

and young people and new corporations will be discouraged from entering the industry. The present trend will remove the traditional great American names in pianos and stifle the flow of new blood into the industry.

The impact of decreased sales and decreased production in pianos injures the total U.S. economy but is particularly severe on the geographical areas involved. The average piano firm is relatively small, employing between 30 and 500 employees. The manufacturing facilities, distributed throughout the U.S., are principally located in small communities, such as Hough, Washington; Granite Falls, North Carolina; Ivoryton, Connecticut; Buffton, Indiana; Springfield, Ohio; South Haven, Michigan; Oregon, Illinois; Lafayette, Tennessee; Conway, Arkansas. When unemployment strikes small towns like these, it hits hard and permanently. The unemployed and the young people simply move away not to return.

The Piano Industry Appeals to This Committee to Solve the Problem of Major Domestic Concern By Enacting A Reasonable Import Quota on Pianos

The NPMA suggests a compromise between a tariff wall around the domestic piano industry and the present threat of industry decimation. This compromise is consistent with the Committee's endeavor to focus on ways to further expand trade among industrialized and developing countries.

The compromise involves the enactment of a reasonably developed import quota on pianos which will permit imports to take a pro rata share of the domestic market and any increase in domestic consumption which occurs. A flexible quota, such as we sponsor, would preserve the domestic industry as well as benefit the foreign manufacturers.

The proposal is not directly simply against Japan, since we foresee other countries with low-wage labor attempting to penetrate the U.S. piano market from time to time. The chance of any foreign retaliation is minimal since in no country is the exporting of pianos a matter of national concern.

A draft of the NPMA proposal is attached for your review.

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As an alternative to special import quota legislation for the piano manufacturing industry, the NPMA supports enactment of the "Fair International Trade Act of 1968." Several Congressmen have introduced this Bill during this Congress. This Bill affords regulation of imports to produce an orderly development of the domestic market for products, a significant portion of which, according to a percentage formula in the Bill, are imports. The percentage formula in the Bill is a workable tool to select markets in need of such control. Subsection 5(a) of the Bill states:

If the Tariff Commission finds as a result of the facts incorporated in the record of its hearing that imports of the article or product, or group of closely related articles or products that produce or tend to produce a combined competitive impact upon the like or directly competitive domestic article or product, have—

increased the share of domestic consumption supplied by them by 100 per centum or more since 1960, if in the most recent calendar year as much as 7½ per centum of domestic consumption was supplied by imports, but not more than 10 per centum:

. . . the Tariff Commission shall certify to the President that the industry producing the like or similar competitive article or product, or group of closely related articles or products that produce or tend to produce a combined competitive impact, is at a serious competitive disadvantage in relation to imports, and shall certify a ceiling to be applicable to such imports.

As importation of pianos has increased by 520% from 1961 (approximately 3,000 pianos) to 1967 (approximately 15,600 pianos) and as imports in 1967 constituted 7.7% (15,600 imports in a domestic market of 203,500 pianos), the piano industry complies with the formula in the Bill and would be entitled to protection under the Bill. While permitting foreign manufacturers to gain a fair share of the expansion of American domestic markets, this omnibus bill satisfies the needs of the American piano industry.

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In conclusion, we appreciate the opportunity to present our views to the Committee on Ways and Means of the House of Representatives and volunteer our willingness to collect and supply additional industry data at the Committee's request.