compared to an increase of imports of 11.5%. (Electronic Industries Association, *Electronic Industries Year Book*, 1968).

The U.S. producers of consumer electronic products do not need quota protection; in fact, they strongly oppose the electronics quota bills. Sales of consumer electronic products increased 25% in 1966 over 1965—from $3.7 billion to $4.5 billion. 1967 sales were $4.3 billion, almost equal to the sales level attained in the record year of 1966. (Ibid).

The consumer products producers have good reason to oppose import quotas. No manufacturer can efficiently and economically produce every one of the great variety of consumer electronic products on the market today. The American producers concentrate on those products which they can manufacture efficiently in volume, while relying on imports to round out their product lines. Major domestic manufacturers such as RCA, General Electric, Motorola, and Philco-Ford are going "international" by purchasing components and finished products wherever they can be produced at satisfactory quality and economical costs. Broadening the base for sourcing as well as marketing has served to improve the overall competitive posture of these companies. Moreover, many American producers of finished products who do not manufacture their own components have found that imported components help them to compete with integrated producers.

The U.S. manufacturers of industrial and military electronic equipment have not sought protection from imports. Companies such as IBM, Ratheon, and Fairchild Camera and Instrument Corporation are strong advocates of a liberal trade policy, and they have played an important role in the fight against quotas.

The request for quotas comes from only one segment of the U.S. industry—the producers of components and parts. But the facts show that this segment of the industry is thriving, and is in no need of special protection.

U.S. factory sales of electronic components totaled about $5.5 billion in 1967, off slightly from the record $5.7 billion in 1966, but higher than any other year. Industry estimates point to a rise in component sales in 1968. The ability of U.S. component manufacturers to compete in world markets is illustrated by their record exports in 1967 of $486 million, up 10.5% over the previous year. (Electronic Industries Association, *Electronic Industries Year* Book, 1968).

The claim that imports have caused a loss of employment in the component segment of the industry is refuted by official Government statistics. Total employment in 1967 exceeded 360,000 workers; down from the peak year of 1966, but higher than any other year on record. The latest information shows that employment this year has moved up sharply. Total employment in electronic components and accessories reached 376,000 workers in May 1968. (U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, June 1968). At this rate, employment for 1968 could reach an all-time high, exceeding even the record 1966 employment of 374,000 workers.

Thus there is no need or justification for imposition of quotas on imports of electronic products and components.

The economic and political repercussions of quota restrictions have been emphasized in the testimony of both Government and industry witnesses. All nations would suffer from the inevitable chain reaction of retaliation and counter-retaliation.

In addition, quotas would totally disrupt normal business operations by placing arbitrary limitations on supply. Competition would be restricted, prices would rise, and Government control of business activities would increase.

Finally, quotas would stifle the innovative efforts of foreign producers which have contributed so much to the growth, variety, and vitality of the consumer electronics market. The American consumer and industry as well, would suffer as a result.

We therefore respectfully urge the Ways and Means Committee to reject the proposals for quotas on electronic products and components, and to reaffirm its support for a liberal trade policy.

This statement made in behalf of the following:

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