procedures established by Congress as part of the trade agreements programs, to present their case, not only on the economic issues but also on the subject of their alleged essentiality to the national defense.

I think it is safe to say that no other industry in the entire history of the trade agreements program has been subjected to such a painstaking and definitive examination.

First of all, there was 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.

Thus, there were four separate investigations made, involving three entirely separate sets of hearings and four separate sets of briefs, rebuttal briefs, informational memoranda, etc. 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in any one of these four proceedings, it is highly unlikely that the escape clause tariff rates would have been rescinded. The application for additional escape clause protection was unanimously rejected by the Tariff Commission in October 1964. The complaint of unfair import competition was unanimously rejected in June 1966. The Tariff Commission completed its work on the basic escape clause review in March 1965, at which time the Commission's report became the basis for further studies by the departments and agencies charged with responsibility for advising the President. This review and the national security investigation, which also involved extensive inquiry by several departments and agencies, were completed simultaneously in January 1967. The national security investigation resulted in a finding that imports of watch products were *not* threatening to impair the national security, and the escape clause review disclosed that the domestic producers had made a successful adjustment to import competition, as contemplated in the Trade Expansion Act of 1962, and would not be injured by restoration to the trade agreement rates.

Certainly no one can successfully assert that the domestic producers lacked an adequate opportunity to present their views or that those views received less-than-thorough consideration.

The President's action of a year ago January, based on the Tariff Commission's investigation and upon the advice of the Commerce Department, the Labor Department, and other government agencies, resulted in the restoration of watch tariffs to the levels established under the U.S.-Swiss Trade Agreement of 1936—that is to say, the rates existing before the escape clause was invoked in 1954. The reduction 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 United States 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.

Parenthetically, I should explain that watch duties are assessed at so many dollars and cents per unit, ranging from 75¢ on a pin-lever movement to $2.70 for a small, 17-jewel ladies' movement. Additional charges are levied if a movement is self-winding or adjusted to position and temperature. Watches containing in excess of 17-jewels were not subject to the escape clause increases; they are currently dutiable at $9.67 and are scheduled to be reduced eventually to $5.37½ under the agreements reached in the Kennedy Round.

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. The domestic producers have *made* their adjustment to import competition. The decision which the President made in January 1967 was entirely just and proper and should not be reversed by an act of Congress.

THE EVIDENCE SHOWS DOMESTIC PRODUCERS ARE ENJOYING RECORD PROSPERITY

Turning now to the condition of the industry, at the outset let me emphasize these key facts; they will be discussed in greater detail later on.

(1) Domestic watch production was at an all-time high in 1967.