

shrinkage of both the companies and the employees of the umbrella manufacturing industry is likewise attributable to the ruinous competition of imports.

Before examining causes and effects further it may be well to consider the basic concept of how to present the statistics of imports versus domestic production of umbrella frames and umbrellas and to consider the impact of these statistics on the domestic producers.

SECTION 405(4) OF THE TRADE EXPANSION ACT OF 1962—PRINCIPLE OF "DIRECTLY COMPETITIVE WITH"

In order to properly evaluate the evidence submitted and to be submitted, it will be in order to enunciate the principle that *imported* umbrellas are directly competitive with domestic umbrella frames and it is valid to consider evidence in support of the relief applied with respect to frames and evidence with respect to umbrellas in the light of the language and intent of Section 405(4) of The Trade Expansion Act of 1962.

"An imported article is 'directly competitive with' a domestic article at an earlier or later stage of processing, and a domestic article is 'directly competitive with' an imported article at an earlier or later stage of processing, if the importation of the imported article has an economic effect on producers of the domestic article comparable to the effect of importation on articles in the same stage of processing as the domestic article. For purposes of this paragraph, the unprocessed article is at an earlier stage of processing."

In brief an umbrella frame can only be used in an umbrella and an umbrella is only an umbrella frame with a cover on it. Therefore, in examining the statistics we must look at umbrella frames plus umbrellas imported in order to assess the impact of imports on domestic producers of umbrella frames.

Furthermore, by reason of the disparity in the Tariffs it is economically axiomatic that an importer will bring in finished umbrellas rather than frames because in an umbrella the frame bears a duty of 20% ad valorem while as a frame alone the duty is 30%.

Therefore, let us consider the statistics of umbrella frames and umbrellas applying the doctrine of "directly competitive with" at an earlier or later stage of development laid down in Section 405(4) of the Trade Expansion Act of 1962.

STATISTICS AND EXHIBITS—ANALYSIS

We should like to submit first figures which indicate the impact of imports on the umbrella frame market in the period from 1950 to 1962. These figures represent a compilation of figures submitted by the producers in connection with the 1964 application to the Tariff Commission and import figures taken from various governmental reports.

These figures are submitted as Exhibits, as follows:

Exhibit A—Total umbrella frames used by domestic umbrella manufacturers.

Exhibit B—Impact of imports on the finished umbrella market.

Exhibit C—Impact of imports on the umbrella frame market.

Exhibit D—Average price of umbrella frames per dozen.

Exhibit E—Average price of imported and domestic umbrella frames per dozen—1950 vs. 1962.

In an endeavor to bring the statistics up-to-date, we are annexing Exhibit F and Exhibit G—Import Information Issued by the U.S. Tariff Commission under date of March, 1967.

Exhibit F—Concerns itself with umbrellas and shows U.S. import for consumption by principal sources—1960 to 1966 in dozens and dollars.

Exhibit G—Shows the same information for umbrella frames.

Exhibit H—Shows information derived from the Import Bulletin of the Journal of Commerce comparing imports of umbrellas and frames for the two months of 1966 as compared to the first two months in 1967 and indicates the percentage comparison. This also shows information taken from F.T. 100 U.S. Bureau of Census showing the percentage increases of frames and umbrellas from all sources in 1966 as compared with 1965.

We must reiterate that it is important to consider all of these statistics in the light of the proposition that every umbrella has a frame in it.

Referring to Exhibit A, annexed hereto, the total domestic market for umbrella frames is estimated at the domestic production of finished umbrellas