the domestic companies particularly U.S. Time, would pick up a substantial share of the market vacated by merchandise from the islands. Experience has demonstrated that we were correct.

PROPOSED BILL ATTACKS THE BASIC PROCEDURES ESTABLISHED BY CONGRESS

The real issue posed by H.R. 11738 to this committee, it seems to us, is the integrity of the procedures and guidelines which the Congress has enacted over the years for the conduct of U.S. trade policy. Surely, after 12½ years under the escape clause, and a careful economic review which documented the successful adjustment of the domestic producers, Congress will not arbitrarily put aside the procedures which it has established, and which have been fully utilized in this case, thus confirming confidence in them on the part of the trading community. The existence of fair and dependable procedures is essential to the reciprocal trade program and to orderly trade relations with the rest of the world.

Thank you for giving us this opportunity to present our views.

(Mr. Lowe's prepared statement follows:)

STATEMENT OF BERTRAM LOWE, CHAIRMAN, CUSTOMS COMMITTEE, AMERICAN WATCH ASSOCIATION

My name is Bertram Lowe. I am Vice President and Secretary of the Longines-Wittnauer Watch Company and Chairman of the Customs Committee of the American Watch Association, on whose behalf I appear. With me is Mr. Julian Lazrus, President of the AWA and also President of the Benrus Watch Company.

The AWA is an association of approximately 50 U.S. firms which import watch movements and which assemble them, utilizing U.S. and foreign-made cases and other components, into complete watches for sale in the U.S. and world markets. Many of our members also import watches. In addition to Longines-Wittnauer, members of the AWA include the firms which market such well-known brands as Audemars Piguet, Benrus, Girard Perregaux, Gruen, Lucien Piccard, Louvic, Movado, Omega, Rolex, Waltham, Wyler and Zodiac.

We are here to oppose legislation that would restrict the importation of watch movements either by raising the current rates 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 text 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 show further 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 U.S. from offshore sources declined slightly. It 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.

THE WATCH TARIFF ROLLBACK FOLLOWED PAINSTAKING ECONOMIC REVIEW

On January 11, 1967, President Johnson rescinded the escape clause rates of duty on watch movements following an exhaustive review begun by the U.S. Tariff Commission, on its own motion, on December 5, 1963. During the more than three years that this matter was under study, the companies engaged in the domestic production of watch movements had every opportunity, under