

"To begin with, I cannot see how one can do business when supply of his stock in trade is totally uncertain due to arbitrary restrictions. Once the annual quotas are filled, all additional imports would be totally barred from this country until the new quota opens.

"Even if the overall quota is known in advance, no individual importer can be sure that his own shipment will be entered before the quota is filled. If the gates are closed while the shipment is on the way, the importer must bear warehousing costs until the quota re-opens. How can we make commitments to our customers and suppliers, and how can we obtain the necessary financing under such circumstances?

"Secondly, absolute limitations on imports imposed by the United States must necessarily result in controls on exports by the supplier nations. In the case of Japan, for example, the variously mandatory and so-called voluntary restrictions on other products have required the Japanese Government and industry to divide up the quotas among manufacturers, exporters, and importers to avoid a chaotic scramble among competitors for the largest possible share of the quota. Similar arrangements probably would have to be worked out if U.S. quotas were imposed on imports of electronic products. This could have a damaging effect on small business in the United States.

"If the experience under other quotas is any guide, the foreign supplier nations would have to allocate the quotas among manufacturers, exporters and importers according to their past historical share of the market. This would freeze the competitive position of individual U.S. companies. The large importers would remain large and the small importers small, and there would be little if any opportunity for growth. Companies such as ours would have no chance to expand their business because their relative position in the industry would be frozen.

"Aside from these serious impediments to the management and growth of individual businesses, quotas would create an administrative nightmare. To give you one example, it is proposed that the overall quota on electronic products and components will be divided among supplying countries by category of product according to market shares during a base period. But electronics is a dynamic industry, and new products are constantly being introduced. The Government will certainly not want to discourage innovation by freezing the product mix according to the situation existing in the past. But how are we to open the market to new products to meet the needs of the consumer? The Government would have to maintain continuing surveillance over the import quotas to review the categories and sub-categories of products so as to maintain at least some room for innovation. Furthermore, some administrative means must be provided to relieve short supply situations. All of this means a proliferation of bureaucracy and regulation. I believe that even those who are clamoring today for quota 'protection' would eventually discover that the price they would have to pay in terms of Government interference in normal business activity is simply not worth the benefits they receive.

"In conclusion, I urgently request the members of this committee to give serious consideration to the practical effect of quotas on the everyday operation of business. I submit that there is no need for import quotas in any segment of the electronics industry, and that