

Mr. LOWE. The AWA is an association of approximately 50 U.S. firms which import watch movements and assemble them, utilizing U.S. and foreign-made cases and other components, into complete watches for sale in the United States and world markets.

We are here to oppose legislation that would restrict importation of watch movements either by raising the current rate of duty or by imposing quotas. In particular, we oppose H.R. 11738, which seeks to reimpose the escape clause tariff rates on watch movements in effect for 12½ years—from July 27, 1954, until January 11, 1967, when they were terminated by the President. We are also opposed to H.R. 16936 and similar bills, known as the Fair International Trade Act of 1968. We believe that serious economic injury is the appropriate test for relief from import competition, not share of the market.

Our testimony will show that the decision to rescind the escape clause rates was made only after a most careful economic study by the U.S. Government disclosed that the domestic producers have made a successful adjustment to import competition. It will further show that the domestic producers are today enjoying alltime record sales and profits. Significantly, it will show that domestic watch production increased following the tariff reduction, whereas the number of watches entering the United States from offshore sources declined slightly. Although we will be able to cover only a part of this material in our oral presentation, the longer statement we have submitted for the record provides detailed information on the performance of the domestic producers and on developments in U.S. watch trade. We believe that the evidence demonstrates that the domestic producers are competing successfully, and that they can continue to do so without additional protection from imports.

PRESIDENT'S DECISION FOLLOWED PAINSTAKING INVESTIGATION

The President's decision of January 11, 1967, to rescind the escape clause rates of duty on watch movements followed an exhaustive review begun by the U.S. Tariff Commission, on its own motion, on December 5, 1963. During the more than 3 years that this matter was under study, the companies which engage in the domestic production of watch movements had every opportunity to present their case, and they did so by resort to several administrative procedures established by Congress as part of the trade agreements program.

First of all, there was the opportunity afforded by the basic escape clause review itself, under section 351(d) (2) of the Trade Expansion Act.

Secondly, in April 1964, some domestic producers petitioned for additional escape clause relief under section 301(b) of the Trade Expansion Act.

Thirdly, in a complaint originally filed in April 1964, and amended in December 1964, the domestic producers also brought an action alleging unfair import competition under section 337 of the Tariff Act of 1930.

Finally, at the request of the President, an investigation was begun in April 1965, under section 232 of the Trade Expansion Act, into the issue of whether imports of watch products were threatening to injure the national security.