

STATEMENT OF EDWARD T. CARMODY, VICE CHAIRMAN AND DIRECTOR,
TIMEX, THE UNITED STATES TIME CORPORATION

My name is Edward Carmody. I am a Director and Vice Chairman of The United States Time Corporation of Middlebury, Connecticut—manufacturers of TIMEX watches. We were established in 1857. We are the world's largest producer of watches. In this testimony I will refer to TIMEX, including our affiliated companies, as TIMEX.

TIMEX has watch factories in the mainland U.S.A. in Middlebury and Watertown, Connecticut, Little Rock, Arkansas and Abilene, Texas. We also produce watches in Puerto Rico and the Virgin Islands, Toronto, Canada, Dundee, Scotland, Feltham, England, Pforzheim, West Germany, Besancon, France and Hong Kong and are in the process of building a plant in Taiwan. We have research laboratories in Middlebury, Irvington-on-Hudson, New York and in Scotland, France and England.

Specifically, we are here to support H.R. 11738 which would restore tariffs on watch movements to the levels prevailing immediately prior to the action of the President on January 11, 1967 which removed Escape Clause rates for imported movements and to oppose H.R. 17551 which among other things would permit the President further to reduce the tariffs on movements. Existing tariffs on movements which were originally established in 1930 have over the years been reduced approximately 38% by administrative action. But additional penalty exists in these tariff rates because they are fixed in amount rather than ad valorem so that they have in effect been reduced approximately 34% by inflation. Consequently today's tariffs on movements are approximately 72% lower than the tariffs in effect in 1930. We will be glad to furnish to the Committee the statistical data underlying these figures.

I want first to tell you something about our company, then briefly to picture for you the chaotic condition of the watch industry in the United States, including the extent to which it is controlled by the Swiss watch cartel, and finally the effect upon the national security of depriving this nation of the capacity to produce mechanical time artillery fuses for the military which are now supplied only by the domestic horological industry—an industry that will cease to exist under the prevailing trend of tariffs.

THE BUSINESS OF TIMEX

From its inception in 1857 to the end of World War II, TIMEX had never manufactured outside the United States.

During World War II, TIMEX was a principal producer for the United States Government of mechanical time artillery and anti-aircraft fuses as well as such aircraft instruments as screw jack actuators, hook retractors, shutter controls, depth controlled gears and oil pressure gauges. At the time of the Korean conflict TIMEX was the largest producer in the United States of mechanical time artillery fuses, producing 25,000 fuses per day, in addition to safety devices for proximity fuses. Today, artillery fuses are produced by TIMEX under government contract and various types of timing mechanisms are produced for, among others, Sandia Corporation, contractor for the Atomic Energy Commission. TIMEX is now a very substantial supplier of the M-564 and M-565 mechanical time fuses for the Army. Following World War II, TIMEX resumed the production of civilian timepieces and in 1949 introduced TIMEX watches in the United States. TIMEX at this time makes over 80% of the watches produced in the United States because our competitors have been compelled to abandon domestic production due to lower foreign production costs.

In the 1940's and 1950's TIMEX opened plants in Scotland, England and West Germany, and in 1962 opened an additional plant in France. TIMEX supplies the entire world demand for TIMEX watches, outside the United States, from its foreign plants. Domestic plants cannot compete abroad. About 50% of the parts TIMEX uses in the domestic manufacture of watches are imported from its plants abroad. The primary purpose of our building plants abroad has been to insure a flow of parts and movements which would keep us competitive in the domestic market.

TIMEX employs about 9,000 people in the United States and about 8,000 abroad. About 3,500 of these people are employed by us at Little Rock, where we have received an award from the Urban League for our non-discriminatory employ-