Thus, there were four separate proceedings and four separate investigations, lasting for a period in excess of 3 years. Had the views of the domestic manufacturers prevailed in any one of these four proceedings, it is highly unlikely that the escape clause tariff rates would have been rescinded. Certainly no one can properly state that the domestic producers lacked adequate opportunity to present their views, or that those views received less than thorough consideration.

The President's decision, which was taken only after all four of these proceedings had been completed, resulted in the restoration of watch tariffs to the levels established under the United States-Swiss Trade Agreement of 1936—that is to say, the rates existing before the escape clause was invoked in 1954. The reductions amounted to 33⅓ percent, as compared to the 50-percent reductions agreed to on a broad range of products in the Kennedy round negotiations. In compensation for the restoration of the 1936 rates, the United States received equivalent concessions from Switzerland, to the benefit of U.S. exporters.

It should be noted that despite the restoration of the 1936 rates, U.S. watch tariffs remain among the highest levied on any imported product, averaging approximately 40 percent ad valorem equivalent.

It is easy to look at watch tariff disputes as a traditional battle between the importers and domestic producers. But the structure of the U.S. watch industry differs from that of other U.S. industries. All major firms in the industry have substantial facilities abroad and in the United States, and all add substantial value to their products here as well as overseas. My company, Longines-Wittnauer, and the other members of the AWA are importers of watch movements, but AWA members do not sell watch movements. We sell complete watches. The value of the imported watch movement represents only a small percentage of the total cost of the watch.

As the Tariff Commission pointed out in a comprehensive study of the industry issued in 1947: "The cost of the movement, the only imported element, accounted for about 36 percent of the total cost of the importer-assembler, 25 percent of the cost to the retailer, and 12 percent of the price to the consumer."

At the time of that study, in other words, about 88 cents of every dollar paid by a customer for a so-called imported watch remained in the United States to pay for goods and services and for the U.S. duty.

The essential point we want to make today is that the domestic watch producers have already enjoyed more substantial tariff protection for a longer period of time than any other American industry of which we are aware. During this extended period, the domestic producers successfully made their adjustment to import competition.

In the interest of brevity, I shall skip over most of the detail appearing in our written statement, but I do want to emphasize certain key facts:

(1) Domestic watch production was at an alltime high in 1967. As shown in table 1, consumption of U.S.-made watch movements rose from 7.2 million in 1954, the year the escape clause increases were imposed, to 16.6 million in 1967, an increase of 130.6 precent.

As shown in table 2, manufacturers' sales in U.S. durable goods industries increased 95.6 percent in that span, and manufacturers' sales in nondurable goods industries increased 87.6 percent.