot examine and handle the tool to ascertain its value or its country of origin. He is misled concerning both the price and quality of the tool as well as its origin.
4. "Chinese copies" of pliers are made in USA Japan—(See attached exhibit)

Another example of Mechanics' Hand Tools hard hit by import competition is *pipe tools and wrenches*. During the first four months of 1968, these products are coming into the USA at a domestic market value rate of $24,000,000 per annum, or 2.6 times greater than 1964 levels. This upward trend in imports is being followed in other types of hand tools, including screwdrivers, snips, shears and hammers.

The domestic Hand Tool Industry is, therefore, faced with a serious and critical condition, which is becoming more acute as the 1967 GATT reduction of 50% in U.S. import duties on hand tools begins to take effect. *If this condition is not corrected in the very near future, plant shutdowns and loss of American jobs in domestic hand tool plants are bound to occur.*

Before it it too late, we urge that the House Ways and Means Committee give full support to import quota legislation in H.R. 16936. In 1967, hand tools were made under priority for the Government's Military Services amounting to $17.5 million. Termination of the Viet Nam War could put many tool companies out of business with the resulting loss of jobs.

This statement is respectfully submitted in behalf of the domestic manufacturers of Hand Tools whose names and addresses appear in the booklet attached to this statement.

(Attachment.)